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ALLETE CEO tells shareholders that regional economic growth requires an affordable, balanced mix of power generation

DULUTH, Minn. - With industrial demand for around-the-clock affordable electricity growing, Minnesota Power is continuing on its strategic path to ensure that tomorrow's power generation mix is affordable, reliable and cleaner to meet customer expectations and underpin a strong regional economy.

That message was delivered to an audience of about 700 people today at ALLETE's Annual Meeting of Shareholders by the company's chairman, president and CEO, Al Hodnik. Hodnik highlighted ALLETE (NYSE:ALE) utility division Minnesota Power's *EnergyForward* resource strategy in his remarks at the Duluth Entertainment Convention Center.

"Our strategy is propelled forward by our significant progress to date," Hodnik said. "We have already moved from an energy supply that was five percent renewable in 2005, to one that is 20 percent renewable today. We continue to move *EnergyForward* with thoughtful and well-timed initiatives. Our long-term goal is to produce electricity from a balance of one-third renewable energy, one-third natural gas and one-third coal."

As part of the regulatory framework, Hodnik explained, Minnesota Power is obligated to weigh all power generation and conservation options, respond to a rapidly changing policy landscape, and minimize environmental impacts while guaranteeing delivery of cost-effective power to every customer.

"First and foremost, we have a responsibility to make careful energy choices that protect affordability for our customers," Hodnik said. "Our strategic direction is toward a more diverse energy supply, and it is realistic about the need to provide our industrial customers with base load energy 24 hours a day, seven days a week. With *EnergyForward*, renewables and conservation will be even more important resources in the future for customers, though no one should expect that ALLETE will allow affordability and reliability to be abandoned as we invest and reinvest in our generation supply."

Reinvestment includes a major retrofit at Minnesota Power's largest, newest and highly efficient base load generating unit, Boswell 4. As part of *EnergyForward*, Minnesota Power has already committed to the conversion of two units at its Laskin Energy Center from coal to natural gas and the retirement of a coal-fired unit at Taconite Harbor. These coal-fired unit reductions in combination with other resource actions will result in Minnesota Power being 15 years ahead of meeting the state of Minnesota's policy goal of 30 percent carbon reduction by 2030, doing so in 2015. This major reduction is being realized even as Minnesota Power's customer load is growing substantially.

The Boswell 4 retrofit project, now awaiting approval from state regulators, would reduce mercury emissions by 90 percent and further limit other emissions at a cost of approximately \$350 million. When complete, Boswell 4 will meet or exceed all current and anticipated emission control regulations required by the Environmental Protection Agency and state regulators.

Hodnik also pointed to the company's successfully completed Bison wind generation expansion and its plan to increase base load renewable power through a power purchase agreement with Manitoba Hydro. Minnesota Power has begun stakeholder outreach and regulatory processes to build the transmission required to deliver this hydropower to the region.

"The proposed Great Northern Transmission Line is a carbon-free energy transportation solution that is North American in scope but global in impact, and for Minnesota Power alone it will deliver enough carbon-free energy to power 125,000 customer homes," Hodnik said.

Company officials from Manitoba Hydro in attendance at today's meeting echoed their support for the project. "We value the partnership we've developed with ALLETE and Minnesota Power," said Manitoba Hydro President and CEO Scott Thomson. "We're proud to be taking the lead with them on a project large in scope that positively affects our energy futures in Minnesota and Manitoba."

Shareholders at today's meeting saw a presentation highlighting recent successful financial results. In the 12 months following last year's meeting on May 8, 2012, ALLETE's stock price climbed from \$40.05 to a high of \$52.25 per share and the common stock dividend was increased by 3.3 percent.

"Our solid financial results signify that we're on the right path both operationally and strategically," Hodnik said. "ALLETE is well

positioned to execute on its future growth initiatives."

In other business at the ALLETE Annual Meeting, shareholders voted their approval of 11 directors to serve for the coming year, approved an advisory resolution on executive compensation and voted to increase the amount of stock authorized for issuance under the company's non-employee director stock plan.

ALLETE, Inc. is an energy company headquartered in Duluth, Minn. ALLETE's energy businesses include Minnesota Power, Superior Water, Light & Power Co., BNI Coal, and ALLETE Clean Energy. More information about the company is available at www.allete.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. 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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