



Investor Presentation

December 2019

Forward looking statement

Any statements contained in this presentation and statements that ALLETE, Inc. representatives may make orally in connection with this presentation that are not historical facts are forward-looking statements. Actual results may differ materially from those projected in the forward-looking statements. These forward-looking statements involve risks and uncertainties and investors are directed to the risks discussed in documents filed by ALLETE, Inc. with the Securities and Exchange Commission.

ALLETE's presentation and other communications may include certain non-Generally Accepted Accounting Principles (GAAP) financial measures. A "non-GAAP financial measure" is defined as a numerical measure of a company's financial performance, financial position or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP in the company's financial statements. See page 43 in this report for a reconciliation of GAAP results to pro forma, and 2019 guidance to pro forma.

Non-GAAP financial measures utilized by the Company may include presentations of earnings (loss) per share and earnings before interest, taxes, depreciation and amortization. ALLETE's management believes that these non-GAAP financial measures provide useful information to investors by removing the effect of variances in GAAP reported results of operations that are not indicative of changes in the fundamental earnings power of the Company's operations. Management believes that the presentation of the non-GAAP financial measures is appropriate and enables investors and analysts to more accurately compare the company's ongoing financial performance over the periods presented.

This presentation was prepared as of December 12, 2019, and ALLETE, Inc. assumes no obligation to update the information or the forward-looking statements contained herein. The 2019 outlook contained herein was provided, and is as of, November 6, 2019.

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Visit our website at www.allete.com



ALLETE IS AN ENERGY COMPANY PROVIDING SUSTAINABLE SOLUTIONS FOR FUTURE GROWTH



Our family of businesses is well positioned to support societal expectations, regulation and environmental changing policy requiring sustainable energy solutions

Clean energy trends are driving ALLETE's strong growth outlook

ALLETE is well positioned for success and sustainability

- Proven track record of executing on strategy
- High confidence 5-7% growth outlook with upside
- Substantial liquidity to deploy with minimal equity issuance needed
- Geographic position is attractive differentiator
- Strong governance and values



Regulated growth 4-5% high visibility

2021 ~50% renewable goal
& T&D investment

**Energy Infrastructure
minimum growth of at least 15%**

Material expansion & scaling
over next several years

Sustainability is an ALLETE value and the foundation of our strategy

www.allete.com/Sustainability

At ALLETE, we recognize that impacts from human activity, including climate change, are **real, complex, and interrelated**. We are committed to answer the call to **transform** the nation's energy landscape through **innovative and sustainable solutions**.

Demands for cleaner and more sustainable energy forms are accelerating

ALLETE's diversified growth platform is well positioned for expansion

ALLETE's strategy that focuses on answering the nation's call for cleaner and more sustainable energy forms provides significant growth opportunities for customers and investors



Environmental

Social

Governance

Financial



ALLETE business mix – uniquely positioned to leverage clean energy trends



- Generates, transmits and distributes electricity in northern Minnesota; rich in natural resources
 - Increased renewable standards are expediting the transition away from coal, creating renewable infrastructure opportunities
-



- Provider of electric, natural gas and water service in northwestern Wisconsin
 - Smart metering advancing along with increased renewable service offerings
 - Natural gas expansion opportunities
-



- 8% ownership: ATC owns and operates the electric transmission system in portions of Wisconsin, Michigan, Minnesota & Illinois
 - Growing equity investment with planned ten-year build-out
-



- Specializes in developing, acquiring, constructing, managing and optimizing clean and renewable energy projects for growth across North America
 - Material growth expected 2019 – 2023
 - ~2500 MW pipeline of projects under review for possible investment
-

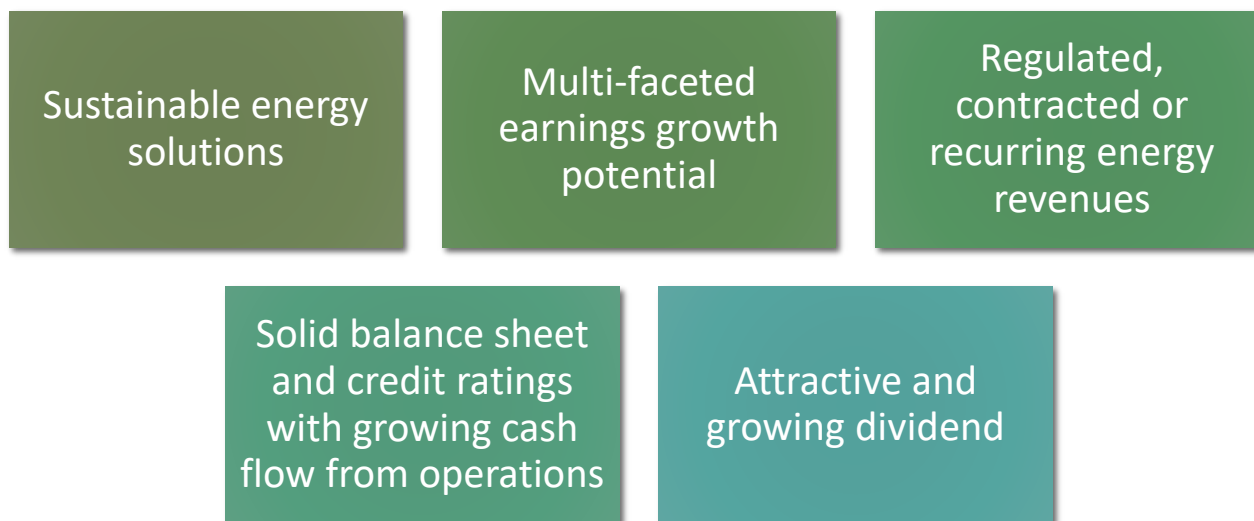


- Operates a lignite mine near Center, North Dakota, producing about 4M tons annually, under a long-term cost-plus fixed-fee arrangement to 2037
- Working with partners on potential carbon solutions
- Leveraging BNI established relationships for clean energy advancement



ALLETE provides an attractive value proposition

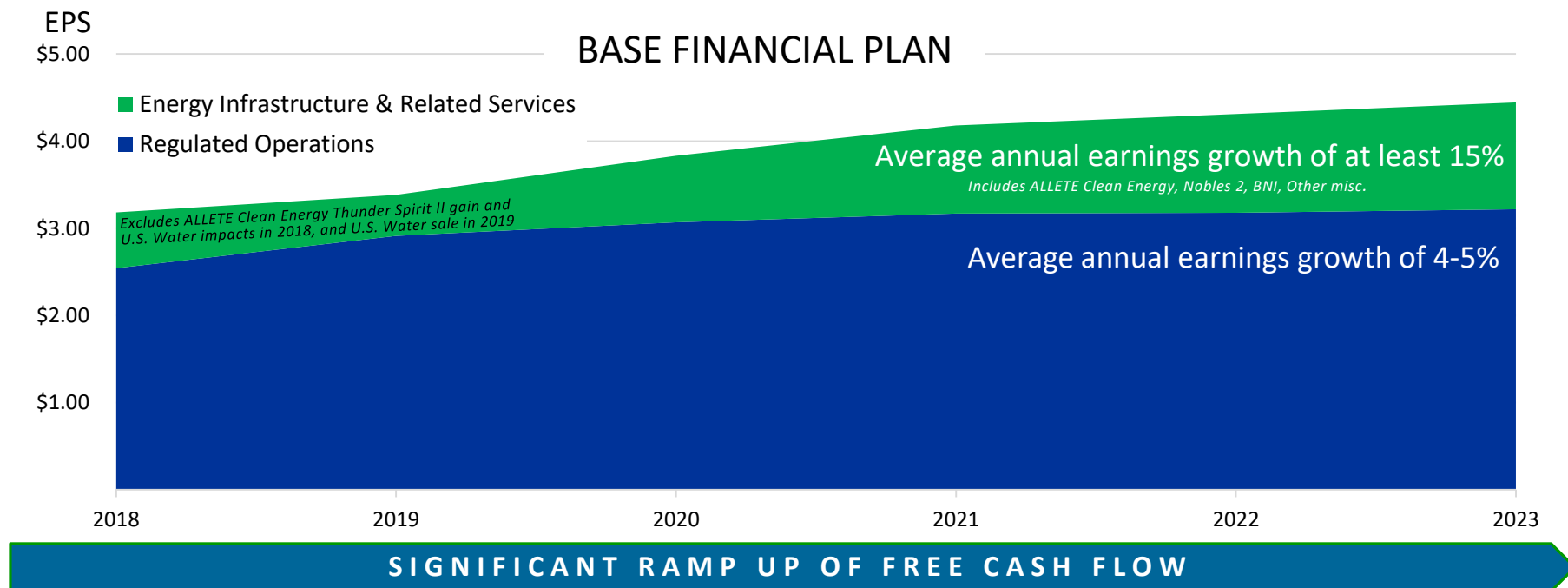
Financial Targets	
Annual total shareholder return*	9 - 10%
Consolidated average annual earnings growth	5 - 7%
Consolidated payout ratio	60 - 65%
Long-term dividend growth	align with earnings



* Defined as earnings growth plus dividend yield



ALLETE earnings growth objective – minimum 5-7% average annual EPS



MAJOR GROWTH DRIVERS

	Regulated Operations					Energy Infrastructure & Related Services			
2019-2020	Rate case	GNTL	New customers	Efficiencies		Refurbishments	Glen Ullin	South Peak	Diamond Spring
2021-2023	Rate case	DC line/T&D	New customers	Efficiencies		Nobles 2	New PTC projects	Acquisitions	

ALLETE is and will remain predominantly regulated



Base 5-year CapX plan of ~\$2.3B predominantly in support of clean energy initiatives

<i>Estimated amounts in millions</i>									
	Spent through 2018	2019	2020	2021	2022	2023	Total 2019-2023	Total project	Est. COD
Regulated Operations									
Great Northern Transmission Line	\$180	\$125	\$20	-	-	-	\$145	\$325	Rider
(1) DC Line Modernization & Upgrade	-	-	10	85	125	60	280	280	Potential rider/AFUDC
Base and Other	N/A	115	150	95	85	85	530	530	
Energy Infrastructure / Related Services									
ALLETE Clean Energy									
Glen Ullin EC	20	145	-	-	-	-	145	165	Late 2019
(2) South Peak	30	95	-	-	-	-	95	125	Late 2019
(1) Diamond Spring	25	95	310	-	-	-	405	430	Late 2020
Base and Other	-	30	20	10	5	10	75	75	
Utility-like Projects									
(2) Nemadji Trail Energy Center	-	5	15	50	135	130	335	335	2025
(2) Nobles 2	35	15	140	-	-	-	155	190	Late 2020
Corporate and Other									
(1) Total Known Projects	N/A	10	15	15	25	30	95	95	
	\$290	\$635	\$680	\$255	\$375	\$315	\$2,260	\$2,550	

(1) 2019 – 2023 reflects the capital expenditures per the 2018 Form 10-K, and also includes the Nobles 2 and Diamond Spring projects; and additional \$40M for DC line

(2) 2018 & 2019 announced projects

Over \$1B in potential opportunities not included in the table above

- 2-3 projects per year, 100-200 MW, ~\$50-\$100M equity investment, \$5-\$10M earnings
- Acquisition of existing renewables
- Build, own, transfer for fee

- Maintain 8% ownership;
- ATC's 2019 10-year capital investment forecast calls for \$2.9-\$3.6B in system improvements

- Additional opportunities with DC transmission line optionality and available land rights
- CapX update - \$100M added to DC Line forecast through 2024 & additional investment expected in distribution system hardening; >\$150M through 2029

- Adding to rate base to enhance services and customer experience
- Expanding natural gas footprint

Significant transmission & distribution investment opportunities

Key investment drivers

- Grid reliability and resiliency
- Cyber and physical security
- Renewable adoption
- Strategic interconnections

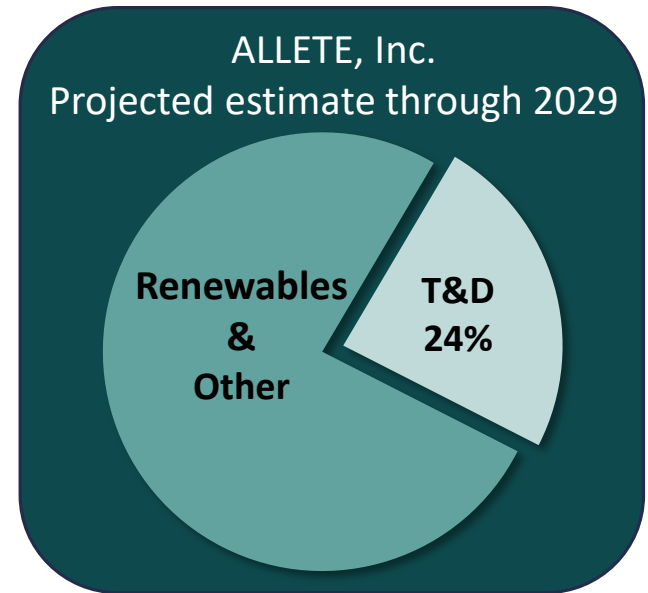
Platforms for additional investment growth

In progress

- GNTL – 200 mile line connecting to significant Canadian hydro generation
- DC transmission line expansion – increasing capacity from current 550 MW to 750 MW, increased to 900 MW **CapX increase of \$100M Q3**
- Distribution grid hardening – 2019 Integrated Distribution Plan (IDP) filed November 1, 2019 **CapX increase of >\$150M Q3**
- Additional ATC build-out – \$2.9 - \$3.6B plan through 2027

Developing opportunities

- NERC / RTO requirements related to carbon/baseload transformations
- CapX 2050 – initial study on needed system improvements and infrastructure upgrades expected to be completed in 2020
- ALLETE Clean Energy interconnections / delivery systems – strategic acquisitions
- Innovative customer services
- Distributed Energy Resources – expansion of regulated solar and launching storage platform pilots



Anticipate T&D to be the 2nd fastest growing segment for ALLETE!

Base CapX financing plan has limited new equity issuance needs

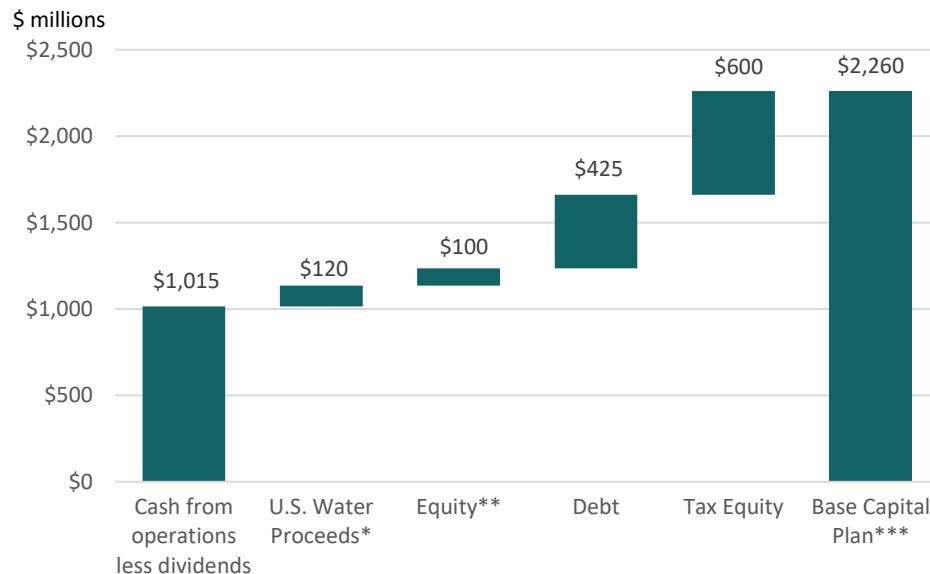
Strong cash flow
from operations

Line of credit
\$400M

Access to tax
equity partners

Limited equity
needs

Financing sources 2019 - 2023



Additional Financing Activities

+ Cash from new operations

+ Tax equity

+ Potential PIE

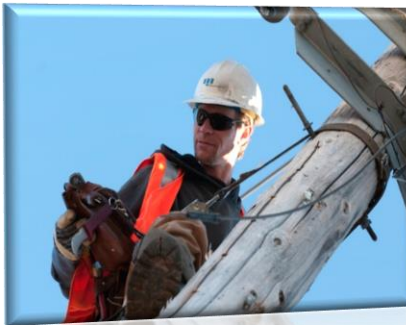
+ U.S. Water sale proceeds

* Cash already deployed from \$265M proceeds

** Assumes DRIP new share issuances ~\$20M annually

*** Supports capital expenditure table on page 9

REGULATED UTILITY BUSINESSES



Substantial regulated business optionality – location matters!



EnergyForward



Clean energy transformation –

DC line - a strategic asset with optionality

- Grid reliability investments
- Gas infrastructure investments
- Market expansion
- Additional renewables

Natural Resource Rich Minnesota

- Largest producer of iron ore in the United States
- 17 million acres of forestland
- One of the largest undeveloped copper, nickel and precious metal deposits in the world
- 5th largest producer of mineral value in the United States

Seek renewable opportunities to expand scale, and diversity

Clean energy economy is dependent on steel and precious metals



Minnesota Power filed a request with the MPUC to increase base retail electric rates

General rate case review filed November 1 (Docket No. E015/GR-19-442)

- Interim rate request ~\$48M, total request ~\$66M
 - MPUC approved ~\$36M interim rates December 5, 2019
 - Interim rates effective January 1, 2020; subject to refund
- ROE 10.05%, 53.81% equity ratio
- Forward 2020 test year

The request will primarily focus on seeking recovery of revenue deficiencies related to:

Contract expirations
(wholesale and municipal)

Transmission revenue and expense

Customer plant shutdown

Higher projected expenses

Constructive Regulatory Framework

- Forward test year
- Interim rates
- Current cost recovery riders
- Fuel adjustment clause
- Conservation Improvement Program (CIP)

Minnesota Public Utilities Commission (MPUC)

Name	Party	Began Serving	Term Ends
Katie Sieben (Chair)	D	Jan. 2017	Jan. 2023
Dan Lipschultz (Vice-Chair)	D	Feb. 14, 2014	Jan. 6, 2020
Valerie Means	D	Apr. 22, 2019	Jan. 6, 2025
Matt Schuerger	I	Feb. 1, 2016	Jan. 3, 2022
John Tuma	R	Feb. 2, 2015	Jan. 4, 2021

Timeline for Minnesota Power Rate Case

November 1, 2019	• Filed Minnesota Power rate case
December 5, 2019	• MPUC approved interim rates
January 1, 2020	• Interim rates begin
Summer 2020	• Evidentiary and public hearings
September 1, 2020	• ALJ report
October 2020	• MPUC oral decision
December 1, 2020	• MPUC initial written order
Within 60 days	• Reconsideration
30 days thereafter	• MPUC final order after reconsideration
Summer 2021	• Final rates implemented

Major progress evolving our generation mix with significant transformation still ahead



2017 ~30% renewable

–

2021 ~50% renewable



Wind – 875 MW

- Bison 1-4, 500 MW
- Nobles 2, 250 MW
- Taconite Ridge, 25 MW
- Oliver, 100 MW (PPA)



Hydro – 370 MW

- Minnesota Power, 120 MW
- Manitoba Hydro, 250 MW (PPA)



Solar – 20 MW

- Camp Ripley, 10 MW
- Proposed additional, 10 MW



Coal – 800 MW

- Boswell Units 3-4, 800 MW
- Environmentally compliant

7 of 9 coal facilities
retired / idled

Potential for higher and accelerated renewables

March 4, 2019, Governor of Minnesota announced proposals that could lead to 100% clean energy by 2050
Will be addressed in the next Minnesota legislative session ending May 2020

Providing growth while ensuring reliability and affordability



EnergyForward projects fuel significant earnings growth and optionality

Generation

Transmission / Distribution



Nobles 2

- 250 MW wind energy facility
- ALLETE partnership agreement with Tenaska to purchase 49% equity interest, pursuant to a 20-year PPA with Minnesota Power
- ALLETE's portion of project ~\$190M of which \$60 - \$70M will be an equity investment
- MPUC approved the project December 20, 2018
- Anticipate completion in late 2020



Nemadji Trail Energy Center

- 525 MW to 550 MW combined-cycle natural gas-fired generating facility
- Jointly owned with Dairyland Power Cooperative
- ~\$335M investment by subsidiary of ALLETE
- MPUC approved project October 29, 2018
- Subject to various regulatory approvals (WI); In July 2019 Wisconsin PSC declined to consider climate impact of this project
- Anticipate completion in 2025



Great Northern Transmission Line

- 220-mile 500-kV transmission line between Manitoba and Minnesota
- 250 MW long-term PPA with Manitoba Hydro
- ~\$325M Minnesota Power investment
- Canadian government approved Manitoba Hydro's transmission project June 14, 2019
- Anticipate completion in 2020

Renewable Superhighways

Ongoing investments in smart meters, NERC operations and reliability standards, and security and grid infrastructure



DC Line

- Up to 350 MW upgrade
- Increasing renewable capacity and optionality potential
- Strategically positioned to transport additional renewable energy
- Up to ~\$380M Minnesota Power investment, 900 MW
- Could provide link to new power markets



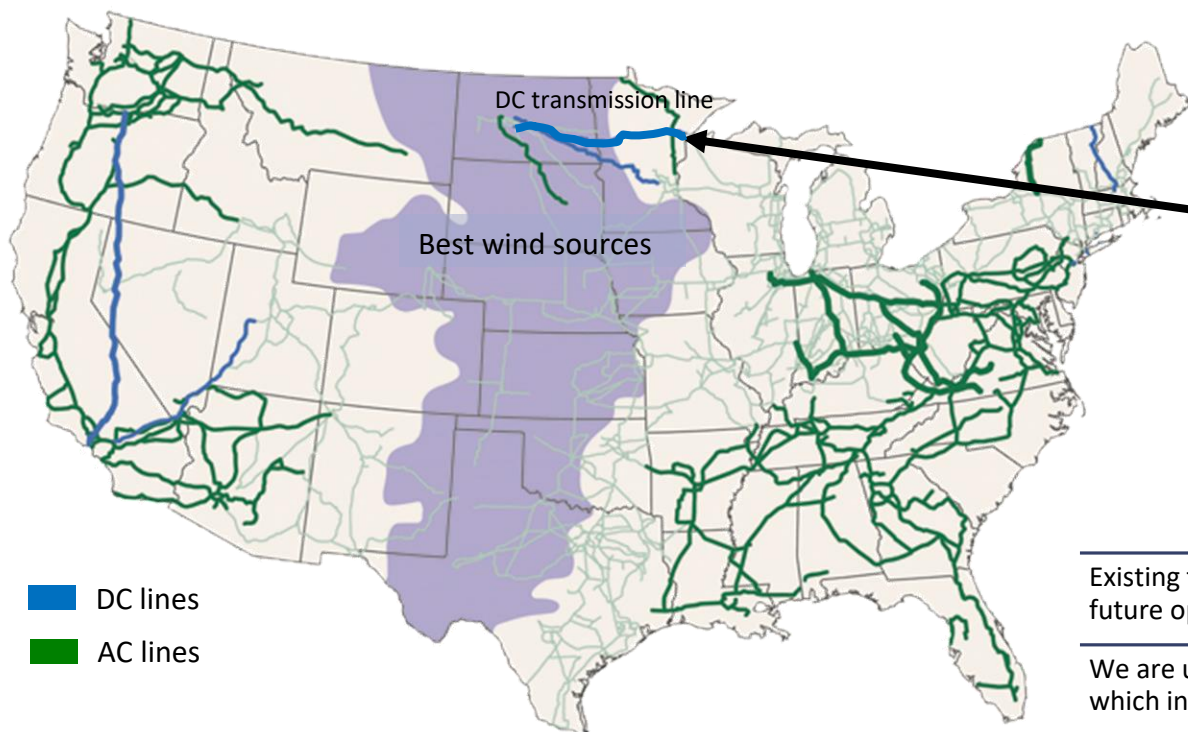
Distribution System Hardening

- Integrated Distribution Plan (IDP) filed Nov. 1
- More than \$150M increase in asset upgrades and grid resiliency through 2029
- Anticipate comment period and hearing on IDP will get underway spring 2020
- More details on timing and spend to be filed in the October 2020 Integrated Resource Plan

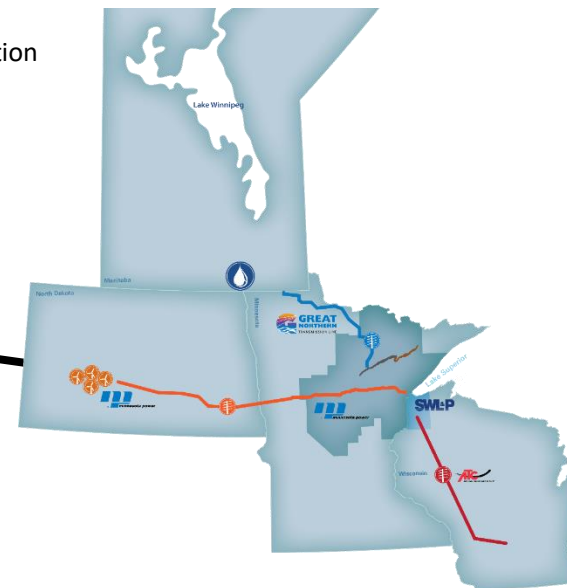
DC transmission system upgrades – enables significant potential growth

“Through 2030, RPS states need approximately 160 terawatt hours of additional renewable energy generation to meet wind-eligible RPS requirements. This is equivalent to roughly 52.6 gigawatts of wind capacity.”

Source: American Wind Energy Association | State RPS Market Assessment 2019



<http://redgreenandblue.org/2019/02/19/verge-wind-energy-gold-rush-midwest/>



Upgrades for reliability, flexibility and optionality

Existing footprint with 465-mile DC transmission line creates future optionality for value and expansion

We are upgrading existing 550 MW capacity by up to 350 MW which includes up to ~\$380M planned CapX

Additional interconnections to other power markets is possible, as is greater investment and access to new renewable enabling infrastructure

The Company has reserved queue positions for DC line upgrades and holds ~36,000 acres of land under option to support additional renewables

SWL&P is our regulated electric, natural gas and water distribution company in Wisconsin

Overview

Wisconsin Public Service Commission regulated

- Constructive regulatory environment

Significant rate base investment growth

- ~\$14M in 2019, ~\$47M estimated spend 2019 through 2023

PSCW approved rate increase December 20, 2018

- Approved 10.4% ROE, 55% equity ratio
- ~ \$1.3 million additional annual revenue
- New rates went into effect January 1, 2019

Natural gas footprint expansion potential



One of the first to install combined electric, gas and water smart meters

SUPERIOR WATER, LIGHT & POWER CUSTOMERS

15,000 electric, 13,000 natural gas, 10,000 water



Expanding suite of product offerings and solutions

Increasing geographic and customer demographic footprint

Continue to enhance portfolio, diversity and performance

Leveraging strong reputation and brand in the industry



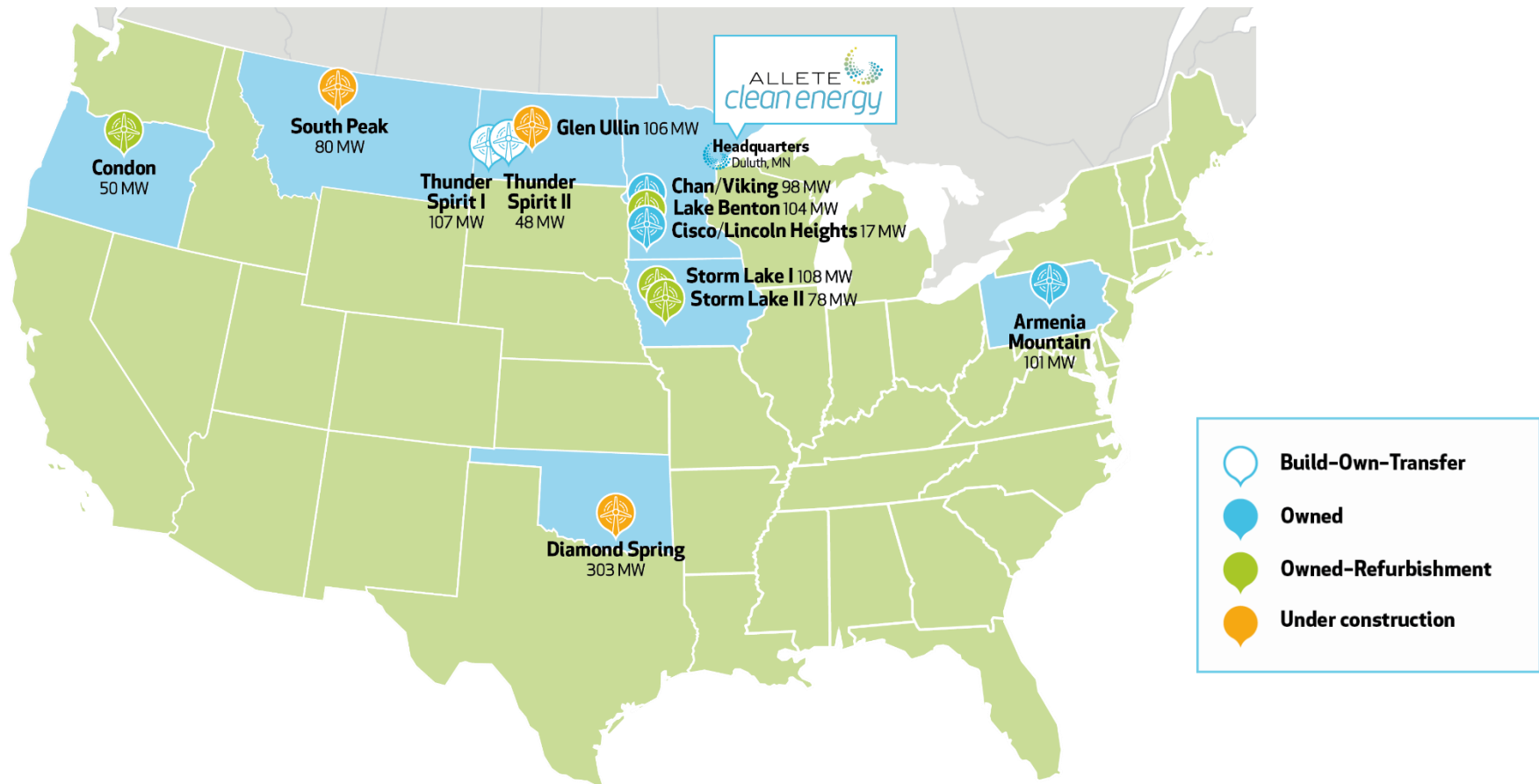
Material expansion and scaling in next 24 to 36 months



Competitive advantages - size, creativity and partnering are key strategic differentiators



Expanding renewable footprint nationwide



- **Optimization** - Refurbish existing facilities; review additional facilities for possible PTC requalification
- **Build, Own, Transfer** - Recognized brand in build, own, transfer projects attracts additional prospects
- **Power Sales Agreements** - Pursuing additional projects using PTC qualified turbines / contracted under long-term power sales agreements
- **Acquire** - Analyzing nationwide pipeline of existing facilities for potential acquisitions

A company on the move...

Diamond Spring project major entrance into C&I market

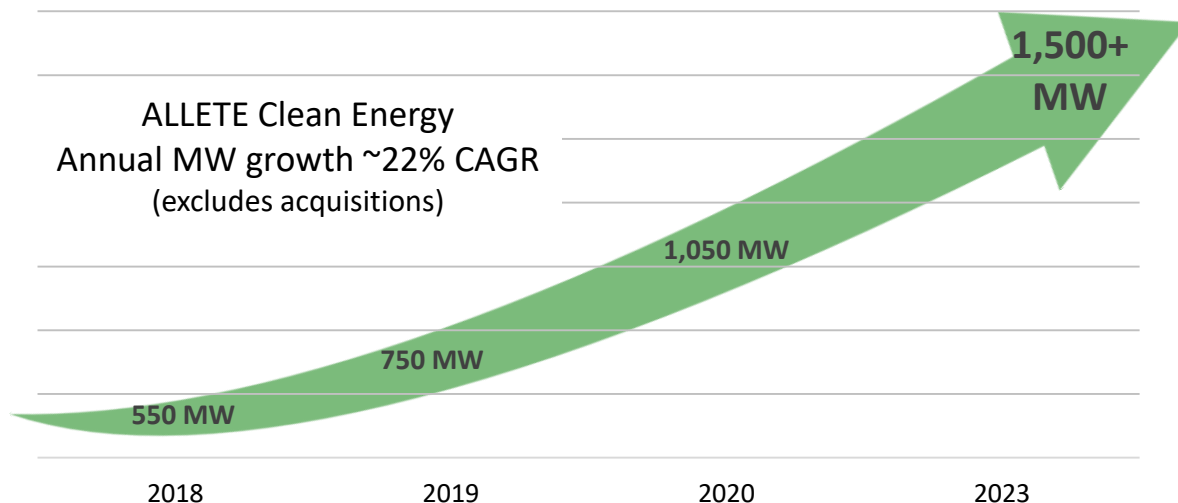


Strategy in Action

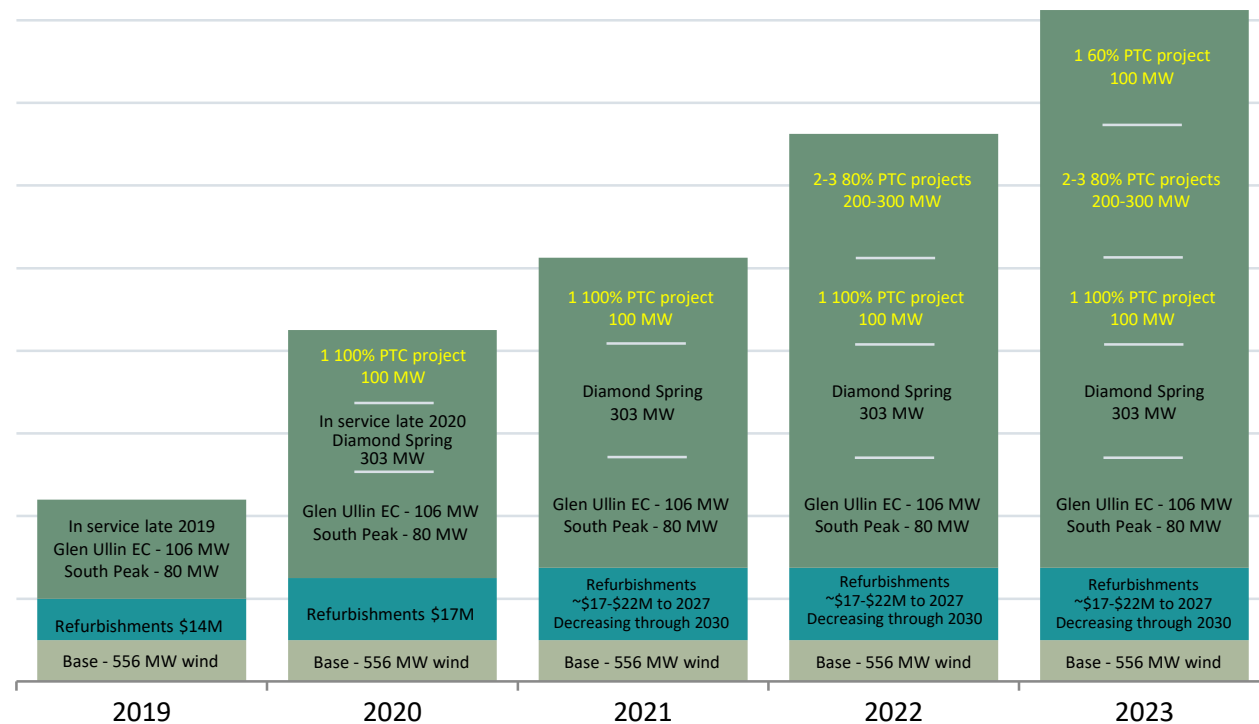
- ✓ Expands suite of product offerings and solutions
- ✓ Increases geographic and customer demographic footprint
- ✓ Enhances portfolio, diversity and performance
- ✓ Leveraging strong reputation and brand in the industry

- Represents single largest project in company's history ~\$430M
- Partnering with Apex Clean Energy
- Total of 303 MW
 - 15-year PSAs with **Walmart, Inc. and Starbucks Corporation**
 - 12-year PSA with **Smithfield Foods, Inc.**
- Expected COD late-2020
- 100% PTC qualified

100%, 80% and 60% PTC qualified turbines remain for additional projects



ALLETE Clean Energy earnings growth trajectory



Opportunities beyond 2023

- PTC projects
- Build, own, transfer
- Acquisitions
- Refurbishments

Major assumptions

- Assumes normal wind conditions
- Excludes acquisition and business development expenditures
- Assumes expiring PSAs renewed at similar economics
- Does not reflect business efficiencies or investments to scale the business

Upon executing on PTC wind projects, operations could grow up to 1,500 MWs through 2023

BNI Energy is a well established business



Overview

- Lignite mining operations
- Produces about 4M tons annually
- Estimated 650M tons in reserve; ample capacity to expand production
- Long established presence in energy rich and business friendly North Dakota
- Contracted revenues, cost-plus contracts through 2037
- 2018 net income \$6.8M



BNI's North Dakota presence/reputation/relationships
beneficial to other ALLETE companies

ALLETE IS AN ATTRACTIVE INVESTMENT WITH A UNIQUE VALUE PROPOSITION

Regulated/contracted or
recurring energy revenues

Strong and growing cash
flow from operations

Solid balance sheet and
credit ratings

Sustainable
energy
solutions

Multi-faceted earnings
growth potential

Attractive and
growing dividend

ALE

LISTED

NYSE





APPENDIX

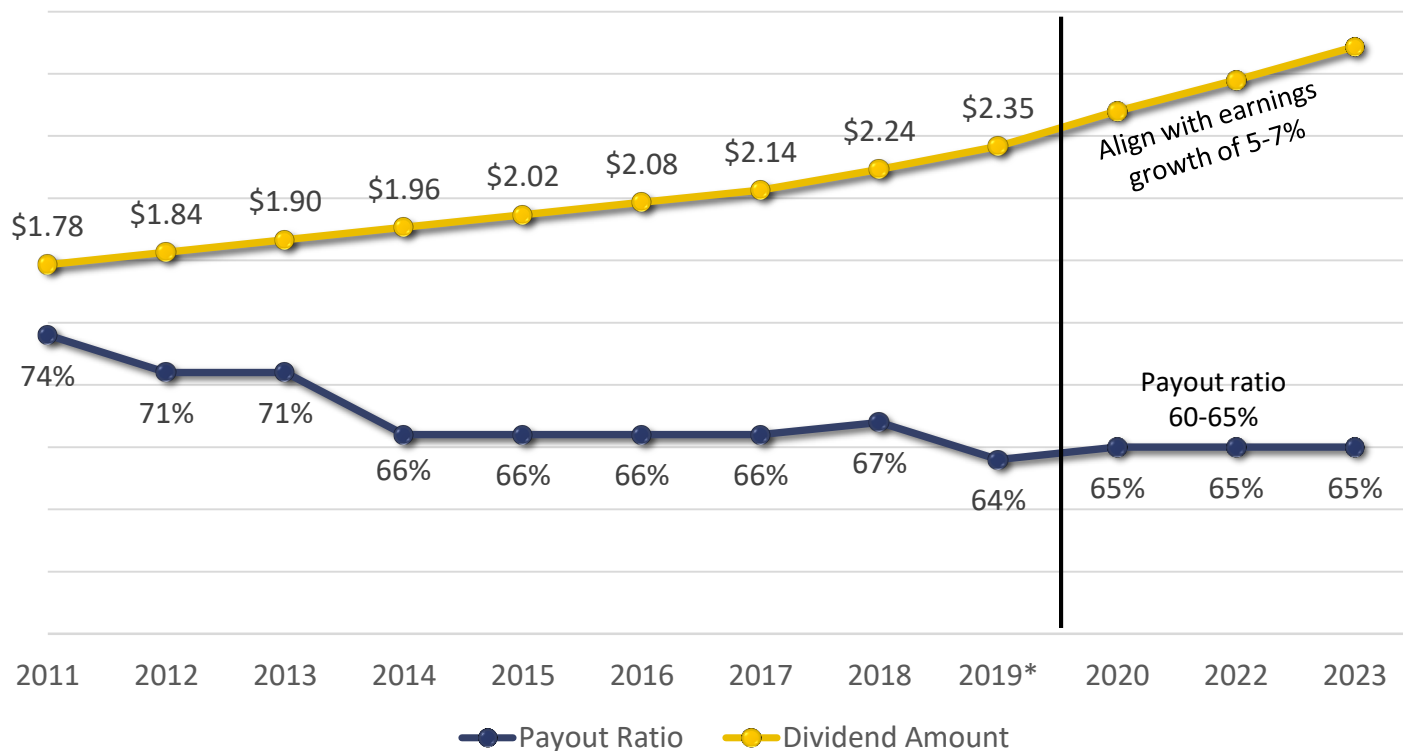
December 12, 2019



ALLETE anticipates long-term dividend growth

In January of 2019, the ALLETE Board of Directors increased the annualized common stock dividend by ~5%, from \$2.24 to \$2.35 per share.

ALLETE has paid common stock dividends consecutively since 1950.



*based on midpoint of 2019 earnings guidance



ALLETE will maintain its financial discipline as it executes on its strategy

Financial Discipline in Action

- ✓ ALLETE companies carry appropriate capital structures to support consolidated investment grade credit ratings
- ✓ Maintain a solid investment grade credit rating
- ✓ 60-65% dividend payout ratio
- ✓ Business segments must achieve their targeted rates of return and support the dividend

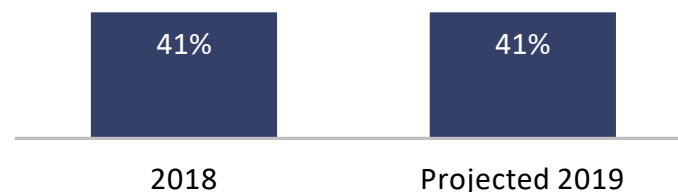
Credit Ratings

	S&P Global Ratings	Moody's
Issuer Credit Rating	BBB+	Baa1*
Commercial Paper	A-2	P-2
First Mortgage Bonds	(a)	A2

*On March 26, 2019, Moody's downgraded the long-term ratings of ALLETE from A3 to Baa1.

(a) Not rated by S&P Global Ratings

Debt to Capital Ratio

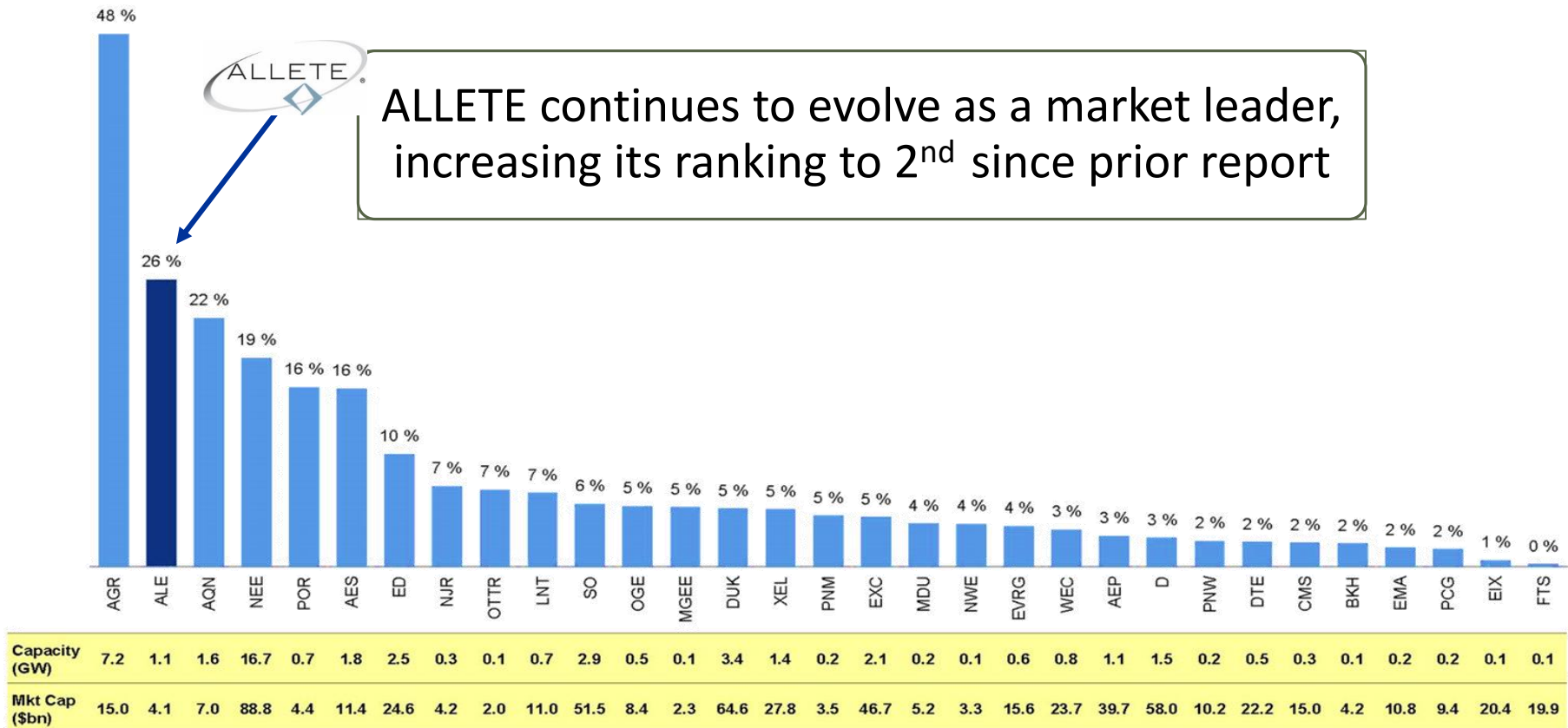


Regulated, contracted or recurring revenues are consistent with our risk profile and business investment thesis



Relative to size, ALLETE is one of the largest investors in renewables

Solar and Wind Capacity as a Percent of Market Cap (MW / US\$ Market Cap)¹

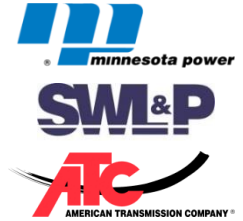


Source: Company public filings, SNL, Press Releases, Bloomberg market data as of 20-Feb-2018

Note: Includes both regulated and unregulated wind and solar net generation capacity. Capacity represents operating capacity times ownership percentage as of 31-Dec-2018.

¹ Calculated as solar and wind net owned operating capacity / market cap. Excludes development pipelines.

Regulated Operations guidance range \$2.85 - \$3.05 per share



2019 DRIVERS

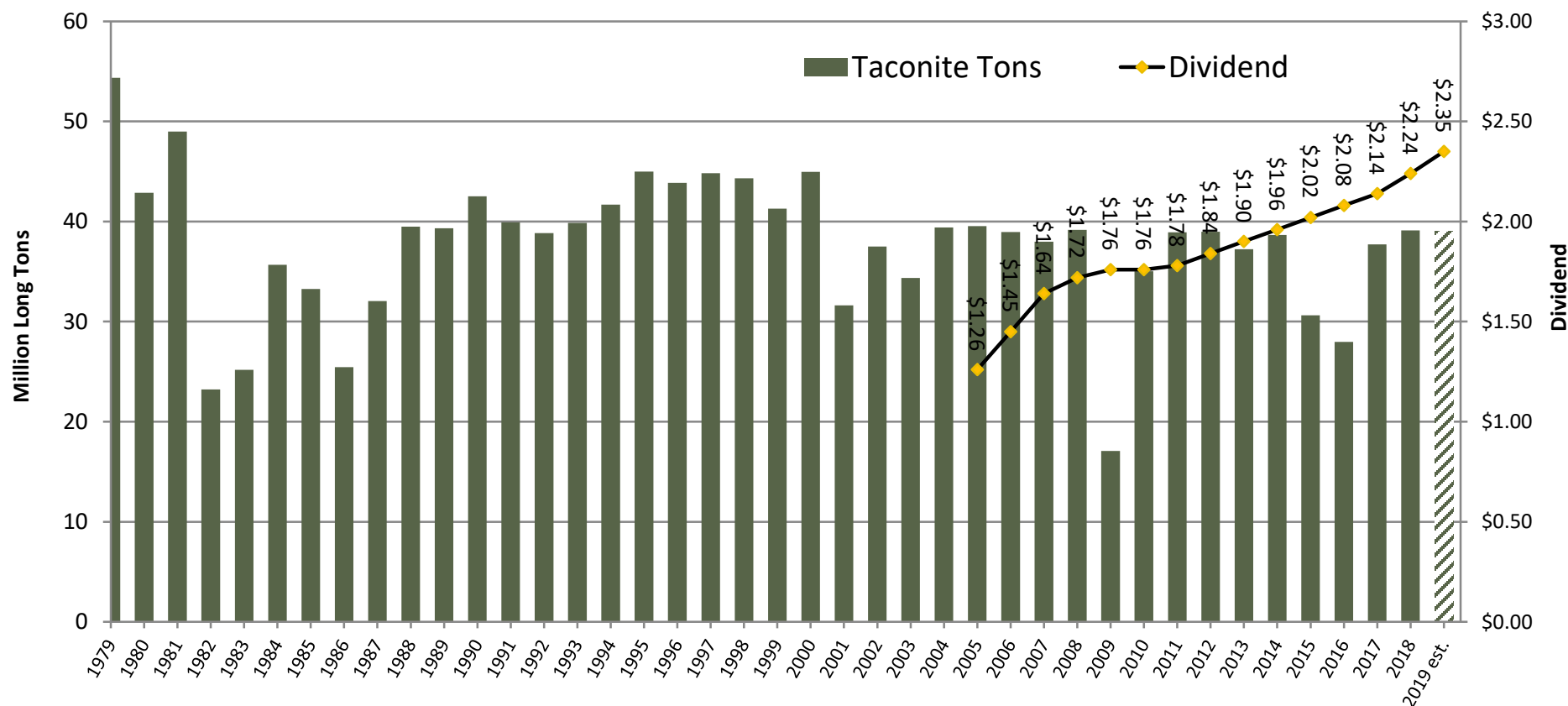
- Assumes reasonable outcomes in regulatory proceedings
- Lower revenue due to expiring municipal customer in mid-2019, and temporary shutdown of an industrial customer
- Great Northern Transmission Line capital expenditures estimated at approximately \$127M
- Annual industrial sales of approximately 7.0M to 7.5M MWhs
- Operating and maintenance expense ~10% lower than 2018
- Additional investments in the American Transmission Company LLC of ~\$9M

UPDATE

- Expectations are consistent with guidance through the third quarter of 2019.
- Revenue is consistent with guidance through the third quarter of 2019.
- Capital expenditures are consistent with guidance through the third quarter of 2019.
- Industrial sales of 5.4M MWhs through the third quarter of 2019; consistent with guidance.
- Lower by 7% compared to 2018 through the third quarter of 2019; consistent with guidance.
- Additional investments of \$6.6M; equity earnings consistent with guidance.



Dividend growth through business cycles



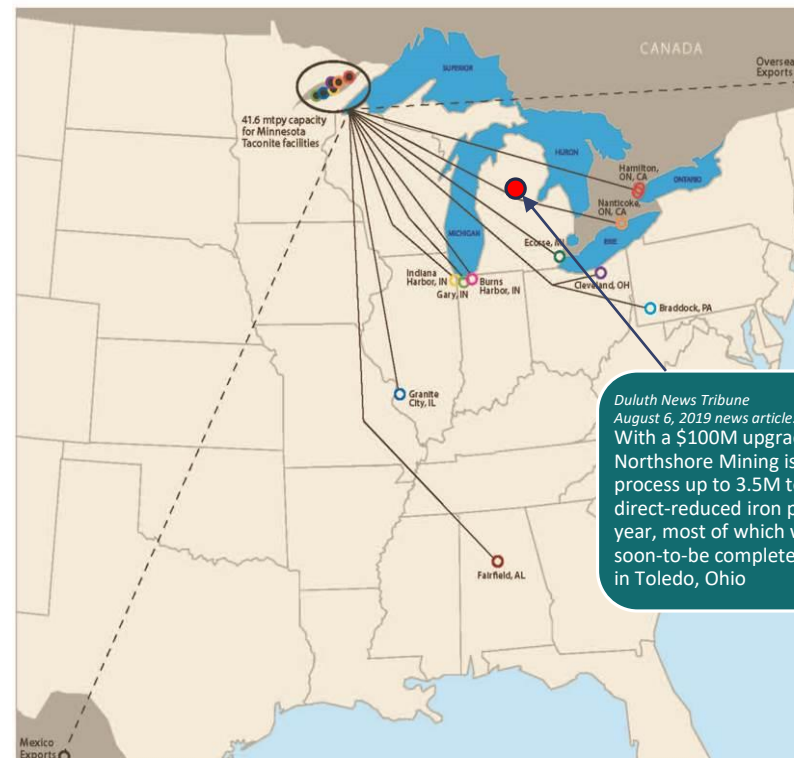
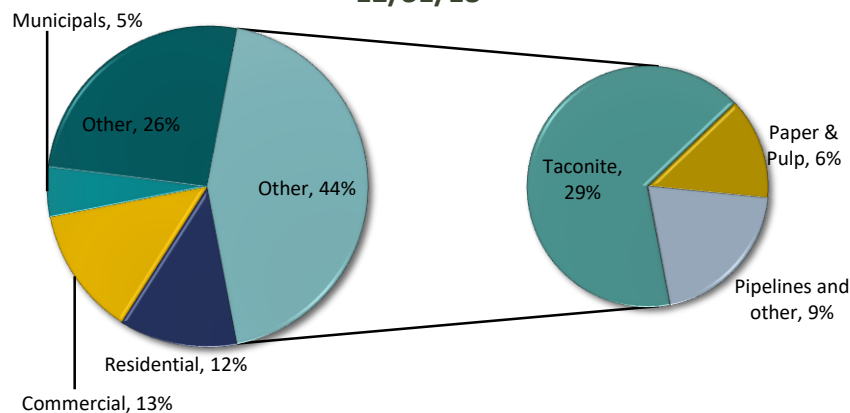
Actual taconite tons are from the MN Department of Revenue reports on taxable production.

Minnesota taconite serves the domestic steel industry

Taconite mine	Approximate Annual Capacity (million tons)
ArcelorMittal, Inc. – Minorca	2.6
Hibbing Taconite Co.	8.0
Cliffs – United Taconite, LLC	5.2
Cliffs – NorthShore Mining	5.7
USS Corp. – Keewatin	5.2
USS Corp. – Minntac	14.7
Total annual capacity	41.4

1M ton change = ~4 cents/share

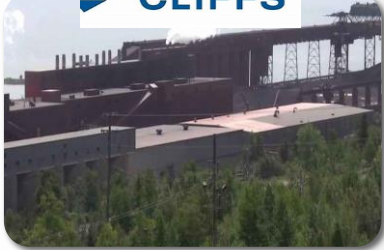
Regulated Utility Revenue 12/31/18



Traditional shipping destination points of Minnesota taconite.

On May 2, 2019, U.S. Steel announced it will invest >\$1B to construct a new sustainable endless casting and rolling facility at its Braddock, PA plant, and a cogeneration facility at its Clairton, PA plant.

Large industrial customers provide unique load growth



NORTHSHORE MINING

Increased by 40 MW

- New customer in 2016
- Recent investment enables production of increased levels of DR-grade pellets
- 50 MW new load through 2019, increased to 90 MW Q4 2019

POLYMET MINING



Potential 45-50 MW

- On Nov. 1, 2018, the MN DNR issued the permit to mine, six water appropriation permits, two dam safety permits, a public water works permit, and an endangered species takings permit for this project. This action completes the DNR's consideration of the major permits needed to proceed with the NorthMet project.
- Remaining MPCA state approvals for PolyMet to construct and operate received December 20, 2018.
- **Announced March 22, 2019 - PolyMet now holds all necessary permits to construct and operate.**
- PolyMet targets major construction in 2020 with the project being operational in 2023.
- Ten-year power supply contract would begin upon start-up of operations.

MESABI METALLICS



Potential 110 MW

- Mesabi Metallics stated it has entered into contracts for full output sale of taconite pellets; contracts under review by MN DNR.
- State land lease requires pellet plant construction to be completed by the end of 2019, and 3M tons of iron ore pellets to be shipped by the end of 2020.
- Construction of a value-added iron or other steel production facility scheduled to be completed by the end of 2021.
- State mineral leases reinstated after meeting several state requirements, including financing package.

ALLETE Clean Energy performance highlights

2019 DRIVERS

- ALLETE Clean Energy expects approximately 1.5 million MWh (1.2 million MWh in 2018) in total wind generation.
- Lower revenue due to the 2018 sale of a wind energy facility to Montana-Dakota Utilities Co., and lower non-cash amortization related to the expiration of wind energy facility power sales agreements.
- Expected investments of approximately \$22M in 2019 to requalify wind turbine generators (WTGs) at ALLETE Clean Energy's Storm Lake I, Storm Lake II, Lake Benton, and Condon facilities. PTCs related to these WTG projects are estimated to be approximately \$14M in 2019. Expect to increase to \$17M in 2020, \$17M to \$22M in 2021 through 2027, and decreasing thereafter through 2030.
- Higher depreciation and operating expenses compared to 2018.
- Glen Ullin and South Peak wind projects' commercial operation dates anticipated in the fourth quarter of 2019.
- Guidance does not include the impact, if any, of possible acquisitions of renewable energy facilities, additional construction and sale projects, and requalification projects other than those previously disclosed.

UPDATE

- Wind generation down approximately 8% through the third quarter of 2019 compared to 2018; down approximately 20% from expectations.
- Revenue has also been impacted by lower wind resources and availability due to weather.
- \$3.2 million of additional PTCs generated through the third quarter of 2019 compared to PTCs generated in the same period in 2018; slightly lower than expectations with approximately \$12M of PTCs related to these projects now expected in 2019.
- Depreciation and operating expenses are up approximately 4% through the third quarter compared to 2018; down approximately 5% from expectations.
- Anticipated commercial operation dates are expected to be near the end of the year.
- Announced Diamond Spring wind project is expected to be operational late 2020.

Record construction in progress will result in material earnings growth in 2020



South Peak

- 15-year, 80 MW PSA with NorthWestern Energy
- COD late-2019
- Expands ALLETE Clean Energy portfolio across high quality northern wind corridor
- 100% PTC qualified



Glen Ullin Energy Center

- 20-year, 106 MW PSA with Xcel Energy
- In service December 2019
- 100% PTC qualified



Refurbishments

- Storm Lake I & II
- Lake Benton
- Condon
- These projects scheduled to be completed in 2019-2020



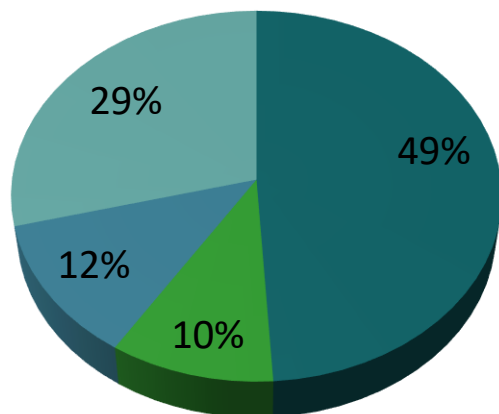
Diamond Spring

- Acquired project from Apex Clean Energy May 3, 2019
- Total of 303 MW, 15-year PSAs with Walmart and Starbucks, and 12-year PSA with Smithfield
- Expected COD late-2020
- Additional project optionality
- 100% PTC qualified

Upon completion of the South Peak, Glen Ullin and Diamond Spring projects, ALLETE Clean Energy will own and operate ~1,000 MW of wind generation capacity in seven states while adding new long-term PSAs to its portfolio

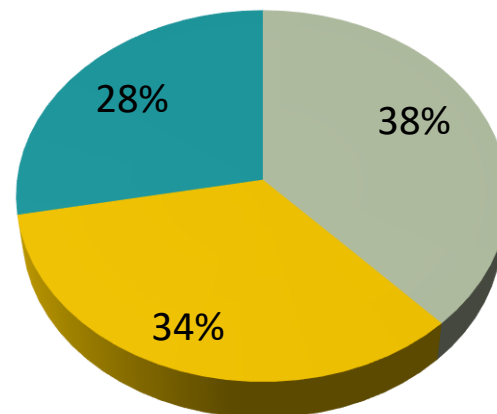
Facilities have diverse power markets and balanced contract expiration

Power Markets
(MW)



- Midwest Independent Transmission System Operator (MISO)
- Pennsylvania New Jersey Maryland (PJM)
- Western Electricity Coordinating Council (WECC)
- Southwest Power Pool (SPP)

Contract Lives*
(Revenue)



- 0-5 Yrs
- 5-10 Yrs
- 10+ Yrs

**Includes Glen Ullin Energy Center and South Peak which will be constructed in 2019;
Diamond Spring which will be constructed in 2020*

ALLETE Clean Energy's significant and growing portfolio of renewable assets

	Technology	MW Capacity	Net Capacity Factor	Region	Customer	S&P	Moody's	In-Service	Power Sale Agreement Term End
Armenia Mountain Pennsylvania	GE	100.5	~30%	PJM	Delmarva Power & Old Dominion Electric Co-op	BBB+/Positive & A+/Stable	Baa1/Stable & A2/Stable	2009	2024
Chanarambie/Viking Minnesota	GE	97.5	30-35%	MISO	Northern States Power	A-/Stable	A2/Stable	2003	2023
Condon * Oregon	Mitsubishi	50	20-25%	BPA	Bonneville Power	AA-/Stable	Aa1/Stable	2002	2022
Lake Benton * Minnesota	Zond	104	25-30%	MISO	Northern States Power	A-/Stable	A2/Stable	1998	2028
Storm Lake 1 * Iowa	Zond	108	25-30%	MISO	MidAmerican Energy	A/Stable	A1/Stable	1999	2027
Storm Lake 2 * Iowa	Zond	77	25-30%	MISO	Alliant Energy	A-/Negative	Baa1/Negative	1999	Mid-2020-90% 2032-10%
Glen Ullin EC North Dakota	GE	106	~45%	MISO	Northern States Power	A-/Stable	A2/Stable	Build: 2019	2039
South Peak Montana	GE	Up to 80	~45%	NWE	NorthWestern Corp	BBB/Stable	A3/Stable	Build: 2019	2034
Diamond Spring Oklahoma	GE	303	~45%	SPP	Walmart Starbucks Smithfield	N/A	N/A	Build: 2020	2035-175 MW 2035-50 MW 2032-75 MW
Build, own, transfer projects									
Thunder Spirit I	Nordex	107		MISO	Montana-Dakota Utilities	A-/Stable	N/A	Sale: 2015	\$198M sale
Thunder Spirit II	Nordex	48		MISO	Montana-Dakota Utilities	A-/Stable	N/A	Sale: Oct. 2018	\$81M sale

ALLETE Clean Energy with investment in PTC qualified turbines



- ✓ Ample capacity to deploy turbines for 500-600 MW of total projects
- ✓ Safe harbor turbines provide differentiated ability to capture value with holdings of 100%, 80% and 60% PTC qualified turbines
- ✓ Demonstrated project and risk management capability to build safely and within budget and schedule

Proxy for new project earnings

- 100 MW project
- Total project cost \$150M
- Would include tax equity partner's investment of two-thirds of project
- Generally, ALLETE Clean Energy's investment of one-third of the project would be all equity and generate ~\$5M average annual earnings

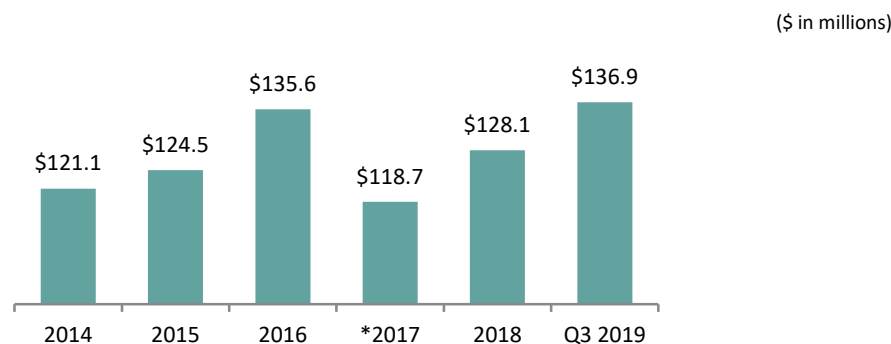
Initial Investment Date By:	COD Deadline	Wind PTC
2016	12/31/2020	100%
2017	12/31/2021	80%
2018	12/31/2022	60%
2019	12/31/2023	40%

ALLETE's investment in ATC continues to grow

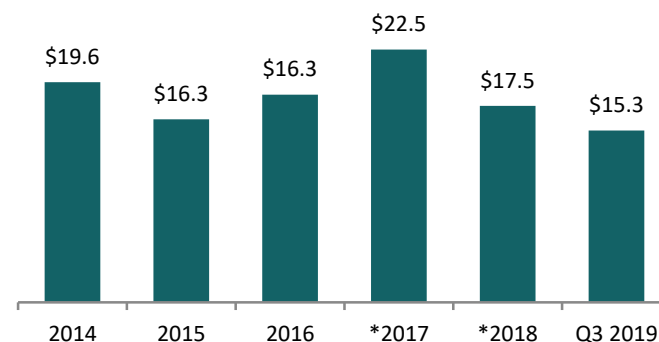
- Wisconsin-based transmission company
 - Owns and operates electric transmission system in portions of Wisconsin, Michigan, Minnesota and Illinois
- 8% ownership delivers steady earnings and cash flow
- FERC regulated – FERC approved 10.38% ROE November 21, 2019 (includes 50 bps adder)
- ATC's 2019 10-year capital investment forecast calls for \$2.9-\$3.6B in system improvements



Equity Investment Balance



Equity Earnings (pre-tax)



.... and is a meaningful contributor to earnings

ALLETE 2019 earnings guidance range \$3.50 - \$3.80*

Regulated Operations \$2.85 - \$3.05

Energy Infrastructure/Services, Corporate and Other \$0.65 - \$0.75*

Note update to guidance on following page

Regulated Operations

- Additional cost recovery rider revenue from the Great Northern Transmission Line capital investments, with Minnesota Power's portion of anticipated expenditures estimated at approximately \$127M in 2019.
- 2019 industrial sales of approximately 7.0 million to 7.5 million megawatt-hours (MWh), which reflects anticipated production from our taconite customers of approximately 39 million tons in 2019.
- Lower revenue due to an expiring municipal customer contract in mid-2019, and the temporary shutdown of an industrial customer.
- Decrease in operating and maintenance expense from 2018 of approximately 10 percent due to expense management efforts.
- Additional investments in the American Transmission Company LLC of approximately \$9M.
- An effective income tax benefit of approximately 10 percent for our Regulated Operations primarily due to the production tax credits (PTC's).
- 2019 guidance assumes that we will achieve reasonable outcomes in regulatory proceedings.
- Minnesota Power anticipates filing a rate case in the fourth quarter of 2019 with a 2020 test year.

ALLETE Clean Energy

- ALLETE Clean Energy expects to generate approximately 1.5M MWh in total wind generation.
- Lower revenue due to the 2018 sale of a wind energy facility to Montana-Dakota Utilities Co., and the renewal of wind energy facility power sales agreements at lower prices.
- Expected investments of approximately \$22M in 2019 to requalify wind turbine generators (WTGs) at Storm Lake I & II, Lake Benton, and Condon facilities. PTCs related to these WTG projects are estimated to be approximately \$14M in 2019.
- Higher depreciation and operating expenses compared to 2018.
- Glen Ullin and South Peak wind projects' commercial operation dates anticipated in the fourth quarter of 2019.
- Does not include the impact, if any, of possible acquisitions of renewable energy facilities, additional construction and sale projects, and requalification projects other than those previously disclosed.

Corporate and Other

- Similar operating results at BNI Energy and ALLETE Properties.



2019 annual earnings guidance

As provided in ALLETE's Q2 2019 earnings release (affirmed in Q3) 2019 annual earnings guidance is expected to be in the lower half of original guidance range due to:

Lower than expected wind resources year-to-date

Newly announced Diamond Spring project and strong pipeline now mean we fully expect to utilize all of the \$265 million in proceeds from the U.S. Water Services sale for new investments versus initiating a stock repurchase program which factored into original guidance

Higher growth-related business development expenses associated with the Diamond Spring transaction that are required to be expensed for GAAP purposes

ALLETE Reconciliation of GAAP results/guidance to pro forma results

	EPS
GAAP results to pro forma	2018
Energy Infrastructure/Related Services and Corporate/Other	\$0.84
Sale of wind energy facility at ALLETE Clean Energy	(0.20)
U.S. Water Services net income	(0.06)
Contingent consideration liability adjustment	(0.04)
Pro forma	<u>\$0.54</u>
Guidance to pro forma	2019
Midpoint of 2019 guidance	
Energy Infrastructure/Related Services and Corporate/Other	\$0.70
Estimated gain on sale of U.S. Water Services	(0.20)
Pro forma	<u>\$0.50</u>