



## **Minnesota Power and Blandin Paper Company Plan to Build Major New Facility; Announce Formation of Rapids Power LLC**

(Duluth, MN)—Minnesota Power, a business unit of ALLETE, Inc. (NYSE: ALE), and Blandin Paper Company, a subsidiary of UPM-Kymmene (NYSE: UPM) of Helsinki, Finland, have proposed a state-of-the-art energy facility adjacent to Blandin Paper in Grand Rapids, Minnesota, through a partnering arrangement. A new company, Rapids Power LLC, will be created to own the facility. Minnesota Power subsidiary Rainy River Energy Corporation will own 71.5 percent of Rapids Power LLC and Blandin Paper Company will own 28.5 percent. The project is expected to cost more than \$200 million.

The new plant will meet all steam requirements of the UPM-Kymmene-owned Blandin Paper Company. In addition, the facility will provide approximately 225 megawatts of electric generation capacity to help meet the region's growing power needs. The combined heat and power (CHP) plant will utilize state-of-the-art technologies in efficiency and environmental controls. It will be capable of utilizing up to 40 percent renewable bio-fuel composed primarily of wood waste, and Rapids Power LLC will partner with local producers and government agencies to maximize their use. Low-sulfur, Powder River Basin coal and natural gas will also be used to fuel the plant.

CHP plants are extremely efficient and this project design replicates a project under construction in Pietarsaari, Finland, that is the world's largest bio-fuel circulating fluidized bed boiler. The plant will fully replace existing energy production facilities at the Blandin Paper Company mill and will produce significant employment opportunities during its construction phase.

"We are very excited about this joint venture arrangement with UPM-Kymmene," said Bob Edwards, Minnesota Power President. "It will benefit both our companies, as well as the state and region. The facility will meet Blandin's steam requirements while simultaneously adding generation capacity to meet the demand for electricity. We look forward to working with a variety of stakeholders to develop the project."

"At Blandin Paper, we are committed to pursuing energy conservation and efficiency projects that will benefit our company and the communities where our employees live and work," said Raimo Malkki, Senior Vice President & General Manager, Blandin Paper. "We are pleased that this new facility will not only modernize our steam supply, but also help sustain our long-term viability and success. We are thrilled about our partnership with Minnesota Power and confident in our collective ability to help meet the power needs of our region."

Rapids Power LLC anticipates filing a Certificate of Need with the Minnesota Public Utilities Commission early next month. The project is contingent on timely receipt of necessary federal and state approvals and permits. Construction would begin in the fall of 2002 and is slated for completion in mid-2005.

Minnesota Power serves 144,000 customers in northeastern Minnesota and northwestern Wisconsin with low-cost electricity. ALLETE is a multi-services company with corporate headquarters in Duluth, Minnesota. Other ALLETE businesses include the second-largest wholesale automobile auction network in North America; the leading provider of independent auto dealer inventory financing; the largest investor-owned water utilities in Florida and North Carolina; and significant real estate holdings in Florida.

Blandin Paper, a subsidiary of UPM-Kymmene, is a leading producer of lightweight coated magazine and catalog printing papers. Based in Grand Rapids, Minnesota, Blandin has an annual paper production capacity of 450,000 tons. UPM-Kymmene is the largest manufacturer of magazine papers and third-largest paper producer in the world, with production plants in 15 countries and a total paper production capacity near 10 million tons. Based in Helsinki, Finland, UPM-Kymmene sells products in 120 countries and its product range covers printing papers, converting materials and wood products.

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.