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NEWS

First CapX2020 project represents a new transmission investment for ALLETE

Minnesota Power, an operating division of ALLETE (NYSE:ALE), will have a major financial stake in a new transmission line in central Minnesota. The new line is the first project approved for the CapX2020 transmission expansion initiative.

The 28-mile 345 kilovolt transmission line between Monticello and St. Cloud was granted a route permit from the Minnesota Public Utilities Commission (MPUC) in July 2010; construction of the project is expected to be complete in late 2011. The 210-mile 345 kilovolt transmission line from St. Cloud to Fargo is expected to be complete by 2015.

“This new project will help strengthen the reliability of the electric grid across our region and is a part of ALLETE’s strategy of investing in energy-centric growth,” said Alan R. Hodnik, president and CEO of ALLETE. “We plan to participate in additional CapX2020 projects going forward.”

CapX2020 is a joint initiative of 11 transmission-owning utilities in Minnesota and the surrounding region formed to upgrade and expand the electric transmission grid. New lines are being proposed to ensure reliability, meet long-term growth and to help meet Minnesota’s mandate of 25 percent renewable energy by 2025.

Minnesota Power plans to initially participate in three CapX2020 projects, the Fargo-St. Cloud project, the Monticello-St. Cloud project and the 230 kilovolt line between Bemidji and Minnesota Power’s Boswell Energy Center near Grand Rapids. Based on projected costs of the three transmission lines and the percentage agreements among participating utilities, Minnesota Power plans to invest between \$100 million and \$125 million in the CapX2020 initiative through 2015. CapX2020 project costs are eligible for current cost recovery; the company has petitioned the MPUC to recover project costs under a transmission cost recovery rider.

In addition to its electric utilities, Minnesota Power in northeast Minnesota and Superior Water, Light & Power Co. in northwest Wisconsin, ALLETE owns BNI Coal in Center, N.D. and has an 8 percent equity interest in American Transmission Co. In late 2009, it purchased a 465-mile direct current transmission line between Duluth, Minn. and Center, N.D. to transport renewable wind energy from its Bison I Wind Energy Center, which is currently under construction near New Salem, N.D.

Minnesota Power provides retail electric service within a 26,000-square-mile area in northeastern Minnesota to 144,000 customers and wholesale electric service to 16 municipalities. More information can be found at: www.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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