

FOR IMMEDIATE RELEASE

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PENNSYLVANIA AMERICAN WATER EMBARKS ON APPROXIMATELY \$1.1 MILLION UPGRADE FOR SPRING TOWNSHIP, SINKING SPRING SYSTEMS

WYOMISSING, Pa. (May 12, 2008) – Pennsylvania American Water today announced a series of water main replacement projects in Spring Township and Sinking Spring Borough to improve service reliability and increase water flows for firefighting. The combined cost of the company’s capital improvements is approximately \$1.1 million.

In Spring Township, Pennsylvania American Water will replace more than 10,000 feet of aging pipe along Westwood Drive, Portland Avenue, Perkasio Avenue, Reading Boulevard, West Wyomissing Avenue and Woodside Avenue. Construction is scheduled to begin in mid-May, and the company expects to complete the pipe installation by November, weather permitting.

In Sinking Spring, the company is installing approximately 1,000 feet of eight-inch water main along Ashley Drive between Elizabeth Drive and Weidman Avenue streets. Construction is scheduled to be completed and the new pipe in service by the end of May, weather permitting.

During construction, crews are scheduled to work weekdays from 7 a.m. to 4 p.m.

“We analyze our distribution system each year to determine areas where investment will most improve quality and service for our customers,” said Michael Salvo, senior manager of field operations, Pennsylvania American Water. “By coordinating with municipalities on projects such as these, we’re able to complete the improvements in a timely, efficient manner.”

Pennsylvania American Water provides water service to more than 11,000 customers in Sinking Spring and West Lawn boroughs, as well as Spring, Lower Heidelberg, South Heidelberg and Cumru townships and the Wyomissing Hills area.

The company will contact the affected residents prior to construction to provide information related to temporary service interruptions or traffic disruptions. For more information, contact Pennsylvania American Water’s customer service center at 1-800-565-7292.

Pennsylvania American Water is the largest investor-owned water utility in the state, providing high-quality and reliable water and/or wastewater services to more than 2.1 million people. In addition to its regulated operations, American Water provides operation and maintenance services to an additional 112,000 people in Pennsylvania. Pennsylvania American Water is a wholly owned subsidiary of American Water (NYSE: AWK). Founded in 1886, American Water is the largest investor-owned U.S. water and wastewater utility company. With headquarters in Voorhees, N.J., the company employs nearly 7,000 dedicated professionals who provide drinking water, wastewater and other related services to

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approximately 15.6 million people in 32 states and Ontario, Canada. More information can be found by visiting www.amwater.com.

This release contains forward looking statements, including, among others, our plan to continue our long-term strategy of capital investment in our systems. There are important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements including: general economic business conditions, unfavorable weather conditions, changes in regulations or regulatory treatment and availability and the cost of capital. We undertake no obligation to publicly update or revise any forward-looking statement.

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