



February 26, 2014

ALLETE Announces Pricing of Common Stock Offering

DULUTH, Minn. - ALLETE, Inc. (NYSE:ALE) (the "Company") today announced the pricing of an underwritten public offering of 2,800,000 shares of its common stock at \$49.75 per share in connection with the forward sale agreement described below. The size of the common stock offering was increased from the previously announced 2,500,000 shares. In conjunction with this offering, the underwriters have been granted an option to purchase up to an additional 420,000 shares of the Company's common stock solely to cover over-allotments, if any. Subject to certain conditions, the 2,800,000 shares of common stock will be sold in connection with the execution of the forward sale agreement, as described below.

The Company intends to use any net proceeds that it receives upon settlement of the forward sale agreement described below or upon any issuance and sale to the underwriters of shares of its common stock in the offering for corporate purposes, including capital investments.

J.P. Morgan and Baird are acting as joint book-running managers for the offering. RBC Capital Markets and Wells Fargo Securities are acting as co-managers for the offering.

The offering is being made under the Company's existing shelf registration statement filed with the Securities and Exchange Commission, which became effective on August 2, 2013.

In connection with the offering, the Company entered into a forward sale agreement (and, to the extent that the underwriters exercise their over-allotment option, the Company may, at its sole discretion, enter into an additional forward sale agreement) with an affiliate of J.P. Morgan (the "Counterparty") under which the Company agrees to sell to the Counterparty the same number of shares of the Company's common stock sold by an affiliate of the Counterparty to the underwriters for sale in the underwritten public offering (subject to the Company's right to cash settle or net share settle the forward sale agreement).

In connection with the forward sale agreement, the Counterparty (or its affiliate) is expected to borrow from third-party lenders and sell to the underwriters up to 2,800,000 shares of the Company's common stock (assuming no exercise of the over-allotment option) at the close of this offering. If the underwriters exercise their over-allotment option and the Company elects not to enter into an additional forward sale agreement with the Counterparty, the Company will issue and sell to the underwriters the number of shares of common stock in respect of which the over-allotment option is exercised.

Settlement of the forward sale agreement will occur no later than 12 months following the date of pricing. Upon any physical settlement of the forward sale agreement, the Company will issue and deliver to the Counterparty shares of its common stock in exchange for cash proceeds per share equal to the forward sale price, which will initially be \$48.00875, the public offering price (less underwriting discounts and commissions) and will be subject to certain adjustments as provided in the forward sale agreement. The Company may, in certain circumstances, elect cash settlement or net share settlement for all or a portion of its obligations under the forward sale agreement.

This press release does not constitute an offer to sell or a solicitation of an offer to buy any securities, and no offer, solicitation or sale of any securities shall be made, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The offering of these securities will be made only by means of a prospectus and a related prospectus supplement meeting the requirements of Section 10 of the Securities Act of 1933. A copy of the prospectus supplement and accompanying prospectus with respect to this offering may be obtained from (i) J.P. Morgan by calling 1-866-803-9204 or by mail at J.P. Morgan Securities LLC, c/o Broadridge Financial Solutions, 1155 Long Island Avenue, Edgewood, NY 11717, Attn: Prospectus Department or (ii) Baird by calling 1-800-792-2473, by mail at Robert W. Baird & Co. Incorporated, Attn: Syndicate Department, 777 East Wisconsin Avenue, Milwaukee, WI 53202 or by email, at syndicate@rwbaird.com.

ALLETE, Inc. is an energy company headquartered in Duluth, Minnesota. ALLETE's energy businesses include Minnesota Power in northeast Minnesota, Superior Water, Light & Power Co. in northwest Wisconsin, BNI Coal in Center, North Dakota and ALLETE Clean Energy. ALLETE also has significant transmission investments in the upper Midwest.

Forward looking statements

Certain matters discussed in this news release are "forward-looking statements." In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, we are providing this cautionary statement to identify important factors

that could cause our actual results to differ materially from those indicated in forward-looking statements made by or on behalf of the Company in this news release. Any statements that express, or involve discussions as to, future expectations, risks, beliefs, plans, objectives, assumptions, events, uncertainties, financial performance, or growth strategies (often, but not always, through the use of words or phrases such as "anticipates," "believes," "estimates," "expects," "intends," "plans," "projects," "likely," "will continue," "could," "may," "potential," "target," "outlook" or words of similar meaning) are not statements of historical facts and may be forward-looking. Although such forward-looking statements have been made in good faith and are based on reasonable assumptions, there can be no assurance that the expected results will be achieved. These forward-looking statements are qualified by, and should be read together with, the risk factors and other statements included in (i) the prospectus supplement and the prospectus for this offering (including the documents incorporated by reference therein), and (ii) Part I, Item 1A. "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2013. Investors should refer to these risk factors and other statements in evaluating the forward-looking statements contained in this news release. Any forward-looking statements speak only as of the date such statement was made and the Company does not undertake any obligation to update any forward-looking statements to reflect events or circumstances after the date on which such statement was made or to reflect the occurrence of unanticipated events.

Investor Contact:

Tim Thorp
218-723-3953
tthorp@allete.com