

**ALLETE, INC.
PURCHASE AND SALE OF COMPANY SECURITIES POLICY**

POLICY STATEMENT

This policy has been established to assure that directors, officers, and employees of ALLETE, Inc. (“ALLETE”) and its subsidiaries (collectively, “ALLETE Companies”) comply with applicable federal and state insider trading laws and regulations.

No officer, director, or employee of any ALLETE Company shall buy or sell securities of ALLETE (“ALLETE Securities”) on the basis of material non-public information about ALLETE or any ALLETE Company, or ALLETE Securities, or pass on (“tip”) such information to others.

The buying or selling securities of other companies, such as customers, suppliers, competitors, or joint-venture partners, by officers, directors or employees of ALLETE based on material non-public information relating to those companies is also prohibited, as is tipping such information to others.

General Requirements

Both federal and state securities laws and regulations prohibit the use of “material non-public information” when trading in or recommending ALLETE Securities. “Material non-public information” is generally considered to be information not available to the general public which (i) there is a substantial likelihood that a reasonable investor contemplating a transaction in ALLETE Securities would consider important in making his or her investment decision, or (ii) if disclosed, could be viewed by a reasonable investor as having significantly altered the total mix of information available.

Anyone in possession of material non-public information is an “insider,” including not only officers and directors but also non-management employees and persons outside ALLETE, such as, family members, friends, brokers, etc., who may have acquired the “inside” information, directly or through tips.

“Inside” information which is normally considered to be material includes information relating to stock splits and other actions concerning capital structure, major management changes, changes in dividend rates, the proposed issue or repurchase of ALLETE Securities, information concerning earnings or similar financial information, new major contracts, the commencement of or significant developments in ratemaking proceedings, and information, regarding potential mergers, acquisitions and sales of major assets, as well as other important corporate developments. This list is not exhaustive; other types of “inside” information may also be material. Such information continues to be “inside” information until disclosed to the general public.

The federal securities laws and regulations generally impose upon persons possessing material non-public information a “disclose or abstain” rule. This means that the insider must abstain from trading unless the information has been publicly disclosed and sufficient time has elapsed for the information to be “absorbed” by the investing public.

Since insiders are not generally in a position to act on their own to disclose material nonpublic information without violating their fiduciary duty of confidentiality to ALLETE and causing ALLETE substantial harm, the “disclose or abstain” rule should be regarded as imposing an obligation not to trade in ALLETE Securities at any time when one is in possession of material non-public information.

Furthermore, all external requests for information involving ALLETE must be referred without comment to (i) Public Affairs or (ii) Investor Relations for inquiries by securities analysts or investors.

In order to assure that officers, directors and employees of ALLETE do not violate the legal prohibition on “insider trading,” the following specific procedures have been established. They should not, however, be viewed as exhaustive, and any officer, director or employee who is in doubt as to whether a proposed transaction in ALLETE Securities would violate this insider trading policy or these procedures should consult with the General Counsel’s office before going forward with the transaction.

Specific Requirements

1. Officers, directors and employees of the ALLETE Companies shall maintain as confidential and shall not disclose or tip material, non-public information to any third party (including members of their families), other than third parties who are bound by a duty of confidentiality, except pursuant to a legal privilege or legal requirement, or as part of an official ALLETE Company corporate disclosure such as a news release or a required filing with the Securities and Exchange Commission or other federal or state governmental agency.
2. In order to ensure adequate public dissemination of financial information, directors and officers of ALLETE shall not engage in transactions in ALLETE Securities during the period commencing 15 days before the end of a quarter and ending on the third business day following the public release of of ALLETE’s earnings for that quarter and during certain event-specific blackout periods..
3. Directors and officers of ALLETE shall not trade in ALLETE Securities without first complying with the Company’s “pre-clearance” process. This process applies to all trades, including those outside of the period surrounding earnings information. Each officer and director shall contact the ALLETE, Inc. General Counsel prior to engaging in a transaction of ALLETE Securities. This pre-clearance requirement also applies to transactions by family members living in the same household.
4. No officer, director, or other employee of any ALLETE Company shall engage in any transaction in any ALLETE Securities at any time when such person is in possession of material non-public information concerning ALLETE, or prior to the third business day following public disclosure of such information by ALLETE.

5. No director or officer of ALLETE may engage in any short-swing transaction (any combination of purchase and sale or sale and purchase of ALLETE Securities within six months of each other) in violation of the short-swing profit prohibition of Section 16 of the Securities Exchange Act of 1934.

Sanctions

Violations of this policy statement will be viewed seriously. Violations provide grounds for disciplinary actions, including dismissal.

Furthermore, the government can seek a variety of remedies and sanctions when a person commits insider trading. Besides being required to disgorge profits gained or losses avoided, the offender may be subject to fines and/or imprisonment.

RESERVATION OF AUTHORITY

Amendments or exceptions to this policy may be made by the Chief Executive Officer of ALLETE, Inc. Any questions concerning the applicability of the foregoing requirements or interpretation of this policy, including whether particular information is material or has been publicly disclosed, should be referred to the General Counsel's office prior to trading in ALLETE Securities.