



Investor Presentation
December 2020

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.

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 November 9, 2020, and ALLETE, Inc. assumes no obligation to update the information or the forward-looking statements contained herein. The 2020 outlook contained herein was provided, and is as of, November 9, 2020.

For more information, contact:

Vince Meyer
Director, Investor Relations and Treasury
(218) 723-3952
vmeyer@allete.com

ALLETE is closely monitoring, proactively planning, and rapidly responding to the COVID-19 pandemic

Principles and priorities guiding our COVID-19 strategy, response and actions

Protecting the safety and health of our employees, families, customers, and communities

- Took action early-on
 - Suspended travel and group meetings
 - Working remotely whenever possible
 - Ensuring PPE supplies for our employees
 - Will continue to take action promptly as the situation evolves

Continuing to provide safe and reliable essential energy services

- Customers and communities rely on the services our businesses provide – now more than ever
- Closely engaged with industry peers to ensure best practices
- Aligned with local, state, and federal requirements in all of the states where we operate, with a focus on safety

Ensuring ALLETE's continued financial health and ability to execute our strategy over the longer term

- Clearly and regularly communicating with stakeholders the importance of the financial health of our company
- Doing all we can to ensure that ALLETE remains financially healthy while our customers are facing challenges

Frequently communicating with employees, customers and all stakeholders

- Close and regular engagement with employees, customers, regulators, and legislators regarding our efforts
- Engagement with stakeholders on creative solutions to address challenges

Reprioritizing all that we do to ensure we accomplish all of the above

- Reprioritizing work and efforts to ensure that everyone stays safe and keeps focused on these objectives – and serving our customers with excellence

Sustainability is an ALLETE value

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**.

The challenges of climate change are real, complex, interrelated, and urgent

- **ALLETE Strategy:** Innovative energy solutions to grow our company while creating a sustainable tomorrow
- **Minnesota Power/SWL&P:** EnergyForward = 50% Renewables and over 50% CO² reduction by 2021
- **ALLETE Clean Energy:** ALLETE = 2nd largest investor in renewables as a percentage of market cap

Bridging the opportunity gap to help people and communities thrive

- \$1 million in annual giving
- Yellow Ribbon Company – recognized for strong support of military-connected employees & families

Values-based culture and best-practice governance

- Demonstrated commitment to diversity and best practice by Board of Directors and leadership
- Strategy provides enduring value for all of our stakeholders

Find ESG information at ALLETE.com

ALLETE Profile

- <https://www.allete.com/Content/Documents/Profile/2019-ale-profile.pdf>

Sustainability (ESG)
at ALLETE

- <https://www.allete.com/Sustainability>

EEI ESG Sustainability Report

- <https://www.allete.com/Sustainability/SustainabilityReport>

Environmental Stewardship at
Minnesota Power

- <https://www.mnpower.com/Environment>

Serving Our Community

- <https://www.mnpower.com/Community>

ALLETE is an energy company providing sustainable solutions for future growth

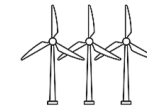
Societal expectations, regulation and environmental changing policy are requiring sustainable energy solutions

- Demands for cleaner and more sustainable energy forms are accelerating; over 29 states already have Renewable Portfolio Standards (RPS)



29+ States

- Expect over 44 GWs of near term wind power development



>44 GWs

- Many business sectors are increasing focus on being environmentally responsible; the utilities and C&I sector with strong customer demand for renewables



Customer Demand

- Electrification as an economy-wide approach to addressing climate change



Electrification

- Significant, growing need for investments in hardening and expanding transmission and distribution systems



T&D

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.



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
- Additional wind generation/solar/storage and supporting transmission & distribution



- Provider of electric, natural gas and water service in northwestern Wisconsin
- Smart metering advancing along with increased renewable service offerings
- Natural gas expansion opportunities
- Anticipates community solar garden in service late 2020



- 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 - will have in excess of 1300 MWs with completion of Caddo project
- Robust pipeline of PTC projects and acquisition targets under review



- 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

Clean energy trends are driving ALLETE's 5-7% growth objective

ALLETE is well positioned for success and sustainability

- Strategic geographic positioning; renewables, transmission and distribution
- Proven track record of large scale clean energy projects
- Investment in PTC qualified turbines for new wind projects
 - Recent Treasury guidance extends project construction safe harbor – 100% PTC to the end of 2021 and 80% PTC to the end of 2022
- Substantial liquidity to deploy with minimal equity issuance needed



Regulated growth 4-5%

Energy Infrastructure
minimum growth of at least 15%

ALLETE updated 5-year projection as of October 2020

While ALLETE's long-term growth objectives remain unchanged, our October 2020 5-year projection indicates achieving these objectives are expected to be challenging

ALLETE's October long-term consolidated average annual earnings per share growth rate, using 2019 as a base year, is ~4%

- Regulated Operations growth projection of approximately 3 percent
- ALLETE Clean Energy and Corporate and Other businesses growth projection of approximately 30 percent

COVID-19 pandemic and related disruptions

Minnesota Power customer idle and other customers at reduced demand levels

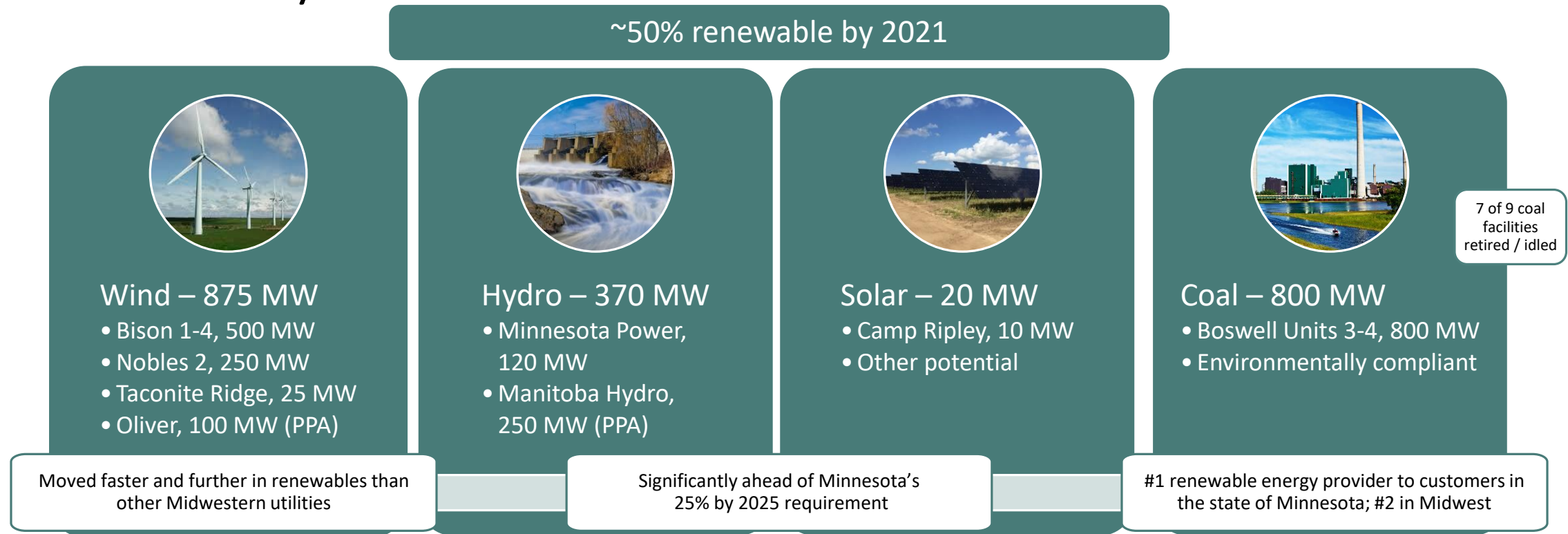
Wind energy competition and forward curve prices pressuring ALLETE Clean Energy returns

ALLETE stock price impacting project EPS accretion

We believe the renewable energy industry is entering a new phase of growth and we are confident that ALLETE's family of businesses will serve as a strong platform for future growth



Major progress evolving our generation mix, providing growth while ensuring reliability and affordability



Potential for higher and accelerated renewables, Governor of Minnesota favors proposals that could lead to 100% clean energy by 2050

Minnesota Power Integrated Resource Plan currently due February 1, 2021
Will address resource needs for next 15 years

EnergyForward projects fuel significant earnings growth and optionality

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 ~\$170M of which \$60 - \$70M will be an equity investment
- MPUC approved the project Dec. 20, 2018
- Anticipate completion in late 2020, full year earnings impact in 2021



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 Oct. 29, 2018; MN Court of Appeals remanded back to MPUC Dec. 2019; March 2020, MP filed petition with MN Supreme Court - heard case October 2020
- WI PSC approved Jan. 2020, subject to obtaining other necessary permits
- Anticipate completion in 2025

Transmission / Distribution



Great Northern Transmission Line

- Line energized connecting Manitoba-Minnesota Transmission Project to Great Northern Transmission Line June 1, 2020
- 220-mile 500-kV transmission line between Manitoba and Minnesota
- 250 MW long-term PPA with Manitoba Hydro
- \$307M Minnesota Power investment



DC Line

- Up to 350 MW upgrade
- Increasing renewable capacity and optionality potential
- Strategically positioned to transport additional renewable energy
- Up to ~\$425M investment
- Could provide link to new market opportunities



Distribution System Resiliency

- Integrated Distribution Plan (IDP) approved by MPUC February 2020
- More than \$150M increase in asset upgrades and grid resiliency through 2029
- Additional details regarding Distributed Energy Resources (DER) spending to be filed February 2021 with Integrated Resource Plan

Renewable Superhighways

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

Significant transmission & distribution investment opportunities – longer term

Key investment drivers

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

Platforms for additional investment growth

Confirmed projects

- GNTL – 200 mile line connecting to significant Canadian hydro generation completed January 2020
- DC transmission line expansion – increasing capacity from current 550 MW to 750 MW, potentially up to 900 MW
- Distribution grid hardening – 2019 Integrated Distribution Plan (IDP) approved by MPUC Feb. 27, 2020
- Additional ATC build-out – \$2.9 - \$3.5B 10-year forecast
- Minnesota Power plans to file updated Integrated Resource Plan (IRP)

Developing opportunities

- NERC / RTO requirements related to carbon/baseload transformations
- CapX 2050 Transmission Vision Report issued March 5, 2020
- ALLETE Clean Energy interconnections / delivery systems – strategic acquisitions
- Innovative customer services
- Distributed Energy Resources – expansion of regulated solar and launching storage platform pilots

ALLETE is committed to 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

Sustainable energy solutions

Multi-faceted earnings growth potential

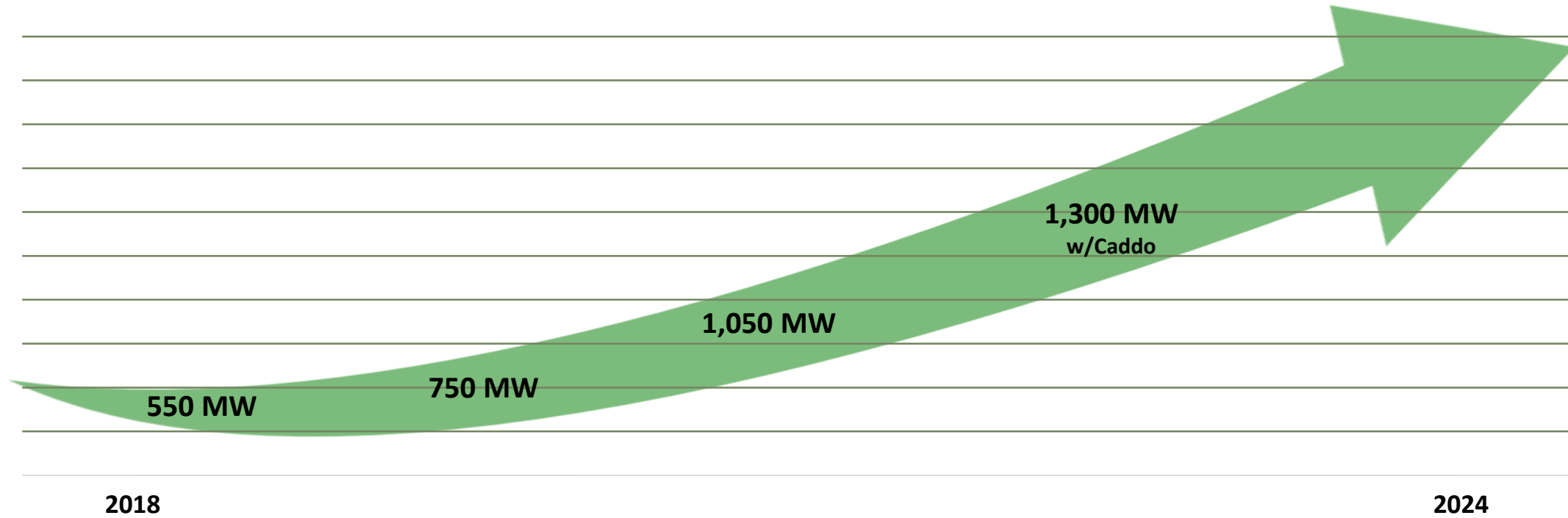
Regulated, contracted or recurring energy revenues

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

Attractive and growing dividend

* Defined as earnings growth plus dividend yield

Multi-year growth expected from ALLETE Clean Energy



- Glen Ullin contributing full year in 2020
- South Peak contributing three quarters year in 2020
- Refurbishment project contributing full potential in 2021
- Diamond Spring contributing full year earnings in 2021

- Caddo built by end of 2021
- Deployment of remaining 100%, 80% and 60% PTC turbines
- Additional renewable platform opportunities creates more upside (solar, storage solutions, fleet optimization, renewable services)

Base 5-year CapX plan of ~\$2.2B predominantly in support of clean energy initiatives



<i>Estimated amounts in millions</i>	Spent through 2019	2020	2021	2022	2023	2024	Total 2020-2024	Total project	Est. COD
Regulated Operations									
Great Northern Transmission Line	\$295	\$25	-	-	-	-	\$25	\$320	Rider
DC Line Modernization & Upgrade	-	-	5	45	60	80	190	305	Potential rider/AFUDC
Nemadji Trail Energy Center	5	10	65	70	165	25	335	340	2025
Base and Other	N/A	135	135	110	120	130	630	630	
Energy Infrastructure / Related Services									
ALLETE Clean Energy									
South Peak	105	20	-	-	-	-	20	125	Early 2020
Diamond Spring	160	290	-	-	-	-	290	450	Late 2020
Caddo	20	130	265	-	-	-	395	415	Late 2021
Base and Other	N/A	30	10	5	5	10	60	60	
Utility-like Projects									
Nobles 2 Investment	55	115	-	-	-	-	115	170	Late 2020
Corporate and Other									
	N/A	15	15	25	30	15	100	100	
(1) Total Known Projects	\$640	\$770	\$495	\$255	\$380	\$260	\$2,160	\$2,915	

(1) 2020 – 2024 reflects the capital expenditures per the 2019 Form 10-K, and also includes ALLETE's investment in the Nobles 2 project and the ALLETE Clean Energy Caddo and updated DC Line Modernization & Upgrade projects.

Potential opportunities not included in the table above support 5-7% growth objective

- Additional renewable platform opportunities creates more upside
- Acquisition of existing renewables
- Build, own, transfer for fee
- PTC projects



- Maintain 8% ownership;
- ATC's 2020 10-year capital investment forecast calls for \$2.9 - \$3.5B in system improvements and expansion



- Upside opportunities with DC transmission line optionality and available land rights
- Additional investment expected in distribution system hardening; >\$150M through 2029



- Adding to rate base to enhance services and customer experience
- Expanding natural gas footprint
- Building community solar garden and reviewing other clean energy opportunities



Base CapX financing plan has limited new equity issuance needs

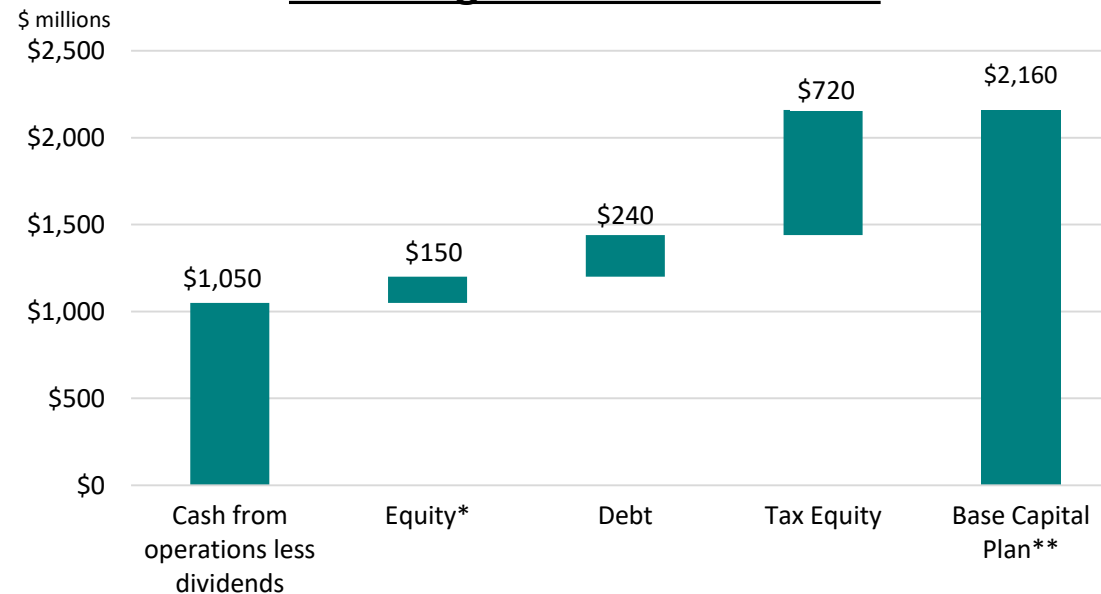
Strong cash flow from operations

Line of credit \$400M

Access to tax equity partners

Limited equity needs

Financing sources 2020 - 2024



Additional Financing Activities

+ Cash from new operations

+ Tax equity

+ Potential PIE (existing at-market program)

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

**Supports capital expenditure table on previous page

ALLETE liquidity and financing

Per September 30, 2020 Form 10-Q (\$ millions)		Available liquidity ~\$600
Cash on hand	\$79	
Revolving credit	\$400 / \$378 available credit facility with \$150 accordion	
<u>Recent Financing Activity</u>		
First mortgage bonds	\$140	
Tax equity commitments – Nobles	~\$120	
Tax equity proposals received – Diamond Spring	~\$230	
DRIP expected	\$20-25	
PIE capacity	~\$150	

ALLETE 2020 guidance reaffirmed

On August 5, 2020, we reinstated our 2020 earnings guidance to reflect demand nominations received August 1, 2020 for Minnesota Power's taconite mining customers and other considerations

CONSIDERATIONS

GUIDANCE RANGE (Non-GAAP)*	\$3.25 - \$3.45 (Excludes \$0.16 rate case settlement impact, net of tax)
<i>Regulated Operations</i>	<i>\$2.65 - \$2.75</i>
<i>ALLETE Clean Energy / Corporate & Other</i>	<i>\$0.60 - \$0.70</i>

Minnesota Power Large Power customers:

- Demand nominations received August 1 in effect through December 31, 2020
- Cliffs' Northshore Mining, U.S. Steel Minntac, and Hibbing Taconite – full nominations
- U.S. Steel's Keetac and Verso Paper remain idled; Keetac announced that they will restart in December

Other Regulated customers:

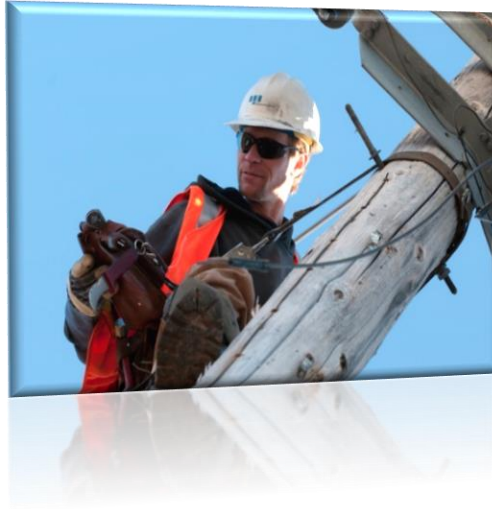
- Commercial, other industrial, municipals – anticipate sales to be down 5% for the remainder of 2020
- Commercial & Municipal ~400 MW
- Residential ~200 MW

ALLETE Clean Energy / Corporate and Other – no significant change

- South Peak wind facility in service slightly later than expected
- Additional project development expenses

*See ALLETE's press release dated November 9, 2020 for a reconciliation of 2020 annual GAAP earnings guidance range to 2020 annual adjusted earnings guidance range (Non-GAAP).

REGULATED UTILITY BUSINESSES



Substantial regulated business optionality – location matters!

Seek renewable opportunities to expand scale, and diversify

EnergyForward



Clean energy transformation –
DC line - a strategic asset with optionality

- Grid reliability investments
- Gas infrastructure investments
- Market expansion
- Bi-directional opportunity
- 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

Minnesota Power regulatory highlights



Minnesota Power's 2019 rate case was settled with the Minnesota Public Utilities Commission in second quarter 2020

- Reduced the interim rate percentage from 5.8% to 4.1%, effective May 1
- Removed current power marketing margin credit in base rates
- Reflects actual power marketing margins in the fuel adjustment clause, effective May 1
- Refunded approximately \$12M of interim rates collected through April, to customers
- Delayed any future rate proposal until at least March 1, 2021

Very Constructive outcome:

- Resulted in reasonable rate case outcome, during COVID-19 pandemic environment
- Outcome addressed risk mitigation efforts to move power market margins set in rates to FAC
- Demonstrates supportive regulatory compact in Minnesota

Constructive regulatory framework

- Forward test year
- Interim rates
- Current cost recovery riders
- Fuel adjustment clause
- Conservation Improvement Program (CIP)
- MPUC approved deferral accounting for incremental related COVID-19 costs and lost revenues

General rate case filing anticipated
November 2021

Deferred Accounting / Lost Revenue Tracker Petition
filed November 2020

Minnesota Public Utilities Commission (MPUC)

Name	Party	Began Serving	Term Ends
Katie Sieben (Chair)	D	Jan. 2017	Jan. 2023
Joe Sullivan	D	Apr. 6, 2020	Jan. 2026
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

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

- 12/31/2019 YE rate base \$84M
- ~\$14M in 2020, ~\$50M estimated spend 2020 through 2024

2020 rate filing impacted by COVID-19

- 2021 filing more likely, filing required by December 2022
- Current rates based on 55% equity and 10.4% allowed ROE

Natural gas footprint expansion potential

Community solar investment proposed



Superior Water, Light & Power will offer a new renewable energy option for customers through a community solar garden that is expected to be generating power by 2021

SUPERIOR WATER, LIGHT & POWER CUSTOMERS

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

ALLETE Clean Energy growth vision

A premier, growing, world-class clean energy company

Known for its high integrity, innovative and tailored customer solutions and ability to develop, operate, build and deliver multifaceted clean energy projects and clean energy solutions across North America

Grow portfolio

- Invest in clean energy projects supporting a transforming North American electric sector

New customers, more diversity

- New utility, food and beverage, retail customers
- Additional growth driven by sustainability-minded customers
- Expanding into new markets/RTOs/wind and solar regimes

Expanding products and services

- Strategic developer, constructor and operator of wind assets selling capacity, energy, renewable energy attributes
- Increasingly providing asset management and other value-added renewable industry services



Proven growth platform - size, creativity, and partnering are key strategic differentiators



Add-on initiatives
drive material growth

Premier locations

Diverse RTO Markets

Strong counterparty
credit

Disciplined return
objectives

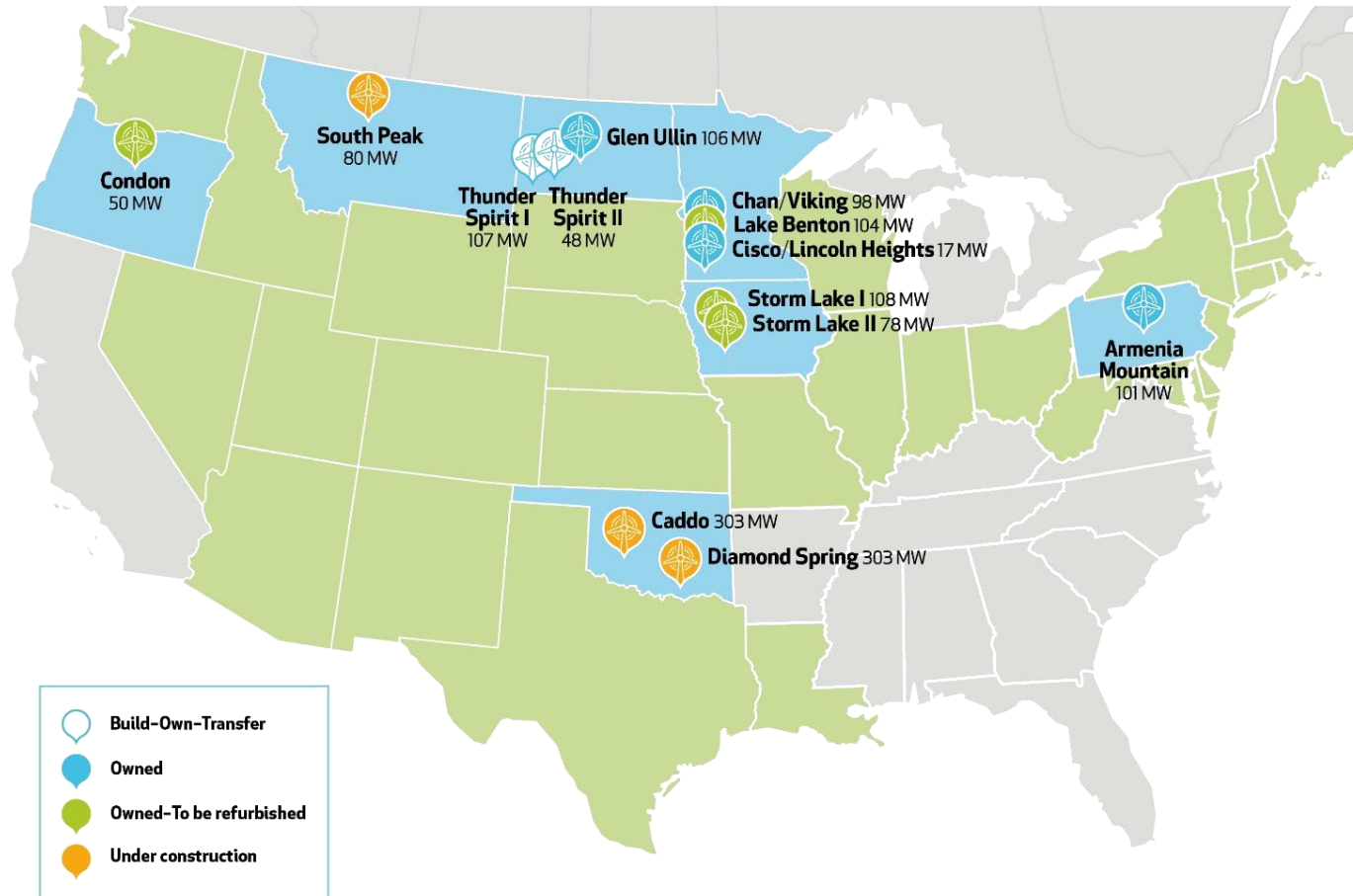
High quality asset
portfolio

PTC turbines / tax
optimization

Long duration PPAs

Positioned for new
and emerging
renewable
opportunities

ALLETE Clean Energy is strategically positioned as demands for clean energy accelerate



GROWTH OPPORTUNITIES

Near-term

- Diamond Spring 303 MW project
- Caddo 303 MW project
- Additional PTC qualified turbines

Long-term

- Operating facilities (post tax benefit) totaling over 23,000 MWs presents acquisition opportunities
- Build, own, transfer projects
- Expanding technologies - evaluating solar and energy storage plus renewable projects
- Industry demands expanding products and services

BNI Energy is a well established business

Recognized for best in class reclamation with
**PSC's Award for Excellence in Surface Coal
Mining and Reclamation**



Overview

- Lignite mining operations and other energy service solutions
- Long established presence in energy rich and business friendly North Dakota
- Advancing CO2 capture and storage solutions
- Contracted revenues, cost-plus contracts through 2037
- 2019 net income \$7.4M

BNI's location, reputation and track record in North Dakota provide an ideal platform to grow ALLETE in energy rich and policy friendly North Dakota



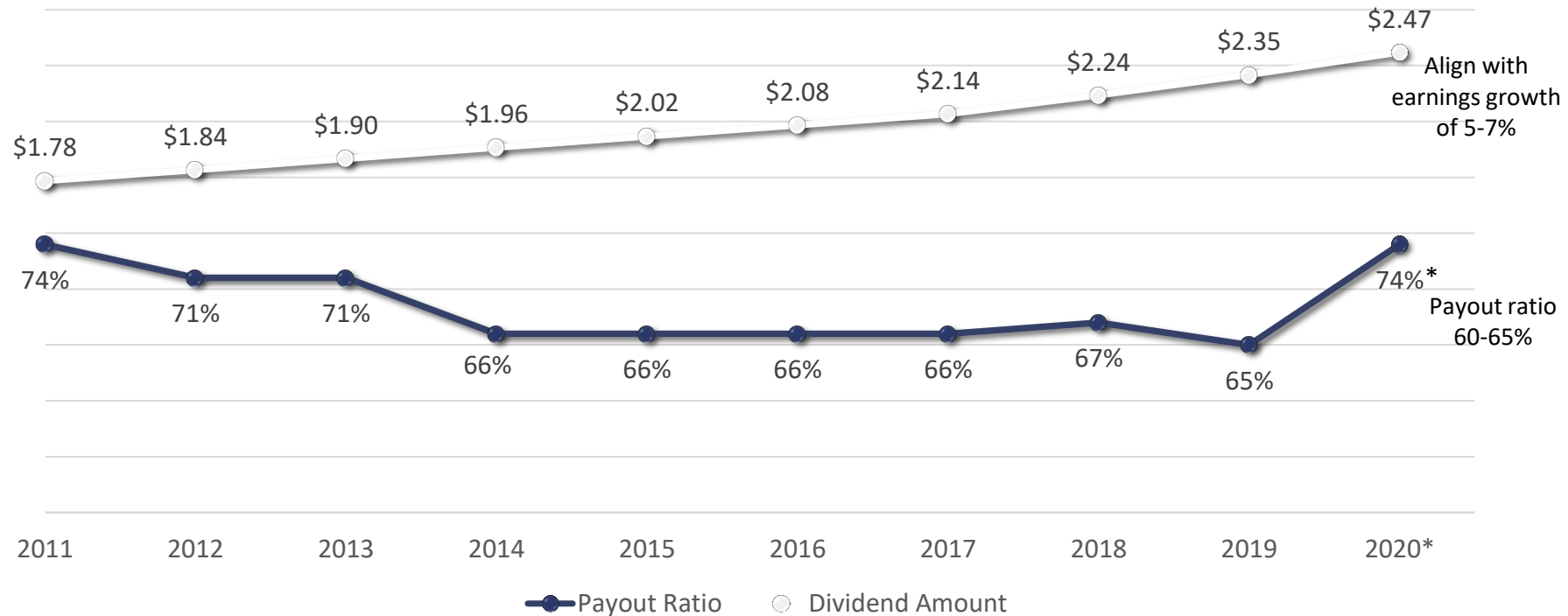
APPENDIX

December 2020

ALLETE anticipates long-term dividend growth

In January of 2020, the ALLETE Board of Directors increased the annualized common stock dividend by ~5%, from \$2.35 to \$2.47 per share.

ALLETE has paid common stock dividends consecutively since 1950.



*based on midpoint of updated 2020 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

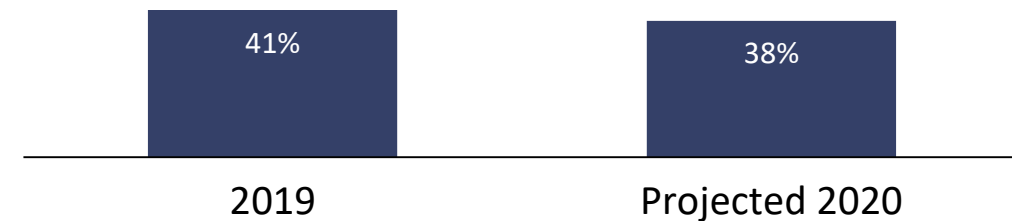
Credit Ratings

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

(a) Not rated by S&P Global Ratings

*On April 22, 2020, S&P downgraded the long-term ratings from ALLETE from BBB+ to BBB

Debt to Capital Ratio

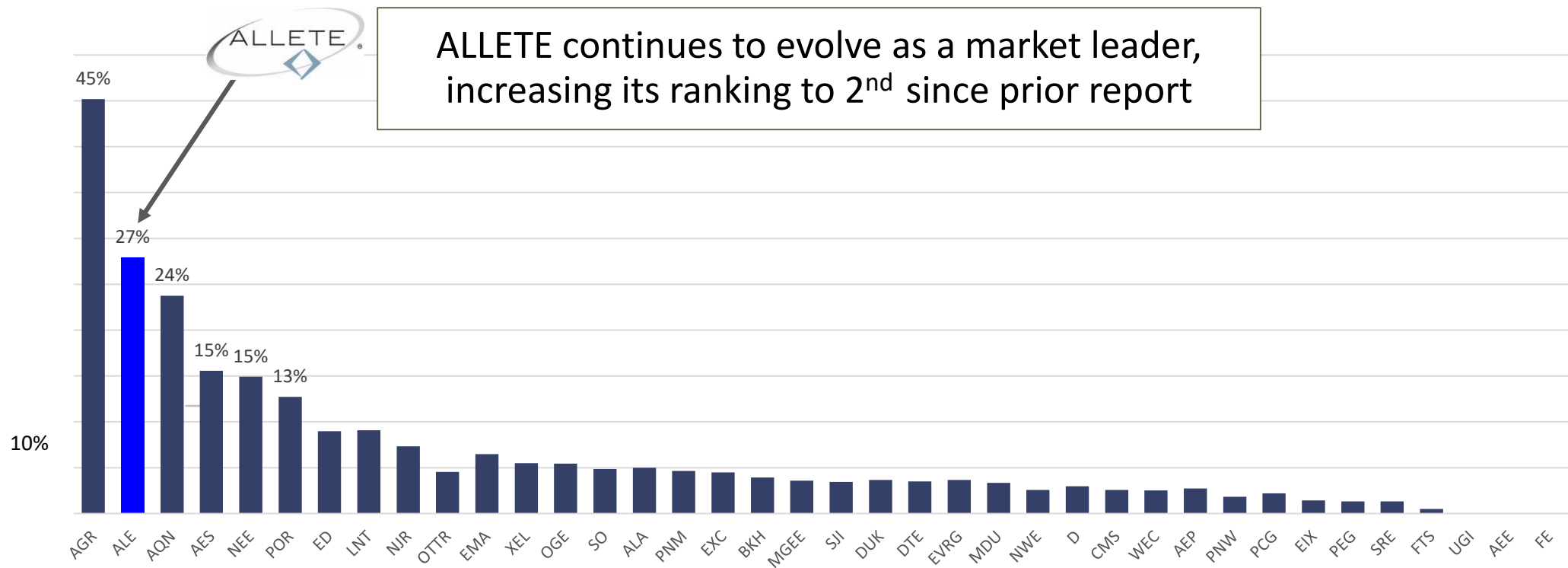


Regulated, contracted or recurring revenues are consistent with our risk profile and business investment thesis



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



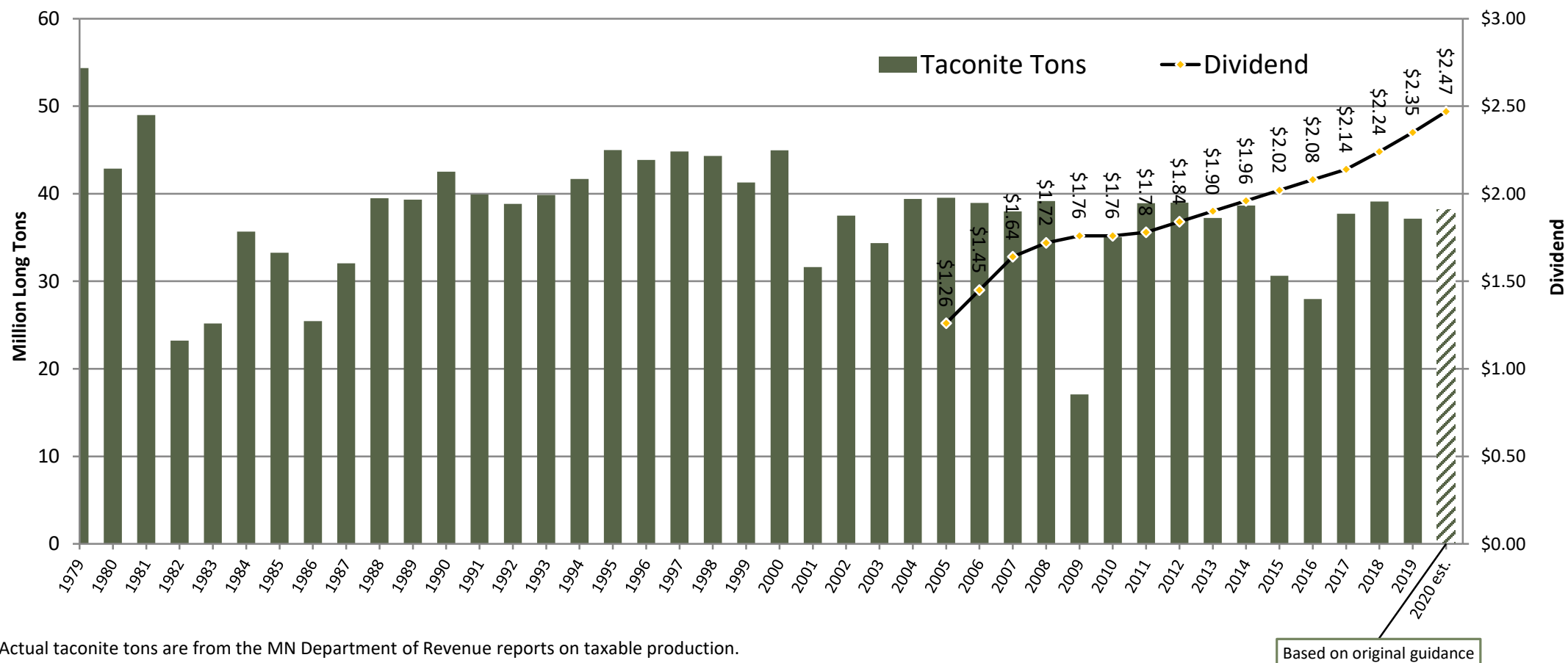
Source: Company public filings, SNL, Press Releases, Bloomberg market data as of 03-Feb-20

Note: Includes both regulated and unregulated wind and solar net generation capacity.

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



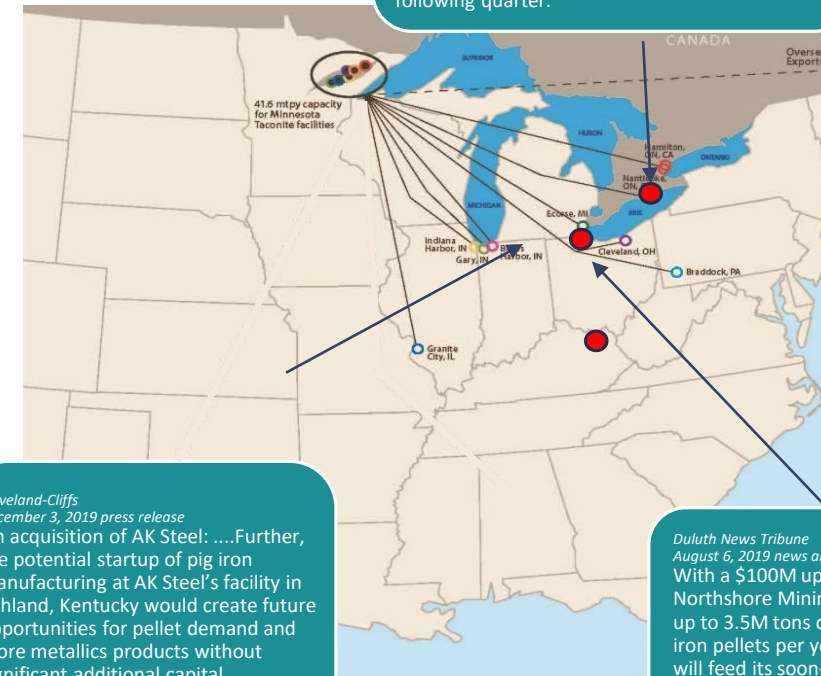
Dividend growth through business cycles



Domestic steel industry is highly dependent on Minnesota taconite

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

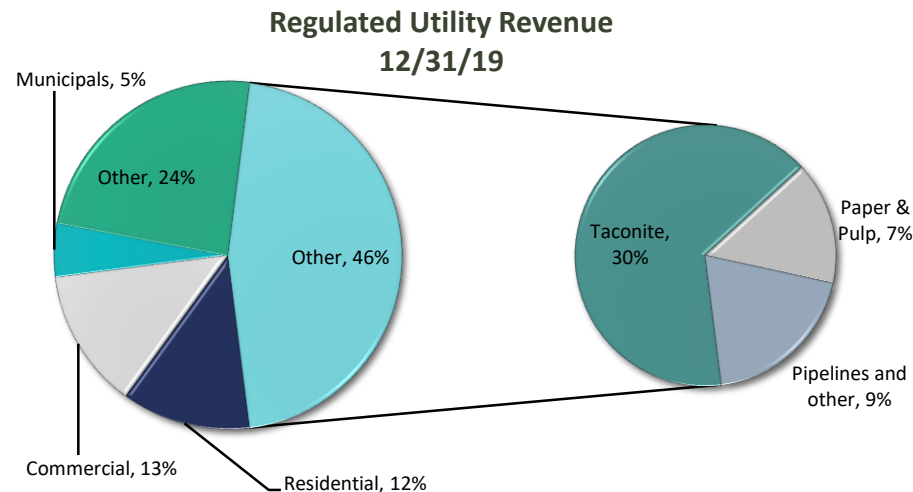
Stelco
November 13, 2019 press release:
...the installation of a new pig iron making facility to be constructed at our Lake Erie Works facility. We currently plan to complete the construction of the new facility to coincide with our blast furnace reline scheduled for Q2 of 2020, and to be in a position to commence pig iron shipments the following quarter.



Cleveland-Cliffs
December 3, 2019 press release
On acquisition of AK Steel:Further, the potential startup of pig iron manufacturing at AK Steel's facility in Ashland, Kentucky would create future opportunities for pellet demand and more metal products without significant additional capital expenditures.

Duluth News Tribune
August 6, 2019 news article:
With a \$100M upgrade, Cliff's Northshore Mining is set to process up to 3.5M tons of direct-reduced iron pellets per year, most of which will feed its soon-to-be completed HBI plant in Toledo, Ohio

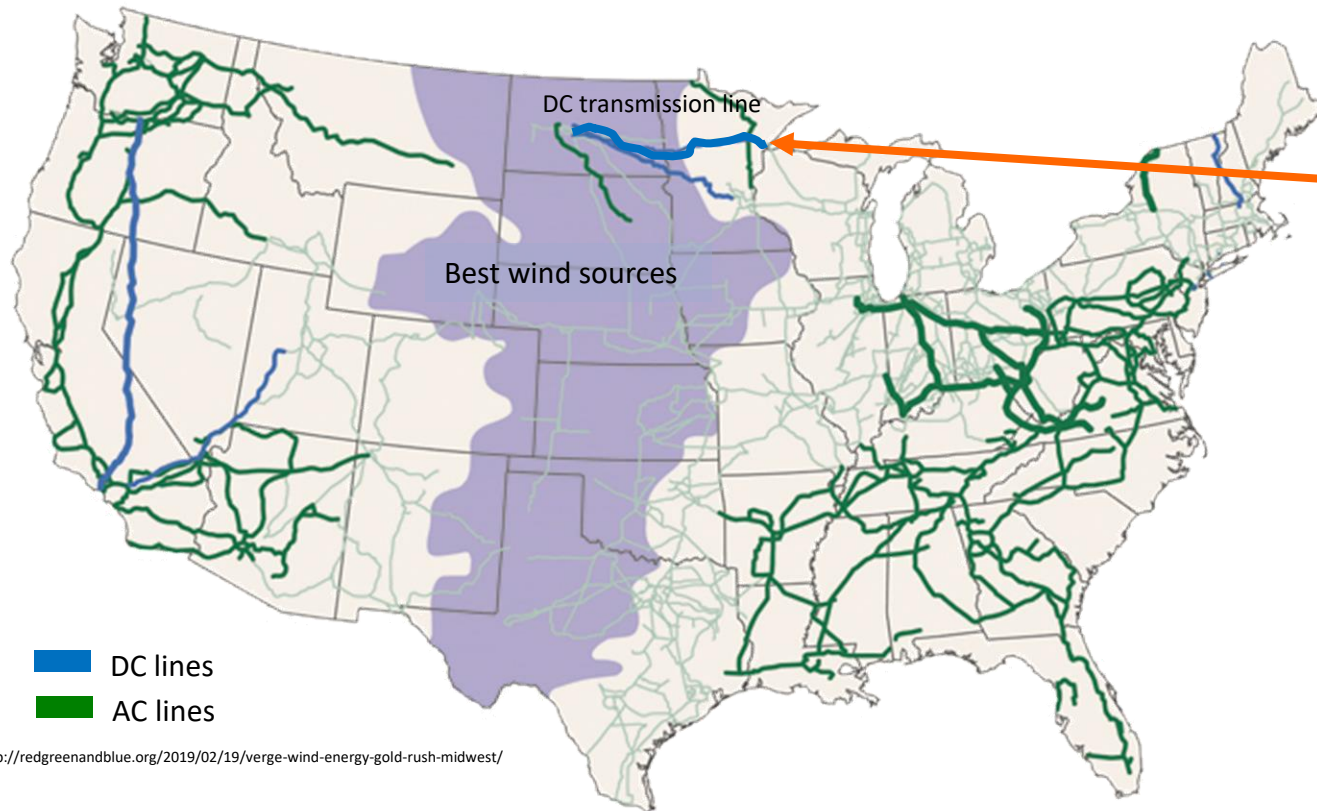
Traditional shipping destination points of Minnesota taconite.



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 52.336 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 ~\$425M 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

Record construction is resulting in material earnings growth in 2020-2022



Glen Ullin Energy Center

- 20-year, 106 MW PSA with Xcel Energy
- In service December 2019
- 100% PTC qualified
- Full year earnings impact in 2020



South Peak

- 15-year, 80 MW PSA with NorthWestern Energy
- In service Q1 2020
- Expands ALLETE Clean Energy portfolio across high quality northern wind corridor
- 100% PTC qualified
- ¾ year earnings impact in 2020



Refurbishments

- Storm Lake I & II
- Lake Benton
- Condon
- These projects on track for completion in 2020
- 100% PTC qualified
- ~\$17M in PTCs in 2020
- Full year impact in 2021



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
- Expands customer & geographic presence
- 100% PTC qualified
- Full year earnings impact in 2021



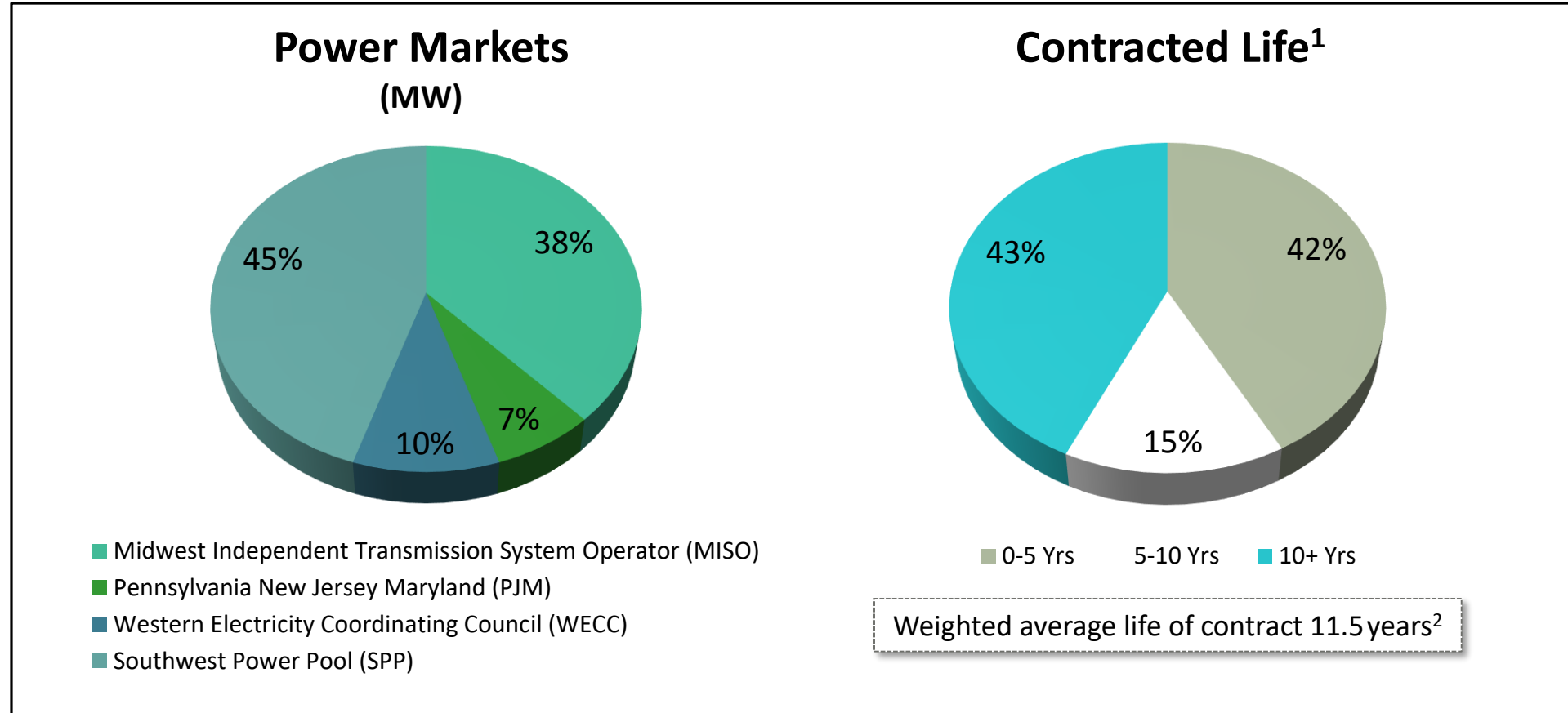
Caddo

- 303 MWs using 80% PTC turbines
- Expect long-term PSAs with Fortune 500 customers for entire output
- Expect to be completed in 2021

With the completion of the South Peak, Glen Ullin, Diamond Spring and Caddo, ALLETE Clean Energy will own and operate over 1,300 MWs of wind generation capacity in seven states while adding new long-term PSAs to its generation portfolio

Additional PTC opportunities and acquisitions of existing renewable projects are being pursued

Facilities have diverse power markets and balanced contract expiration



¹Includes Diamond Spring and Caddo which will be constructed in 2020 and 2021, respectively.

²Based on project book value / investment size

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+/Stable & A/Stable	Baa1/Stable & A2/Stable	2009	2024
Chanarambie/Viking Minnesota	GE	97.5	30-35%	MISO	Northern States Power	A-/Stable	A3/Stable	2003	2023
Condon Oregon	Mitsubishi	50	20-25%	BPA	Bonneville Power	AA-/Stable	Aa3/Negative	2002	2022
Lake Benton * Minnesota	Zond	104	25-30%	MISO	Northern States Power	A-/Stable	A3/Stable	1998	2028
Storm Lake 1 * Iowa	Zond	108	25-30%	MISO	MidAmerican Energy	AA/Stable	Aa2/Stable	1999	2027
Storm Lake 2 * Iowa	Zond	77	25-30%	MISO	Alliant Energy	A-/Stable	A3/Stable	1999	Mid-2022-90% 2032-10%
Glen Ullin EC North Dakota	GE	106	~45%	MISO	Northern States Power	A-/Stable	A3/Stable	2019	2039
South Peak Montana	GE	80	~40%	NWE	NorthWestern Corp	BBB/Stable	Baa2/Stable	2020	2035
Diamond Spring Oklahoma	GE	303	~45%	SPP	Walmart Starbucks Smithfield	AA BBB+ BBB	Aa2 Baa1 Baa2	Build: 2020	2035-175 MW 2035-50 MW 2032-75 MW
Caddo Wind Oklahoma	TBD	303	~45%	SPP	Fortune 500 Companies	Investment Grade	Investment Grade	Build: 2021	2033-200 MW 2033-80 MW 2033-20 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

As part of wind energy facility acquisitions, ALLETE Clean Energy assumed various PSAs that were above or below estimated market prices at the time of acquisition; the resulting differences between contract prices and estimated market prices are amortized to revenue over the remaining PSA term. Non-cash amortization is expected to be approximately \$11.5 million annually in 2020 through 2023, \$5.5 million annually in 2024 through 2027, and decreasing thereafter through 2032.

* Sites with on-going PTC qualifying refurbishment projects.

ALLETE Clean Energy with investment in PTC qualified turbines

- ✓ Ample capacity to deploy turbines for 500-600 MW of additional projects – build-own-transfer, build-operate, joint partnerships
- ✓ 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
100% qualified
PTC 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

Proxy for 80%
qualified PTC
project earnings

- Tax equity partner's investment 50-60%
- Generate ~\$4M average annual earnings



Initial Investment Date By:	COD Deadline	Wind PTC
2016	12/31/2021	100%
2017	12/31/2022	80%
2018	12/31/2022	60%
2020	12/31/2024	60%

Recent Treasury guidance extends project construction safe harbor – 100% PTC out to the end of 2021, 80% PTC out to the end of 2022

Addressing customer and industry needs

- ✓ Expanding new carbon-free energy sources
- ✓ Repowering assets to extend operating lives
- ✓ Solving wind technician talent demands
- ✓ Driving O&M efficiency – service solutions
- ✓ Evaluating new technologies – solar, storage
- ✓ Exploring wind blade recycling/reuse
- ✓ Innovative partnerships to create value, manage risk

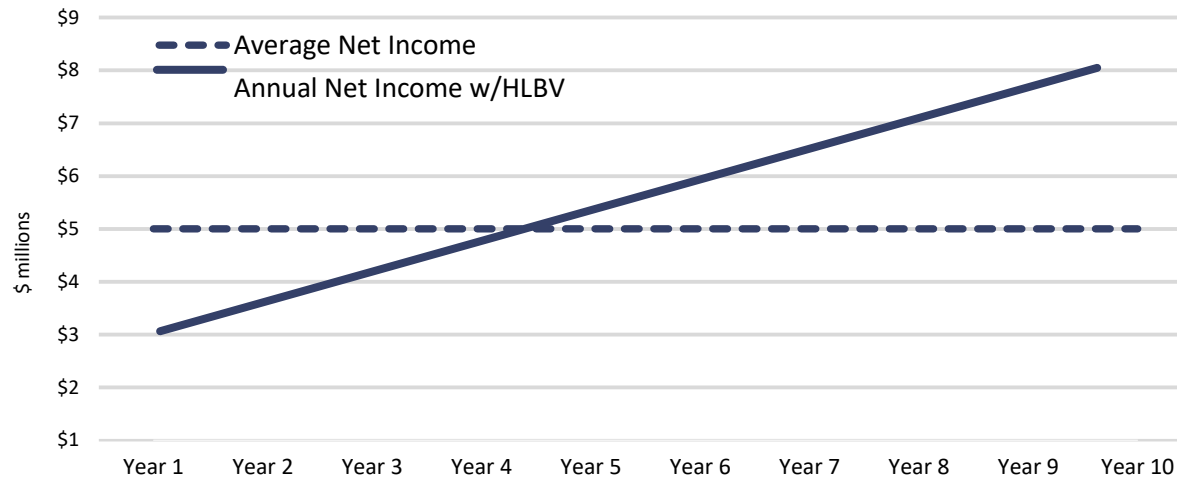


ALLETE Clean Energy is partnering with institutes in Minnesota and North Dakota to explore options that will keep blades out of a landfill.

<https://www.kfyrvtv.com/content/news/Researchers-are-developing-a-study-on-how-to-recycle-wind-turbines-in-North-Dakota-565299481.html>

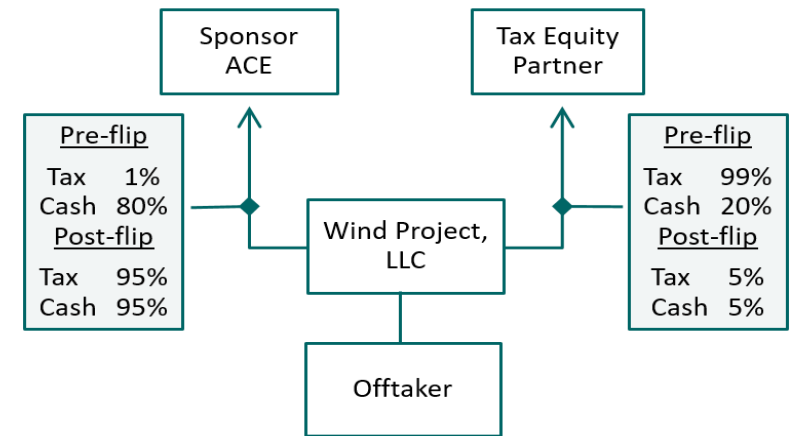
Tax equity arrangement - illustration

ACE After-Tax Profile: 100% PTC, 100 MW Project



- Gradual slope upward as tax equity investor progresses toward achieving its yield
- Allocations of pre-tax gain are larger to tax equity in earlier periods and decrease as yield is achieved

Tax Equity Structure



Pre-Flip Period - 9.5-10 Years
Investor Pre-Flip Yield – 5.75-6.5%
Partners tax, cash, & PTC allocation percentages will change over the course of the deal

HLBV method of accounting for allocation of GAAP earnings

Individual project structures and tax equity arrangement terms are unique, provided they comply with IRS regulations.

Allocations of income and loss and cash distributions are dependent on deal terms and structure agreed upon with tax equity investor including liquidation provisions. As with any wind facility, revenue and PTCs are dependent on wind resources.

Non-cash benefits (PTC and MACRS depreciation) allocated to the tax equity investor will be accretive to ACE over the yield term.

The tax equity partner is in a preferred position until its yield is achieved and there may be cash sweep mechanisms in certain periods to achieve or maintain the tax equity partner's yield.

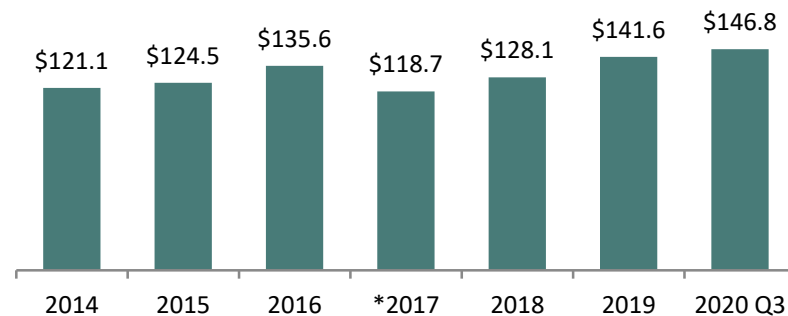
ALLETE's investment in ATC continues to grow



- 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 recently approved 10.52% ROE (includes 50 bps adder)
- ATC's 2020 10-year capital investment forecast calls for \$2.9-\$3.5B in system improvements



Equity Investment Balance



Equity Earnings (pre-tax)



.... and is a meaningful contributor to earnings



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

ALLETE Earnings *(millions)*

Quarter and nine months ended September 30, 2020

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Regulated Operations	\$42.4	\$32.4	\$111.0	\$114.2
ALLETE Clean Energy	1.1	(1.2)	16.8	6.5
U.S. Water Services	--	--	--	(1.1)
Corporate and Other	(2.8)	--	(0.7)	16.3
Net Income Attributable to ALLETE	\$40.7	\$31.2	\$127.1	\$135.9
Diluted Earnings Per Share of Common Stock	\$0.78	\$0.60	\$2.45	\$2.63

See slide 42 for earnings per share impacts related to:

- 1) 2020 third quarter included timing impacts related to fuel adjustment clause recoveries and income tax expense of \$5.2 million.
- 2) 2020 year-to-date included a reserve for interim rates of \$8.3 million after-tax.
- 3) 2019 year-to-date included the after-tax gain on sale of U.S. Water Services of \$11.1 million after-tax.



ALLETE Earnings Per Share

Quarter and nine months ended September 30, 2020

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Earnings Per Share - GAAP	<u>\$0.78</u>	<u>\$0.60</u>	<u>\$2.45</u>	<u>\$2.63</u>
Impacts on Earnings Per Share				
Timing of Fuel Adjustment Clause and Income Tax Expense				
Regulated Operations:				
Income Tax Expense	0.11			
Fuel Adjustment Clause	0.04			
Corporate and Other – Income Tax Expense	<u>(0.05)</u>			
Rate Case Resolution				
Regulated Operations			<u>(0.16)</u>	
U.S. Water Services Gain and Results				
U.S. Water Services – Results of Operations				<u>(0.02)</u>
Corporate and Other – Gain on Sale				<u>0.22</u>

ESG is an ALLETE priority

Customers and the public

- Customer/client satisfaction
- Community relations
- Fair disclosure and labeling
- Fair marketing and advertising
- Data security and customer privacy

Environmental

- Energy and fuel management
- Waste and hazardous materials management
- Greenhouse gas emissions

Products and services

- The long-term impact
- Product quality and safety
- Supply chain management
- Material and services sourcing

Corporate governance

- Codes of conduct, ethics and anti-corruption
- Leadership and board policies
- Stakeholder engagement
- Political influence and transparency

Human resources

- Employee health, safety and well-being
- Labor relations
- Compensation and benefits
- Fair labor practices
- Recruitment, development and retention
- Diversity and inclusion

Online account access, energy assistance programs, home energy analysis, rebates & incentives

United Way, community volunteerism, scholarship program, Foundation grants, Day of Caring

Attention to fair disclosure to all stakeholders through website, presentations, SEC filings

EI reward for storm response

Cyber security and compliance, cyber awareness training

Closed 7 of 9 coal-fired units

Significant investments in regulated renewable sources of generation

Great Northern Transmission Line now energized and delivering Canadian hydro generation to U.S.

ALLETE Clean Energy – clean, renewable energy solutions

System reliability

Businesses operate with focus on public and employee safety

Competitive bidding process

Mandatory training on proper handling and use of hazardous materials

Ethics hotline

Diverse board of directors

Independent and transparent involvement

Disclosure and Policy Committees in place

Focus on employee safety

Required and optional safety training, wellness center and loans

Shared values

Fair and transparent hiring practices

Market based compensation and benefits