



ALLETE Properties Receives Development Order For Its Largest Real Estate Project, Ormond Crossings

DULUTH, Minn.—ALLETE Properties' Ormond Crossings project has received a Development Order from the City of Ormond Beach, Fla., which gives the subsidiary of ALLETE, Inc. (NYSE:ALE) a key approval necessary to develop up to 3,700 residential units and 5 million commercial square feet within the project.

The mixed use, planned development is located along Interstate 95 at its interchange with U.S. Highway 1 in fast-growing northeast Florida. Most of Ormond Crossings is located in the City of Ormond Beach in Volusia County; the remainder of the development is an adjacent piece of unincorporated land in neighboring Flagler County. A development order from Flagler County is under review by the County Commission. If approved, Ormond Crossings would receive entitlements for up to 700 additional residential units.

"This is a significant event for ALLETE Properties and for our company," said ALLETE CEO Don Shippar. "The Development Order substantially increases our inventory of entitled property, and allows us to extend the expected future earnings stream from our real estate business."

After an agreement has been finalized with the Florida Department of Transportation concerning traffic impact mitigation, ALLETE Properties' management will determine the best economic build-out of the project. Targeted build-out of Ormond Crossings will consider market demand as well as infrastructure and mitigation costs. The agreement is expected to be finalized during the first half of 2007. Sale of property within Ormond Crossings is expected to commence in 2009.

Ormond Crossings is adjacent to the City of Ormond Beach airport, bisected by Interstate 95 and the Florida East Coast Railroad, and bordered by US-1. Because of its proximity to major roads, rail and air transportation links, the Ormond Crossings site is an ideal location for all types of commercial and industrial development, supported by a broad mixture of single family and multifamily residential opportunities, parks, trails and recreational amenities.

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.

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