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American Water Announces Completion of Acquisitions in New York and Sale of Regulated Operations in Ohio

Long Island American Water becomes largest investor-owned water utility in New York

VOORHEES, N.J., May 1, 2012 – American Water Works Company, Inc. (NYSE: AWK), the largest publicly traded U.S. water and wastewater utility company, today announced the financial close of its acquisition of seven water systems in New York, and the sale of its regulated operations in Ohio. The agreement for these transactions, which are both with Aqua America, Inc., was announced on July 11, 2011. The completion of the transactions was contingent upon regulatory approval in New York and Ohio, both of which have been received.

“The completion of these agreements to expand our operations in New York and divest our operations in Ohio is part of American Water’s overall plan to operate in areas where it can best serve customers by leveraging economies of scale and our technological expertise,” said Jeff Sterba, president and CEO of American Water. “Adding these systems to our existing New York operations helps us to create value for our customers and provides an important opportunity for growth in areas north of New York City.”

Under the agreement, American Water is acquiring seven regulated water systems in New York for approximately \$39 million in cash and assumed debt of \$23 million. The systems are located in Nassau, Washington, Westchester and Ulster counties, and serve approximately 152,000 people. This purchase nearly doubles the company’s customer base in New York and establishes Long Island American Water as the largest investor-owned water utility in the state.

“We look forward to the opportunity of providing high quality water service to our new customers,” said Bill Varley, president of Long Island American Water. “We have a strong track record of making needed investments in our water systems and treatment plants to ensure reliability and we are pleased to bring that level of service to many more people who live in New York.”

In a separate transaction, American Water sold its eight regulated water systems and one wastewater system in Ohio to Aqua America for approximately \$101 million in cash and \$11 million in assumed debt. Ohio American Water serves approximately 200,000 people.

Taking both transactions together, American Water will be receiving net cash of approximately \$60 million.

American Water and Aqua America are committed to working together to ensure a smooth and seamless transition for customers as well as employees. Approximately 40 Aqua employees in New York will become American Water employees, and approximately 77 American Water employees in Ohio will become Aqua employees.

Founded in 1886, American Water is the largest publicly traded U.S. water and wastewater utility company. With headquarters in Voorhees, N.J., the company employs approximately 7,000 dedicated professionals who provide drinking water, wastewater and other related services to an estimated 15 million people in more than 30 states as well as parts of Canada. More information can be found at www.amwater.com.

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