



ALLETE Completes Sale of North Carolina Water Systems

DULUTH, Minn.--ALLETE, Inc. (NYSE: ALE) announced today that it has completed the sale of its North Carolina-based water and wastewater systems, Heater Utilities, Inc., to Aqua America, Inc. (NYSE: WTR) for \$48 million in cash and the assumption of approximately \$28 million in debt by Aqua America. The North Carolina Utilities Commission approved the transaction on May 26, 2004.

The agreement to sell Heater Utilities to Aqua America was announced in November of 2003. At that time, Aqua America was known as Philadelphia Suburban Corporation.

ALLETE's corporate headquarters are located in Duluth, Minnesota. ALLETE's holdings include ADESA, the second largest wholesale vehicle auction network in North America; AFC, the leading provider of independent auto dealer financing; Minnesota Power, a low-cost electric utility that serves some of the largest industrial customers in the United States; and significant real estate holdings in Florida. For more information about ALLETE, visit the company's Web site at www.allete.com.

The statements contained in this release and statements that ALLETE may make orally in connection with this release that are not historical facts, are forward-looking statements. Actual results may differ materially from those projected in the forward-looking statements. These forward-looking statements involve risks and uncertainties and investors are directed to the risks discussed in documents filed by ALLETE with the Securities and Exchange Commission.