



INVESTOR PRESENTATION

April 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 54 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 April 2, 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, February 14, 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 resource scarcity requiring sustainable energy solutions

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 strategy and business mix is well positioned to leverage clean energy trends

Regulated Operations



Generates, transmits and distributes electricity in northern Minnesota rich in natural resources

Strong history of exceeding renewable energy standards while meeting customer competitiveness needs



Provider of electric, natural gas and water service in northwestern Wisconsin

First utility in nation to apply smart meter technology to electric, gas and water customers



8% ownership: ATC owns and operates the electric transmission system in portions of Wisconsin, Michigan, Minnesota & Illinois

Energy Infrastructure Related Services



Leverages industry knowledge and innovation to bring clean energy to customers across North America

Specializes in developing, acquiring, constructing, managing and optimizing clean and renewable energy projects



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



On February 8, 2019, ALLETE entered into a stock purchase agreement providing for the sale of U.S. Water Services to a subsidiary of Kurita Water Industries, Ltd. for a cash purchase price of \$270 million. Closed March 26, 2019.

Strong market fundamentals continue to drive sustainable clean energy trends

United States

Emerging policies

- New and renewed policies and initiatives will likely boost renewable growth

Expanding investment

- Asset managers have started compiling portfolios of renewable projects

Advancing technologies

- Grid infrastructure evolution; more solutions achieve grid parity

Source: Deloitte 2019 Renewable energy industry outlook

Minnesota

The state is considering a goal to double renewable standards

- March 4, 2019, Governor announced proposals that could lead to 100% clean energy by 2050
- Protecting and updating Minnesota's energy efficiency programs
- Setting the stage for wider adoption of electric transportation options
- Updates to Minnesota's nation-leading community solar programs

Source: Fresh Energy article dated Dec.10, 2018



Future demand for renewables remains strong with RPS standards expanding

Existing standards increasing

29 states, Washington DC and 3 territories have a Renewable Portfolio Standard (RPS)

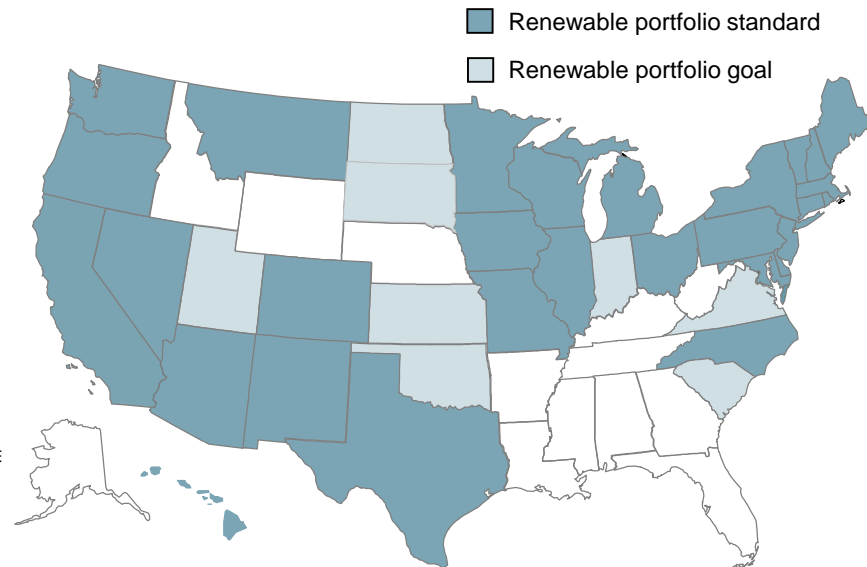
7 states and Washington DC have renewable requirements of 50% or greater

•www.ncsl.org/research/energy/states-renewable-energy-ambitions.aspx

Addition of new standards

Other states are evaluating increases to existing requirements and new states are assessing to initiate standards

Source: DSIRE



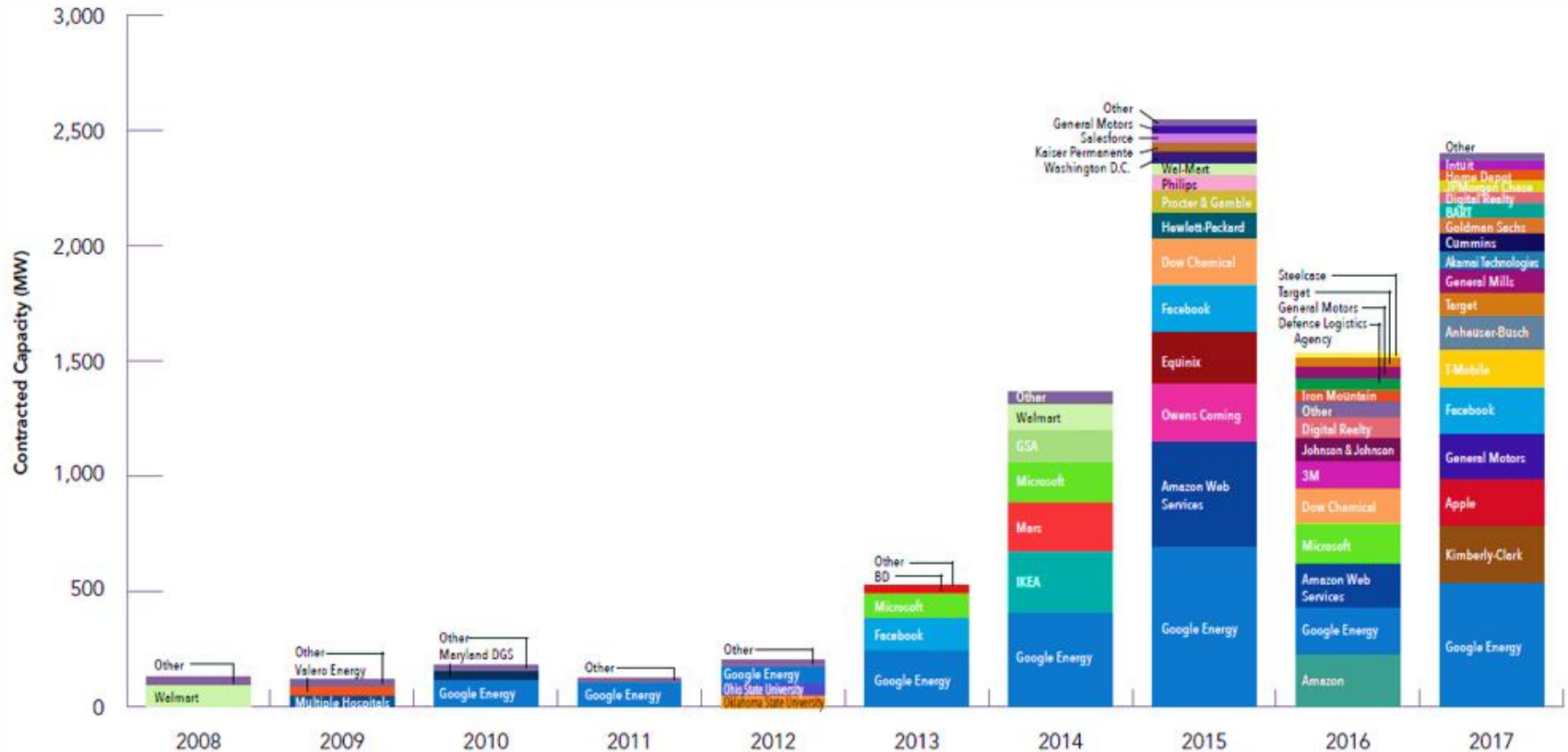
States with goals/proposals toward 100% clean/renewable/carbon-free energy

California	New York	Michigan	Hawaii
Minnesota	New Mexico	Colorado	Maine
New Jersey	Pennsylvania	Florida	Massachusetts
Washington	Wisconsin		

- U.S. utilities plan to own over 8,000 MW of wind power currently under construction or in advanced development
- The Midwest represents the 2nd highest region for future wind-eligible demand, at approximately 7,360 MW through 2025

Corporate and industrial driving renewable growth for sustainability and cost savings

Figure 47
Non-Utility Wind Power Purchases, by Year



Note: Data include publicly announced physical and virtual power purchase agreements (PPA), direct ownership of onsite or offsite wind projects, and large-scale REC purchases associated with specific wind projects. Data is recorded at the time of announcement and does not indicate when the associated wind project is placed into operation.

ALLETE's capabilities create a unique value proposition for investors

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

Sustainable energy solutions

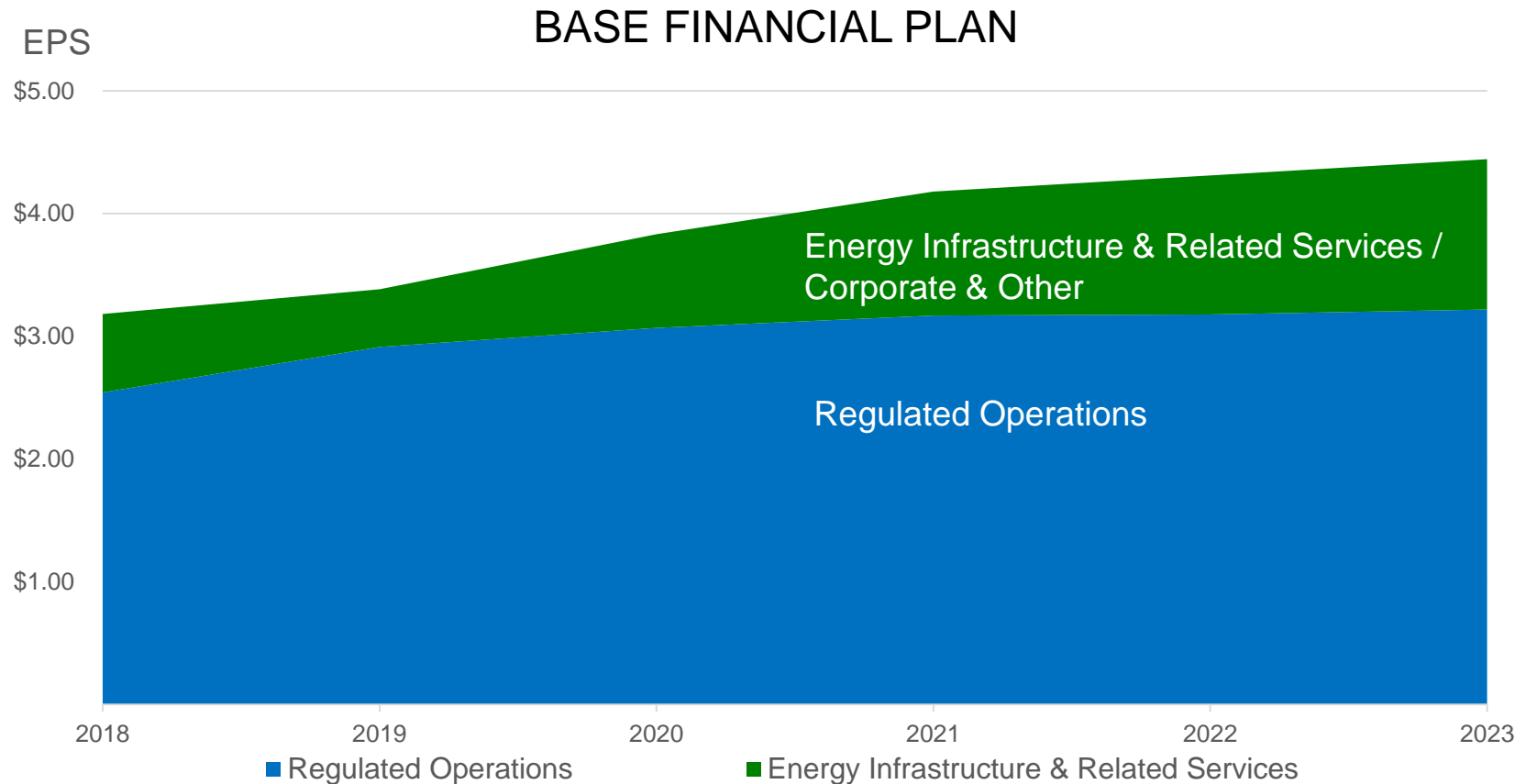
Multi-faceted earnings growth potential

Regulated, contracted or recurring energy revenues

Solid balance sheet and credit ratings with growing cash flow from operations

Attractive and growing dividend

ALLETE's differentiated, multi-year growth outlook 5 -7%



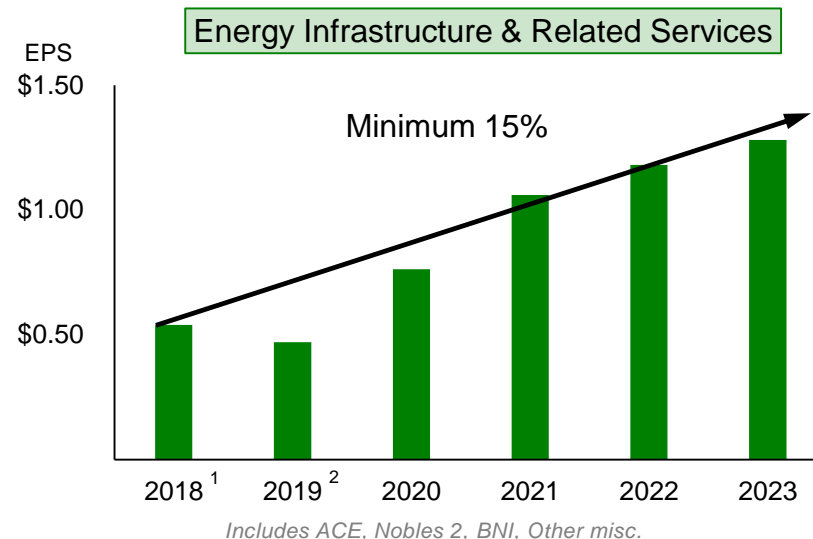
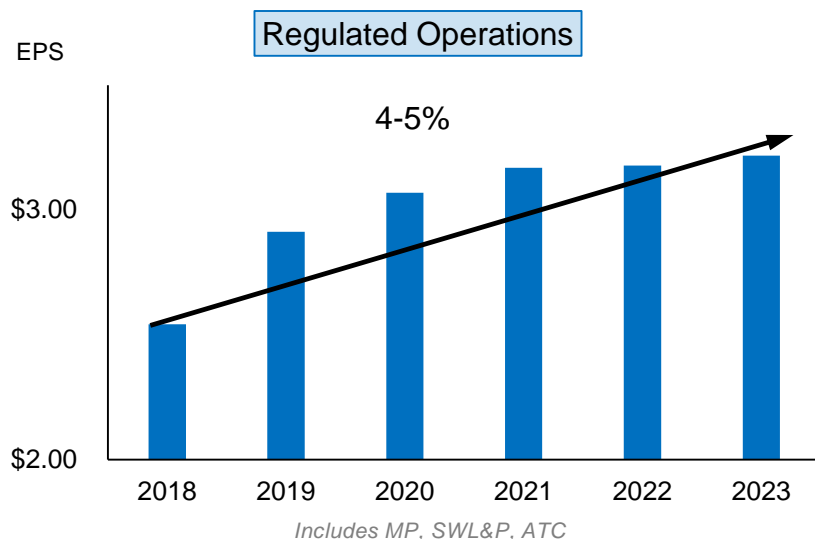
Regulated Operations segment - average annual earnings growth of 4-5%

Energy Infrastructure and Related Services businesses - average annual earnings growth of at least 15% over the long-term



ALLETE is and will remain predominantly regulated

ALLETE EPS growth expected to accelerate



¹ Excludes ACE Thunder Spirit II gain and U.S. Water impacts in 2018

² Excludes U.S. Water sale in 2019

Major Growth Drivers

	Regulated Operations				Energy Infrastructure & Related Services		
2019-2020	Rate case	+	GNTL	+	New customers	+	Efficiencies
2021-2023	Rate case	+	DC line	+	New customers	+	Efficiencies
					Refurbishments	+	Glen Ullin
						+	South Peak
					Nobles 2	+	New PTC projects and acquisitions

Known capital projects - an increase of ~\$650M since last projection (estimated \$300M equity investment)

Estimated amounts in millions	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
DC Line Modernization & Upgrade	-	5	10	\$120	\$85	\$20	240	240	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	Nov. 2019
(2) South Peak	30	95	-	-	-	-	95	125	Dec. 2019
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	Nov. 2020
Corporate and Other									
(1) Total Known Projects	\$265	\$545	\$370	\$290	\$335	\$275	\$1,815	\$2,080	

(1) 2019 – 2023 reflects the capital expenditures per the 2018 Form 10-K, and also includes the Nobles 2 project

(2) 2018 announced projects

Potential opportunities **not** included in table above

1-2 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 projects \$2.8-\$3.4B through 2027



ALLETE has land rights to support 200-300 MW of additional renewable generation in North Dakota



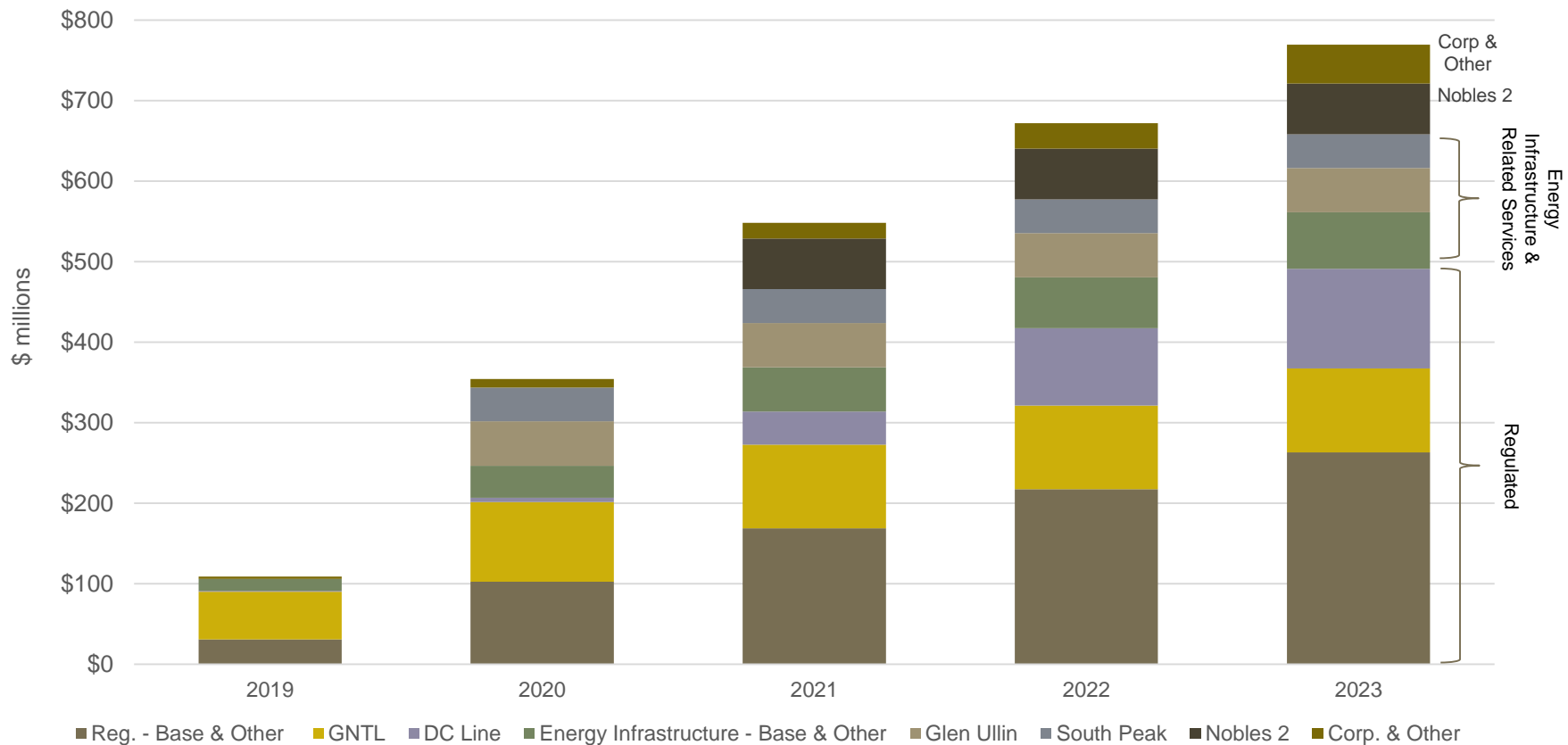
Additional renewable generation and supporting infrastructure
DC line supports further renewable expansion & optionality



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



ALLETE new equity deployment projection 2019 – 2023*



Equity deployment projections are based on estimated timing of equity investments which are driving underlying earnings growth at ALLETE. Timing of earnings contributions are impacted by project specific attributes including existence of special regulatory recovery models such as AFUDC, Riders, or in the absence of such models, by actual project in-service dates.

*Represents new equity which corresponds to the "Known capital projects" table on the previous page, but does not reflect return on/of equity over life of investment or NTEC project

Financing plan for known capital projects 2019-2023

Strong cash flow
from operations

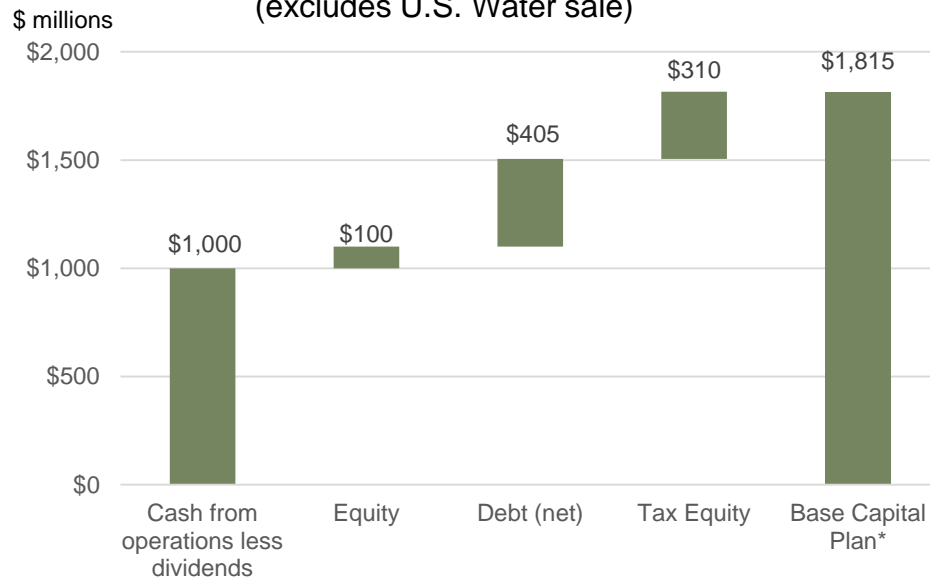
Line of credit
\$400M

Access to tax
equity partners

Limited equity
needs

Financing sources

(excludes U.S. Water sale)



Additional Financing Activities

+ Cash from new operations

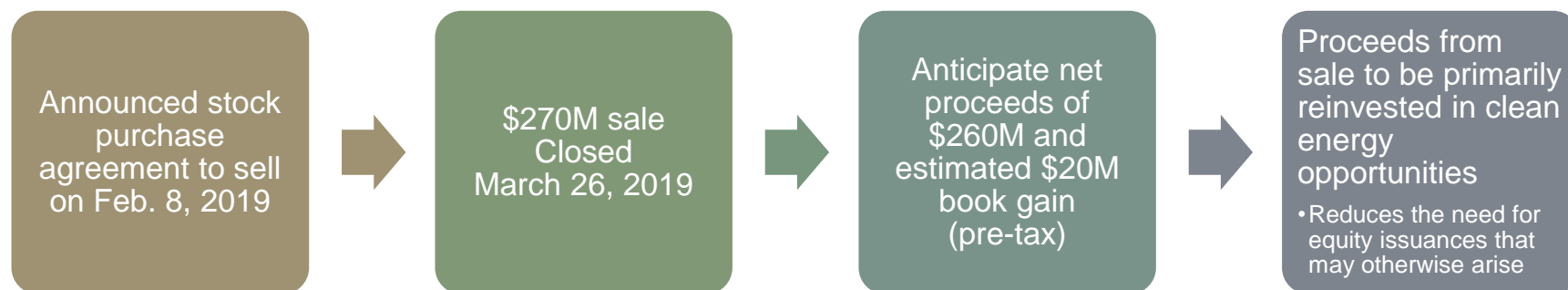
+ Tax equity

+ Potential PIE

+ U.S. Water sale proceeds

Sale of U.S. Water Services

positions ALLETE to focus on clean energy opportunities



Possible options to redeploy U.S. Water sale proceeds

Curtail new share issuances for DRIP

ALLETE Clean Energy new wind projects
\$50M equity per 100MW

ALLETE Clean Energy pursuing acquisitions

Regulated acquisitions which are strategic and accretive to earnings

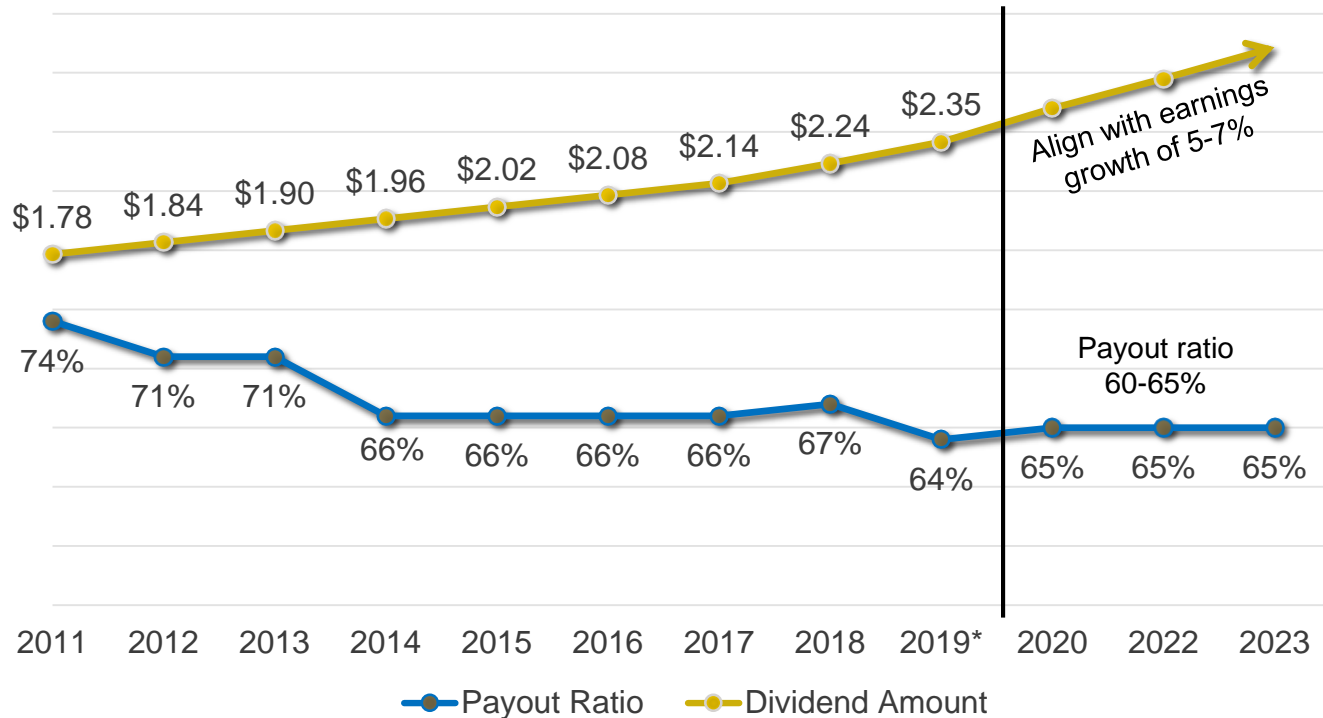
May consider using a portion to implement a common stock repurchase program

We expect to share details of capital redeployment as year progresses

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

	Issuer Credit Rating	Commercial Paper
S&P Global Ratings	BBB+	A-2
Moody's	Baa1*	P-2

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

Debt to Capital Ratio



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

ALLETE's 2019 guidance \$3.50 - \$3.80*

Regulated Operations	\$2.85 - \$3.05
Energy Infrastructure & Services / Corporate & Other	\$0.65 - \$0.75*

Regulated Operations

- Additional cost recovery rider revenue from GNTL capital investments
- Annual industrial sales of ~7.0 – 7.5M MWh, ~39M tons of taconite
- ~10% decrease in operating and maintenance expense from 2018

ALLETE Clean Energy

- Expected total wind generation of 1.5M MWh
- ~\$14M PTC credits generated from Storm Lake 1 & 2, Lake Benton and Condon wind facilities
- Glen Ullin and South Peak wind projects' commercial operation dates anticipated in Q4 of 2019

Corporate and Other

- Similar results at BNI Energy and ALLETE Properties, LLC.

*Includes estimated gain on the sale of U.S. Water Services of \$0.20 per share.

REGULATED UTILITY BUSINESSES



Regulated strategic growth planks

Clean energy transformation - *EnergyForward*

- Grid reliability investments / DC line
- Gas infrastructure upgrades

Improved financial performance

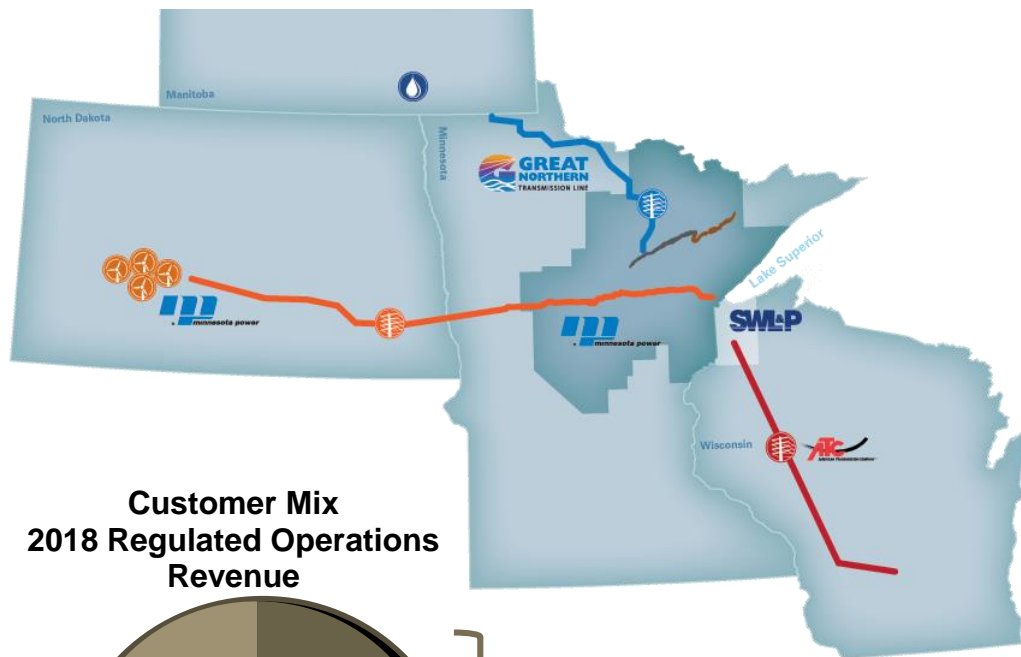
- Timely rate cases – achievement of allowed rates of return
- Efficiencies and expense management

Enable customer growth and competitiveness

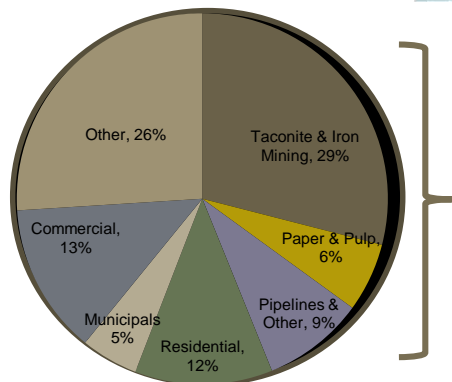
Seek opportunities to expand scale, diversity & optionality



Regulated businesses serve a resource rich economy



**Customer Mix
2018 Regulated Operations
Revenue**



• Natural Resource Rich Minnesota

- Largest producer of iron ore in the United States
 - Decades of saleable reserves
- One of the largest undeveloped mineral deposits in the world
 - 2nd - 3rd largest copper, nickel and precious metals deposits
- 5th largest producer of mineral value in the United States
 - Taconite iron ore, sand, gravel and stone
- 17 million acres of forestland
 - Serves timber, paper, and wood product industries

• Energy Rich North Dakota

- Ranked 5th in the nation in the share of electricity generated from wind
- Minnesota Power's ~500-mile DC line has upgrade and optionality potential

• Energy Rich Canada

- 2nd largest producer of hydroelectricity
- 5th largest producer of oil and natural gas
- About half of Canada's 3 million barrels of oil per day pass through the Superior, Wisconsin terminal

Regulatory framework and outlook for growth



Minnesota Power rate case

- Anticipate filing Q4 2019
- 2020 test year
 - Transmission revenue
 - Customer plant shutdown
 - Increased depreciation
 - Sales contract expiration
 - Higher projected O&M

Constructive regulatory framework

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

Recent favorable outcomes

- + Nemadji Trail Energy Center
- + Nobles 2
- + North Dakota ITC

2019

9.25% allowed ROE

Forecast 9.05% ROE reflecting temporary shutdown of Husky

Rate base \$2.6B estimate

Progress on rescaling operating and maintenance expense

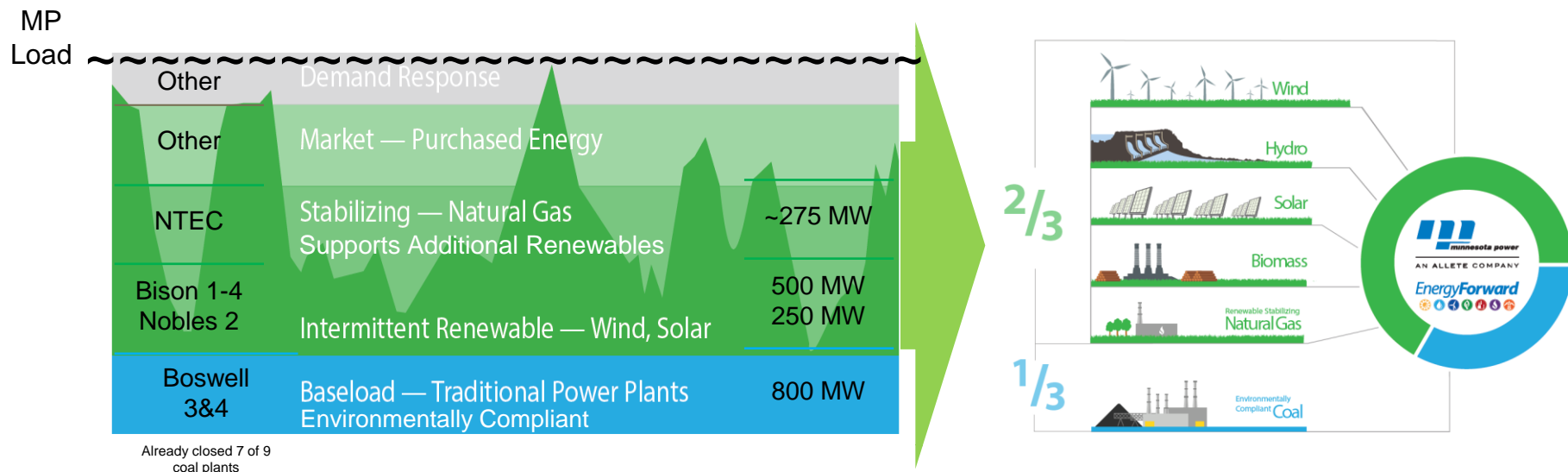
\$ millions

	FORECAST	ACTUAL / ESTIMATE
2017	\$225	\$210
2018	\$200	\$190
2019	\$180	

Minnesota Power's growth through balanced and diversified energy sources



Major progress evolving our generation mix with significant transformation still ahead
2017 ~30% renewable → 2025 ~45% renewable



Potential for higher and accelerated renewables
March 4, 2019, Governor announced proposals that will lead to 100% clean energy by 2050

Providing growth while ensuring reliability and affordability

Major projects

further improving environmental performance while providing earnings growth

Generation



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 ~\$185M of which \$60 - \$70M will be an equity investment
- MPUC approved the project December 20, 2018
- Expect 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
- ~\$350M investment by subsidiary of ALLETE
- MPUC approved project October 29, 2018
- Dairyland Power submitted application to the PSCW for a certificate of public convenience
- Subject to various regulatory approvals (WI)
- Anticipate completion in 2025

Transmission / Distribution Renewable Superhighways



Great Northern Transmission Line

- 220-mile 500-kV transmission line between Manitoba and Minnesota
- 250 MW long-term PPA with Manitoba Hydro
- ~\$330M Minnesota Power investment
- Anticipate completion in 2020



DC Line

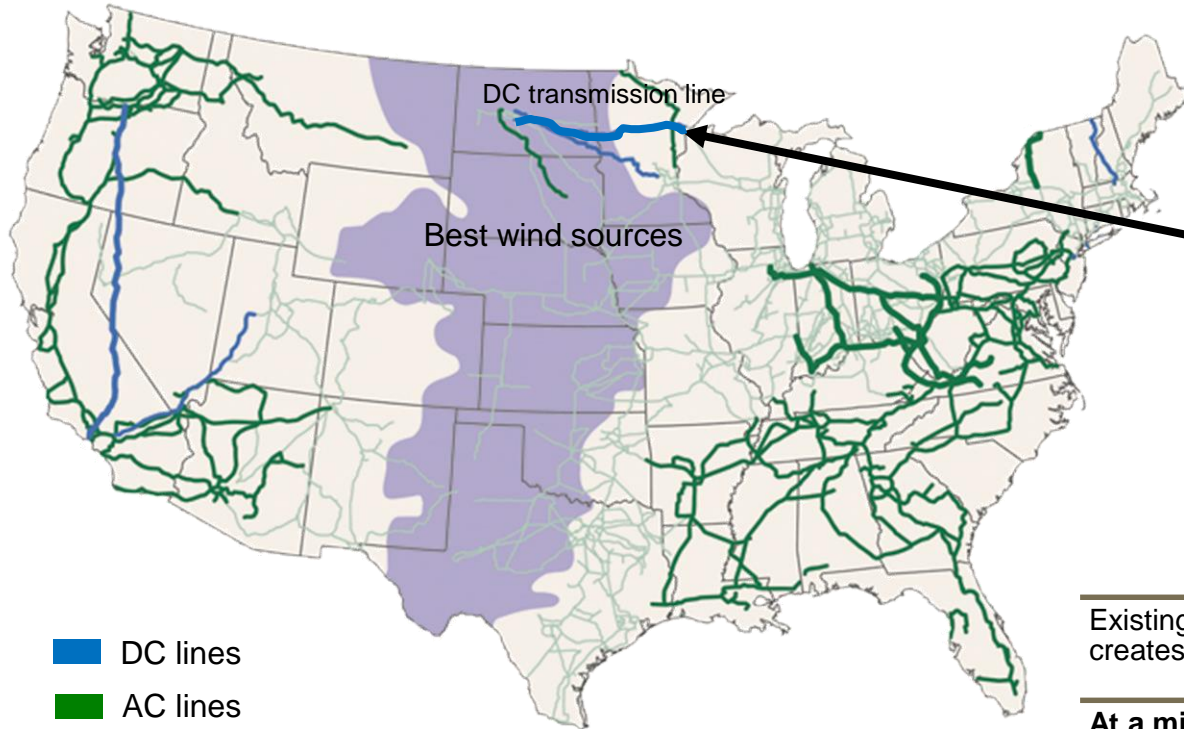
- 200 MW upgrade minimum
- Increasing renewable capacity and optionality potential
- Strategically positioned to transport additional renewable energy
- Could provide link to new power markets

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

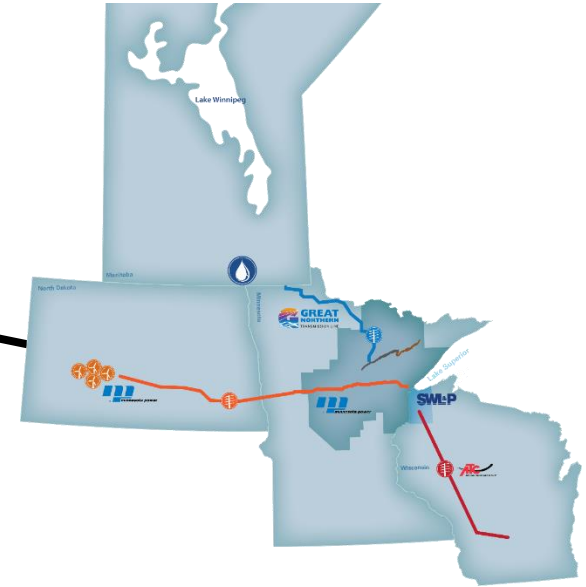
DC transmission line modernization investments - enables significant potential renewable growth

The Midwest represents the 2nd highest region for wind-eligible demand

Source: AWEA State RPS Market Assessment 2017



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



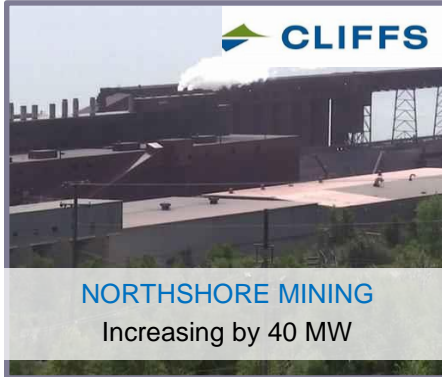
Upgrades for reliability, flexibility and optionality

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

At a minimum, we are upgrading existing 550 MW capacity by 200 MW which includes our \$240M planned capex

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

Large industrial customers provide unique load growth



- New customer in 2016
- Recent \$80M investment enables production of increased levels of DR-grade pellets
- 50 MW new load through 2019, increases to 90 MW thereafter



- 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.**
- Construction activities are expected to commence in early 2019.
- Ten-year power supply contract would begin upon start-up of operations; 18-24 months after receiving permits.



- 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.

SW&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

- ~\$16M 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

SUPERIOR WATER, LIGHT & POWER CUSTOMERS

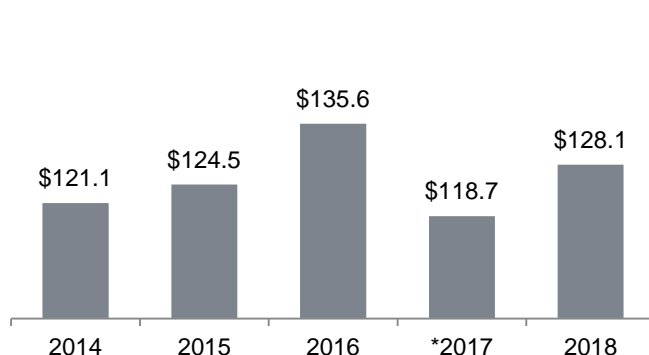
15,000 electric, 13,000 natural gas, 10,000 water

ALLETE's investment in ATC continues to grow



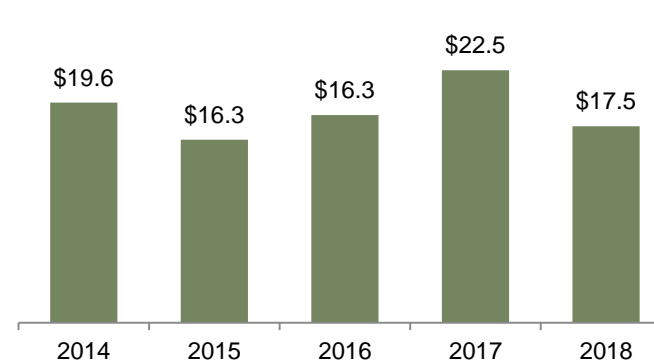
- Wisconsin-based transmission company
 - Owns and operates electric transmission system in portions of Wisconsin, Michigan, Minnesota and Illinois
- 8% ownership delivers steady earnings and cash flow
- FERC regulated – current authorized ROE of 10.82%
 - Remaining ALJ recommendation to be decided on by FERC is pending (ROE to ~10.2%)
- ATC projects investments of \$2.8 - \$3.4B in the organic footprint through 2027

Equity Investment Balance



* Impacted by the remeasurement of deferred income tax assets & liabilities resulting from tax reform

Equity Earnings (pre-tax)



.... and is a meaningful contributor to earnings

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 MWs
- Operating and maintenance expense ~10% lower than 2018
- Additional investments in the American Transmission Company LLC of ~\$9M





SMART. POWERFUL. AHEAD.

ALLETE Clean Energy vision

Premier provider of clean energy services across the U.S.



Expand suite of product offerings and solutions

Increase geographic and customer demographic footprint

Continue to enhance portfolio, diversity and performance

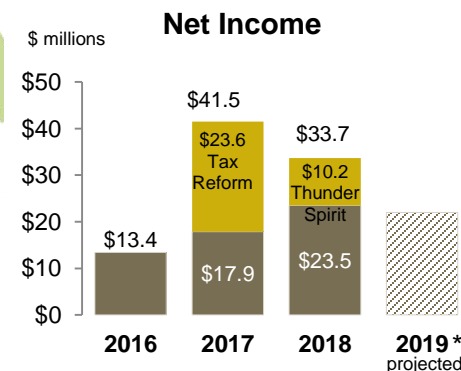
Leverage strong reputation and brand in the industry

Material expansion and scaling in next 24 to 36 months

Expanding operations in the renewable energy market



- 155 MW wind build - transferred
- 556 MW wind portfolio – in operation
- Portfolio will expand to ~740 MW upon completion of Glen Ullin Energy Center and South Peak by year-end 2019



*assumes normal weather and excludes acquisition costs

Major tactics being deployed to expand our core wind portfolio

Optimization

- Investment of ~ \$80M through 2020 to refurbish at Storm Lake 1 & 2, Lake Benton, and Condon facilities
- Will generate an estimated \$200M in PTCs – 2017 through 2030

Analyzing nationwide pipeline of existing facilities for potential acquisitions

Build, Own, Transfer

- Thunder Spirit I & II, 155 MW completed and sold to Montana-Dakota Utilities (MDU)

Recognized brand in build, own, transfer projects attracts additional prospects

Power Sales Agreements

- 186 MW currently under construction for completion by end of 2019
- Facilities will be owned, operated and are secured with long-term power sales agreements

Pursuing additional projects using PTC qualified turbines / contracted under long-term power sales agreements

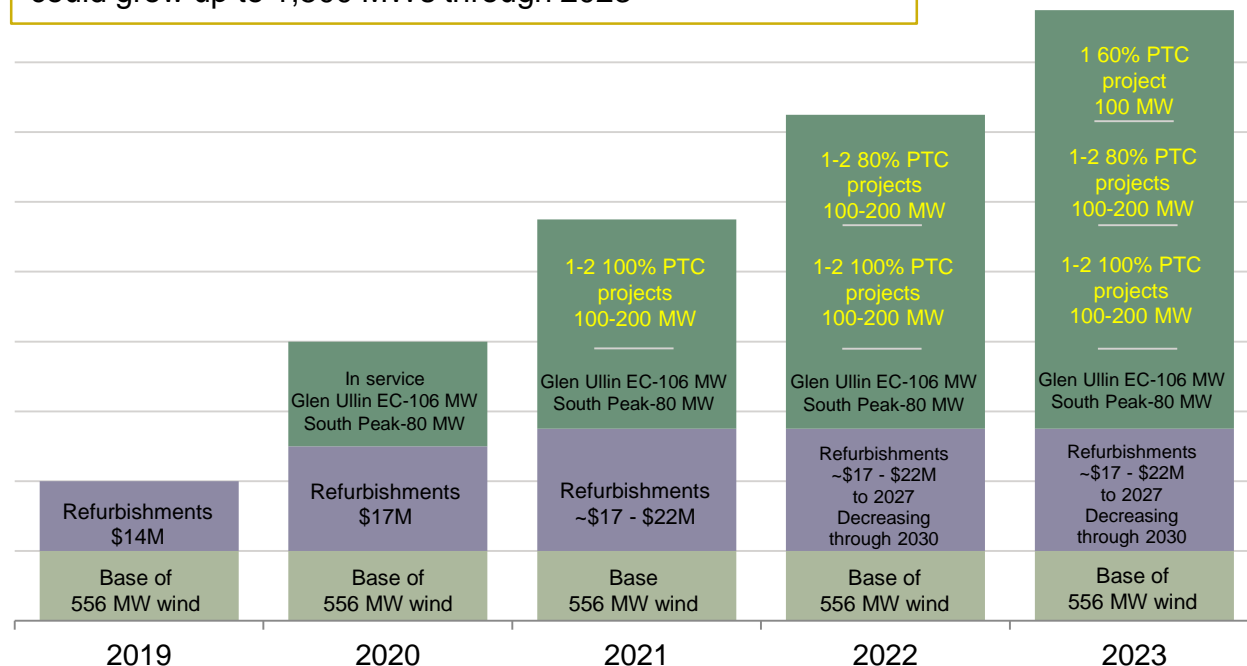
Acquire

- Strategy to acquire additional renewable facilities
- Reputation as strong facility operator

Smaller renewable opportunities are impactful / \$1 - \$2M in additional earnings adds significant growth to ALLETE

ALLETE Clean Energy earnings growth trajectory

Upon executing on 1-2 wind projects per year, operations could grow up to 1,500 MWs through 2023



Opportunities beyond 2023

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

- Glen Ullin EC 100 MW project expected COD late-2019
- South Peak 80 MW project expected COD late-2019

Major assumptions

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

ALLETE Clean Energy

with investment in PTC qualified turbines

- ✓ Has ample capacity to deploy turbines in 1-2 new projects per year
- ✓ Safe harbor turbines provide differentiated ability to capture value with material 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 annual earnings



Record project construction in 2019 will result in material earnings growth in 2020



South Peak

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



Glen Ullin Energy Center

- 20-year, 106 MW PSA with Xcel Energy
- COD late-2019
- 100% PTC qualified



Refurbishments

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

Upon completion of the South Peak and Glen Ullin projects, ALLETE Clean Energy will own and operate ~740 MW of wind generation capacity in six states while adding new long-term PSAs to its sales portfolio

ACE 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 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 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.

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 family of businesses is well positioned to support...



Cleaner energy is increasingly important
to our nation's energy landscape



...societal expectations, regulation and resource
scarcity requiring sustainable solutions

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

INVESTOR PRESENTATION

April 2019

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*

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..

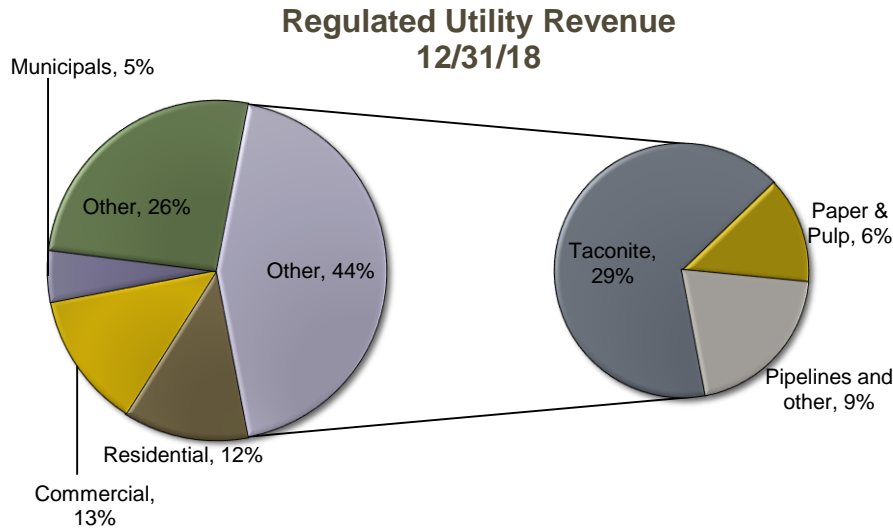
Corporate and Other

- Similar operating results at BNI Energy and ALLETE Properties.



*Includes estimated gain on the sale of U.S. Water Services of \$0.20 per share

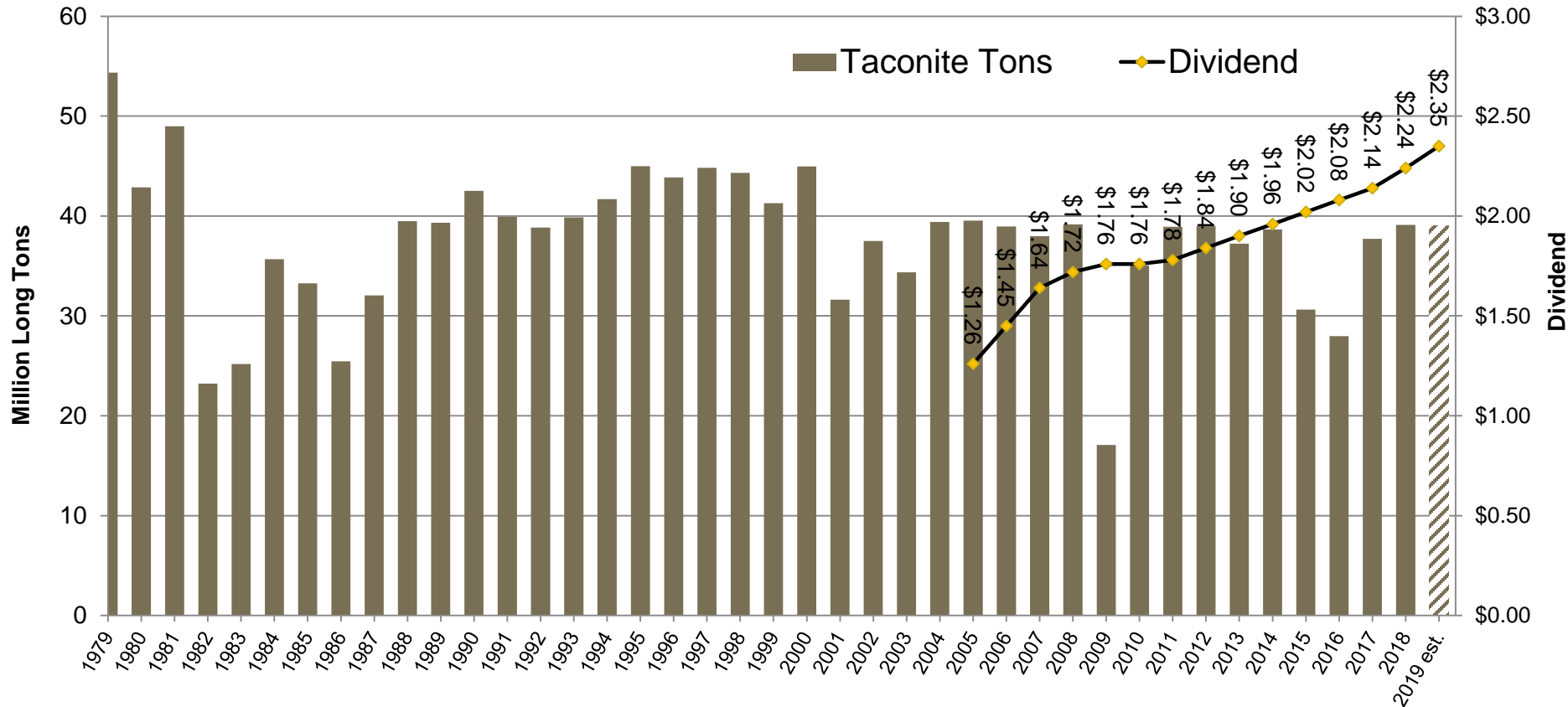
Large industrial customers are under long-term, all requirement contracts



Minnesota Power's service territory includes some of the world's largest known reserves of taconite, copper, nickel, and other precious metals.



Dividend growth through business cycles



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

Recent trends support domestic steel & iron ore industries



The World Steel Association short-range outlook forecasts U.S. steel demand increasing 1.3% in 2019.

U.S. Steel recently reopened its two blast furnaces at the steel facility at its Granite City Works plant in Illinois, and are now at full production.

All taconite pellet mines are currently at full production.

Cleveland Cliffs recent initiatives signal start of upcycle

- Addition of Northshore Mining as new customer in 2016; 50 MW through 2019, increases to 90 MW thereafter
- \$65M upgrade investment at United Taconite facility to produce enhanced iron ore product
- \$700M investment in hot briquetted iron (HBI) facility in Toledo, Ohio
- \$80M investment at Northshore plant to enable production of increased levels of DR-grade pellets

Trump administration supportive of investment growth

- Signaled preference for U.S. made steel as related to pipeline expansions
- Stated goal of significant investment in rebuilding our nation's infrastructure
- Domestic energy and national security
- Business friendly regulations and tax relief

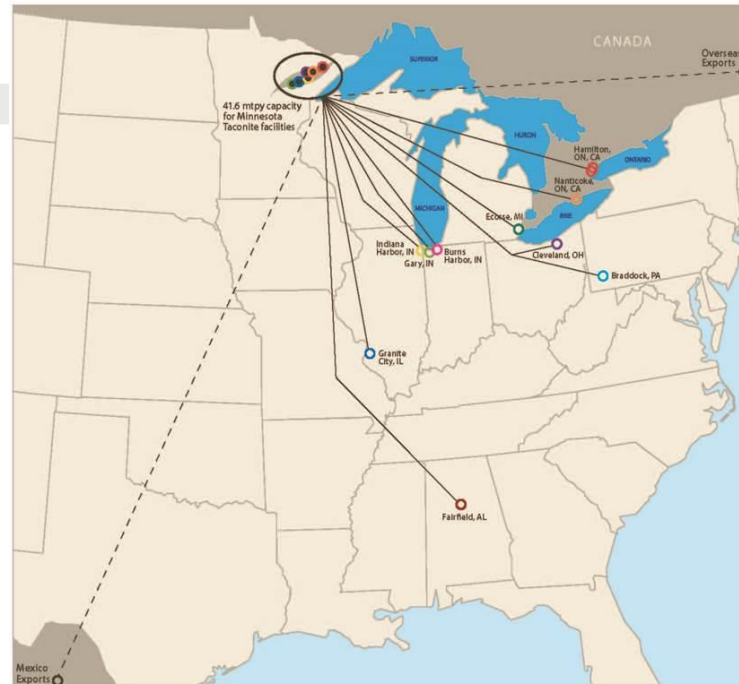
Minnesota taconite serves the domestic steel industry



Minnesota Power provides electric service to six taconite facilities, who produce about 41M tons of taconite per year at full production.

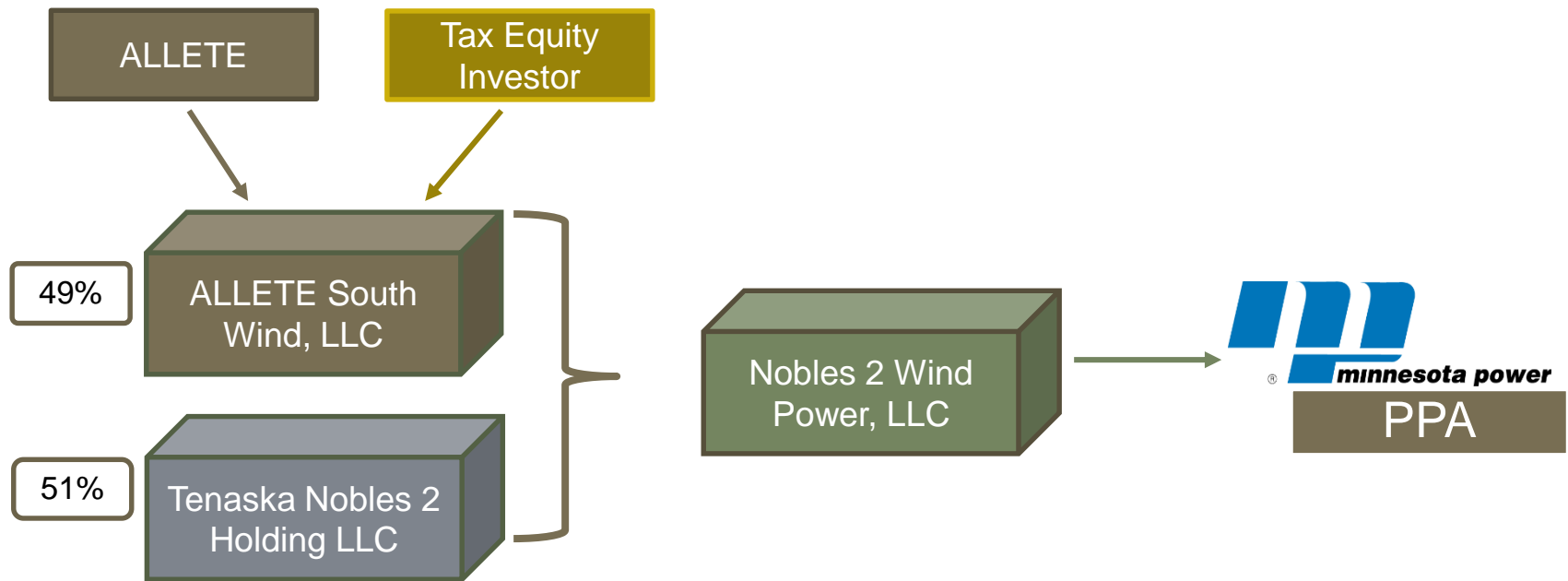
1M ton change =
~4 cents/share

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



Traditional shipping destination points of Minnesota taconite.

Nobles 2 ownership structure



ALLETE's family of businesses have demonstrated competencies for a cleaner energy future

Proven competencies



Significant investments have been made (doubled rate base to \$2.6B since 2009) to assure reliability and protect affordability for a cleaner and more sustainable energy future



Wind generation portfolio currently in operation and demonstrated capabilities in construction management



Unique solutions and investments to efficiently serve electric, natural gas and water customers



Well-regarded reputation for efficient, responsible operation and environmental stewardship in energy-rich North Dakota

Opportunities

- Increased renewable standards driving:
 - Further transitioning away from coal generation
 - Additional renewable energy infrastructure
- Increasing renewable standards
- Investment in PTC qualified turbines
- Opportunities to acquire facilities
- Expected expansion of new technologies such as storage applications
- Well positioned in commercial and industrial (C&I) space
- Capex and smart metering roll-out
- Natural gas footprint expansion
- Increase renewable service offerings
- Less-intense or zero carbon uses of lignite
- Sequestration of carbon dioxide
- Strategic stakeholder relationships

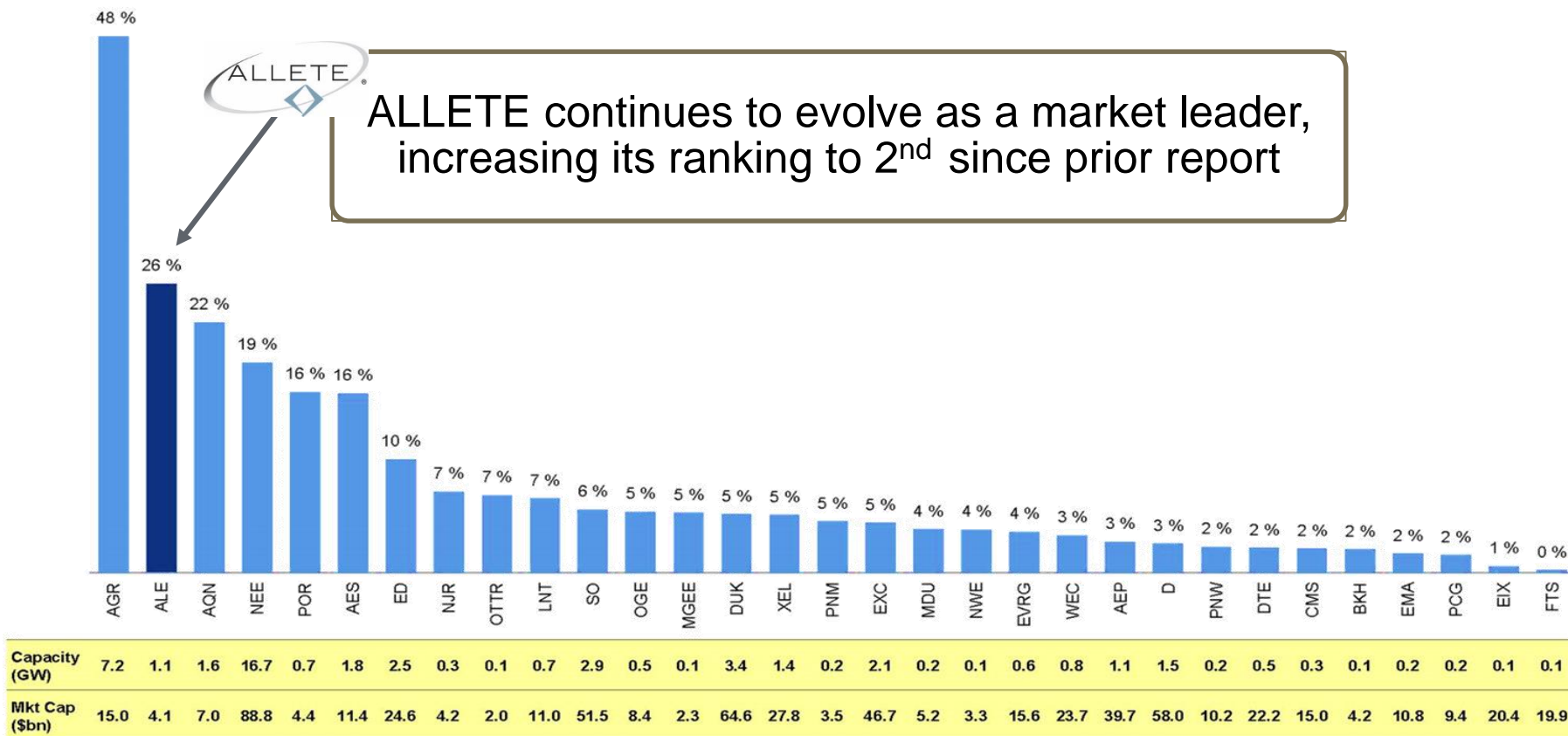


ALLETE's growth will continue in a sustainable energy landscape

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.

Attractive market

supports ALLETE Clean Energy's optimization and acquisition growth

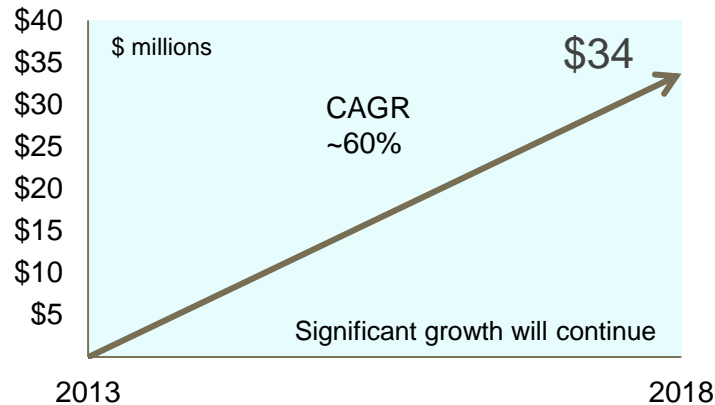


3,000 – 7,000 MWs
contracted facilities
expiring per year

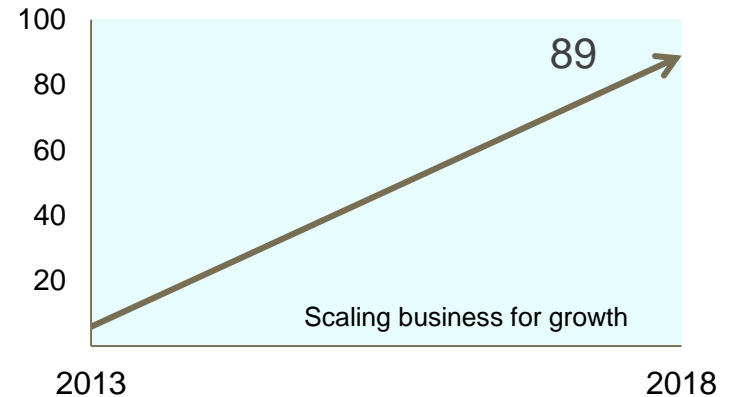
Acquisition landscape reflected within an attractive slice of the market –
contracted wind facilities (~10 to 800 MWs) with expired PTCs,
8-10 years operating history

Accomplished... growing... disciplined

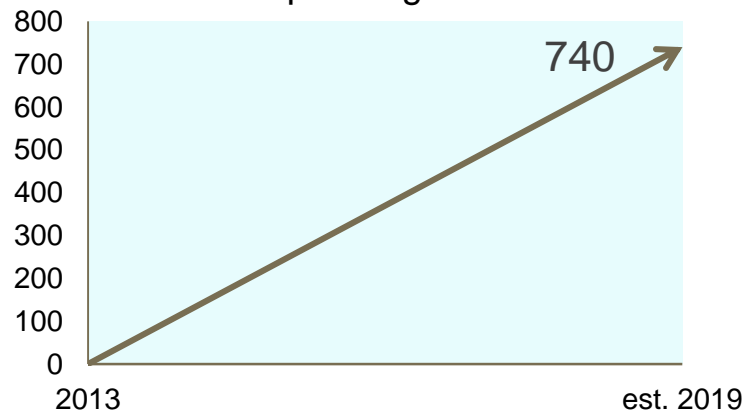
Net Income



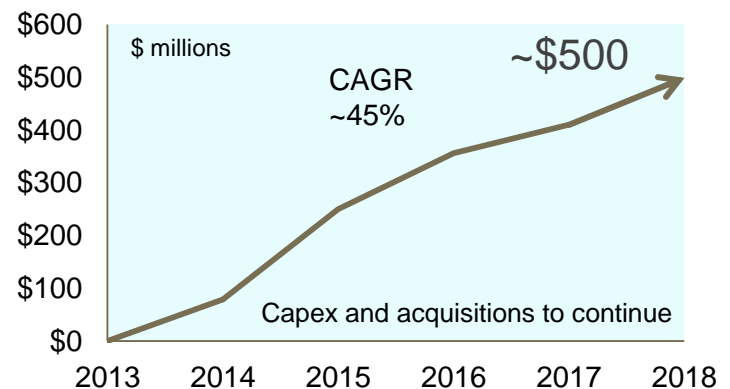
Employees



Operating MWs

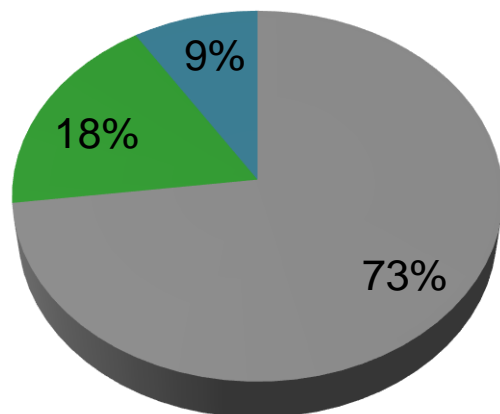


Accumulated Investment



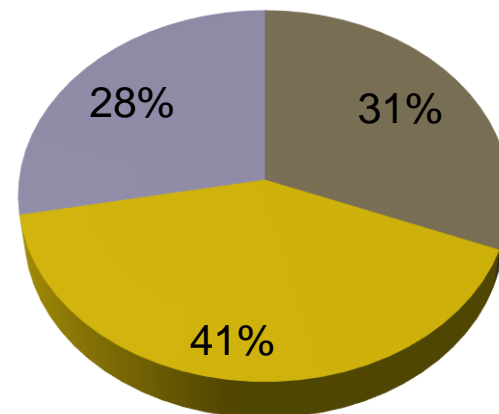
Facilities have diverse power markets and balanced contract expiration

Power Markets
(MW)



- Midwest Independent Transmission System Operator (MISO)
- Pennsylvania New Jersey Maryland (PJM)
- Western Electricity Coordinating Council

Contract Lives*
(Revenue)



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

**Includes Glen Ullin Energy Center PPA with Xcel Energy and South Peak with NorthWestern Energy which will be constructed in 2019.*

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	Late-2019
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
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

* Sites with on-going PTC qualifying refurbishment projects.

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>

ALLETE Earnings Per Share

Year ended December 2018

	2018	2017
Earnings Per Share	<u>\$3.38</u>	<u>\$3.38</u>
Impacts on Earnings Per Share		
TCJA Included in 2017 Earnings		
ALLETE Clean Energy		0.45
U.S. Water Services		0.18
Corporate and Other		(0.38)
		<u>0.25</u>
Non-cash write-off of Deferred Fuel Adjustment Clause Costs		
Regulated Operations		<u>(0.22)</u>
North Dakota ITC Ruling		
Corporate and Other		<u>0.16</u>
Sale of Wind Energy Facility		
ALLETE Clean Energy	<u>0.20</u>	

ALLETE Earnings *(millions, except per share amounts)*

Year ended December 2018

	<i>millions, except per share amounts</i>	
	2018	2017
Regulated Operations	\$131.0	\$128.4 ⁽¹⁾
ALLETE Clean Energy	33.7 ⁽⁴⁾	41.5 ⁽²⁾
U.S. Water Services	3.2	10.7 ⁽²⁾
Corporate and Other	6.2	(8.4) ^{(2) (3)}
Net Income Attributable to ALLETE	\$174.1	\$172.2
Diluted Earnings Per Share of Common Stock	\$3.38	\$3.38

See slide on previous page for earnings per share impacts related to:

- (1) 2017 included a non-cash charge for fuel adjustment clause costs write-off of \$11.4
- (2) 2017 included the TCJA impacts (ALLETE Clean Energy, \$23.6; U.S. Water Services, \$9.2; Corporate & Other, -\$19.8)
- (3) 2017 included the North Dakota ITC favorable regulatory outcome of \$7.9
- (4) 2018 included the sale of a wind energy facility of \$10.2