



News Release

Puget Energy Sells 5 Million Common Stock Shares To J.P. Morgan Securities, Inc.; \$100 Million Sale to Boost Equity Position, Lower Debt

BELLEVUE, Wash., Oct 31, 2002 (BUSINESS WIRE) -- Puget Energy (NYSE:PSD) announced today it has sold a block of 5 million shares of common stock.

J.P. Morgan Securities Inc. was the sole underwriter for the offering and will be given an option for 30 days to purchase an additional 750,000 shares. The offering was completed under Puget's existing shelf registration statement with the Securities and Exchange Commission.

"This stock sale demonstrates our determination to continue to rebuild our utility's financial health," said Puget Energy President and CEO Stephen P. Reynolds. "We are pleased our current market performance and improving earnings are allowing us to accomplish strengthening of our balance sheet ahead of our regulatory commitments."

Puget Energy will invest the net proceeds of \$100 million into its subsidiary Puget Sound Energy (PSE) which will use the proceeds to reduce the utility's debt. The transaction fulfills, ahead of schedule, a commitment to increase PSE's financial strength. That financial commitment, established in the utility's rate-case settlement before the Washington Utilities and Transportation Commission that concluded earlier this year, was to be achieved by the end of 2005.

Cautionary Statement: Certain statements contained in this news release are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, among which include statements regarding estimates of earnings per share. In some cases, you can identify forward-looking statements by terminology such as "anticipates," "believes," "estimates," "expects," "intends," "plans," "predicts," "projects," "will likely result," "will continue" or similar expressions. Forward-looking statements are based on the opinions and estimates of management at the time the statements are made and are subject to risks and uncertainties that could cause actual results to differ materially from those anticipated in the forward-looking statements. Factors that could affect actual results include, among others, governmental policies and regulatory actions, including those of the FERC and the WUTC, with respect to financings, industry and rate structures, acquisition and disposal of assets and facilities, operation and construction of plant facilities, recovery of purchased energy and other capital investments, and present or prospective wholesale and retail competition; weather, which can have a serious impact on retail energy sales and on PSE's ability to procure adequate supplies of gas, fuel or purchased power to serve its customers and on the cost of procuring such supplies; hydroelectric conditions, which can have a serious impact on electric capacity and PSE's ability to generate electricity; wholesale energy prices; industrial, commercial and residential growth and demographic patterns in the service territories of PSE; and the ability of Puget Energy and PSE to access the capital markets to support requirements for working capital, construction costs and the repayment of maturing debt. More information about these and other factors that potentially could affect Puget Energy's financial results is included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2001, Quarterly Report on Form 10-Q for the second quarter of 2002 and in their other public filings with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance upon these forward-looking statements that speak only as to the date of this release. Except as required by law, Puget Energy and PSE undertake no obligation to update any forward-looking statements.

CONTACT: Puget Energy Grant Ringel, 888/831-7250 (Media) or Durga Waite, 425/462-3808 (Analysts)