



## ALLETE Surpasses Goal for Growth During 2000

ALLETE (NYSE: ALE) today announced 2000 operating net income of \$118.2 million, compared with \$104.2 million in 1999 resulting in operating earnings per share of \$1.67 versus \$1.49. Reported earnings per share rose to \$2.11 from 97 cents last year, taking into account the now completed transactions relating to the company's investment in ACE Limited and Capital Re.

"We exceeded the company-wide goals for growth we set for ourselves at the beginning of 2000," said Ed Russell, ALLETE chief executive officer. "Our operating earnings per share increased by 12 percent, beating our original target of 10 percent. We're pleased with our earnings per share growth performance and our objective is to do as well or better in 2001."

Net income from automotive services rose by \$8.6 million for the year, led by strong volume growth at both Automotive Finance Corporation and ADESA auctions. AFC saw a 14 percent increase in vehicles financed while the number of vehicles sold at ADESA auction sites increased by 27 percent in 2000.

Net income grew by \$2.5 million in ALLETE's investments segment, reflecting strong sales at the company's Florida real estate business. Water services showed gains as well, increasing net income by \$.9 million while adding 7 percent to its overall customer base, with water consumption up 12 percent for the year. Net income from energy services fell \$1.9 million in 2000, due largely to lower wholesale power marketing margins from milder than usual weather conditions during the summer months.

"It's important to keep in mind that the diversified nature of our company includes businesses that deal with basic necessities such as cars, electricity, and water—items that people need and use every day," Russell said. "We believe that gives ALLETE shareholders a sound long-term investment even when domestic economic forecasts may not be so strong," Russell added.

ALLETE's fourth quarter operating net income for 2000 was \$19 million, compared to \$22.8 million in 1999. Investments net income was down \$8.7 million for the quarter due to large real estate sales and emerging technology investment gains that occurred in the fourth quarter of 1999. Energy services showed gains due to increased retail sales in all customer classes and stringent cost reductions, while automotive services' net income for the quarter declined by \$2.1 million. A temporary slowdown in auction sales volume and unusually bad weather, which affected multiple auction sites in December, resulted in reduced sales during the quarter. Overall, ALLETE's fourth quarter earnings were 27 cents per share, compared to 32 cents in 1999.

ALLETE is a multi-services company with corporate headquarters in Duluth, Minnesota. ALLETE's holdings include the second largest wholesale automobile auction network in North America; the leading provider of independent auto dealer inventory financing; the largest private water utilities in Florida and North Carolina; significant real estate holdings in Florida; and a low-cost electric utility that serves some of the largest industrial customers in the United States.

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.

