



Largest Private U.S. Water Utilities to Trade Properties, Each Increasing Customer Count in Respective Key States

Aqua purchases American's Texas operations and disposes small operations in South Carolina; American purchases Aqua's Missouri operations

BRYN MAWR, Pa.--(BUSINESS WIRE)-- Aqua America, Inc. (NYSE:WTR - News) announced today that in a unique transaction, it agreed to purchase American Water Works Company, Inc.'s (NYSE:AWK - News) regulated Texas operations and to simultaneously sell its regulated Missouri operations to American Water. The move signals Aqua America's desire to focus the company's regulatory relationships in states where it already has a critical mass of customers and can capitalize on economies of scale for the benefit of its customers. Aqua America's sale of its regulated Missouri operations will conclude its regulated operations in that state.

In a separate transaction, Aqua America also announced that it has entered into an agreement to sell its South Carolina-based wastewater system, which serves about 400 customers in Spartanburg to the City of Spartanburg. This sale will conclude Aqua America's regulated operations in South Carolina.

Aqua America continues to focus its growth-through-acquisition strategy in its key states such as Texas. Of the 21 acquisitions the company reports to date this year, including two "tuck-in" acquisitions in Texas last Friday, nine were in Texas where the company has experienced approximately two percent customer growth in the first three quarters of the year. About two thirds of that growth is from acquisitions.

Under the agreement with American Water, Aqua America will purchase 51 water and five wastewater systems in Texas, which serve nearly 4,200 water and nearly 1,100 wastewater customers (approximately 16,000 people) for approximately \$6 million. The systems serve parts of Brazoria, Harris, Liberty, Matagorda and Montgomery counties in the greater Houston metropolitan area. The acquisition, which requires approval by the Texas Commission for Environmental Quality, will increase the customer base of Aqua Texas by approximately 8 percent.

In a separate agreement, Aqua America has agreed to sell its 11 water systems and 59 wastewater systems, which serve approximately 4,000 customers in Missouri to American Water's Missouri subsidiary for approximately \$3 million.

"This transaction demonstrates the rationality of our growth-through-acquisition strategy," said Aqua America Chairman and CEO Nicholas DeBenedictis. "We are strategically planning and executing our growth efforts in the right states like Texas, which is one of the fastest-growing states in the nation and where we have critical mass. Likewise, we are pruning our assets in areas where we cannot achieve or maintain maximum economies of scale, or which require investments that cannot be supported by the existing or potential customer base.

Previously, Aqua announced its pruning strategy stating that it would be dispose of selected assets collected over recent years (as part of larger multi-state acquisitions) which have little growth and profitability prospects.

Both companies commended the agreement as a way to strengthen operations in their respective states, creating better economies of scale and providing additional opportunities to improve customer service. Aqua America and American Water expect both acquisitions to close by August 2011.

"This transaction makes perfect business sense for both companies as Aqua America is better suited to own and operate the American systems in Texas and American Water is better equipped to own and operate our systems in Missouri," said DeBenedictis. This opportunity will enable each of these professional companies to maximize their ability to deliver quality water and wastewater service to customers in both Texas and Missouri."

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, South Carolina 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 expectation of future growth in Texas, the expected timing of the transactions, the Company's strategy to focus its resources where it has critical mass and the continuation of the Company's growth-through-acquisition strategy. 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, 2009, which is on file with the Securities and Exchange Commission. Neither Aqua America nor American Water 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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