



ALLETE launches new company to target clean energy marketplace

ALLETE, Inc. (NYSE: ALE) today announced the launch of a new company, ALLETE Clean Energy, that will leverage industry knowledge and innovation to bring clean energy to customers across North America.

The new company, a wholly-owned subsidiary of ALLETE that will operate independently of the corporation's Duluth-based regulated electric utility, Minnesota Power, intends to acquire or develop projects aimed at delivering energy with limited environmental impact.

ALLETE Clean Energy will market to electric utilities, cooperatives, municipalities, independent power marketers and large end-users through long-term purchased power contracts. ALLETE Clean Energy expects to take advantage of the growing trend toward sustainable power and the resulting state renewable energy standards, as well as the likely more stringent environmental standards at the federal level.

"Establishing ALLETE Clean Energy demonstrates our firm belief that over the long term, cleaner and more sustainable energy sources will gain an increasingly important role in our nation's energy mix," said ALLETE Chairman, President and CEO Alan R. Hodnik.

Eric Norberg, with more than three decades of wide-ranging experience in the electric industry, was named president of ALLETE Clean Energy. During Norberg's tenure as Minnesota Power's senior vice president of strategy and planning, he was heavily involved in spearheading the company's development of new wind farms in Minnesota and North Dakota, and in negotiating a long-term purchase of hydropower from Manitoba Hydro in Canada.

Norberg, 53, was instrumental in a strategic asset swap that secured for Minnesota Power a 465-mile direct current transmission line to transport wind power while the company phases out a contract to move coal-based electricity over the same line. He was a principal in power marketing firms MPEX and Split Rock Energy, and was integrally involved in ALLETE's acquisition of the Taconite Harbor Energy Center after the closure of its previous owner, LTV Steel.

"There's a need for electric power that's less carbon intensive - whether from the wind or sun, biomass or cleaner fossil fuels," Norberg said. "We intend to help fill that need beyond the boundaries of our regulated service territory."

"ALLETE's strategic vision is sharply focused on our core business strength - energy," Hodnik said. "This announcement reflects our strategy of making energy-centric investments."

ALLETE Clean Energy is initially targeting capital projects in the range of \$50 million to \$150 million that could be developed or acquired. These projects could be owned by either ALLETE Clean Energy, a partnership, or by the customer.

"ALLETE Clean Energy is pursuing strategic partnerships that could help the new company gain entry into clean energy markets, lend complementary skills and resources to the enterprise, and share in financial risk," Hodnik continued. "We believe ALLETE Clean Energy will successfully fill an expanding niche, and in doing so provide an additional earnings stream for ALLETE."

Besides pursuing wind, hydropower and biomass projects, ALLETE Clean Energy will explore other modes of electric power production involving solar energy and other new technologies. Low-emission energy fuels such as natural gas and liquefied fossil fuels will also be explored for project development.

ALLETE's corporate headquarters are in Duluth, Minnesota. In addition to its electric utilities, Minnesota Power and Superior Water, Light & Power Co. of Wisconsin, ALLETE owns BNI Coal in Center, N. D., ALLETE Clean Energy, also based in Duluth, and has an eight percent equity interest in American Transmission Co. More information about the company is available 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.

Contact:

Amy Rutledge

(218) 723-7400

arutledge@allete.com

Investor Contact:

Tim Thorp

(218) 723-3953

tthorp@allete.com