



ALLETE Properties Announces First Sales Contract for Palm Coast Park Development

DULUTH, Minn.-ALLETE, Inc. (NYSE: ALE) announced today that a real estate subsidiary of ALLETE Properties LLC has entered into its first sales contract at Palm Coast Park, one of three development projects the company is undertaking in northeastern Florida.

Under terms of the contract, ALLETE Properties will sell land to LandMar Group for approximately \$7.5 million. LandMar Group, based in Jacksonville, plans to build a 500 unit residential development on the site. The sale is expected to close in stages over the next three years, with the first phase expected to close by the end of 2006.

"We are excited to have this first contract in place for the Palm Coast Park development," said Laura Holquist, president of ALLETE Properties. "This project will take shape in stages over the next few years, and we expect to sign additional contracts at Palm Coast Park this year. We continue to see strong demand for developments of this type."

Palm Coast Park is a mixed-use, planned development located in northwest Palm Coast, Fla. along U.S. Highway 1, one mile south of its intersection with Interstate 95. At build out, the project is expected to include 3,600 residential units, 1.6 million square feet of commercial space, 800,000 square feet of office space and 800,000 square feet of industrial use.

Since 1987, LandMar has developed 30 premier residential properties throughout Florida and the Southeast.

ALLETE's corporate headquarters are located in Duluth, Minnesota. ALLETE provides energy services in the upper Midwest and has significant real estate holdings in Florida. More information about the company is available on ALLETE'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.

Investor Contact:
Tim Thorp
218-723-3953
tthorp@allete.com