



Aqua America to Acquire New York Water Service Corporation; Valued at \$51 Million, Acquisition Expected to Be Immediately Accretive

BRYN MAWR, Pa., May 16, 2006 (BUSINESS WIRE) -- Aqua America, Inc. (NYSE: WTR) announced today that it has reached an agreement with Utilities & Industries Corp., LLC to acquire New York Water Service Corporation in a transaction valued at \$51 million. Aqua America will pay \$28 million in cash to acquire the stock of the company and assume \$23 million in debt.

New York Water Service provides public water to approximately 135,000 residents in the well established, populated area of southeastern Nassau County, Long Island, New York in the communities of Merrick, North Merrick, Bellmore, North Bellmore, Wantagh, Seaford, and portions of Levittown and Massapequa.

"This acquisition expands our New York operation and provides the critical mass and economic base necessary to become one of the major water companies in New York and take advantage of other growth opportunities throughout the state," said Aqua America Chairman Nicholas DeBenedictis. "We are looking forward to operating on Long Island and making the capital investments necessary to maintain good water quality and reliable service for our new customers."

DeBenedictis added that, "New York Water Service Corporation has a long history in the water business, an experienced management team and a professional employee base. As such, this well-run utility has earned fair treatment from state regulators."

New York Water Service Corporation President Vincent A. Bohn, Jr. said, "We are very pleased to know that our employees and customers will become part of a water utility with a reputation for excellence and a demonstrated commitment to their core business--water. I am confident that with more than 100 years in the water business and more than a decade of extensive experience with buying and integrating other water and wastewater utilities with their own, Aqua America will be the perfect owner for our water utility company."

The acquisition will expand Aqua America's overall customer base by more than five percent. The New York operation will extend far beyond the 3,000 residents currently served in the Westchester County area of the state and become Aqua America's seventh largest state operation. DeBenedictis added, "This acquisition is a sizeable, platform-building complement to the steady stream of acquisitions that comprise our growth-through-acquisition strategy."

The New York Water acquisition is subject to approval by the New York Public Service Commission. DeBenedictis said the company anticipates closing by year-end.

Aqua America, Inc. is the largest U.S.-based publicly-traded water utility, serving more than 2.5 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, anticipated levels of capital spending, 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 New York Water Service Corporation 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.

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