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NEWS

MINNESOTA POWER PROPOSES \$60 MILLION AIR EMISSION REDUCTION PLAN

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DULUTH, Minn.—Minnesota Power, a division of Duluth-based ALLETE, Inc. (NYSE:ALE) today announced a \$60 million environmental initiative which, if approved by state regulators, is expected to significantly reduce emissions from two of its electric generating facilities in northeastern Minnesota. Minnesota Power's Arrowhead Regional Emission Abatement (AREA) plan is designed to further reduce emissions while maintaining a reliable and reasonably-priced energy supply to meet the needs of its customers.

"Minnesota Power has an excellent environmental record and we take stewardship of the land, water and air very seriously," said Don Shippar, ALLETE President and CEO. "Building on this historic commitment, we believe that control and abatement technology applicable to these plants has matured to the point where further significant air emission reductions can be attained through AREA in a relatively cost-effective manner."

Emissions are a natural byproduct of any combustion process. In the case of much of the nation's electric power generation, emissions are the result of burning coal, an abundant, domestically available fuel source. Minnesota Power already utilizes extensive emission reduction technology at all of its coal-based facilities and uses low-sulfur, low-mercury coal to operate at 70% below existing air emission permit requirements.

While federal and state governments work toward development of details for new emission standards, Minnesota Power chose to take early voluntary action to reduce emissions in the 2006-2008 time frame from its two electric generating facilities nearest the Boundary Waters Canoe Area Wilderness: Taconite Harbor Energy Center in Schroeder, and Laskin Energy Center in Hoyt Lakes. At Taconite Harbor, Minnesota Power will be employing multi-emission reduction technology, while Laskin will receive a retrofit focused on lowering nitrogen oxides (NOx) emissions.

Upon projected completion of the retrofits, Minnesota Power estimates an emission reduction of over 60% for NOx at both facilities and a 65% reduction in sulfur dioxide (SO2) at Taconite Harbor. Laskin Energy Center already has relatively low emission levels of sulfur dioxide due to existing emission reduction technology. Additionally, with the emerging technology being applied at Taconite Harbor, there is the potential for as much as a 90% reduction in mercury. Minnesota Power also continues to conduct technology testing at Laskin with a goal of identifying a technique that provides optimal mercury reduction for plants of its type.

"These facilities are vital to our region's energy supply," said Eric Norberg, Minnesota Power Vice President-Strategic Initiatives. "It is our hope that the AREA plan will enhance the already-high air quality of our region, while balancing that improvement with the need for reliability and reasonable energy prices."

The cost for implementing Minnesota Power's AREA plan would be recovered through an adjustment to customer rates, upon approval by the Minnesota Public Utilities Commission, with the review and involvement of the Minnesota Pollution Control Agency, the Department of Commerce, the Attorney General, Minnesota Power customers and other stakeholders. Minnesota Power is also developing compliance plans for its other generating facilities as needed to meet expected future federal air standards.

For information regarding one of the primary technologies that Minnesota Power plans to use in this process, please visit www.mobotecusa.com.

Minnesota Power, a division of ALLETE, provides electricity in a 26,000-square-mile electric service territory located in northeastern Minnesota. Minnesota Power supplies retail electric service to 135,000 retail customers, wholesale electric service to 16 municipalities, and some of the largest industrial customers in the United States.



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