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NEWS

Minnesota Power's Wind Energy Project Reaches Milestone Agreement Signed

Duluth, Minn.—Minnesota Power's plan to harness wind energy from the plains of North Dakota and transmit it to customers took an important step forward with the signing of an agreement to purchase an interstate transmission line and phase out a long-term contract to buy coal-generated electricity.

Minnesota Power, an ALLETE company (NYSE:ALE), announced its intent to buy the transmission line in May as part of its strategy to develop wind energy in order to meet a state mandate requiring a 25 percent renewable energy supply by 2025.

Under the agreement, the company will purchase a direct current (DC) transmission line from Square Butte Electric Cooperative for approximately \$80 million. The 465 mile line currently transports coal-generated energy from the Milton R. Young generating station in Center, N.D. to a Minnesota Power substation in Hermantown, Minn. As part of the deal, Minnesota Power will gradually phase out the power it purchases from the Young station and replace it with wind generated electricity. The transaction is subject to regulatory approvals and is anticipated to close in 2009.

"We want to be out in front in wind development," said ALLETE CEO Don Shippar. "We are committed to meeting the state mandate to deliver more renewable energy, while at the same time investing in utility projects that make sense."

The Company's wind development plans include adding several hundred megawatts of new generation near Center, N.D., with plans to install the first wind turbines by 2010, and using the existing DC line to deliver this renewable energy to its customers.

One of the biggest constraints on wind energy's growth in the U.S. is the capacity of the transmission grid to deliver power to customers, according to the American Wind Energy Association (AWEA). North Dakota ranks as the top state in the U.S. for potential wind capacity, according to the AWEA.

"We plan to be a significant wind developer in the Upper Midwest," Shippar added. "The DC Line purchase will provide us with the advantage of having a ready-made vehicle to transmit renewable energy to our customers."

Minnesota Power, an ALLETE company, supplies electric service to 141,000 retail customers, 16 municipalities and some of the largest industrial customers in the United States.

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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