



**ALLETE, Inc.**


**ALE NYSE**

**Utilities - Electric**

Market Capitalization USD:

**\$1,315.07 mm**

**CONCERN LEVEL: LOW**

- 1 The CEO's total remuneration is within the typical market range for the relevant industry and market cap.
- 2 The ratio between the CEO's pay and the median pay of the other named executive officers is 3X or less.
- 3 The CEO's annual cash incentives rose or fell in line with annual performance.
- 4 The CEO received no more than one annual cash bonus this fiscal year.
- 5 The CEO's equity remuneration reflected the company's share price movement over the last five years.
- 6 The company only pays long-term incentives to the CEO for above median performance against a peer group.
- 7 The company's dilution from equity incentives is 10 percent or less.
- 8 Unvested equity lapses when the CEO's employment is terminated. 
- 9 The CEO's potential cash severance payment is capped at two times annual cash remuneration.
- 10 The accrued benefits of the CEO's post-retirement income are within the typical market range for the relevant market cap bracket.

**CEO: Alan R. Hodnik**

**Age: 52**

**CEO Since: 2010**

	2009	2010	2011
<b>Base Salary</b>	\$560,000	\$363,462	\$495,384
<b>Discretionary Bonus</b>	\$0	\$0	\$0
<b>Annual Cash Incentive</b>	\$44,688	\$222,642	\$562,590
<b>Benefits and Perquisites</b>	\$149,257	\$48,393	\$74,349
<b>TOTAL ANNUAL COMPENSATION</b>	<b>\$753,945</b>	<b>\$634,497</b>	<b>\$1,132,323</b>
<b>Increase in Post-Retirement Benefits</b>	\$589,544	\$285,042	\$654,953
<b>Stock Option Awards</b>	\$0	\$0	\$0
<b>Stock Awards</b>	\$578,325	\$362,240	\$447,405
<b>TOTAL COMPENSATION</b>	<b>\$1,921,814</b>	<b>\$1,281,779</b>	<b>\$2,234,681</b>
<b>Median of Other Named Executive Officers Total Compensation</b>	\$653,153	\$886,765	\$800,333
<b>Value Realized on Exercise of Stock Option</b>	\$0	\$0	\$0
<b>Value Realized on Vesting of Stock</b>	\$0	\$0	\$48,462
<b>TOTAL REALIZED EQUITY COMPENSATION</b>	<b>\$0</b>	<b>\$0</b>	<b>\$48,462</b>

**Proxy Date:** 20 Mar 2012

**Annual Meeting Date:** 8 May 2012

**Equity Reserves:** 4.06%

**Stock Option Run Rate:** 0.00%

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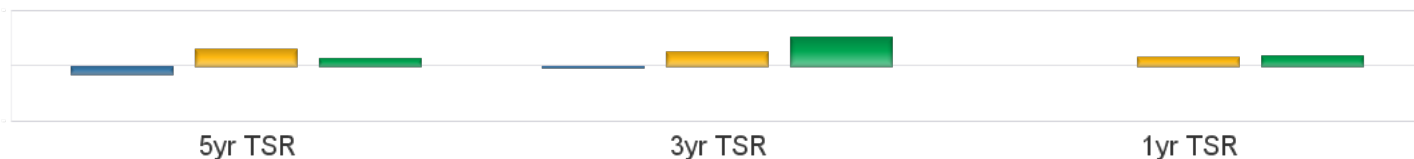
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## Performance Comparison

■ S&P500 ■ Industry ■ ALE



## Peer Comparisons (TRBC) =Utilities - Electric

### Total Summary CEO Compensation

Ticker	Company Name	2009	2010	2011	Market Cap
<b>ALE</b>	<b>ALLETE, Inc.</b>	<b>\$1,921,814</b>	<b>\$1,281,779</b>	<b>\$2,234,681</b>	<b>\$1,315,068,135</b>
TE	TECO Energy, Inc.	\$2,970,769	\$2,994,239	\$5,072,801	\$3,695,330,313
NVE	NV Energy, Inc.	\$4,495,237	\$5,336,399	\$7,741,913	\$3,471,424,094
WR	Westar Energy, Inc.	\$1,438,383	\$5,922,847		\$3,059,769,024
GXP	Great Plains Energy Incorporated	\$4,780,197	\$4,844,913	\$4,017,261	\$2,624,943,418
HE	Hawaiian Electric Industries, Inc.	\$2,839,735	\$6,568,002	\$5,296,975	\$2,314,463,199
GEN	GenOn Energy, Inc.	\$3,945,450	\$9,699,847	\$7,275,215	\$2,145,262,004

To insure consistency, peer comparisons are based on a combination of TRBC Industry and Sector classifications and company market caps.

Missing peer pay figures for 2011 are due to differences in company filing schedules.

### Pay Peer Group

Avista Corporation, Hawaiian Electric Industries, Inc., The Empire District Electric Company, Black Hills Corporation, IDACORP, Inc., UIL Holdings Corporation, CH Energy Group, Inc., MGE Energy, Inc., UniSource Energy Corporation, Cleco Corporation, NorthWestern Corporation, Vectren Corporation, DPL, Inc., Otter Tail Corporation, Westar Energy, Inc., El Paso Electric Company, PNM Resources, Inc., Great Plains Energy, Inc., Portland General Electric Company

### Performance Peer Group

Alliant Energy Corporation, IDACORP, Inc., Pinnacle West Capital Corporation, Avista Corporation, Integrys Energy Group, Inc., PNM Resources, Inc., Black Hills Corporation, MGE Energy, Inc., Portland General Electric Company, CH Energy Group, Inc., Northeast Utilities, TECO Energy, Inc., Cleco Corporation, NorthWestern Corporation, The Empire District Electric Company, CMS Energy Corporation, NSTAR, UIL Holdings Corporation, El Paso Electric Company, NV Energy, Inc., UniSource Energy Corporation, Great Plains Energy Incorporated, OGE Energy Corp., Vectren Corporation, Hawaiian Electric Industries, Inc., Otter Tail Corporation, Westar Energy, Inc.

## COMPENSATION COMMITTEE MEMBERS

Director	Membership	Age	Gender	Tenure	Independence
Madeline W. Ludlow	Chairman	57	Female	8	Outside
James S. Haines	Member	65	Male	3	Outside
Kathleen A. Brekken	Member	62	Female	6	Outside
Sidney W. Emery	Member	65	Male	5	Outside

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