



ALLETE Properties Announces Largest Sale Ever

ALLETE (NYSE: ALE) announced today that its subsidiary, ALLETE Properties has a firm contract to sell the Tarpon Point Marina and the surrounding 150 acres of development property in Cape Coral, Florida to the Grosse Point Development Company for \$29 million. The final closing is scheduled for June.

"This transaction is a win-win for everyone involved," said Donnie Crandell, executive vice president of ALLETE and president of ALLETE Properties. "The Cape Coral community will benefit by gaining a high-end waterfront development with commercial uses. ALLETE will benefit, as this transaction is a key element in executing the company's business plan for 2001. This is our largest sale ever and will be a significant contributor to net income," Crandell said. Grosse Pointe will gain the opportunity to develop one of the last remaining large, waterfront parcels in southwest Florida."

Grosse Pointe president Bob Hensley said, "We intend to develop Tarpon Point into the Crown Jewel of Cape Coral. We are planning to create an upscale hotel, two restaurants, retail shopping and over 900 luxury residences from single family homes to twenty story water-view condominiums. We think the Cape Coral community will be very pleased." Participating with Grosse Pointe in the transaction are J.M. Koster of Flatbeheer (a Dutch Development group) and Bouwfonds Financiering Vastgoed (a Dutch financial institution).

ALLETE Properties' real estate portfolio is a part of ALLETE's investment business. ALLETE is a highly diversified services company and has interests in 43 states and 8 Canadian provinces including, in addition to investments, electric utility operations, automotive services and water and wastewater businesses.

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.