



## **Aqua America Completes Acquisition of ALLETE's Water and Wastewater Utilities in North Carolina; Acquisition Accretive; Enhances Southeast U.S. Footprint**

BRYN MAWR, Pa.--(BUSINESS WIRE)--June 1, 2004--Aqua America, Inc. (NYSE:WTR) (Aqua) announced today that it completed the acquisition of Heater Utilities, Inc., based in Cary, North Carolina, from ALLETE Water Services, Inc., a subsidiary of ALLETE, Inc. (NYSE:ALE). The \$76 million stock purchase agreement included a payment of \$48 million in cash and the assumption of approximately \$28 million in debt. The acquisition will be immediately accretive to earnings.

The Heater operations add more than 48,000 water and 6,000 wastewater customers. The acquisition adds complementary customer locations in the growing areas of suburban Raleigh, Gastonia and Fayetteville to Aqua's current locations in suburban Wilmington, Greensboro and Hickory. At the same time the acquisition expands the presence of both companies around Charlotte and makes Aqua's North Carolina operation the largest private water and wastewater utility in the state, serving more than 175,000 residents.

"We are very pleased to add such a reputable and well-run system to our growing customer base in the Southeast," said Aqua Chairman and President Nicholas DeBenedictis. "Heater's team provides the additional management and operating depth we need as our North Carolina operation becomes one of the largest in the company. This acquisition, along with the pending acquisition of Florida Water Services, continues to enhance our geographic diversity and footprint in the southern states."

Aqua America is the largest U.S.-based publicly-traded water utility serving approximately 2.5 million residents in Pennsylvania, Ohio, Illinois, Texas, New Jersey, Indiana, Virginia, Florida, North Carolina, Maine, Missouri, New York, South Carolina and Kentucky. Aqua America is a publicly traded company listed on both the New York and Philadelphia Stock Exchanges under the ticker symbol WTR. The company has been committed to the preservation and improvement of the environment throughout its history, which spans more than 100 years.

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 acquisitions, geographic diversity, possible synergies from acquired operations, and the expected timing of acquisitions. 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 into Aqua America; 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 contained in our past and future filings and reports, including those filed with the Securities and Exchange Commission. Neither Aqua America nor ALLETE 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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