Florida Water Services Sells Hillsborough County System

DULUTH, Minn.--ALLETE, Inc. (NYSE: ALE) announced today that its subsidiary, Florida Water Services Corporation, has closed on the sale of its water and wastewater system serving Hillsborough County, Florida. The system has been sold to Hillsborough County for approximately $15 million.

Florida Water Services, the largest investor-owned utility system in Florida, has been in the process of selling its assets as part of an ALLETE strategic initiative to exit its water businesses. Presently, approximately 80 percent of Florida Water assets have been sold or are under contract to be sold for $394 million, which represents an after-tax gain to Florida Water, net of all selling and transaction costs, of about $75 million. To date, the expected net cash proceeds after transaction costs, retirement of Florida Water debt, and payment of income taxes are approximately $190 million. Net proceeds from the sale will be used to retire debt at ALLETE.

Florida Water Services continues to seek buyers for its remaining systems.

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.