



Florida Water Services Closes Osceola System Sale

DULUTH, Minn.--ALLETE, Inc. (NYSE: ALE) announced today that its subsidiary, Florida Water Services Corporation, closed on the sale of its water and wastewater system serving Osceola County, Florida. The system has been sold to a local governmental authority for approximately \$38 million.

Florida Water Services has been in the process of selling its assets as part of an ALLETE strategic initiative to exit its water businesses. Presently, approximately 90 percent of Florida Water's assets have been sold, or are under contract to be sold, for \$442 million, which represents an after-tax gain to Florida Water, net of all selling and transaction costs, of about \$85 million. To date, the expected net cash proceeds after transaction costs, retirement of most Florida Water debt, and payment of income taxes are approximately \$260 million. Net proceeds from these sales have been and will be used to retire debt at ALLETE.

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.