

**VALUENGINE RECOMMENDATION & BASIC INFORMATION**

RECOMMENDATION		
NEGATIVE	NEUTRAL	POSITIVE
underperform	match	outperform

VALUENGINE RATING

RECOMMENDATION FACTORS		
	Value	Rank
Overall Rank		top 15%
Fair Value	\$31.84	top 47%
1Yr Target Price	\$21.67	top 17%
P/E Ratio	23.8	btm 48%
Last 1-Y Return	25.58%	top 32%
Market Cap(bil)	\$2.80	top 19%

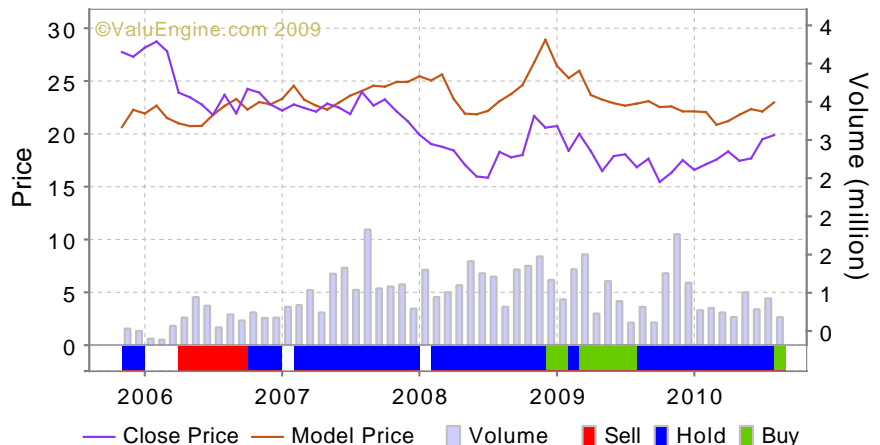
BASIC INFORMATION	
Last Trade	\$20.47
Trade Date	10/06/10
Market Cap(bil)	\$2.80347
Trailing P/E	23.8
Forward P/E	21.78
PEG Ratio	2.56
P/S Ratio	4.08
M/B Ratio	n/a
Sharpe Ratio	-0.19
5-Y Avg Ann Return	-4.32%
Volatility	22.82%
EPS Growth	9.30%
Annual Dividend	\$0.62
Dividend Yield	3.03%
LT Debt/Equity	n/a
Beta	0.22

VALUATION ANALYSIS	
WTR	Today's Fair value: \$31.84 35.71% undervalued
Industry	Water Utilities 18.00% undervalued
Sector	Public Utilities 24.71% undervalued

FORECAST ANALYSIS		
	Target Price	Exp. Return
1-Month	\$20.85	1.85%
3-Month	\$20.96	2.39%
6-Month	\$21.33	4.20%
1-Year	\$21.67	5.85%
2-Year	\$22.03	7.64%
3-Year	\$25.57	24.93%

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**VALUENGINE RECOMMENDATION**

ValuEngine has issued a BUY recommendation for AQUA AMER INC on Oct. 07, 2010. Based on the information we have gathered and our resulting research, we feel that AQUA AMER INC has the probability to OUTPERFORM average market performance for the next year. The company exhibits ATTRACTIVE volatility, company size and momentum.

**RECOMMENDATION OVERVIEW**

ValuEngine's stock recommendations are based on the proprietary ValuEngine one-year forecast return (1YFR) model output for each individual equity. A stock is rated Strong Buy, Buy, Hold, Sell, Strong Sell based on the Forecast One Year Return. The breakdown for each rating is as follows:

- Strong Buy: More than +12% 1YFR
- Buy: Between +5% and +12% 1YFR
- Hold: Between -5% and +5% 1YFR
- Sell: Between -12% and -5% 1YFR
- Strong Sell: Less than -12% 1YFR

ValuEngine's Strong Buy-rated stocks have an averaged annual return of 19% since 2001. For more details on the ValuEngine One Year Forecast Target price and its components, please go [HERE](#).

**FAIR MARKET VALUATION PRICE**

Based on available data as of Oct. 07, 2010, we believe that WTR should be trading at \$31.84. This makes WTR 35.71% undervalued. Fair Value indicates what we believe the stock should be trading at today if the stock market were perfectly efficient and everything traded at its true worth. For WTR, we base this on actual earnings per share (EPS) for the previous four quarters of \$0.86, forecasted EPS for the next four quarters of \$0.94, and correlations to the 30-year Treasury bond yield of 0.00%. There are an additional 10 firm specific and interest rate related parameters, each playing a role in the valuation analysis. For more details on ValuEngine's Fair Value Model, please go [HERE](#).

**FORECASTED TARGET PRICES**

The predictive variables used in Valuengine's forecast target price models include both proprietary and well-established forecasting variables derived from credible financial research studies and publications. Our forecasting models capture, among other things, several important tendencies that stock prices consistently exhibit: Short-term price reversals, Intermediate-term momentum continuation, and Long-term price reversals. We use a distinct forecasting model for each time horizon and for every industry. We then apply the most advanced statistical/econometric techniques to ensure that our stock return forecasts are as reliable as possible. For more details on ValuEngine's Fair Value Model, please go [HERE](#).

**AQUA AMER INC(WTR)**
**BUSINESS SUMMARY, DATA SUMMARY & MARKET RATIO BASED VALUATION**
**BUSINESS SUMMARY**

Aqua America is the largest publicly-traded U.S.-based water utility serving residents in Pennsylvania, Ohio, Illinois, Texas, New Jersey, Indiana, Virginia, Florida, North Carolina, Maine, Missouri, New York, South Carolina and Kentucky. The company has been committed to the preservation and improvement of the environment throughout its history, which spans more than 100 years.

**OPTIMAL BUY-SELL**

Based solely on the Historical Mispricing of WTR, the best time to buy would be below \$30.57 (or valuation below -4.00%). The best time to sell would be above \$39.48 (or valuation above 24.00%).

**EVALUATION & RANKINGS**

	Value	Rank
Valuation	-35.71%	54
12-Month Return	25.58%	69
5-Y Avg Ann Rtn	-4.32%	50
Volatility	22.82%	95
EPS Growth	9.30%	31
Market Cap(bill)	2.8	82
Sharpe Ratio	-0.19	40
P/S Ratio	4.08	20
M/B Ratio	n/a	n/a
P/E Ratio	23.8	48

**EVALUATION & RANKINGS SUMMARY**

Just as important as the percentages shown for our ten predictive variables for each stock is the way they are ranked against the 7000 plus stocks in our database. This is sometimes confusing to newcomers to ValuEngine. Each of these quantitative measurements is ranked on a scale of 1 to 100. Generally the higher the ranking, the more positive the influence each measurement has on the overall attractiveness of the stock. In other words a high rank is always better. Let's take them one by one:

- Valuation rank 54: 46% of stocks are more undervalued
- Momentum rank 69: 31% of stocks have higher momentum
- Sharpe Ratio rank 40: 60% of stocks have a higher Sharpe Ratio
- 5-Year Average Annual Return 50: 50% of stocks have higher average annual return
- Volatility rank 95: 5% of stocks have less volatility
- EPS growth rank 31: 69% of stocks have greater projected EPS growth
- Size rank 82: 18% of companies have higher market capitalization
- P/E rank 48: 52% of stocks have lower P/E ratios
- Price/Sales rank 20: 80% of stocks have lower price/sales ratios
- Market/Book rank -9999: 10099% of stocks have lower market/book value ratios

**MARKET RATIO BASED VALUATION**

Portfolio managers and professionals traditionally rely on market ratios to gauge whether a stock is fair valued or overvalued. On this page, we present such a valuation based on one of three market ratios: PEG (price to trailing 4 quarter earnings ratio, divided by the consensus analyst forecasted next year EPS growth), P/E (price to forward 4 quarter earnings ratio), and P/S ratio (price to trailing 4 quarter sales). Among the three, PEG is the most informative as it reflects both the price/earnings ratio and expected future EPS growth, while P/E is better than P/S. For each given stock, we apply the PEG to give a fair value assessment if both its trailing 4 quarter EPS and forecasted EPS growth rate are positive. If its forecasted EPS growth is negative but its forward 4 quarter EPS is positive, we apply the P/E to give a fair value for the stock as of today. Otherwise, we resort to the P/S to assess its fair value.

To establish a valuation standard, we use both (i) the average historical market ratio of the stock over the past 10 years (or however long there is data available for the stock), and (ii) the average market ratio today of five comparable stocks in the same sector and from companies of similar size. These two alternative perspectives should give you a good idea about where this stock's valuation stands today.

**1. Valuation Based on WTR's Past PEG**

Over the past 10 years, WTR's average PEG is 2.46. WTR earned \$0.86 per share in its recent 4 quarters. The analyst consensus estimate is \$0.94 for its 4 quarter forward EPS. WTR's current price sales ratio is 4.08. The following assessment is based on multiplying the historical PEG with recent 4 quarter EPS and the forecasted EPS growth rate over the next 4 quarters for WTR.

**Fair Value**

Historical Average PEG	2.46
PEG-Based Fair Value	\$19.64

**2. Valuation Based on Comparables' PEG**

WTR's comparables are AWK, AWR, CWT, MWA and SJW. The current PEG average of these comparables is 3.3. WTR earned \$0.86 per share in its recent 4 quarters. The analyst consensus estimate is \$0.94 for its 4-quarter-forward EPS. WTR's current price sales ratio is 4.08. The following assessment is based on multiplying comparable stocks' average PEG today with WTR's recent 4 quarter EPS and the forecasted EPS growth rate over the next 4 quarters.

**Comparables' PEG**

Comparables	Current PEG
AWK	1.75
AWR	0.88
CWT	2.27
MWA	n/a
SJW	8.28




**Fair Value**

Comparable Stocks' Avg PEG	3.3
Comparable PEG-Based Fair Value	\$26.37





**AQUA AMER INC(WTR)**

**VALUENGINE RANKINGS**





Just as important as the percentages shown for our ten predictive variables for each stock is the way they are ranked against the 7000 plus stocks in our database. Each of these quantitative measurements is ranked on a scale of 1 to 100. Generally the higher the ranking, the more positive the influence each measurement has on the overall attractiveness of the stock. In other words a high rank is always better. The below data points show how the rank for each data point for WTR relates to the overall industry, sector, and S&P 500 averages.

<b>Valuation</b>	<b>Rank</b>	
WTR -35.71%		54
Industry -18.00%		45
Sector -24.71%		38
S&P 500 n/a	n/a	n/a


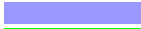


The ValuEngine Valuation Rank measures the relationship between a company's stock price and its Fair Value. The higher the Valuation rank, the more undervalued the stock. With a Valuation Rank of 54, WTR is in line with the average of its industry group, which carries a Valuation Rank of 45.

<b>12-Month Return</b>	<b>Rank</b>	
WTR 25.58%		69
Industry 5.91%		45
Sector 14.43%		53
S&P 500 9.98%		48

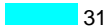



The ValuEngine 12-Month Return Rank reflects the relative stock performance of a stock over the recent 12 months. On a scale of 1 to 100, a higher 12-Month Return rank indicates a stronger performance. With a 12-Month Return Rank of 69, WTR is moderately higher than the industry's rank score of 45.

<b>5-Y Avg Ann Rtn</b>	<b>Rank</b>	
WTR -4.32%		50
Industry -6.31%		51
Sector -1.07%		61
S&P 500 -0.80%		58

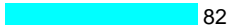


The ValuEngine 5-Years Average Return Rank reflects a stock's average annual return over the last 5 years, in comparison with the coverage universe. A higher rank indicates a better return performance. With a rank of 50, WTR is in line with the industry, which has a rank of 51.

<b>Volatility</b>	<b>Rank</b>	
WTR 22.82%		95
Industry 41.12%		69
Sector 36.74%		76
S&P 500 18.05%		99





The ValuEngine Volatility Rank reflects the volatility associated with the stock. A higher Volatility Rank indicates a lower volatile percentile of stocks. WTR has a Volatility Rank of 95, which is moderately higher than the industry Rank of 69.

<b>EPS Growth</b>	<b>Rank</b>	
WTR 9.30%		31
Industry 28.87%		41
Sector 23.68%		35
S&P 500 29.50%		58




The ValuEngine EPS Growth Rank indicates a stock's expected EPS growth rate. A high rank indicates a high growth rate expectation. WTR has an EPS Growth Rank of 31. This is in line with the industry rank of 41.

<b>Market Cap(bill)</b>	<b>Rank</b>	
WTR 2.8		82
Industry 1.52		53
Sector 9.61		74
S&P 500 n/a	n/a	n/a



The ValuEngine Size rank signifies the company's size in terms of market capitalization. A higher rank denotes a larger market capitalization within ValuEngine's stock universe. With a Size rank of 82, WTR is moderately higher than the industry, which has a rank of 53.

<b>Sharpe Ratio</b>	<b>Rank</b>	
WTR -0.19		40
Industry -0.1		50
Sector 0.03		61
S&P 500 -0.04		55





The ValuEngine Sharpe Ratio Rank measures the risk return tradeoff offered by a stock. Sharpe ratio is the stock's average annual return (over the last five years) divided by its annualized volatility over the same 5 years. With a rank of 40, WTR is in line with the industry, which has a rank of 50.

<b>P/S Ratio</b>	<b>Rank</b>	
WTR 4.08		20
Industry 2.38		36
Sector 2.69		50
S&P 500 n/a	n/a	n/a

The ValuEngine Price/Sales rank signifies the relative position of the company based on its P/S ratio. Stocks with the lowest P/S ratio are assigned a rank of 100 while stocks with the highest P/S ratio are ranked 1. At a Price/Sales rank of 20, WTR is slightly lower than the industry rank of 36.

<b>M/B Ratio</b>	<b>Rank</b>	
WTR n/a	n/a	n/a
Industry 1.14		74
Sector 2.23		53
S&P 500 n/a	n/a	n/a

The Market/Book Rank is a measure of a stock's market to book ratio relative to the stock universe. A higher rank corresponds to a lower market book value. WTR has a Market/Book rank of -9999, which is substantially lower than the industry rank of 74.

<b>P/E Ratio</b>	<b>Rank</b>	
WTR 23.8		48
Industry 21.18		46
Sector 19.9		60
S&P 500 17.05		62

The ValuEngine P/E Rank signifies the relative standing of a company on its P/E ratio, relative to the universe. Stocks in the top P/E percentile are each assigned a rank of 1 (highest P/E stocks) while those in the bottom P/E percentile are assigned a rank of 100 (traditional value stocks). With a P/E rank of 48, WTR is in line with the industry P/E rank of 46.

**AQUA AMER INC(WTR)**

**COMPARISON OF SIMILAR STOCKS\* & RISK ASSESSMENT**

**Valuation**

Company	Valuation	Rank
WTR	-35.71%	54
AWK	-22.20%	26
CWT	-42.98%	68
AWR	-32.10%	45
MWA	195.24%	1

**12-Month Return**

Company	Return	Rank
WTR	25.58%	69
AWK	26.61%	70
CWT	0.35%	37
AWR	6.66%	44
MWA	-40.34%	10

**5-Y Avg Ann Rtn**

Company	Return	Rank
WTR	-4.32%	50
AWK	2.91%	68
CWT	0.96%	63
AWR	3.49%	70
MWA	-39.67%	12

**Volatility**

Company	Volatility	Rank
WTR	22.82%	95
AWK	24.60%	92
CWT	21.15%	96
AWR	22.88%	94
MWA	78.97%	20

**EPS Growth**

Company	EPS Growth	Rank
WTR	0.09	31
AWK	0.1	31
CWT	0.09	29
AWR	0.26	55
MWA	1.75	90

**Market Cap(bill)**

Company	Market Cap	Rank
WTR	2.8	82
AWK	4.15	86
CWT	0.78	65
AWR	0.69	64
MWA	0.48	58

**Sharpe Ratio**

Company	Sharpe Ratio	Rank
WTR	-0.19	40
AWK	0.12	72
CWT	0.05	65
AWR	0.15	75
MWA	-0.5	16

**P/S Ratio**

Company	P/S Ratio	Rank
WTR	4.08	20
AWK	1.63	43
CWT	1.72	42
AWR	1.86	39
MWA	0.35	86

**M/B Ratio**

Company	M/B Ratio	Rank
WTR	n/a	n/a
AWK	n/a	n/a
CWT	n/a	n/a
AWR	n/a	n/a
MWA	n/a	n/a

**P/E Ratio**

Company	P/E Ratio	Rank
WTR	23.8	48
AWK	16.92	63
CWT	19.62	55
AWR	22.58	50
MWA	n/a	21

**FORECAST COMPARISONS**

**RETURN FORECAST: EXPECTED RETURN**

	AWK	AWR	CWT	MWA	WTR
One-Month	1.72%	1.66%	2.10%	-3.94%	1.85%
Three-Month	2.32%	2.44%	3.06%	-8.36%	2.39%
Six-Month	3.78%	3.94%	5.07%	-16.90%	4.20%
One-Year	5.48%	5.33%	7.33%	-25.81%	5.85%
Two-Year	8.16%	5.89%	8.41%	-36.78%	7.64%
Three-Year	29.11%	24.13%	25.76%	-24.17%	24.93%

**RISK ASSESSMENT: CHANCE OF GAIN**

	AWK	AWR	CWT	MWA	WTR
One-Month	59.59%	59.94%	63.43%	43.14%	61.03%
Three-Month	57.47%	58.44%	61.39%	41.61%	58.30%
Six-Month	58.60%	59.62%	63.26%	38.11%	60.26%
One-Year	58.82%	59.20%	63.55%	37.19%	60.11%
Two-Year	59.27%	57.22%	61.06%	37.10%	59.36%
Three-Year	75.28%	72.87%	75.90%	42.99%	73.59%

**RISK ASSESSMENT: CHANCE OF LOSS**

	AWK	AWR	CWT	MWA	WTR
One-Month	40.41%	40.06%	36.57%	56.86%	38.97%
Three-Month	42.53%	41.56%	38.61%	58.39%	41.70%
Six-Month	41.40%	40.38%	36.74%	61.89%	39.74%
One-Year	41.18%	40.80%	36.45%	62.81%	39.89%
Two-Year	40.73%	42.78%	38.94%	62.90%	40.64%
Three-Year	24.72%	27.13%	24.10%	57.01%	26.41%

\* Comparables are companies in the same Sector and Industry and of approximately similar market capitalization value.

**AQUA AMER INC(WTR)**
**ANNUAL FINANCIALS (All items in Millions)**

<b>BALANCE SHEET</b>	<b>200912</b>	<b>200812</b>	<b>200712</b>	<b>200612</b>	<b>200512</b>	<b>200412</b>	<b>200312</b>	<b>200212</b>
Cash	21.9	14.9	14.5	44	11.9	13.1	10.8	5.9
Marketable Securities	0	0	0	0	0	0	0	0
Receivables	78.7	84.5	82.9	72.1	62.7	64.5	62.3	57.7
Inventory	9.5	9.8	8.8	8.4	7.8	6.9	5.8	4.6
Raw Materials	9.5	9.8	--	--	--	--	--	--
Work in Progress	--	--	--	--	--	--	--	--
Finished Goods	--	--	--	--	--	--	--	--
Notes Receivable	0	0	0	0	0	0	0	0
Other Current Assets	11.4	11.8	9.2	10.1	7.6	5.6	5.1	2.8
<b>Total Current Assets</b>	<b>121.6</b>	<b>121</b>	<b>115.5</b>	<b>134.7</b>	<b>89.9</b>	<b>90.1</b>	<b>84</b>	<b>70.9</b>
Property, Plant & Equipment	4141.7	3848.4	3574	3185.1	2900.6	2626.1	2302.3	1836.9
Accumulated Depreciation	914.4	851	781.2	679.1	620.6	556.3	478	346
Net Property, Plant & Equipment	3227.3	2997.4	2792.8	2506	2279.9	2069.8	1824.3	1490.8
Investment & Advances	0	0	0	0	0	0	0	0
Other non-current Assets	0	0	0	0	0	0	0	0
Deferred Charges	285.8	272.7	205.4	203.1	37.1	143	34.3	23.4
Intangibles	43.1	41	36.6	22.6	20.2	20.1	0	0
Deposits & other assets	84.8	52.9	76.6	11.5	199.6	17.2	127.2	131.9
<b>TOTAL ASSETS</b>	<b>3762.6</b>	<b>3485</b>	<b>3226.9</b>	<b>2877.9</b>	<b>2626.7</b>	<b>2340.2</b>	<b>2069.7</b>	<b>1717.1</b>
Notes Payable	0	0	56.9	119.2	138.5	85.1	0	0
Accounts Payable	57.9	50	45.8	49.4	55.5	23.5	32.3	31
Current Portion of Long-term Debt	87.1	87.9	23.9	31.1	24.6	50.2	39.4	34.3
Current Portion of Capital Leases	0	0	0	0	0	0	0	0
Accrued Expenses	37.3	39.9	56.6	55.9	44.7	58.5	63.8	9.3
Income Taxes Payable	18.8	15.4	0	0	0	0	0	14.5
Other Current Liabilities	0	0	0	0	0	0	96.4	137.4
<b>Total Current Liabilities</b>	<b>201</b>	<b>193.2</b>	<b>183.2</b>	<b>255.6</b>	<b>263.3</b>	<b>217.4</b>	<b>232</b>	<b>226.5</b>
Mortgages	0	0	0	0	0	0	0	0
Deferred Charges (taxes/income)	408.6	355.2	405.9	284.8	250.3	223.9	272.3	257.1
Convertible Debt	0	0	0	0	0	0	0	0
Long Term Debt	1386.6	1248.1	1215.1	951.7	878.4	784.5	696.7	582.9
Non-Current Capital Leases	0	0	0	0	0	0	0	0
Other Long-Term Liabilities	657	628	444.5	462.4	421.1	366	209.7	157.3
Minority Interest (liabilities)	0	2.2	2	1.8	1.5	0	0	0
<b>Total Liabilities</b>	<b>2653.1</b>	<b>2426.6</b>	<b>2250.6</b>	<b>1956.3</b>	<b>1814.8</b>	<b>1591.8</b>	<b>1410.7</b>	<b>1223.8</b>
Preferred Stock	0	0	0	0	0	0	0	0.2
Common Stock, Net	68.6	68	67.1	66.5	64.8	48	46.6	35
Capital Surplus	642.8	623.4	572	548.8	478.5	468.5	413	317.9
Retained Earnings	409.4	379.8	350.4	319.1	285.1	245.1	210.9	180
Treasury Stock	12.1	12.8	13.2	13	12.9	12.7	12.6	40.4
Other Equity	0.8	-0	0	0.2	-3.6	-0.5	1.1	0.6
<b>Total Shareholders' Equity</b>	<b>1109.5</b>	<b>1058.4</b>	<b>976.3</b>	<b>921.6</b>	<b>811.9</b>	<b>748.5</b>	<b>659</b>	<b>493.3</b>
<b>Total Liabilities &amp; Shareholders Equity</b>	<b>3762.6</b>	<b>3485</b>	<b>3226.9</b>	<b>2877.9</b>	<b>2626.7</b>	<b>2340.2</b>	<b>2069.7</b>	<b>1717.1</b>



**AQUA AMER INC(WTR)**
**ANNUAL FINANCIALS (All items in Millions)**

INCOME STATEMENT	200912	200812	200712	200612	200512	200412	200312	200212
Net Sales or Revenues	670.5	627	602.5	533.5	496.8	442	367.2	322
Cost of Goods Sold	270.1	262.1	0	0	0	0	0	0
Gross Profit	400.5	364.9	602.5	533.5	496.8	442	367.2	322
Research & Development Expense	0	0	0	0	0	0	0	0
Selling, General & Admin. Expense	48.1	44.7	298.5	252.9	234.8	205.9	162.2	137.2
Income Before Depr., Depl., Amort.	352.4	320.1	304	280.6	262	236.1	205	184.8
Depreciation, Depletion, Amort.	114.9	94.3	88	75	65.5	58.9	51.5	44.3
Non-Operating Income	3.3	5.3	6.4	5.1	3.6	3.6	7.8	9.1
Interest Expense	68.6	68.6	66.9	58.4	52.1	48.7	44.7	40.4
Pretax Income	172.2	162.5	155.5	152.2	148.1	132.1	116.7	109.2
Provision for Income Taxes	67.8	64.6	60.5	60.2	56.9	52.1	45.9	42
Minority Interest	0	0	0	0	0	0	0	0
Investment Gains (Losses)	0	0	0	0	0	0	0	0
Other Income	0	0	0	0	0	0	0	0
Income Before Extraordinaries & Disc	104.3	97.9	95	92	91.2	80	70.8	67.2
Extraordinary Items & Discontinued	0	0	0	0	0	0	0	0
Net Income	104.3	97.9	95	92	91.2	80	70.8	67.2
Average Shares used for Diluted EPS	136.1	134.7	133.6	131.8	129.2	125.7	119	115.4
Average Shares used for Basic EPS	135.8	134.3	132.8	130.7	127.4	124.3	117.7	114.2
Income Before Non-Recurring Items	104.3	97.9	95	92	91.2	80	70.8	67.2
Income From Non-Recurring Items	0.1	0	0	0	0	0	0	-3.7
EPS - Basic, net	0.8	0.7	0.7	0.7	0.7	0.6	0.6	0.6
EPS - Diluted, net	0.8	0.7	0.7	0.7	0.7	0.6	0.6	0.6
EPS - Diluted, before non-recurring	0.8	0.7	0.7	0.7	0.7	0.6	0.6	0.6
Preferred Dividends - Acc & Pd	--	--	--	--	--	--	--	3.5
Dividends (common)	74.9	68.8	64	58.6	51.4	46.5	42.2	36.5
Dividend per share (common)	0.6	0.5	0.5	0.4	0.4	0.4	0.3	0.3

**CASH FLOW STATEMENT**

Net Income (Cash Flow)	104.3	97.9	95	92	91.2	80	70.8	67.2
Depreciation, Depletion, Amortization-CF	114.9	94.3	88	75	65.5	58.9	51.5	44.3
Net Increase(decrease) in	-16	-21.4	-14.6	-14.4	20.5	-1.9	7.5	0.6
Cash from(used in) Discontinued Oper.	0	0	0	0	0	0	0	0
Other Adjustments - Net	55.3	50.7	25.8	18	22.5	36.6	13.6	9.4
Net Cash from (used by) Operating Act.	258.6	221.5	194.2	170.7	199.7	173.6	143.4	121.6
Increase/Decrease in Prop, Plant, & Equ.	-284.8	-261.2	-289.4	-283.5	-249.1	-195.7	-152.8	-136.2
Acquisition/Disposition of Subsidiaries	0	0	0	0	0	-49.6	-192.3	-8.9
Increase (decrease) in Investments	-31.9	23.7	0	0	0	0	0	0
Other Cash inflow from Investment Act.	-4	-1.2	-54.7	58.2	-50	12.8	15	-6
Net Cash from (used by) Investment Act.	-320.7	-238.8	-344	-225.3	-299.1	-232.5	-330.1	-151.1
Issuance (purchase) of Equity Shares	13.3	35.2	16.9	65.1	19.7	55.1	93.4	-14.4
Issuance (repayment) of Debt Securities	177.1	13.7	228.8	78.8	63.8	74.3	110.3	86.3
Increase (decrease) in Bank & Other	-48.8	25.6	-66.9	-19.4	54.9	-31.9	-18.6	0.4
Payment of Dividends & Other Cash	-74.7	-68.5	-63.8	-58	-51.1	-45.8	0	-36.8
Other Cash from (used by) Financing	2.2	11.7	5.4	20.3	9.9	9.5	6.6	-1
Net Cash from (used by) Financing Act.	69	17.7	120.4	86.8	97.1	61.2	191.6	34.4
Net Change in Cash & Cash Equivalents	6.9	0.4	-29.5	32.2	-2.3	2.3	4.8	4.9

**AQUA AMER INC(WTR)**
**QUARTERLY FINANCIALS (All items in Millions)**

<b>BALANCE SHEET</b>	<b>201006</b>	<b>201003</b>	<b>200912</b>	<b>200909</b>	<b>200906</b>	<b>200903</b>	<b>200812</b>	<b>200809</b>
Cash	13.1	14.8	21.9	18	13.8	16.7	14.9	16
Marketable Securities	0	0	0	0	0	0	0	0
Receivables	85.6	73.7	78.7	86.1	84.8	77.3	84.5	94.1
Inventory	9.9	10	9.5	10.3	9.7	9.4	9.8	11.1
Raw Materials	9.9	10	9.5	10.3	9.7	9.4	9.8	11.1
Work in Progress	--	--	--	--	--	--	--	--
Finished Goods	--	--	--	--	--	--	--	--
Notes Receivable	0	0	0	0	0	0	0	0
Other Current Assets	10.5	12	11.4	10.5	14.1	11.3	11.8	8.7
<b>Total Current Assets</b>	<b>119.2</b>	<b>110.5</b>	<b>121.6</b>	<b>124.9</b>	<b>122.5</b>	<b>114.7</b>	<b>121</b>	<b>129.9</b>
Property, Plant & Equipment	4308.4	4198.9	4141.7	4057.1	3954.3	3897.6	3848.4	3759.7
Accumulated Depreciation	967.2	940.6	914.4	924.7	893.8	870.9	851	837.2
Net Property, Plant & Equipment	3341.2	3258.3	3227.3	3132.4	3060.5	3026.7	2997.4	2922.5
Investment & Advances	0	0	0	0	0	0	0	0
Other non-current Assets	0	0	0	0	0	0	0	0
Deferred Charges	282.2	281.8	285.8	285.9	281.9	271.1	272.7	213.4
Intangibles	43.2	43.1	43.1	42.9	40.8	40.8	41	38
Deposits & other assets	81.6	84.8	84.8	38.6	24.5	28.6	52.9	60.3
<b>TOTAL ASSETS</b>	<b>3867.4</b>	<b>3778.5</b>	<b>3762.6</b>	<b>3624.6</b>	<b>3530.3</b>	<b>3482</b>	<b>3485</b>	<b>3364</b>
Notes Payable	0	0	0	0	0	0	0	0
Accounts Payable	49.7	35.8	57.9	26.3	29.5	27.1	50	30.8
Current Portion of Long-term Debt	86.7	99.9	87.1	131.4	124.7	111.9	87.9	110.2
Current Portion of Capital Leases	0	0	0	0	0	0	0	0
Accrued Expenses	43.7	42.4	37.3	37.5	39.8	35.3	39.9	41.8
Income Taxes Payable	18.5	26.3	18.8	15.1	11.7	17.6	15.4	17.3
Other Current Liabilities	0	0	0	19.8	0	0	0	18.2
<b>Total Current Liabilities</b>	<b>198.6</b>	<b>204.5</b>	<b>201</b>	<b>230.1</b>	<b>205.8</b>	<b>192</b>	<b>193.2</b>	<b>218.3</b>
Mortgages	0	0	0	0	0	0	0	0
Deferred Charges (taxes/income)	414.4	411.4	408.6	391.9	375.9	365.5	355.2	341.9
Convertible Debt	0	0	0	0	0	0	0	0
Long Term Debt	1461.6	1393.3	1386.6	1265.4	1227.7	1226.2	1248.1	1211.4
Non-Current Capital Leases	0	0	0	0	0	0	0	0
Other Long-Term Liabilities	662.8	653.7	657	659.4	643.1	633.2	628	562.3
Minority Interest (liabilities)	0	0	0	0	0	0	2.2	2.1
<b>Total Liabilities</b>	<b>2737.3</b>	<b>2662.9</b>	<b>2653.1</b>	<b>2546.7</b>	<b>2452.5</b>	<b>2416.9</b>	<b>2426.6</b>	<b>2336</b>
Preferred Stock	0	0	0	0	0	0	0	0
Common Stock, Net	68.9	68.8	68.6	68.5	68.3	68.2	68	67.9
Capital Surplus	652	647.6	642.8	638.4	632.1	627.7	623.4	618.8
Retained Earnings	421.1	411.1	409.4	382.7	387.4	379.9	379.8	354.1
Treasury Stock	12.3	12.3	12.1	12.4	12.7	12.9	12.8	12.8
Other Equity	0.4	0.4	0.8	0.7	2.5	2.2	-0	-0
<b>Total Shareholders' Equity</b>	<b>1130.1</b>	<b>1115.6</b>	<b>1109.5</b>	<b>1077.9</b>	<b>1077.7</b>	<b>1065</b>	<b>1058.4</b>	<b>1028</b>
<b>Total Liabilities &amp; Shareholders Equity</b>	<b>3867.4</b>	<b>3778.5</b>	<b>3762.6</b>	<b>3624.6</b>	<b>3530.3</b>	<b>3482</b>	<b>3485</b>	<b>3364</b>

**QUARTERLY FINANCIALS (All items in Millions)**

<b>INCOME STATEMENT</b>	<b>201006</b>	<b>201003</b>	<b>200912</b>	<b>200909</b>	<b>200906</b>	<b>200903</b>	<b>200812</b>	<b>200809</b>
Net Sales or Revenues	178.4	160.5	167.9	180.8	167.3	154.5	159.8	177.1
Cost of Goods Sold	69.3	67.6	66.1	68.5	68.5	67	195.4	66.7
Gross Profit	109.1	92.9	101.9	112.3	98.8	87.5	-35.5	110.3
Research & Development Expense	0	0	0	0	0	0	0	0
Selling, General & Admin. Expense	12.9	12.9	12.2	12.4	11.9	11.6	-118.8	11.1
Income Before Depr., Depl., Amort.	96.2	80.1	89.7	99.9	86.9	75.9	83.3	99.2
Depreciation, Depletion, Amort.	30.1	29.4	29.3	28.5	28	29.1	25.4	24.6
Non-Operating Income	1.6	3.5	1	0.9	0.6	0.8	1.2	1.5
Interest Expense	18.5	18.4	17.9	17.2	16.8	16.6	17.4	17
Pretax Income	49.1	35.7	43.5	55.1	42.7	30.9	41.7	59.1
Provision for Income Taxes	19.3	14.2	16.8	21.6	16.9	12.5	16	23.7
Minority Interest	0	0	0	0	0	0	0	0
Investment Gains (Losses)	0	0	0	0	0	0	0	0
Other Income	0	0	0	0	0	0	0	0
Income Before Extraordinaries & Disc	29.9	21.5	26.7	33.5	25.9	18.4	25.7	35.4
Extraordinary Items & Discontinued	0	0	0	0	0	0	0	0
Net Income	29.9	21.5	26.7	33.5	25.9	18.4	25.7	35.4
Average Shares used for Diluted EPS	137	136.8	136.5	136.3	135.9	135.9	135.6	135.3
Average Shares used for Basic EPS	136.8	136.5	136.2	136	135.6	135.4	135.2	134.9
Income Before Non-Recurring Items	29.9	21.5	26.7	33.5	25.9	18.3	25.7	35.4
Income From Non-Recurring Items	0	0	0	0	0	0.1	0	0
EPS - Basic, net	0.2	0.2	0.2	0.2	0.2	0.1	0.2	0.3
EPS - Diluted, net	0.2	0.2	0.2	0.2	0.2	0.1	0.2	0.3
EPS - Diluted, before non-recurring	0.2	0.2	0.2	0.2	0.2	0.1	0.2	0.3
Preferred Dividends - Acc & Pd	--	--	--	--	--	--	--	--
Dividends (common)	19.9	19.8	19.8	18.4	18.3	18.3	18.2	16.9
Dividend per share (common)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1

**CASH FLOW STATEMENT**

Net Income (Cash Flow)	51.4	21.5	104.3	77.7	44.2	18.4	97.9	72.2
Depreciation, Depletion, Amortization-CF	59.5	29.4	114.9	85.6	57.2	29.1	94.3	68.9
Net Increase(decrease) in	-17.9	11.6	-16	-22	-16.8	4.7	-21.4	-17.4
Cash from(used in) Discontinued Oper.	0	0	0	0	0	0	0	0
Other Adjustments - Net	6.8	1.9	55.3	39.5	21.9	10.5	50.7	32.3
Net Cash from (used by) Operating Act.	99.8	64.4	258.6	180.9	106.5	62.7	221.5	156.1
Increase/Decrease in Prop, Plant, & Equ.	-139.1	-64.3	-284.8	-194.4	-116.4	-62.2	-261.2	-183
Acquisition/Disposition of Subsidiaries	0	0	0	0	0	0	0	0
Increase (decrease) in Investments	3.2	-0	-31.9	14.3	28.4	24.3	23.7	16.4
Other Cash inflow from Investment Act.	-4.6	0.1	-4	-3.5	-0.8	-0.8	-1.2	-0
Net Cash from (used by) Investment Act.	-140.5	-64.3	-320.7	-183.6	-88.7	-38.6	-238.8	-166.7
Issuance (purchase) of Equity Shares	7.1	3.8	13.3	10.1	7.1	3.4	35.2	31.6
Issuance (repayment) of Debt Securities	50.4	-17.5	177.1	63.3	0.1	-1.6	13.7	-20.6
Increase (decrease) in Bank & Other	14.6	27.6	-48.8	-14.5	9.2	-5.9	25.6	37.8
Payment of Dividends & Other Cash	-39.7	-19.8	-74.7	-55	-36.6	-18.3	-68.5	-50.2
Other Cash from (used by) Financing	-0.4	-1.3	2.2	1.9	1.3	0.2	11.7	13.4
Net Cash from (used by) Financing Act.	32	-7.2	69	5.8	-18.9	-22.3	17.7	12
Net Change in Cash & Cash Equivalents	-8.8	-7.1	6.9	3.1	-1.1	1.8	0.4	1.4



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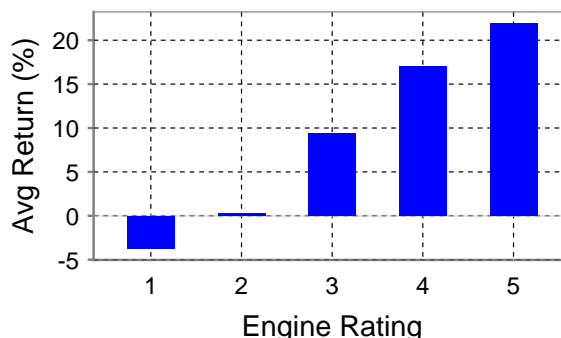
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