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NEWS

Major environmental improvement project begins at Minnesota Power's largest generating station

Cohasset, Minn.— Company officials, local leaders and government representatives gathered at Minnesota Power's largest electric generating station today to break ground on a major construction project that will greatly reduce emissions while helping to ensure competitively-priced energy for decades to come.

Preliminary work is underway on the project that will reduce emissions of mercury approximately 90 percent and also reduce levels of particulates and sulfur at the company's Boswell Unit 4, its largest coal-fired unit. Minnesota Power is an operating division of ALLETE, Inc. (NYSE: ALE).

Boswell Unit 4, capable of producing 585 megawatts of electricity, is owned 80 percent by Minnesota Power, with the balance owned by WPPI Energy. Minnesota Power's portion of the project is estimated to be approximately \$350 million, invested over the next several years. Additional investments by WPPI Energy reflect its 20 percent ownership and share of the project.

"Boswell 4 is the capstone piece of a seven year emission reduction initiative that began with our Laskin and Taconite Harbor Energy Centers in 2006, continued in 2009 with the retrofit of Boswell Unit 3," said ALLETE Chairman, President and CEO Al Hodnik. "Upon completion of the Boswell 4 project Minnesota Power will have invested approximately \$700 million in cleaner energy, reducing mercury emissions by 90 percent while lowering sulfur, nitrous oxide and fine particulates by more than 70 percent compared to 2005 levels."

Among the speakers at today's groundbreaking ceremony was Cohasset Mayor Greg Hagy, who talked about the economic impact of the Unit 4 retrofit. Construction will take approximately three years, with project-related on-site employment expected to approach 500 people.

The Unit 4 project will meet the requirements of Minnesota's Mercury Emissions Reduction Act of 2006 two years ahead of schedule. The retrofit will also meet the Environmental Protection Agency's MATS rule. The project was recently approved by Minnesota's Public Utilities Commission, Department of Natural Resources and Pollution Control Agency.

The Boswell Unit 4 environmental upgrade will be similar in scale to the environmental retrofit undertaken by Minnesota Power at Boswell Unit 3, which employed more than 400 workers during the recession of 2008 and 2009.

"Installing state-of-the-art technology on our largest generating unit will help preserve the reliable and affordable power our customers expect, increase efficiency, lower emissions and create hundreds of construction jobs for our region, in much the same manner as our Boswell 3 environmental upgrade did during the unprecedented recession of 2009," Hodnik said. "The project will also ensure a diverse fuel mix as we transform our energy supply to a balanced mix of renewables, coal and natural gas over the long term."

In conjunction with achieving greatly reduced emissions and increased operating efficiencies in its coal-fired fleet, Minnesota Power is adding cost-effective renewable energy to its portfolio as part of its **EnergyForward** resource strategy to achieve a more balanced energy supply.

The company is expanding its Bison Wind Energy Center in North Dakota, has secured a major purchase of hydropower from Manitoba Hydro and recently filed a Certificate of Need application for its Great Northern Transmission Line to deliver this energy to Minnesota customers beginning in 2020. **EnergyForward** also includes a robust conservation and energy efficiency “Power of One” program.

Other speakers at today’s groundbreaking event were John Linc Stine, commissioner of the Minnesota Pollution Control Agency, Josh Skelton, manager of Boswell Unit 4, Jeff Paulseth, vice president of generation operations, ALLETE board member Jim Hoolihan and Mike Peters of WPPI.

Minnesota Power provides electric service within a 26,000-square-mile area in northeastern Minnesota, supporting comfort, security and quality of life for 143,000 customers, 16 municipalities and some of the largest industrial customers in the United States. 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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