



ALLETE Announces Important Milestone Toward Planned Spin-off Of Automotive Services

DULUTH, Minn.--ALLETE, Inc. (NYSE: ALE) today announced an important milestone toward the planned separation of ALLETE and ADESA, Inc. (NYSE: KAR). ADESA has agreed to issue 6,250,000 shares of its common stock at a price of \$24.00 per share that will begin trading today on the New York Stock Exchange under the symbol "KAR."

In October 2003, ALLETE's board of directors announced a plan to separate ADESA from ALLETE. Today's initial public offering is an important step in that process. ALLETE anticipates completing a tax-free spin-off, in which it will distribute its remaining equity interest in ADESA to ALLETE shareholders, within the next four months.

Concurrent with the IPO, ADESA plans to issue \$125 million in senior subordinated notes due 2012. As part of the use of proceeds of the IPO and notes offering, as well as a new \$525 million credit facility, ADESA intends to repay a \$100 million intercompany note, representing a \$100 million cash dividend paid to ALLETE on May 25, 2004, as well as all outstanding intercompany owed debt by ADESA to ALLETE, which totaled \$144.6 million as of March 31, 2004. ALLETE will use a portion of these funds to further reduce debt.

ALLETE's corporate headquarters are located in Duluth, Minnesota. For more information about ALLETE, visit the company's Web site at www.allete.com.

A registration statement relating to ADESA's initial public offering and notes offering was filed with and declared effective by the U.S. Securities and Exchange Commission. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be a sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The initial public offering and notes offering are being made solely by means of a prospectus which may be obtained from UBS Investment Bank, 299 Park Avenue, New York, NY 10171 or Merrill Lynch & Co., 4 World Financial Center, 250 Vesey Street, New York, NY 10080.

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.