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NEWS

Minnesota Power's long-term electric service agreement with City of Nashwauk supports regional economic growth

Duluth, Minn.—A new long-term electric service agreement between Minnesota Power, a division of ALLETE (NYSE: ALE) and the city of Nashwauk was approved by the Nashwauk Public Utilities Commission on February 7, 2011.

Under the terms of the agreement, Minnesota Power will provide all of Nashwauk's electric power supply on a wholesale basis. In turn, the city will receive the electricity it needs to serve its retail customers, including Essar Steel Minnesota. Nashwauk is the site of Essar's planned taconite mining and pellet plant operations, scheduled for start-up in late 2012. Phase two of the project involves the construction of a direct-reduced iron and steelmaking mill.

"The Nashwauk community has been a long-time municipal customer of ours, and we are pleased to see the continuation of our business relationship through this new agreement," said Al Hodnik, ALLETE President & CEO.

"These are exciting times in Northeastern Minnesota, with our existing industrial customers running strong, and a slate of large scale taconite and non-ferrous mining opportunities on the table," added Hodnik. "This contract with Nashwauk represents another vital step in the Essar Steel project becoming reality. Within ALLETE's family of businesses, Minnesota Power is the region's premier power supplier. Our competitive rates and reliable service help fuel the region's continued economic recovery and promote the long-term success of our industrial customers. "

Minnesota Power's agreement with Nashwauk, which is subject to federal regulatory approval, is similar to contracts the company has with other wholesale service providers.

Wholesale municipal customers of Minnesota Power distribute electric service to their local residents and businesses within their City.

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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