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RULING AFFIRMS MINNESOTA POWER ENERGY MARKET CHARGE RECOVERY

DULUTH, Minn.—ALLETE, Inc. (NYSE:ALE) announced today that Minnesota Power, an operating division of ALLETE, has received an Order from the Minnesota Public Utilities Commission which allows continued recovery of nearly all of the Midwest Independent Transmission System Operation, Inc. (MISO) Day 2 charges collected through the Minnesota retail fuel clause.

The Order also grants deferred accounting treatment for three MISO charge types that were determined to be administrative charges and therefore not currently recoverable through the Minnesota fuel clause. Over the next 12 months, Minnesota Power will adjust customer bills to recognize approximately \$2 million of administrative charges previously collected through the fuel clause between April 1, 2005 and December 31, 2006 and will record these administrative charges as a regulatory asset. MISO Day 2 administrative charges after December 31, 2006 will continue to accumulate as a regulatory asset until Minnesota Power files its next rate case, at which time a recovery mechanism for such charges will be determined. There will be no impact on ALLETE's earnings as a result of this ruling.

The MISO "Day 2" energy market is the market through which Minnesota Power engages in wholesale energy transactions in MISO's day-ahead and real-time markets. The MISO Day 2 market began operations on April 1, 2005.

As a result of the Commission's Order allowing recovery of nearly all MISO Day 2 charges through the Minnesota retail fuel clause, Minnesota Power will revoke its December 29, 2005 letter of intent to withdraw from MISO.

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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