



For Release: July 27, 2011

Contact: Amy Rutledge  
Communications Manager  
218-723-7400  
arutledge@mnpower.com

# NEWS

## Minnesota Power to increase wholesale electric sales

### *The City of Nashwauk reaches agreement with Essar Steel*

Duluth, Minn. — Essar Steel Minnesota has signed a long-term agreement to purchase the electricity it needs to operate a taconite mine, processing plant, and later a steel mill, from the city of Nashwauk, Minn. The city of Nashwauk obtains its electric power from Minnesota Power, a division of ALLETE (NYSE:ALE).

Based in India, Essar is a global producer of steel with operations in Canada, the U.S., Asia and the Middle East. Essar Steel Minnesota is building a state-of-the-art open pit mine, concentrator and pellet plant in Nashwauk, and a planned direct reduced iron facility and a plant to cast steel slabs. The estimated 70-110 megawatt taconite plant is expected to be operational by the end of 2012 and the steel plant is expected to begin operations by the end of 2015.

Minnesota Power has for many years provided electricity to Nashwauk, a city with no electric generation of its own on the west end of Minnesota's Mesabi Iron Range. The Duluth-based electric utility signed a new long-term municipal agreement to provide power to Nashwauk in February 2011. Nashwauk is one of 16 municipalities in northern Minnesota that buys electricity on a wholesale basis from Minnesota Power. The electric service agreement between Essar and Nashwauk, finalized July 27, runs through at least April 30, 2022.

"Minnesota Power continues to be the premier supplier of electricity to large industry in northeast Minnesota, whether through a municipal contract like this one or a retail agreement," said ALLETE Chairman, President and CEO Al Hodnik. "We're proud to join forces with Nashwauk to energize this important new contributor to the regional economy. We welcome Essar Steel to the Iron Range of Minnesota."

"Our partnership with Minnesota Power gives us the ability to ensure competitive power pricing, which will sustain Essar Steel long-term and build our regional economy," said Nashwauk Mayor William Hendricks.

"Securing this agreement is a critical step in keeping our project on track," said Steve Rutherford, Project Director of Essar Steel Minnesota. "We value the rich experience both Minnesota Power and the city of Nashwauk have in mining and ore processing. As a company that is committed to minimizing its greenhouse gas footprint, Essar applauds Minnesota Power's efforts to expand its supply portfolio to include more wind and hydroelectric power."

In addition to the Nashwauk-Essar electric service contract, a three-party Facilities Construction Agreement involving Essar, Nashwauk and Minnesota Power addresses the transmission investments needed to bring large amounts of electricity to the new facilities. Water, sewer, transportation and other infrastructure work has been completed in the Nashwauk area in preparation for major construction.

Minnesota Power, a division of ALLETE, Inc., supplies electric service to 144,000 residents, 16 municipalities and some of the largest industrial customers in the United States.

*More information about Minnesota Power can be found at [www.mnpower.com](http://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.*

###