



MP, partners will develop innovative birch compounds

DULUTH, MN - The University of Minnesota Duluth, Minnesota Power, Inc. (NYSE: MPL) and Potlatch Corp. (NYSE: PCH) have launched a partnership to glean valuable natural compounds from birch bark in quantities never before attainable. With research facilities located at UMD's Natural Resource Research Institute (NRRI), the new company called NaturTek will use a patented technology to develop innovative products for global markets.

University of Minnesota Duluth scientists developed the technology that converts birch bark into compounds for industrial and agricultural uses. Suberin, for example, has applications as an industrial coating and lubricant. The industrial coatings industry alone is a \$9.9 billion market. University researchers will work with Potlatch and Synertec, a subsidiary of Minnesota Power, to license the patented process and drive commercial development of new products.

"The strength of this partnership lies in the unique expertise of each partner," said University of Minnesota Duluth Chancellor Kathryn A. Martin. "NRRI has proven research capabilities, while Minnesota Power and Potlatch bring business development and operating expertise. This venture reflects UMD's ongoing commitment to bring our research into the public arena."

According to NaturTek Project Manager David F. Peterson, "The process is environmentally and economically sound. Plus, there is substantial interest in commercial applications of the compounds."

"This partnership is an extension of our long-term investment in the region," said L. Pendleton Siegel, Potlatch chairman and chief executive officer. "Bark byproducts have traditionally been used as fuel, but NaturTek offers access to alternative markets for value-added products that will better utilize the existing resource."

"NaturTek is about economic development and diversifying the region's natural resource-based economy," said Edwin L. Russell, Minnesota Power chief executive officer. "We are excited about the business potential of this partnership."

Synertec is a subsidiary of Minnesota Power, Inc., a multi-services company with corporate headquarters in Duluth, Minnesota.

Potlatch Corporation, headquartered in Spokane, Washington, is a diversified forest products company with timberlands and manufacturing facilities throughout northern Minnesota.

The Natural Resources Research Institute, a principal research arm of the University of Minnesota Duluth, fosters economic development of Minnesota's natural resources in an environmentally sound manner to promote private sector employment.