



AN ALLETE COMPANY

June 6, 2018

Dear Curent Leaseholder,

On behalf of Minnesota Power (MP), I would like to thank you for being a valued leaseholder. Our leaseholders are important partners in helping our Company carefully manage our lands and lakeshore property in Minnesota.

MP's lease program has existed for nearly eighty years, mostly based on our land ownership needs around actual or planned hydropower projects. Recently, MP leaseholders on Alden, Little Alden, and Spring Lakes were notified that MP has decided to discontinue the leasing program on those lakes. MP is offering leaseholders on those natural lakes/flowages the exclusive right to purchase their leased lot from MP in 2018. In the meantime, rest assured that we are committed to ensuring all of our leaseholder partners can continue to improve and sell MP leased properties, and we will continue to work closely with you to that end. As a reminder, the next standard lease renewal cycle begins in 2021.

We fully recognize that any changes to a leased program on these lakes will lead to questions about your leased lot on MP reservoirs. However, the property you lease from MP is significantly different than the natural lake/flowage lots on Alden, Little Alden, and Spring Lakes. Your leased lot is located on an active hydropower reservoir, and portions of your leased lot may fall within our federally regulated (Federal Energy Regulatory Commission, or FERC) Project Boundary. The FERC requires that MP owns and controls lands within our FERC Project boundary. The continued success of our renewable hydropower operations, including careful management of associated lands and lakeshore, is and will remain a priority for Minnesota Power.

Minnesota Power knows that you are invested in your leased property. We recognize that some of you may be concerned about preserving the current lease program, while others may desire MP develop options similar to those presented to leaseholders on Alden, Little Alden, and Spring Lakes. MP is actively studying our regulatory and land ownership options, and we will work with our regulators and our leaseholders to determine the best path forward for all stakeholders. We will let you know whether other options are available when we have more information.

Please contact Jim Atkinson at 218-355-3561 or jbatkinson@mnpower.com to discuss any questions or concerns you have. Additional information can also be found at our ShoreLand website: (<http://www.mpland.com/>).

Again, thank you for your partnership.

Respectfully,

A handwritten signature in black ink, appearing to read 'Kurt Anderson', with a long horizontal flourish extending to the right.

Kurt Anderson
Director, Environmental & Land Management
Minnesota Power
30 West Superior Street
Duluth, MN 55802