



Aqua America Completes Major Expansion in Texas with Purchase of Water Systems from American Water

BRYN MAWR, Pa.--(BUSINESS WIRE)-- Aqua America, Inc. (NYSE: WTR), the largest publicly traded water utility in the state of Texas, announced today that its Texas subsidiary has completed the purchase of American Water Works Company, Inc.'s (NYSE: AWK) regulated Texas operations, significantly expanding its customer base in one of its fastest growing and energy-rich states.

Aqua Texas has added 51 water and five wastewater systems, which serve 4,200 water and 1,100 wastewater customers (approximately 16,000 people) from Texas American for approximately \$6 million—the approximate book value of the assets. The systems, which will be run as a single unit out of Aqua's Houston office, serve parts of Brazoria, Harris, Liberty, Matagorda and Montgomery counties in the greater Houston metropolitan area. The acquisition follows Aqua's December 2010 acquisition of water and wastewater system assets of Gray Utility, which served approximately 6,300 people in Chambers, Jefferson and Liberty counties along the Gulf Coast near Baytown, which is about 40 miles from downtown Houston. Collectively in 2010, Aqua Texas purchased 10 systems and increased its customer base by approximately six percent, nearly 90 percent of which was from acquisitions. Since entering the state in 2003, Aqua will have grown its customer base by 50 percent upon closing the Texas American transaction.

"These transactions demonstrate the success of our growth-through-acquisition strategy," said Aqua America Chairman and CEO Nicholas DeBenedictis when the deal was announced last year. "We are proud to be investing while strategically planning and executing our growth efforts in states like Texas where our operations already have critical mass, and is one of the fastest-growing states in the nation. Texas is also one of our areas of operations that offers opportunities for the water-energy nexus that could have a positive impact on the future of our operations."

Aqua is working to concentrate its customer portfolio in states that demonstrate a positive regulatory environment. Aqua continues to pursue a growth-through-acquisition strategy that spreads weather and regulatory risks and opportunities over a number of states, while leveraging greater economies of scale and customer growth.

In addition to customer growth, energy-rich Texas with its natural gas and energy resources, offers other potential business opportunities for Aqua America. Speaking before the Citi Climate Change and Water Conference last week in London, England, DeBenedictis said that the water-energy nexus will play a larger role in the future of the company with respect to environmental and business opportunities.

"We are prepared to take a responsible and active role in what is becoming the next energy boom in Texas, Pennsylvania and some other states—natural gas drilling," said DeBenedictis. "Shale drilling for natural gas is a very water intensive business that can provide an economic boost well into the future if it's done right environmentally," said DeBenedictis. "We are currently focusing on the 'clean water' aspects of the drilling business and will pursue the growth opportunities provided by the shale drilling industry, which is thought to be at the dawn of its life."

Aqua America is one of the largest U.S.-based, publicly-traded water utilities and serves almost 3 million residents in Pennsylvania, Ohio, Illinois, Texas, New Jersey, Indiana, Virginia, Florida, North Carolina, Maine, Missouri, New York, and Georgia. Aqua America is listed on the New York Stock Exchange under the ticker symbol WTR.

This release contains forward-looking statements within the meaning of The Private Securities Litigation Reform Act of 1995 that address, among other things, the effect of the acquisition of the Texas systems on the Company and the benefits of the acquisition, the Company's strategy to focus its resources where there is a positive regulatory environment and the Company has critical mass, the continuation of the Company's growth-through-acquisition strategy and the impact on weather and regulatory risks, economies of scale and customer growth, opportunities from the water-energy nexus for the Company and the potential impact of those opportunities on the Company. There are important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements including: regulatory approvals for the transaction; the risk that the acquired company's business will not be successfully integrated; 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 discussed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2010, which is on file with the Securities and Exchange Commission. Aqua America is not under any obligation (and expressly disclaims any such obligation) to update or alter its forward-looking statements whether as

a result of new information, future events, or otherwise.

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