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CEO Hodnik Tells Shareholders ALLETE Has Sustainable Future

DULUTH, Minn.--(BUSINESS WIRE)-- ALLETE Inc. (NYSE:ALE) is providing sustainable solutions for the nation's changing energy and water needs, company investors heard today at the Duluth-based energy company's 2016 Annual Meeting of Shareholders.

About 700 people attended the 2016 Annual Meeting at the Duluth Entertainment Convention Center on Tuesday, where they re-elected 10 directors, approved compensation-related resolutions and ratified the appointment of ALLETE's accounting firm. After conducting business, they heard from Al Hodnik, ALLETE's chairman, president and CEO.

"ALLETE was forged from the rock and renewable hydropower just up the hill from here 110 years ago," Hodnik said. "That renewable and sustainable ethos lives on today within the hearts and minds of ALLETE's employees."

Part of that sustainability is financial. Hodnik reported ALLETE earned \$2.92 per share in 2015 on net income that was up 13 percent over 2014, operating revenue grew by 31 percent to \$1.49 billion and ALLETE's market capitalization sits at about \$2.8 billion, up from \$2.5 billion at the end of 2014.

"Perhaps an equal or greater measure of performance is dividend sustainability," Hodnik said. "Recently your board raised the dividend by 3 percent to \$2.08 per share on an annual basis. Since 1948, that's 68 uninterrupted years of paying dividends."

Sustainability also comes from answering the nation's carbon challenge as it relates to climate change, where Hodnik said ALLETE's companies continue to make progress. ALLETE is now ranked 16th in the nation in wind power capacity when combining ALLETE Clean Energy and Minnesota Power. A Presidential Permit is expected to clear the way early this summer for the Great Northern Transmission Line that will deliver 250 megawatts of hydropower from Manitoba to Minnesota.

MP's Bison wind farm and the Great Northern are aimed at meeting Minnesota Power's EnergyForward plan to shift its energy mix to one-third renewable, one-third gas and one-third coal.

"Minnesota Power has made tremendous progress under its EnergyForward plan," Hodnik said. "I am pleased to say the company is well-positioned to reach its 33 percent renewable goal as the Great Northern moves toward construction."

Another way to reduce carbon in the atmosphere is by planting trees. Through its Rajala Woods initiative, Minnesota Power has committed to planting up to 3 million pine seedlings on 3,000 acres of company-owned land over the next decade. Minnesota Power hopes to restore white pine and other conifers to more historical levels. The goal is to ensure sustainable use of the forests, improve biodiversity, improve forest resiliency during climate change and enhance wildlife habitat and recreation.

And ALLETE is increasingly focused on the connection between energy and water, and the growing challenges of water scarcity, water conservation, and water quality and reuse. ALLETE acquired U.S. Water Services in 2015.

For Minnesota Power, sustainability also means weathering a downturn in the iron and steel industries. While there is no lack of U.S. steel demand, seven of 11 major iron ore producers, some of Minnesota Power's largest customers, were shut down at times in 2015. That situation continues into 2016, but looks to be improving as the federal government takes strong action against low-priced imported steel.

"Viewed through the lens of 2015's economic adversity, ALLETE's solid financial performance speaks to a sound strategy, a more sustainable mix of energy businesses and to our talented employees who continue to innovate and devise creative solutions to meet customers' needs as well as shareholders' expectations," Hodnik said.

ALLETE shareholders, voting by proxy, elected to new terms current directors Kathryn W. Dindo, Sidney W. Emery Jr., George G. Goldfarb, James S. Haines Jr., Alan R. Hodnik, James J. Hoolihan, Heidi E. Jimmerson, Madeleine W. Ludlow, Douglas C. Neve and Leonard C. Rodman. The Don Shippar Community Service Award, given annually, was presented to Micheline Bayiha, costing and price analyst at Minnesota Power, for her volunteer work on behalf of the people of her native

Cameroon, Africa.

"With long-held company values still guiding us, the ALLETE of today is more balanced, more sustainable and is well-positioned to help answer our nation's call to transform its energy and water landscape all while growing ALLETE," Hodnik said in conclusion. "Thank you for your investment and your trust in ALLETE."

ALLETE Inc. is an energy company headquartered in Duluth, Minnesota. In addition to its electric utilities, Minnesota Power and Superior Water, Light and Power of Wisconsin, ALLETE owns ALLETE Clean Energy, based in Duluth, BNI Energy in Center, North Dakota, U.S. Water Services in St. Michael, Minnesota, and has an eight percent equity interest in the American Transmission Co. More information about ALLETE is available at www.allete.com. ALE-CORP

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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