



## **ALLETE Announces Sale of Florida Water Services**

(Duluth, Minn.) -- ALLETE, Inc. (NYSE: ALE) announced today that its Orlando-based water utility business, Florida Water Services, has entered into an agreement to sell its assets to Florida Water Services Authority. The purchase price is \$471 million. Florida Water Services will receive \$433 million at closing and expects to receive \$38 million in three years. In addition, Florida Water Services will receive \$36 million of future customer hookup fees to be paid in three equal annual installments beginning in 2003.

The purchase price, combined with the hookup fees, brings the total amount received in the transaction to \$507 million. Cash proceeds to ALLETE net of debt and taxes are expected to be approximately \$190 million in 2002, and \$260 million for the entire transaction. Terms of the purchase agreement call for a closing by December 15, 2002, subject to FWSA being able to issue bonds for the purchase price and other conditions.

"The sale of Florida Water Services' assets is a significant strategic event for our company and we're very pleased," said David Gartzke, Chairman, President, and CEO of ALLETE. "The sale is consistent with our objective to unlock the value of our company. The proceeds will help us further strengthen our balance sheet and will allow us to make future investments in our electric and automotive businesses."

The Florida Water Services Authority 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 asset purchase agreement in an 8-K filing with the Securities and Exchange Commission. The company will host a conference call with investors on Monday, September 23 at 9:00 a.m. Central time. Interested parties may listen to the conference by calling (913) 981-5572 or by listening to a rebroadcast on ALLETE's Web site located at [www.allete.com](http://www.allete.com).

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 Florida real estate investments. For more information about ALLETE, visit the company's Web site located 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.