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NEWS

Hodnik tells shareholders: ALLETE more balanced, sustainable and agile

DULUTH, Minn. – ALLETE Inc. (NYSE:ALE) is more balanced, sustainable and agile than ever before, company investors heard today at the Duluth-based energy company's 2015 Annual Meeting of Shareholders.

Approximately 800 people gathered this morning at Duluth's Entertainment Convention Center to re-elect ten directors, consider compensation-related resolutions and ratify the appointment of ALLETE's accounting firm. They also heard from ALLETE Chairman, President and CEO Al Hodnik.

He noted that ALLETE in 2014 increased net income 10 percent and operating revenue 12 percent compared to the year before. ALLETE's total assets climbed to \$4.4 billion and capital expenditures for 2014 were the highest ever at \$600 million. Hodnik noted that ALLETE stock reached all-time highs in 2014, its dividend climbed 3.1 percent and Minnesota Power's peak electric load also set a record.

Referring to a better-balanced company, Hodnik pointed to completion of Minnesota Power's Bison 4 wind project in North Dakota and ALLETE Clean Energy's growth as examples of how the company's renewable energy portfolio is expanding, and supplanting fossil fuel. He also cited the conversion of the Laskin Energy Center from coal to natural gas and the major environmental retrofit at the company's largest coal-fired generator, Boswell Unit 4, which will reduce mercury emissions by 90 percent and also reduce other emissions.

Hodnik talked of the agility symbolized by the rapid growth of ALLETE Clean Energy, which has expanded into southern Minnesota, Iowa, Oregon, North Dakota and Pennsylvania since its 2011 inception. He also explained ALLETE's acquisition earlier this year of U.S. Water Services, a St. Michael, Minnesota-based company with customers across the U.S. specializing in water sustainability.

"U.S. Water is a very good fit with ALLETE's strategy," Hodnik said. "They're all about providing sustainable solutions, in the areas of water treatment, efficiency, conservation and overall water reuse. Water and energy are tightly linked. Underlying the need for this business is the increasing scarcity of clean water. Conservation of water will only become more prominent."

The ALLETE CEO told shareholders that Minnesota Power has been thoughtfully executing its Energy*Forward* resource strategy by diversifying its generation sources to a more even balance between renewable energy and fossil fuel.

“We are proud of what has been achieved to date,” he said. “Some, however -- with a sole focus on environmental stewardship -- wish we would move still faster.” He said Minnesota Power must focus on reliability and overall affordability along with stewardship.

“We recognize that electricity is but a single input into the production costs of our taconite and paper customers, but it is a very large input,” Hodnik said. Given the reality of challenges facing these industries and uncertainty about whether Minnesota will receive full credit from the EPA for environmental actions already taken, it is best for our state, and by extension Minnesota Power, to slow down a bit, he said.

“Let’s make sure that all Minnesota Power customers are able to digest rising energy costs from what has already been undertaken through 2015,” he said. “On the one hand, there is need for further progress on climate change as outlined by President Obama and Gov. Dayton,” he said. “On the other side of this equation is the need for our highly competitive mineral and forest product industries to remain an economic force within our region.” Hodnik said he liked the way a local editorial put it: “Let’s heed the yellow light before going green.”

ALLETE shareholders, voting by proxy, elected to new terms current directors 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 Jeff Forsberg, safety director at BNI Coal.

“This corporation couldn’t sustain anything without you investing in shares of ALLETE stock,” Hodnik said in conclusion. “It is your support, your investment, which motivates our long-range planning, inspires our innovation and energizes our business strategy.”

ALLETE is an energy company headquartered in Duluth, Minn. In addition to its electric utilities, Minnesota Power and Superior Water, Light and Power of Wisconsin, ALLETE owns BNI Coal in Center, N.D., ALLETE Clean Energy, based in Duluth, U.S. Water Services headquartered in St. Michael, Minn., and has an 8 percent equity interest in the American Transmission Co. More information about ALLETE 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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