



Florida Water Services Sale Update

(DULUTH, Minn.)--ALLETE, Inc. (NYSE: ALE) announced that two Florida courts have taken favorable actions in proceedings related to the proposed sale by ALLETE subsidiary, Florida Water Services Corporation (Florida Water), of its assets to the Florida Water Services Authority (Authority), a governmental agency.

Today, the Florida First District Court of Appeal ordered the Florida Public Service Commission to offer argument as to why the Court should not grant Florida Water's request for an order prohibiting the Commission from taking actions that would delay the asset sale. Last week the Commission issued an order directing Florida Water to refrain from closing the sale until after a Commission review. Florida Water asked the First District Court of Appeal to rule that the Commission had no legal authority to issue its order. The Court ordered the Commission to file its response by 2:00 p.m. on February 13. The Court is expected to rule on Florida Water's petition on an expedited basis.

In a separate legal action, yesterday a Santa Rosa County (Fla.) court released its ruling dismissing a lawsuit that attempted to stop the pending sale of Florida Water's assets. Before its dismissal, this lawsuit had prevented Florida Water and the Authority from proceeding with preparations toward closing the sale. This and other litigation was initiated by local governments that hoped to purchase Florida Water's assets through a competing buyer.

The lawsuits have delayed the asset sale, so the transaction will not close by February 14, 2003, as contemplated in the agreements. Florida Water and the Authority are continuing to work together to proceed with this transaction.

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.