SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant / /
Filed by a Party other than the Registrant / /
Check the appropriate box:
/X/ Preliminary Proxy Statement
/ / Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
/ / Definitive Proxy Statement
/ / Definitive Additional Materials
/ / Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

ALLETE (legally incorporated as Minnesota Power, Inc.)

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

/X/ No fee required.
/ / Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

/ / Fee paid previously with preliminary materials.
/ / Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

[ALLETE LOGO]

Notice and Proxy Statement

Annual Meeting of Shareholders

Tuesday, May 8, 2001

Duluth, Minnesota

[ALLETE LOGO]

March 16, 2001

Dear Shareholder:

You are cordially invited to attend ALLETE's 2001 Annual Meeting of Shareholders on Tuesday, May 8, 2001 at 10:00 a.m. in the auditorium at the Duluth Entertainment Convention Center (DECC). The DECC is located on the waterfront at 350 Harbor Drive in Duluth. Free parking is available in the adjoining lot. On behalf of the Board of Directors, I encourage you to attend.

Our operating results in 2000 exceeded Company-wide goals for growth we set for ourselves at the beginning of the year. Operating earnings per share increased by 12 percent, beating our target of 10 percent. Once again, these strong results were driven in large part by our growing Automotive Services unit. Our total shareholder return (stock price appreciation plus reinvestment of dividends) was 54 percent. Shareholders joining us will hear our strategy for growth in 2001.

At the Shareholders Meeting, 11 nominees will stand for election to the Board. Dutch Cragun, first elected in 1991, is retiring from service on the Board. We thank him for his contributions to the success of the Company. Also, shareholders will vote on a resolution to appoint PricewaterhouseCoopers LLP as the Company's independent accountants. Finally, shareholders will vote on a resolution to change the Company's legal name from Minnesota Power, Inc. to ALLETE, Inc. The Company began doing business under the name ALLETE on September 1, 2000, as we were in the process of doubling the size of ADESA by acquiring 28 auto auctions. Our electric utility business unit appropriately continues to operate under the name Minnesota Power.

After our Annual Meeting, we invite you to visit with our directors, officers and employees over a box lunch in the Lake Superior Ballroom located within the DECC. If you plan to attend, please return the enclosed reservation card.

It is important that your shares be represented at the Annual Meeting. Please sign, date and promptly return the enclosed proxy card in the envelope provided, or, if applicable, follow the easy instructions for phone or Internet voting.

Thank you for your investment in ALLETE.

Sincerely,

Edwin L. Russell

Edwin L. Russell
Chairman, President and
Chief Executive Officer

ALLETE

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS - MAY 8, 2001

The Annual Meeting of Shareholders of ALLETE will be held in the auditorium at the Duluth Entertainment Convention Center, 350 Harbor Drive, Duluth, Minnesota, on Tuesday, May 8, 2001 at 10:00 a.m. for the following purposes:

1. To elect a Board of 11 directors to serve for the ensuing year;

2. To approve the appointment of PricewaterhouseCoopers LLP as the Company's independent accountants for 2001;

3. To amend the Company's Articles of Incorporation to change the Company's legal name from Minnesota Power, Inc. to ALLETE, Inc.; and

4. To transact such other business as may properly come before the meeting or any adjournments thereof.

Shareholders of record on the books of the Company at the close of business on March 9, 2001 are entitled to notice of and to vote at the Annual Meeting.

All shareholders are cordially invited and encouraged to attend the meeting in person. The holders of a majority of the shares entitled to vote at the meeting must be present in person or by proxy to constitute a quorum.

Your early response will facilitate an efficient tally of your votes. If voting by mail, please sign, date and return the enclosed proxy card in the envelope provided. Alternatively, follow the enclosed instructions to vote by phone or the Internet.

By order of the Board of Directors,

Philip R. Halverson

Philip R. Halverson
Vice President, General Counsel and Secretary

Dated at Duluth, Minnesota
March 16, 2001

If you have not received the ALLETE 2000 Annual Report, which includes financial statements, kindly notify ALLETE Shareholder Services, 30 West Superior Street, Duluth, MN 55802-2093, telephone number 1-800-535-3056 or 1-218-723-3974, and a copy will be sent to you.

ALLETE
30 West Superior Street
Duluth, Minnesota 55802

PROXY STATEMENT

SOLICITATION

The proxy accompanying this Proxy Statement is solicited on behalf of the Board of Directors of ALLETE (the Company) for use at the Annual Meeting of Shareholders to be held on May 8, 2001 and any adjournments thereof. Minnesota Power, Inc. began doing business under the name ALLETE on September 1, 2000. The purpose of the meeting is to elect a Board of 11 directors to serve for the ensuing year, to approve the appointment of PricewaterhouseCoopers LLP as the Company's independent accountants for 2001, to approve amending the Company's Articles of Incorporation to change the Company's legal name from Minnesota Power, Inc. to ALLETE, Inc. and to transact such other business as may properly come before the meeting. All properly submitted proxies received at or before the meeting, and entitled to vote, will be voted at the meeting.

This Proxy Statement and the enclosed proxy card were first mailed on or about March 16, 2001. Each proxy delivered pursuant to this solicitation is revocable any time before it is voted by written notice delivered to the Secretary of the Company.

The Company expects to solicit proxies primarily by mail. Proxies also may be solicited in person and by telephone at a nominal cost by regular or retired employees of the Company. The expenses of such solicitation are the ordinary ones in connection with preparing, assembling and mailing the material, and also include charges and expenses of brokerage houses and other custodians, nominees, or other fiduciaries for communicating with shareholders. Additional solicitation of proxies will be made by mail, telephone and in person by Corporate Investor Communications, Inc., a firm specializing in the solicitation of proxies, at a cost to the Company of approximately $6,000 plus expenses. The total amount of such costs will be borne by the Company.

OUTSTANDING SHARES AND VOTING PROCEDURES

The outstanding shares of capital stock of the Company as of March 9, 2001 were ___ shares of Common Stock (without par value).

Each share of the Common Stock of record on the books of the Company at the close of business on March 9, 2001 is entitled to notice of the Annual Meeting and to one vote.

The affirmative vote of a majority of the shares of stock entitled to vote at the Annual Meeting is required for election of each director and the affirmative vote of a majority of the shares of stock present and entitled to vote is required for approval of the other items described in this Proxy Statement to be acted upon by shareholders. An automated system administered by Wells Fargo Bank Minnesota, N.A. tabulates the votes. Abstentions are included in determining the number of shares present and voting and are treated as votes against the particular proposal. Broker non-votes are not counted for or against any proposal.

Unless contrary instructions are indicated on the proxy, all shares represented by valid proxies will be voted "FOR" the election of all nominees for director named herein, "FOR" approval of PricewaterhouseCoopers LLP as the Company's independent accountants for 2001, and "FOR" approval of amending the Company's Articles of Incorporation to change the Company's legal name from Minnesota Power, Inc. to ALLETE, Inc. If any other business is transacted at the meeting, all shares represented by valid proxies will be voted in accordance with the best judgment of the appointed Proxies.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The only person known to the Company who as of March 9, 2001 owned beneficially more than 5 percent of any class of the Company's voting securities is Mellon Bank, N.A., One Mellon Bank Center, Pittsburgh, PA 15258. Mellon Bank holds 8,036,844 shares (__ %) of the Company's Common Stock in its capacity as Trustee of the Minnesota Power and Affiliated Companies Employee Stock Ownership Plan and Trust (ESOP). Generally, these shares will be voted in accordance with instructions received by Mellon Bank from participants in the ESOP.

The following table presents the shares of Common Stock beneficially owned by directors, nominees for director, executive officers named in the Summary Compensation Table appearing subsequently in this Proxy Statement, and all directors and executive officers of the Company as a group, as of March 9, 2001. Unless otherwise indicated, the persons shown have sole voting and investment power over the shares listed.

Name of Beneficial Owner	Number of Shares Beneficially Owned	Options Exercisable within 60 days after March 9, 2001	Name of Beneficial Owner	Number of Shares Beneficially Owned	Options Exercisable within 60 days after March 9, 2001
Kathleen A. Brekken	7,649	4,680	Arend J. Sandbulte	70,144	5,996
Merrill K. Cragun	19,256	6,600	Nick Smith	10,509	6,600
Dennis E. Evans	31,299	6,600	Bruce W. Stender	13,976	6,600
Glenda E. Hood	3,067	0	Donald C. Wegmiller	18,448	6,600
Peter J. Johnson	24,252	6,600	Donnie R. Crandell	24,826	36,938
George L. Mayer	17,475	6,116	Robert D. Edwards	45,794	74,577
Jack I. Rajala	14,065	6,600	John E. Fuller	19,294	61,403
Edwin L. Russell	145,927	177,974	James P. Hallett	20,457	68,676
All directors and executive officers as a group (26):	654,327	741,642			

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Includes (i) shares as to which voting and investment power is shared with the person's spouse: Mr. Johnson - 24,252, Mr. Russell - 127,482, Mr. Sandbulte - 5,170, Mr. Fuller - 2,030, and all directors and officers as a group - 189,543; (ii) shares owned by the person's spouse: Mr. Cragun - 1,448, Mr. Smith - 50, Mr. Crandell - 3,909 and all directors and officers as a group - 26,648; (iii) shares held beneficially for the person's children: Mr. Russell - 12,338; and (iv) shares held as trustee: Mr. Mayer - 400. Each director and executive officer owns only a fraction of 1 percent of any class of Company stock and all directors and executive officers as a group also own less than 1 percent of any class of Company stock.

Includes 6,606 options owned by Mr. Crandell's spouse that are exercisable within 60 days after March 9, 2001.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's directors and executive officers, and persons who own more than 10 percent of a registered class of the Company's equity securities, to file reports of initial ownership of the Company's Common Stock and other equity securities and subsequent changes in that ownership with the Securities and Exchange Commission and the New York Stock Exchange. Based on a review of such reports, the Company believes that all such filing requirements were met during 2000 except that one report covering four transactions, all related to the exercise of Company stock options, was inadvertently filed less than a month late by the Company on behalf of Ms. Brenda Flayton.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

On October 30, 2000, the Company loaned James Hallett, Executive Vice President of ALLETE and President and CEO of ADESA Corporation, $1 million with interest at a rate of 8 percent per annum, so Mr. Hallett could avoid the distraction of procuring temporary financing and thereby remain focused on leading ADESA as it was integrating major acquisitions. The loan was repaid, with interest, on March 16, 2001.

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ITEM NO. 1 - ELECTION OF DIRECTORS

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It is intended that the shares represented by the proxy will be voted, unless authority is withheld, "FOR" the election of the 11 nominees for director named below. Directors are elected to serve until the next annual election of directors and until a successor is elected and qualified or until a director's earlier resignation or removal. In the event that any nominee should become unavailable, which is not anticipated, the Board of Directors may provide by resolution for a lesser number of directors or designate substitute nominees, who would receive the votes represented by the enclosed proxy.

NOMINEES FOR DIRECTOR

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Pictured from left to right: Nick Smith, Bruce W. Stender, Edwin L. Russell, Kathleen A. Brekken.

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[GROUP PHOTO]

NICK SMITH, 64, Duluth, MN. Member of the Executive Committee and the Executive Compensation Committee. Chairman and CEO of Northeast Ventures Corporation, a venture firm investing in northeastern Minnesota. Chairman of Community Development Venture Capital Alliance, a national association. Director of North Shore Bank of Commerce. Director and founding Chair of Great Lakes Aquarium at Lake Superior Center. Of counsel to Fryberger, Buchanan, Smith & Frederick, P.A. DIRECTOR SINCE 1995

BRUCE W. STENDER, 59, Duluth, MN. Chairman of the Audit Committee and member of the Executive Committee. President and CEO of Labovitz Enterprises, Inc. which owns and manages hotel properties. Trustee of the C. K. Blandin Foundation and member of the Chancellor's Advisory Committee for the University of Minnesota Duluth. DIRECTOR SINCE 1995

EDWIN L. RUSSELL, 56, Duluth, MN. Chairman, President and CEO of ALLETE. Director of Tennant Co., Edison Electric Institute, the Great Lakes Aquarium at Lake Superior Center, and Minnesota Public Radio. DIRECTOR SINCE 1995

KATHLEEN A. BREKKEN, 51, Cannon Falls, MN. Member of the Executive Compensation Committee. President and CEO of Midwest of Cannon Falls, Inc., a wholesale distributor of seasonal gift items, exclusive collectibles, and distinctive home decor, with 15 showrooms in major markets throughout the United States and Canada. Board of Regents of St. Olaf College in Minnesota. DIRECTOR SINCE 1997

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Pictured from left to right: Peter J. Johnson, Arend J. Sandbulte, Merrill K. Cragun, Dennis E. Evans.
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[GROUP PHOTO]

PETER J. JOHNSON, 64, Tower, MN. Member of the Audit Committee. Chairman and CEO of Hoover Construction Company, a highway and heavy construction contractor. Director of Queen City Federal Savings and of Queen City Bancorp, Inc. DIRECTOR SINCE 1994

AREND J. SANDBULTE, 67, Duluth, MN. Former Chairman, President and CEO of ALLETE. Member of the Executive Committee. Director of St. Mary Land and Exploration Company, and the Community Board of Wells Fargo Bank Minnesota, N.A. in Duluth. Chairman and Director of Iowa State University Foundation. Director and immediate past Chairman of the Great Lakes Aquarium at Lake Superior Center. DIRECTOR SINCE 1983

MERRILL K. CRAGUN, 68, Brainerd, MN, a director since 1991, retires from the Board this year and is not standing for reelection at the May 8, 2001 Annual Meeting of Shareholders.

DENNIS E. EVANS, 62, Minneapolis, MN. Member of the Executive Committee and the Executive Compensation Committee. President and CEO of the Hanrow Financial Group, Ltd., a merchant banking firm. Director of Angeion Corporation. DIRECTOR SINCE 1986

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Pictured from left to right: Jack I. Rajala, Glenda E. Hood, Donald C.Wegmiller, George L. Mayer.
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[GROUP PHOTO]

JACK I. RAJALA, 61, Grand Rapids, MN. Member of the Executive Committee. Chairman and CEO of Rajala Companies and Director and President of Rajala Mill Company, which manufacture and trade lumber. Director of Grand Rapids State Bank. Board of Regents of Concordia College in Minnesota. DIRECTOR SINCE 1985

GLENDA E. HOOD, 51, Orlando, FL. Member of the Audit Committee. Mayor of Orlando, Florida, since 1992. Chief Executive Officer of Orlando's City Administration, Chairman of the City Council, and board member of the Orlando Utilities Commission. Past President of the National League of Cities. DIRECTOR SINCE 2000

DONALD C. WEGMILLER, 62, Minneapolis, MN. Chairman of the Executive Compensation Committee. President and CEO of HealthCare Compensation Strategies, a national executive and physician compensation and benefits consulting firm. Director of LecTec Corporation, Medical Graphics Corporation, Possis Medical, Inc., SelectCare, Inc. and JLJ Medical Devices International, LLC. DIRECTOR SINCE 1992

GEORGE L. MAYER, 56, Essex, CT. Member of the Audit Committee. Founder and President of Manhattan Realty Group which manages various real estate properties located predominantly in northeastern United States. A consultant to the board of directors of Schwaab, Inc., one of the nation's largest manufacturers of handheld rubber stamps and associated products. DIRECTOR SINCE 1996

BOARD AND COMMITTEE MEETINGS IN 2000

During 2000 the Board of Directors held 5 meetings. The Executive Committee, which held 11 meetings during 2000, provides oversight of corporate financial matters, performs the functions of a director nominating committee, and is authorized to exercise the authority of the Board in the intervals between meetings. Shareholders may recommend nominees for director to the Executive Committee by addressing the Secretary of the Company, 30 West Superior Street, Duluth, Minnesota 55802. The Audit Committee, which held 8 meetings in 2000, recommends the selection of independent accountants, reviews and evaluates the Company's accounting practices, reviews periodic financial reports to be provided to the public and reviews and recommends approval of the annual audit report. The Executive Compensation Committee, which held 5 meetings in 2000, establishes compensation and benefit arrangements for Company officers and other key executives, intended to be equitable, competitive with the marketplace, and consistent with corporate objectives. All directors attended 75 percent or more of the aggregate number of meetings of the Board of Directors and applicable committee meetings in 2000.

DIRECTOR COMPENSATION

Employee directors receive no additional compensation for their services as directors. In 2000 the Company paid each non-employee director an annual retainer fee of $5,000 and 1,300 shares of Common Stock under the terms of the Company's Director Stock Plan. In addition, each non-employee director was paid $1,100 for each Board, Committee, and subsidiary board meeting attended, except that $500 was paid for attendance at a second meeting held the same day as another meeting. Each non-employee director who is the Chairman of a Committee received an additional $200 for each Committee meeting attended. A $250 fee was paid for all conference call meetings. Directors may elect to defer all or a part of the cash portion of their retainer and meeting fees. The shares of Common Stock paid to directors with respect to 2000 had an average market price of $17.24 per share.

Under the Director Long-Term Stock Incentive Plan effective January 1, 1996, non-employee directors receive automatic grants of 1,500 stock options every year and performance shares valued at $10,000 every other year. The stock options vest 50 percent after the first year, the remaining 50 percent after the second year and expire on the tenth anniversary of the date of grant. The exercise price for each grant is the closing sale price of Company Common Stock on the date of grant. The performance periods for performance shares end on December 31 of the year following the date of grant. Dividend equivalents in the form of additional performance shares accrue during the performance period and are paid only to the extent the underlying grant is earned. The performance goal of each performance period is based on Total Shareholder Return for the Company in comparison to Total Shareholder Return for 16 diversified electric utilities. Any awards earned are paid out in Common Stock of the Company. No performance period ended in 2000 and, therefore, no new awards were earned.

PROPOSALS OF SHAREHOLDERS FOR THE 2002 ANNUAL MEETING

All proposals from shareholders to be considered for inclusion in the Proxy Statement relating to the Annual Meeting scheduled for May 14, 2002 must be received by the Secretary of the Company at 30 West Superior Street, Duluth, Minnesota 55802, not later than November 19, 2001. In addition, the persons to be named as proxies in the proxy cards relating to that Annual Meeting may have the discretion to vote their proxies in accordance with their judgment on any matter as to which the Company did not have notice prior to February 5, 2002, without discussion of such matter in the proxy statement relating to that Annual Meeting.

COMPENSATION OF EXECUTIVE OFFICERS

The following information describes compensation paid in the years 1998 through 2000 for the Company's named executive officers.

SUMMARY COMPENSATION TABLE

		Annual Compensation		Long-Term Compensation			
				Awards		Payouts	
Name and Principal Position	Year	Salary ($)	Bonus ($)	Restricted Stock Award(s) ($)	Securities Underlying Options (#)	LTIP Payouts ($)	All Other Comp. ($)
EDWIN L. RUSSELL	2000	512,754	764,834	0	87,466	38,458	303,564
Chairman, President	1999	475,939	744,110	0	94,241	197,396	69,477
and Chief Executive Officer	1998	423,847	580,285	100,000	40,000	347,318	63,212
JAMES P. HALLETT	2000	288,446	319,899	0	29,520	213,396	38,697
Executive Vice President;	1999	271,908	276,210	0	26,004	266,107	32,963
President and CEO of ADESA	1998	236,178	268,570	0	7,480	28,343	30,660
JOHN E. FULLER	2000	274,551	328,670	0	28,426	34,653	44,627
Executive Vice President; President	1999	254,923	265,980	0	32,046	78,539	37,672
and CEO of Automotive Finance Corp.	1998	220,231	251,450	0	6,902	28,343	30,723
ROBERT D. EDWARDS	2000	291,193	204,902	0	30,941	30,580	46,307
Executive Vice President;	1999	276,308	234,199	0	27,764	93,192	44,403
President and CEO of Minnesota Power	1998	254,885	223,356	0	8,058	214,942	36,190
DONNIE R. CRANDELL	2000	248,192	247,311	0	26,240	20,898	30,698
Executive Vice President; President,	1999	235,192	149,114	0	23,828	52,187	26,589
ALLETE Properties, Inc.	1998	207,731	134,937	0	6,494	161,444	21,065

Amounts shown include compensation earned by the named executive officers, as well as amounts earned but deferred at the election of those officers. The "Bonus" column is comprised of amounts earned pursuant to Results Sharing and the Executive Annual Incentive Plan.

Included in this amount is $108,500 representing 5,000 shares of Common Stock granted on January 3, 2000 pursuant to the Executive Long-Term Incentive Compensation Plan as a retention bonus for completing the year of service.

The amount shown represents the value of 5,094 shares of restricted Common Stock granted on May 7, 1998 pursuant to the Executive Long-Term Incentive Compensation Plan. The award vested in full on January 2, 2000.

Includes a supplemental payment based upon significantly exceeding multi-year financial performance targets established in 1996.

The amounts shown for 2000 include the following Company contributions for the named executive officers:

Name	Annual Company Contribution to the Flexible Benefit/ 401(k) Plans	Annual Company Contribution to the Employee Stock Ownership Plan	Annual Company Contribution to the Supplemental Executive Retirement Plan
Edwin L. Russell*	$9,180	$4,935	$86,659
James P. Hallett	1,700	0	36,997
John E. Fuller	4,080	0	40,547
Robert D. Edwards**	9,180	4,935	27,916
Donnie R. Crandell	9,180	4,935	16,583

*The amount shown in the Summary Compensation Table for Mr. Russell in 2000 also includes (i) $137,733 representing the benefit of the interest-free use of the non-term portion of the premium contributed by the Company on a life insurance policy owned by Mr. Russell under a split dollar arrangement such benefit was estimated as the present value of the interest payments which are not required to be made, assuming Mr. Russell would not repay the premiums advanced until age 71, discounted at a market rate of 7.82%; (ii) $33,816 representing the "economic value" premium (including tax gross-up) contributed by the Company in connection with the life insurance policy; and (iii) $31,241 paid as a reimbursement for taxes.

**The amount shown in the Summary Compensation Table for Mr. Edwards in 2000 also includes $4,276 of above-market interest on compensation deferred under an executive investment plan. The Company made investments in corporate-owned life insurance which will recover the cost of this above-market benefit if actuarial factors and other assumptions are realized.

OPTIONS GRANTS IN LAST FISCAL YEAR

Individual Grants					Grant Date Value
Name	Number of Securities Underlying Options Granted (#)	% of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price ($/Sh)	Expiration Date	Grant Date Present Value ($)
Edwin L. Russell	87,466	8.7	16.25	Jan. 3, 2010	280,001
James P. Hallett	29,520	2.9	16.25	Jan. 3, 2010	94,501
John E. Fuller	28,426	2.8	16.25	Jan. 3, 2010	90,999
Robert D. Edwards	30,941	3.1	16.25	Jan. 3, 2010	99,050
Donnie R. Crandell	26,240	2.6	16.25	Jan. 3, 2010	84,001

Options vest 50 percent on January 3, 2001 and 50 percent on January 3, 2002. Options granted to the top 7 executives of the Company include a replacement option feature and are subject to a change-in-control acceleration provision. Replacement options (also known as ownership retention options or reload options) are intended to encourage share ownership. They typically do not provide stock appreciation opportunity greater than the original options. In addition, they do not result in an increase in equity position, which is the total combined number of shares and options held. Replacement options are granted when the executive uses his shares of Common Stock to fund the exercise price of stock options. One replacement option is granted to replace each share that is delivered by the executive as payment for the purchase price of shares being acquired through the exercise of a stock option. Replacement options become exercisable twelve months after their grant date and terminate on the expiration date of the option that they replace. The exercise price of replacement options is equal to the closing price of ALLETE's Common Stock on the grant date of the replacement options.

The grant date dollar value of options is based on ALLETE's binomial ratio (as of January 3, 2000) of .197. The binomial method is a complicated mathematical formula premised on immediate exercisability and transferability of the options, which are not features of the Company's options granted to executive officers and other employees. The values shown are theoretical and do not necessarily reflect the actual values the recipients may eventually realize. Any actual value to the officer or other employee will depend on the extent to which the market value of the Company's Common Stock at a future date exceeds the exercise price. In addition to the option exercise price, and the 10-year term of each option, the following assumptions for modeling were used to calculate the values shown for the options granted in 2000: expected dividend yield of 5.633 percent (based on the most recent quarterly dividend), expected stock price volatility of .200 (based on 250 trading days previous to January 3, 2000), a risk-free rate of return of 6.45 percent (based on Treasury yields).

AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR AND FY-END OPTION VALUES

Name	Shares Acquired on Exercise (#)	Value Realized ($)	Number of Securities Underlying Unexercised Options at FY-End (#)		Value of Unexercised In-the-Money Options at FY-End ($)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Edwin L. Russell	0	0	106,296	115,411	402,878	832,745
James P. Hallett	0	0	40,914	42,522	288,529	290,146
John E. Fuller	0	0	34,344	41,272	203,045	280,330
Robert D. Edwards	0	0	45,224	44,823	317,668	304,843
Donnie R. Crandell	0	0	34,526	38,154	229,408	258,933

LONG-TERM INCENTIVE PLANS - AWARDS IN THE LAST FISCAL YEAR

Name	Number of Shares, Units or Other Rights (#)	Performance or Other Period Until Maturation or Payout	Estimated Future Payouts Under Non-Stock Price-Based Plans		
			Threshold (#)	Target (#)	Maximum (#)
Edwin L. Russell	14,769	1/00 - 12/01	7,385	14,769	29,538
James P. Hallett	4,985	1/00 - 12/01	2,493	4,985	9,970
John E. Fuller	4,800	1/00 - 12/01	2,400	4,800	9,600
Robert D. Edwards	5,225	1/00 - 12/01	2,613	5,225	10,450
Donnie R. Crandell	4,431	1/00 - 12/01	2,216	4,431	8,862

The table directly above reflects the number of shares of Common Stock that can be earned pursuant to the Executive Long-Term Incentive Compensation Plan for the 2000-2001 performance period if the Total Shareholder Return of the Company (and, for business unit executives, other financial measures established for business units that correlate to Total Shareholder Return) meets goals established by the Executive Compensation Committee. These goals are based on the Company's ranking against a peer group of 16 diversified electric utilities. Mr. Russell's threshold performance share award will be earned if the Company's Total Shareholder Return ranks at least within the 3rd quartile, the target award will be earned if the Company ranks in the 2nd quartile, and the maximum award will be earned if the Company ranks in the 1st quartile. For this comparison the Total Shareholder Return ranking will be computed over the 2-year period January 1, 2000 through December 31, 2001. Twenty-five percent of the performance share award of the other executives in the table is based on the foregoing, and the remaining 75 percent is based on 2-year performance periods, using other financial measures selected by the Executive Compensation Committee because of their correlation over time with Total Shareholder Return. Dividend equivalents accrue during the performance period and are paid in shares only to the extent performance goals are achieved. If earned, 50 percent of the performance shares will be paid in Common Stock after the end of the performance period; the remaining 50 percent will be paid in Common Stock on the second anniversary of the end of the performance period. Payment is accelerated upon a change in control of the Company at 200 percent of the target number of performance shares granted as increased by dividend equivalents for the performance period.

RETIREMENT PLANS

The following table sets forth examples of the estimated annual retirement benefits that would be payable to participants in the Company's Retirement Plan and Supplemental Executive Retirement Plan after various periods of service, assuming no changes to the plans and retirement at the normal retirement age of 65:

PENSION PLAN
Years of Service

Remuneration*	15	20	25	30	35
$100,000	$12,000	$16,000	$31,000	$36,000	$41,000
125,000	15,000	20,000	38,750	45,000	51,250
150,000	18,000	24,000	46,500	54,000	61,500
175,000	21,000	28,000	54,250	63,000	71,750
200,000	24,000	32,000	62,000	72,000	82,000
225,000	27,000	36,000	69,750	81,000	92,250
250,000	30,000	40,000	77,500	90,000	102,500
300,000	36,000	48,000	93,000	108,000	123,000
400,000	48,000	64,000	124,000	144,000	164,000
450,000	54,000	72,000	139,500	162,000	184,500
500,000	60,000	80,000	155,000	180,000	205,000
600,000	72,000	96,000	186,000	216,000	246,000
700,000	84,000	112,000	217,000	252,000	287,000
800,000	96,000	128,000	248,000	288,000	328,000
900,000	108,000	144,000	279,000	324,000	369,000
1,000,000	120,000	160,000	310,000	360,000	410,000
1,100,000	132,000	176,000	341,000	396,000	451,000
1,200,000	144,000	192,000	372,000	432,000	492,000
1,300,000	156,000	208,000	403,000	468,000	533,000
1,400,000	168,000	224,000	434,000	504,000	574,000
1,500,000	180,000	240,000	465,000	540,000	615,000

*Represents the highest annualized average compensation (salary and bonus) received for 48 consecutive months during the employee's last 15 years of service with the Company. For determination of the pension benefit, the 48-month period for highest average salary may be different from the 48-month period of highest aggregate bonus compensation.

Retirement benefit amounts shown are in the form of a straight-life annuity to the employee and are based on amounts listed in the Summary Compensation Table under the headings Salary and Bonus. Retirement benefit amounts shown are not subject to any deduction for Social Security or other offset amounts. The Retirement Plan provides that the benefit amount at retirement is subject to adjustment in future years to reflect cost of living increases to a maximum adjustment of 3 percent per year. As of December 31, 2000, the executive officers named in the Summary Compensation Table had the following number of years of credited service under the plan:

Edwin L. Russell	6 years	Robert D. Edwards	24 years
James P. Hallett	6 years	Donnie R. Crandell	20 years
John E. Fuller	6 years		

With certain exceptions, the Internal Revenue Code of 1986, as amended, (Code) restricts the aggregate amount of annual pension which may be paid to an employee under the Retirement Plan to $135,000 for 2000. This amount is subject to adjustment in future years to reflect cost of living increases. The Company's Supplemental Executive Retirement Plan provides for supplemental payments by the Company to eligible executives (including the executive officers named in the Summary Compensation Table) in amounts sufficient to maintain total retirement benefits upon retirement at a level which would have been provided by the Retirement Plan if benefits were not restricted by the Code.

REPORT OF BOARD'S EXECUTIVE COMPENSATION COMMITTEE ON EXECUTIVE COMPENSATION

Described below are the compensation policies of the Executive Compensation Committee of the Board of Directors effective for 2000 with respect to the executive officers of the Company. Composed entirely of independent outside directors, the Executive Compensation Committee is responsible for recommending to the Board policies which govern the executive compensation program of the Company and for administering those policies. Since 1995 the Board has retained the services of William M. Mercer, Incorporated (Mercer), a benefits and compensation consulting firm, to assist the Executive Compensation Committee in connection with the performance of such responsibilities.

The role of the executive compensation program is to help the Company achieve its corporate goals by motivating performance, rewarding positive results, and enhancing Total Shareholder Return. Recognizing that the potential impact an individual employee has on the attainment of corporate goals tends to increase at higher levels within the Company, the executive compensation program provides greater variability in compensating individuals based on results achieved as their levels within the Company rise. In other words, individuals with the greatest potential impact on achieving the stated goals have the greatest amount to gain when goals are achieved and the greatest amount at risk when goals are not achieved.

The program recognizes that, in order to attract and retain exceptional executive talent needed to lead and grow the Company's businesses, compensation must be competitive in the national market. To determine market levels of compensation for executive officers in 2000, the Executive Compensation Committee relied upon comparative information for general industrial companies provided or reviewed by Mercer. The Committee determined that, because of the Company's diversified operations, general industry data is the most appropriate market benchmark for the executive officers. All data were analyzed to determine median compensation levels for comparable positions in comparably sized companies, as measured by revenue. While the companies represented in the Mercer survey data are not the same as those in the peer group used in the performance graph, the Committee believes that these companies are appropriate for market compensation comparison, primarily because they are approximately the same size as the Company as measured by revenue.

Code Section 162(m) generally disallows a tax deduction to public companies for compensation over $1 million paid for any fiscal year to each of the corporation's CEO and 4 other most highly compensated executive officers as of the end of any fiscal year. Qualifying performance-based compensation will not be subject to the deduction limit if certain requirements are met. The stock options and performance shares granted to the executive officers under the Executive Long-Term Incentive Compensation Plan are intended to qualify as performance-based compensation within the meaning of Code Section 162(m) and should therefore be fully deductible for federal income tax purposes.

As described below, executive officers of the Company receive a compensation package which consists of three basic elements: base salary, performance-based compensation, and supplemental executive benefits. The CEO's compensation is discussed separately.

BASE SALARY

Base salaries are set at a level so that, if the target level of performance is achieved under the performance-based plans as described below, executive officers' total compensation, including amounts paid under each of the performance-based compensation plans, will be near the midpoint of market compensation as described above.

PERFORMANCE-BASED COMPENSATION

The performance-based compensation plans of the Company are intended by the Executive Compensation Committee to reward executives for achieving financial and non-financial goals which the Committee determines will be required to achieve the Company's strategic and budgeted goals.

Performance goals under performance-based plans are established in advance by the Executive Compensation Committee and the Board of Directors. A target level of performance under the performance-based plans generally meets budget or represents a Total Shareholder Return ranking in the top half of the peer group described below. Total Shareholder Return is defined as stock price appreciation plus dividends reinvested on the ex-dividend date throughout the relevant performance period, divided by the fair market value of a share at the beginning of the performance period. With target performance, plus the value of stock options granted, executive compensation will be near the midpoint of the relevant market. If no performance awards are earned, and no value is attributed to the stock options granted, compensation of the Company's executive officers would be significantly below the midpoint market compensation level, while performance at increments above the target level will result in total compensation above the midpoint of the market.

The Company's performance-based compensation plans include:

- RESULTS SHARING. The Results Sharing award opportunity rewards annual performance of the executive's responsibility area as well as overall corporate performance. Awards are available to all employees in the electric, water and corporate groups on the same percentage-of-pay basis. Target financial performance will result in an award of 5 percent of base salary, assuming non-financial goals established by the Executive Compensation Committee are also accomplished.

- EXECUTIVE ANNUAL INCENTIVE PLAN. The Executive Annual Incentive Plan is intended to focus executive attention on meeting and exceeding annual financial and non-financial business unit goals established by the Executive Compensation Committee. For 2000, financial goals were business unit contributions to net income, operating cash returns on investment, operating free cash flow, and earnings per share. These financial performance measures were chosen by the Committee because of their positive correlation over time with the Total Shareholder Return achieved by the Company for its shareholders. Target level performance is earned if budgeted financial results are achieved. The results shown on the Summary Compensation Table reflect substantially above-budget financial operating performance of the Company in 2000.

- LONG-TERM INCENTIVE PLAN (LTIP). Under the Executive Long-Term Incentive Compensation Plan implemented in 1996, the executive officers, other than the CEO, of the Company have been awarded stock options annually and performance shares biennially having in the aggregate target award values ranging from 25 percent to 50 percent of their base salaries. The value of the award opportunity is allocated between stock options and performance shares. The stock options will have value only if the Common Stock price appreciates. The performance shares granted to the corporate group have value if, in 2 years from the grant date, the Total Shareholder Return of the Company, over a 2-year performance measurement period determined in advance by the Board of Directors, ranks at least in the 3rd quartile of a peer group of 16 diversified electric utilities adopted by the Executive Compensation Committee as appropriate comparators. Twenty-five percent of the performance share award to business unit executives is based on the foregoing ranking, and 75 percent is based on other financial measures selected by the Committee because of their correlation over time with Total Shareholder Return. Dividend equivalents accrue on performance shares during the performance period and are paid in Common Stock only to the extent performance goals are achieved. The maximum payout is 200 percent of the target award. If earned, the performance shares will be paid in Common Stock with 50 percent of the award paid after the end of the performance period, and the remaining 50 percent on the second anniversary thereof. The LTIP payout for 2000 shown in the Summary Compensation Table includes a payout of 25 percent of the award earned for the performance period ending December 31, 1999, 50 percent of which was reported for 1999.

The Executive Compensation Committee has determined that these awards are consistent with its philosophy of aligning executive officers' interests with those of shareholders and to the performance of the Company.

SUPPLEMENTAL EXECUTIVE BENEFITS

The Company has established a Supplemental Executive Retirement Plan (SERP) to compensate certain employees, including the executive officers, equitably by replacing benefits not provided by the Company's Flexible Benefit Plan and the Employee Stock Ownership Plan due to government-imposed limits and to provide retirement benefits which are competitive with those offered by other businesses with which the Company competes for executive talent. The SERP also provides employees whose salaries exceed the salary limitations for tax-qualified plans imposed by the Code with additional benefits such that they receive in aggregate the benefits they would have been entitled to receive had such limitations not been imposed.

CHIEF EXECUTIVE OFFICER COMPENSATION

The Executive Compensation Committee has endeavored to provide Mr. Russell with a compensation package that is at the 50th percentile of compensation paid by general industrial companies with revenue comparable to the Company. The Committee has designed Mr. Russell's compensation package to provide substantial incentive to achieve and exceed the Board's financial performance goals for the Company and Total Shareholder Return goals for the Company's shareholders.

In June 2000, the Board of Directors increased Mr. Russell's annual base salary 7.7 percent. Approximately half of this increase was to align his base salary with the median of comparably sized companies and the other half related to his contributions to the performance of the Company. Under the Company's Results Sharing Plan, Mr. Russell was awarded $38,559, or 7.3 percent of his base salary, based 50 percent on earnings performance and 50 percent on an average of business unit Results Sharing awards. Under the Executive Annual Incentive Plan in 2000, Mr. Russell earned an award of $725,040, or 137 percent of his base salary, which rewarded Mr. Russell for achieving 2000 earnings results significantly above target, as well as for achievement of non-financial goals, all established by the Executive Compensation Committee.

Mr. Russell's compensation also contains elements which motivate him to focus on the longer-term performance of the Company. Under the Executive Long-Term Incentive Compensation Plan, Mr. Russell was awarded annual target opportunities with a value equal to 80 percent of his base salary. This value has been allocated 70 percent to stock options awarded annually and 30 percent to performance shares awarded in even-numbered years. The stock options and performance shares have the same characteristics as those issued to other executive officers as described above. The LTIP payout for 2000 shown in the Summary Compensation Table includes a payout of 25 percent of the award earned for the performance period ending December 31, 1999, 50 percent of which was reported for 1999.

In fiscal 2000, the Company provided Mr. Russell a split dollar life insurance arrangement insuring his life. This insurance program is structured so that all the premium contributions are returned to the Company at Mr. Russell's attaining age 71 or at death if earlier. The arrangement covers an 8-year period beginning January 1, 2000 and provides that if Mr. Russell leaves prior to the end of such period, Company funding of this program will be reduced accordingly. This arrangement is provided as an incentive for Mr. Russell's continued employment and is in lieu of other retention considerations investigated by the Executive Compensation Committee.

March 16, 2001

Executive Compensation Committee

Donald C. Wegmiller, Chairman	Dennis E. Evans
Kathleen A. Brekken	Nick Smith

REPORT OF THE AUDIT COMMITTEE

The Audit Committee of the Board of Directors, consisting of 4 independent, non-employee directors, assists the Board in carrying out its oversight responsibilities for the Company's financial reporting process, audit process and internal controls. The responsibilities of the Audit Committee are set forth in the Audit Committee Charter which is reproduced in the appendix of this Proxy Statement. The Audit Committee reviews and recommends to the Board of Directors (i) that the audited financial statements be included in the Company's Annual Report on Form 10-K; and (ii) the selection of the independent public accountants to audit the books and records of the Company.

The Audit Committee (i) reviewed and discussed the Company's audited financial statements for the year ending December 31, 2000 with the Company's management and with the Company's independent accountants; (ii) met with management to discuss all financial statements prior to their issuance and to discuss significant accounting issues; (iii) discussed with the Company's independent accountants the matters required to be discussed by SAS 61 (Codification of Statements on Auditing Standards) which includes, among other items, matters related to the conduct of the audit of the Company's financial statements; and (iv) received and discussed the written disclosures and the letter from the Company's independent accountants required by Independence Standards Board Statement No. 1 (Independence discussions with Audit committees) which relates to the accountants' independence from the Company. Based on the review and discussions with management and the independent accountants, the Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ending December 31, 2000 for filing with the SEC.

Management has advised the Audit Committee that for the year ended December 31, 2000, the Company paid fees to PricewaterhouseCoopers LLP for services in the following categories:

Audit Fees	$1.4 million
All Other Fees	$1.5 million

All Other Fees in the foregoing table includes $1.1 million for tax advice and tax return assistance. We have considered and determined that the provision of the non-audit services noted in the foregoing table is compatible with maintaining PricewaterhouseCoopers' independence.

Audit Committee

Bruce W. Stender, Chair
Peter J. Johnson
Glenda E. Hood
George L. Mayer

ALLETE COMMON STOCK PERFORMANCE

The following graph compares the Company's cumulative Total Shareholder Return on its Common Stock with the cumulative return of the S&P 500 Index and the S&P Utilities Index, a capitalization-weighted index of 26 stocks, which is designed to measure the performance of the electric power utility company sector of the S&P 500 Index. The S&P 500 Index is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. Because this composite index has a broad industry base, its performance may not closely track that of a composite index comprised solely of electric utilities. The calculations assume a $100 investment on December 31, 1995 and reinvestment of dividends on the ex-dividend date.

[GRAPHIC MATERIAL OMITTED-PERFORMANCE GRAPH]

TOTAL SHAREHOLDER RETURN FOR THE FIVE YEARS ENDING DECEMBER 31, 2000

	1995	1996	1997	1998	1999	2000
ALLETE	100.00	104.36	176.12	186.90	152.17	235.61
S&P Utilities Index (Electric)	100.00	99.69	125.85	145.32	117.27	179.94
S&P 500 Index	100.00	122.94	163.94	210.79	255.15	231.93

ITEM NO. 2 - APPOINTMENT OF INDEPENDENT ACCOUNTANTS

The Audit Committee of the Board of Directors of the Company has recommended the appointment of PricewaterhouseCoopers LLP as independent accountants for the Company for the year 2001. PricewaterhouseCoopers LLP has acted in this capacity since October 1963.

A representative of the accounting firm will be present at the Annual Meeting of Shareholders, will have an opportunity to make a statement if he or she so desires, and will be available to respond to appropriate questions.

In connection with the 2000 audit, PricewaterhouseCoopers LLP reviewed the Company's annual report, examined the related financial statements, and reviewed interim financial statements and certain of the Company's filings with the Federal Energy Regulatory Commission and the Securities and Exchange Commission.

The Board of Directors recommends a vote "FOR" approving the appointment of PricewaterhouseCoopers LLP as the Company's independent accountants for 2001.

ITEM NO. 3 - AMEND THE ARTICLES OF INCORPORATION TO CHANGE COMPANY'S LEGAL NAME FROM MINNESOTA POWER, INC. TO ALLETE, INC.

The Board of Directors proposes that the Company's Articles of Incorporation be amended to change the Company's legal name from Minnesota Power, Inc. to ALLETE, Inc. On September 1, 2000, the Company began doing business under the name ALLETE and began trading under the symbol ALE on the New York Stock Exchange. The new name reflects the Company's evolution from a Minnesota electric utility to a diversified, multi-services business with operations across North America. We are clearly more than Minnesota and more than power. The Company's electric utility business unit continues to operate under the name Minnesota Power.

The Board of Directors recommends a vote "FOR" the proposed amendment.

OTHER BUSINESS

The Board of Directors does not know of any other business to be presented at the meeting. However, if any other matters properly come before the meeting, it is the intention of the persons named in the accompanying proxy card to vote pursuant to the proxies in accordance with their judgment in such matters.

All shareholders are asked to promptly return their proxy in order that the necessary vote may be present at the meeting. We respectfully request that you sign and return the accompanying proxy card at your earliest convenience.

By order of the Board of Directors,
Dated March 16, 2001

Philip R. Halverson

Philip R. Halverson
Vice President, General Counsel and Secretary

ALLETE
CHARTER - AUDIT COMMITTEE OF THE BOARD OF DIRECTORS
(Effective January 17, 2000)

PURPOSE

The Audit Committee's primary function is to assist the Board in fulfilling its oversight responsibilities by reviewing the financial information which will be provided to the shareholders and others, the system of internal controls which management and the Board of Directors have established, and the audit process.

ORGANIZATION

The Audit Committee shall be composed of at least 3 Directors who are independent of the management of the Company and are free of any relationships with the Company that, in the opinion of the Board of Directors, would interfere with their exercise of independent judgment as a Committee member. At least 1 member of the Committee shall have accounting or related financial management expertise.

PRIMARY RESPONSIBILITIES

As delegated by the Board of Directors:

1. Review the form and content of the annual consolidated financial statements and determine whether management and the independent accountants are in agreement that the proposed audited financial statements, including all necessary disclosures, were prepared in accordance with generally accepted accounting principles, consistently applied. Review filings with the SEC and other published documents containing the Company's consolidated financial statements and consider whether the information contained in these documents is consistent with the information contained in the financial statements. Review the quality of financial reporting with the independent accountants; for example, clarity of financial disclosures and degree of aggressiveness or conservatism in the Company's accounting principles.

2. Review quarterly and other financial reports and disclosures before they are filed with the SEC.

3. Review with management, the independent accountants, and the Director of Internal Audit the adequacy of the Company's internal controls, any significant changes in accounting policies, procedures or practices, and compliance with Corporate policies, directives and applicable laws.

4. Assess the qualifications, independence, and performance of the Company's independent accountants. Review formal written statement from the outside auditors delineating all relationships between the auditor and the Company; actively discuss and resolve any disclosed relationships or services that may impact the objectivity and independence of the auditor. Recommend annually to the Board of Directors the independent accounting firm to be nominated.

5. Review and concur with management in the appointment, replacement, reassignment or dismissal of the Director of Internal Audit.

6. Review the independent accountants' scope and results of their annual and special audits. Recommend the acceptance of such audits where accompanied by certification.

7. Review with the Director of Internal Audit the annual audit plan and scope of internal audits.

8. Review the action taken by management on the internal auditors' and independent accountants' recommendations.

9. Provide sufficient opportunity for the internal and independent auditors to meet with the members of the Audit Committee without members of management present.

10. Prepare a report for inclusion in the annual proxy statement that specifies the Directors who sit on the Committee, describes the Committee's responsibilities as outlined in this Charter, and discusses how these responsibilities were discharged during the year.

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[RECYCLE LOGO] [LOGO PRINTED WITH SOY INK]

[ALLETE LOGO] PROXY CARD AND VOTING INSTRUCTIONS
ALLETE
30 West Superior Street, Duluth, Minnesota 55802-2093

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS.

Edwin L. Russell and Philip R. Halverson or either of them, with power of substitution, are hereby appointed Proxies of the undersigned to vote all shares of ALLETE stock owned by the undersigned at the Annual Meeting of Shareholders to be held in the auditorium at the Duluth Entertainment Convention Center, 350 Harbor Drive, Duluth, Minnesota, at 10:00 a.m. on Tuesday, May 8, 2001, or any adjournments thereof, with respect to the election of Directors, the appointment of independent accountants, changing the Company's legal name to ALLETE, Inc., and any other matters as may properly come before the meeting.

THIS PROXY CONFERS AUTHORITY TO VOTE EACH PROPOSAL LISTED ON THE OTHER SIDE UNLESS OTHERWISE INDICATED. If any other business is transacted at said meeting, this Proxy shall be voted in accordance with the best judgment of the Proxies. The Board of Directors recommends a vote "FOR" each of the listed proposals. This Proxy is solicited on behalf of the Board of Directors of ALLETE and may be revoked prior to its exercise. PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY CARD USING THE ENCLOSED ENVELOPE. Shares cannot be voted unless this Proxy card is signed and returned, or other specific arrangements are made to have the shares represented at the meeting. By returning your Proxy promptly, you may help save the costs of additional Proxy solicitations.

(Continued and to be signed on other side)

-FOLD AND DETACH HERE-

Please mark your vote and sign:

Please mark your votes as indicated in this example /X/

The Board of Directors recommends a vote "FOR" the following proposals submitted by the Board.

Proposal 1. Election of Directors

FOR all nominees listed (except as marked to the contrary)	WITHHOLD AUTHORITY for all nominees listed				
		BREKKEN	EVANS	HOOD	JOHNSON
		MAYER	RAJALA	RUSSELL	SANDBULTE
		SMITH	STENDER	WEGMILLER	
/ /	/ /	To withhold authority to vote for any individual nominee, strike a line through the nominee's name in the list above.			

Proposal 2. Appointment of PricewaterhouseCoopers LLP as independent accountants.

FOR	AGAINST	ABSTAIN
/ /	/ /	/ /

Proposal 3. Change the Company's legal name to ALLETE, Inc.

FOR	AGAINST	ABSTAIN
/ /	/ /	/ /

Sign here as name(s) appears on reverse side.

X
- --

X
- --

Date: ,2001

Shares:

Account No.:

-FOLD AND DETACH HERE-

April __, 2001

Dear Shareholder:

We have not yet received your vote on issues to come before the Annual Meeting of ALLETE shareholders on May 8, 2001. Proxy materials were sent to you on March 16, 2001. Please take time to vote the enclosed copy of your proxy using one of the three options available to you:

1. MAIL - Complete the enclosed duplicate proxy card and return it in the self-addressed stamped envelope;

2. TELEPHONE - Call the 800 number listed on the proxy card and follow the instructions; or

3. INTERNET - Log onto the web site listed on the proxy card and follow the instructions.

We again extend to you a cordial invitation to attend ALLETE's Annual Meeting of Shareholders to be held in the auditorium of the Duluth Entertainment Convention Center, 350 Harbor Drive, Duluth, Minnesota on Tuesday, May 8, 2001 at 10:00 a.m.

Your prompt response will be appreciated.

Sincerely,

Philip R. Halverson

Enclosures