



Philadelphia Suburban Corporation to Acquire ALLETE's Water and Wastewater Utilities in North Carolina

Acquisition Expected to Be Accretive; Enhances Southeast US Footprint

BRYN MAWR, Pa.--(BUSINESS WIRE)--Nov. 21, 2003--Philadelphia Suburban Corporation (NYSE:PSC) announced today that it had reached an agreement with ALLETE Water Services, a subsidiary of ALLETE, Inc. (NYSE:ALE), to acquire its water and wastewater systems, Heater Utilities, Inc., located in Cary, North Carolina. The stock purchase agreement includes a payment of \$48 million in cash and the assumption of approximately \$28 million in debt. The acquisition is expected to be accretive to earnings.

With the addition of the Heater operations, PSC will gain over 47,000 water and 5,500 wastewater customers for a purchase price of approximately \$1,450 per customer. The acquisition will add customer locations in the growing areas of suburban Raleigh, Charlotte, Gastonia and Fayetteville to PSC's current locations in suburban Wilmington, Greensboro, Hickory and expand our presence around Charlotte. This acquisition will secure PSC's position as the largest private water and wastewater utility in North Carolina.

"We are very pleased with the opportunity to purchase such a reputable and well-run system," said Nicholas DeBenedictis, PSC's Chairman and President. "Their investment in water quality improvements is impressive. They have an experienced team that will provide the additional management and operating depth we need as our North Carolina operations will now become one of the largest in the company. The addition of the Heater operations will enhance our geographic diversity and footprint in North Carolina; a state that has a growing population and a supportive regulatory environment."

DeBenedictis added, "The Heater water and wastewater systems are growing and, when combined with our existing North Carolina operations will provide economies of scale allowing us to realize additional synergies for continued operating efficiencies."

The closing is expected to occur during the second quarter of 2004 and is contingent upon receipt of regulatory approval. At that time, PSC will have completed its name change to Aqua America, Inc. and will be trading under the new ticker symbol, "WTR". PSC plans to change its name and ticker symbol at the close of the market on January 16, 2004.

PSC 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. PSC is a publicly traded company listed on both the New York and Philadelphia Stock Exchanges under the ticker symbol "PSC". 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 PSC; 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 PSC 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.

CONTACT: Philadelphia Suburban Corporation (PSC)
Cheryl Hansen, 610-645-1084
hansenc@suburbanwater.com
or
Donna Alston, 610-645-1095
alstond@suburbanwater.com

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