



Aqua America to Acquire Aquarion Water Company of Sea Cliff

Acquisition to Add 13,000 Residents; Expected to Be Immediately Accretive

BRYN MAWR, Pa., Feb 12, 2007 (BUSINESS WIRE) -- On the heels of its January announcement of the closing of its New York Water Service Company acquisition which serves 135,000 residents in Long Island, Aqua America, Inc. (NYSE:WTR) today announced that its New York subsidiary, Aqua New York, Inc., has reached an agreement with Kelda Group, Inc. to acquire the nearby Aquarion Water Company of Sea Cliff, Inc. (Sea Cliff), also on Long Island. Aqua America will pay \$7.3 million, subject to a target working capital adjustment, and assume no debt in the transaction.

Sea Cliff provides drinking water to approximately 13,000 residents in the villages of Sea Cliff, Glenwood Landing and Glen Head in Nassau County, New York just north of its New York Water operation.

"Aquarion is a well-run company and we are excited about the opportunity to own this part of their operation," said Aqua America Chairman and CEO Nicholas DeBenedictis. "Sea Cliff provides Aqua New York with a 'tuck-in' acquisition that we expect to be immediately-accretive as we continue to implement Aqua America's growth strategy."

Aquarion Water Company President and Chief Executive Officer Charles V. Firlotte said, "We are pleased with this development, because Aqua America is a quality company and a well-established and well-respected leader in the drinking water industry. We are very confident that Aqua America's personnel will provide water and service of the highest quality. In the meantime, we are looking forward to working closely with them to ensure a smooth transition. "

The agreement is subject to approval by the New York Public Service Commission. DeBenedictis said the company plans to close the transaction this year.

In January, a division of Aqua Virginia, Inc. purchased the water and wastewater assets at the Lake Holiday residential community in Frederick County near Winchester, which provide water and wastewater services to approximately 2,000 residents of the private, gated community located around a 240-acre lake, which includes more than 1,000 unoccupied and build-able lots.

Aqua America, Inc. is a publicly-traded water utility holding company, with operating subsidiaries serving approximately 2.8 million residents in Pennsylvania, New York, Ohio, North Carolina, Illinois, Texas, Florida, New Jersey, Indiana, Virginia, Maine, Missouri, and South Carolina. Aqua America is listed on both the New York and Philadelphia Stock Exchanges under the ticker symbol WTR.

This news release contains forward-looking statements. These forward-looking statements are found in various places throughout this press release and include, without limitation, statements regarding the expected timing and benefits of the acquisition, including the amount and type of consideration to be paid by Aqua America, opportunities for future growth, the expected timing of regulatory approval of the transaction, and the effect of the transaction on Aqua America's earnings. While these forward-looking statements represent our judgments and future expectations concerning the development of our business and the timing and benefits of the acquisition, a number of risks, uncertainties, and other important factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to, regulatory approvals for the transaction; the risk that the acquired company's business will not be successfully integrated into Aqua America; the costs related to the transaction; the inability to obtain or meet conditions imposed for governmental approvals for the transaction; the risk that anticipated benefits will not be obtained or will not be obtained within the time anticipated; and other key factors that we have indicated could adversely affect our business and financial performance contained in our past and future filings and reports, including those filed with the Securities and Exchange Commission. Neither Aqua America nor Kelda Group, Inc. is under any obligation (and each expressly disclaims any such obligation) to update or alter its forward-looking statements whether as a result of new information, future events, or otherwise.

WTRF

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