



## **ALLETE Announces Revised Terms of Florida Water Sale**

(Duluth, Minn.) -- ALLETE, Inc. (NYSE: ALE) announced today that its Orlando-based utility business, Florida Water Services Corporation, has signed an amended asset sales agreement adjusting the sales price for the sale of substantially all of its assets to the Florida Water Services Authority (FWSA). The sales price has been adjusted to \$456.5 million, primarily because of higher interest rates on bonds to be issued by the FWSA.

Florida Water Services anticipates receiving approximately \$420 million at closing, and an additional \$36.5 million three years after closing once certain contingencies have been met. In addition, Florida Water Services expects to receive up to \$36 million of future customer hookup fees to be paid over the next six years. Based on these figures, total consideration for the transaction will be \$492.5 million.

Cash proceeds to Florida Water Services after taxes and repayment of existing debt are expected to be approximately \$180 million in 2003, and \$250 million for the entire transaction. The gain on the transaction is estimated at \$100 million after taxes and related costs, to be recognized over a six-year period. While the majority of the cash will be received at closing, most of the gain will be recognized as income in years following 2003 as required by accounting rules. Terms of the revised agreement call for a closing by February 14, 2003, subject to the FWSA being able to issue bonds for the purchase price and other conditions.

FWSA is a governmental entity that was established by an interlocal agreement between the Florida panhandle cities of Gulf Breeze and Milton.

ALLETE plans to include a copy of the amended asset purchase agreement in an 8-K filing with the Securities and Exchange Commission.

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 inventory 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](http://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.