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NEWS

Minnesota Power Secures Long-term Energy Contract with Largest Customer

7-06-05

DULUTH, Minn.— Minnesota Power, a division of Duluth-based ALLETE, Inc. (NYSE: ALE), announced today it has reached a long-term, all requirements agreement with United States Steel Corporation (NYSE: X) to provide electric service through October 2013 to its Minntac and Keewatin Taconite production facilities. Minntac and Keewatin Taconite use a combined 275 megawatts of electricity and United States Steel Corporation is Minnesota Power's largest energy customer.

"Extending our electric supply contract is an important achievement for both U.S. Steel and Minnesota Power," said Don Shippar, CEO of ALLETE, Inc. "Electric power is a key component in the production of taconite and the taconite industry consumes a sizable portion of the electricity we produce. This agreement helps to provide planning certainty for both companies." U.S. Steel represents approximately 12 percent of ALLETE's annual revenues.

U. S. Steel's Minnesota Ore Operations, located on the Mesabi Iron Range in northeastern Minnesota, include the Minntac plant in Mountain Iron and the Keewatin Taconite operation, 25 miles to the west. In 2004, Minntac and Keewatin Taconite produced a combined 19.6 million tons of taconite pellets, a primary feedstock for steelmaking, which represents approximately 50% of the annual pellet output from Minnesota.

"The signing of this important and significant electric power contract with Minnesota Power combined with our very substantial investments occurring at both Minntac and Keewatin Taconite, are clear indications of our long-term commitment to these highly valued properties," said Dennis Quirk, General Manager-USS Minnesota Ore Operations. "Electricity is a very key component of our overall cost structure. We look forward to continuing our strong relationship with Minnesota Power as business partners in the region."

The agreement is subject to regulatory approval by the Minnesota Public Utilities Commission.

Minnesota Power provides electricity in a 26,000-square-mile electric service territory located in northeastern Minnesota. Minnesota Power supplies electric service to 136,000 retail customers, 16 municipalities and some of the largest industrial customers in the United States. More information regarding United States Steel is available at uss.com and Minnesota Power at mnpower.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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