



Aqua America Subsidiary Purchases Pair of Water Systems in Illinois; Transactions Expand Customer Base in Kankakee and Lake Counties

BRYN MAWR, Pa., Mar 17, 2006 (BUSINESS WIRE) -- Aqua America, Inc. (NYSE:WTR) announced today that its subsidiary Aqua Illinois, Inc. (Aqua) has entered into an asset purchase agreement to acquire the water system of the Village of Manteno. The purchase price for the system, which serves approximately 10,000 residents in the Kankakee County community, is \$4.5 million.

Aqua also entered into an agreement to operate the village's water system pending regulatory approval and the transaction's closing, which is expected later this year. Under this agreement, Aqua is handling the system's operations, water quality testing and routine maintenance of wells, pumps, treatment facilities and water mains.

Aqua anticipates spending nearly \$5 million over next several years to address the village's past water quality, reliability and growth issues. The proposed upgrades include an interconnection of the Manteno system with Aqua's treatment and distribution facilities in Kankakee. The company noted that Manteno is a growing community, which is situated only a few miles from the proposed construction site of a third Chicago-area airport.

In addition to the Manteno transaction, the company has acquired the water assets of the Concord at Ravenna residential development in the Village of Long Grove, Lake County for \$205,000. This new community's water system, when completed, will serve the approximately 400 residents expected at build-out in three years. Aqua will integrate the Concord at Ravenna system with its operations serving the nearby Hawthorn Woods community, which Aqua acquired in December 2004.

"These transactions further expand our regional network while capitalizing on economies of scale, because we can efficiently tuck both of these systems into our existing base of operations," said Aqua America Chairman and Chief Executive Officer Nicholas DeBenedictis. "The Ravenna acquisition marks our third new housing community in Lake County, one of Chicago's fast-growing suburbs. Furthermore, Manteno is a growth area with crucial capital needs that will create opportunities to grow earnings through a return on the investments that we are planning to improve the water infrastructure."

Aqua Illinois is a subsidiary of Aqua America and provides water and wastewater service to approximately 200,000 residents across nine counties. It is a subsidiary of Aqua America, the largest U.S.-based publicly traded water company in the country, serving more than 2.5 million residents in 13 states. Aqua America, Inc. is listed on both the New York and Philadelphia Stock Exchanges 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 assimilation of the acquired systems, economies of scale from the acquired systems, the potential for additional customer growth from acquired operations, projected investment in the acquired systems, and the ability to earn a return on investments in the acquired systems. There are important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements including: the risk that the Agreement for the acquisition of assets from the Village of Manteno will be terminated by one of the parties; the risk that the acquired company's business will not be successfully integrated; the costs related to 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. 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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