

A photograph of a wind farm with several white three-bladed wind turbines in a green field. A vibrant rainbow is visible in the sky, arching between the turbines. The background consists of a dense line of green trees under a blue sky with light clouds.

Investor Presentation

March 12, 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.

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This presentation was prepared as of March 12, 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, February 13, 2020.

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President, ALLETE
Clean Energy

ALLETE is an energy company providing sustainable solutions for future growth



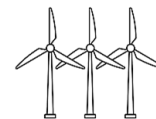
www.allete.com/Sustainability

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)
- Expect over 44 GWs of near term wind power development
- Many business sectors are increasing focus on being environmentally responsible; the C&I sector with the highest customer demand for renewables
- Significant, growing need for investments in hardening and expanding transmission and distribution systems



29 States



>44 GWs



Customer Demand



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.

Clean energy trends are driving ALLETE's high confidence 5-7% growth outlook

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
- Substantial liquidity to deploy with minimal equity issuance needed



Regulated growth 4-5%

2021 ~50% renewable goal
& T&D investment

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

ALLETE Clean Energy 30% - 40%
earnings growth over next two years

ALLETE is executing on its multi-faceted strategy; record construction activity in 2019 and 2020



2019 Highlights

- ✓ Achieved earnings growth and guidance objectives
- ✓ Achieved dividend increase objective
- ✓ Clarity on credit headroom
- ✓ First tax equity financing completed
- ✓ Exited U.S. Water and redeployed capital
- ✓ Great Northern Transmission Line completed
- ✓ Minnesota Power retail rate case filing
- ✓ Business rescaled for success
- ✓ Refurbishment of operating wind facilities
- ✓ Glen Ullin wind project completed
- ✓ South Peak wind project nearly completed
- ✓ Diamond Spring wind project announced



2020 Initiatives

- Earnings growth 6%
- Dividend increase 5%
- Successful completion of Minnesota Power retail rate case
- Energize Great Northern Transmission Line
- NTEC approvals / advancement
- SWL&P retail rate case filing
- Nobles 2 completion
- Complete refurbishment projects
- Diamond Spring completion
- Caddo wind project announced – 303 MWs
- Total goal of 500 MWs new wind projects in 2020
- Additional tax equity financing

Over \$.5B in new construction activity in 2019 and 2020 sets the stage for incremental earnings in coming years!

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



~50% renewable by 2021 – 10x more than in 2005



Wind
875 MW

Moved faster and further in
renewables than other
Midwestern utilities



Hydro
370 MW

Minnesota Power significantly
ahead of Minnesota's 25% by
2025 requirement



Solar
20 MW



Coal
800 MW

7 of 9 coal
facilities
retired / idled

Minnesota Power is #1
renewable energy provider to
customers in the state of
Minnesota; #2 in Midwest

Potential for additional and accelerated renewables

Governor of Minnesota favors proposals that could lead to 100% clean energy by 2050

Will be addressed in the current Minnesota legislative session ending May 2020

Minnesota Power Integrated Resource Plan to be filed October 2020 – will address resource needs for next 15 years



EnergyForward projects fuel significant investment, earnings growth and optionality

Generation

Transmission / Distribution



Nobles 2

- 250 MW wind energy facility
- ALLETE's portion of project ~\$170M of which \$60 - \$70M will be an equity investment
- Anticipate completion in late 2020, full year earnings impact in 2021



Nemadji Trail Energy Center

- 525 MW to 625 MW combined-cycle natural gas-fired generating facility
- ~\$335M investment by subsidiary of ALLETE
- Anticipate completion in 2025



Great Northern Transmission Line

- 220-mile 500-kV transmission line between Manitoba and Minnesota
- ~\$320M Minnesota Power investment
- Minnesota Power portion of line completed Jan. 2020



DC Line

- Up to 350 MW upgrade
- Increasing renewable capacity and optionality potential
- Up to ~\$425M investment



Distribution System Hardening

- Integrated Distribution Plan (IDP) approved by MPUC Feb. 27, 2020
- More than \$150M increase in asset upgrades and grid resiliency through 2029
- Additional details regarding Distributed Energy Resources (DER) spending to be filed October 2020 with Integrated Resource Plan

Renewable Superhighways

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

Significant transmission & distribution investment opportunities – longer term

Key investment drivers

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

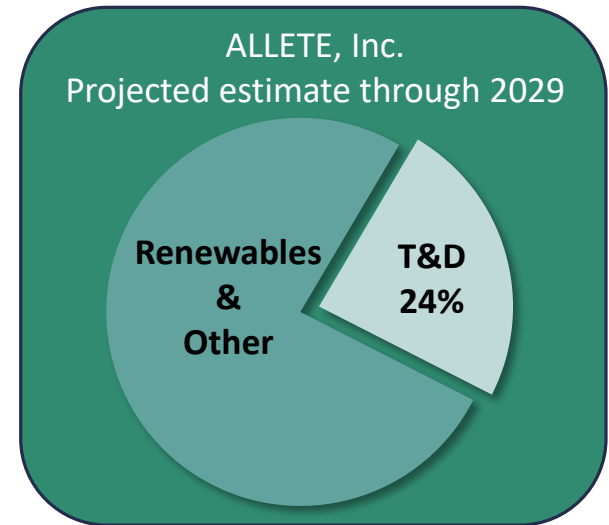
Platforms for additional investment growth

In progress

- GNTL – 200 mile line connecting to significant Canadian hydro generation to be fully completed 2020
- DC transmission line expansion – increasing capacity from current 550 MW to 750 MW, increased to 900 MW
- Distribution grid hardening – 2019 Integrated Distribution Plan (IDP) filed November 1, 2019; approved by MPUC Feb. 27, 2020
- Additional ATC build-out – \$2.9 - \$3.6B plan through 2027
- Will file updated Integrated Resource Plan (IRP) October 2020

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



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



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

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

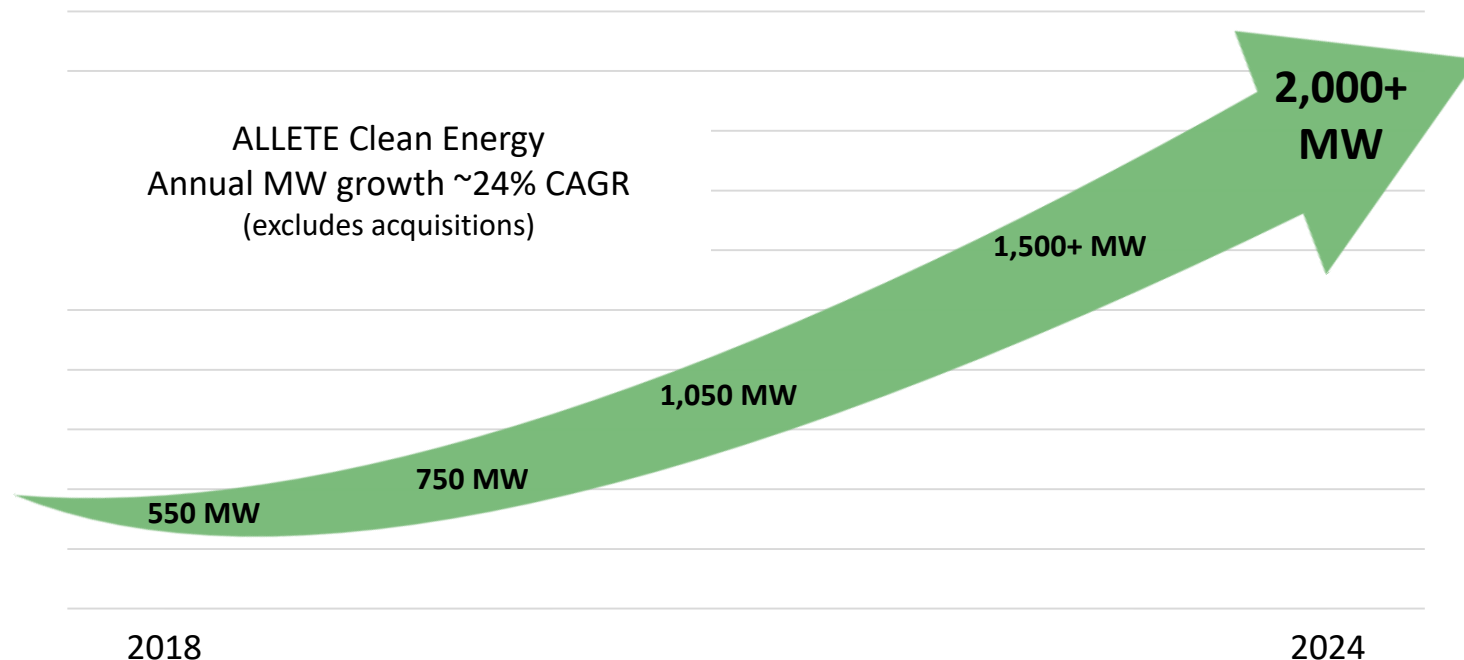
Attractive and
growing dividend

*Increased 5%
on Jan. 31, 2020*

* Defined as earnings growth plus dividend yield



Multi-year growth expected from ALLETE Clean Energy



2019-2021 (30% to 40% earnings growth)

- 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

2021-2024 (double digit earnings growth)

- 2020 goal of 500 MW new projects announced
- Deployment of 80% and 60% PTC turbines
- Acquisition opportunities of operating facilities creates more upside

Base 5-year CapX plan of ~\$2.4B 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	-	10	110	190	115	-	425	425	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	\$780	\$600	\$400	\$435	\$180	\$2,395	\$3,035	

(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 project

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

- 2-3 PTC projects per year, 100-200 MW, ~\$50-\$100M equity investment, \$5-\$10M earnings
- 500-600 MW = \$750M - \$900M CapX
- 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 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

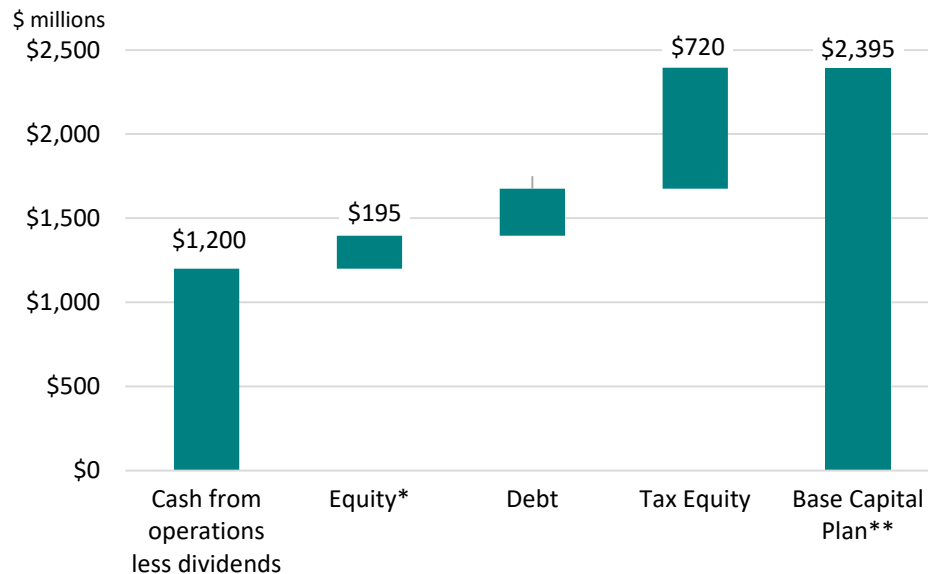
Strong cash flow
from operations

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 page 12

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 rates effective January 1, 2020; subject to refund, ~\$36M
- ROE 10.05%, 53.81% equity ratio
- Forward 2020 test year

Constructive Regulatory Framework

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

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

Contract expirations
(wholesale and municipal)

Transmission revenue and expense

Customer plant shutdown

Higher projected expenses

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

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 began
May-June 2020	• Testimony and evidentiary 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

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

Rate filing anticipated 2nd quarter 2020

- New rates anticipated January 1, 2021
- 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 late 2020

SUPERIOR WATER, LIGHT & POWER CUSTOMERS

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



Agile, responsive and flexible 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

With the South Peak and Diamond Spring wind sites coming online in 2020, operating portfolio will expand to over 1,000 MWs of installed capacity

ALLETE Clean Energy broke the 500 MW barrier for record energy production on January 8, 2020, just five years from producing first MW of carbon free generation

Our goal of securing 500 MWs in 2020 includes the 303 MW Caddo project and ~200 MWs yet to be announced, which will bring our operating portfolio to ~1,500 MWs by 2022



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

- Add 2-3 projects/year, supporting a transforming North American electric sector to be less carbon intense, sources from cleaner energy forms

New customers, more diversity

- New utility, food and beverage, retail customers
- Additional growth anticipated with sustainability-minded customers
- Expanding into new markets/RTOs

Expanding products and services

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



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

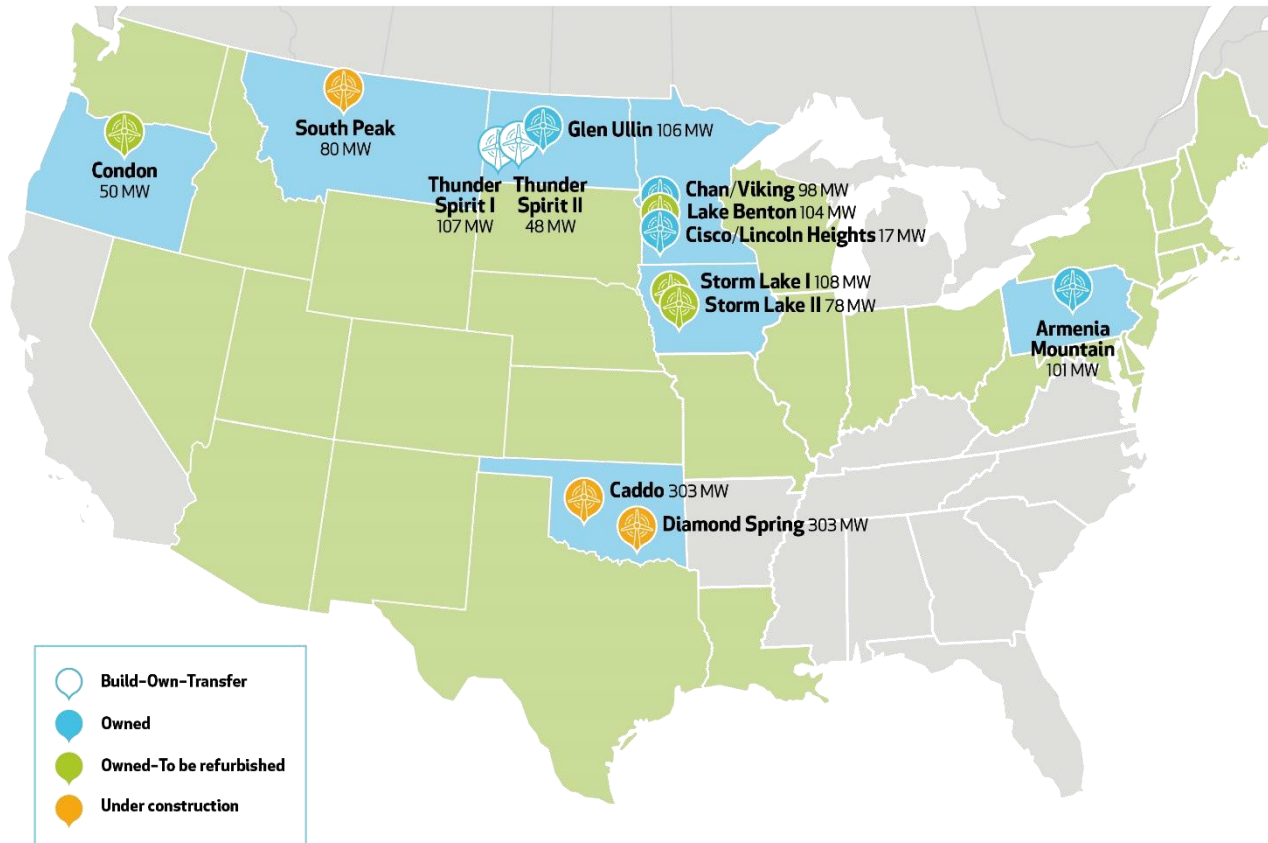
GROWTH OPPORTUNITIES

Near term

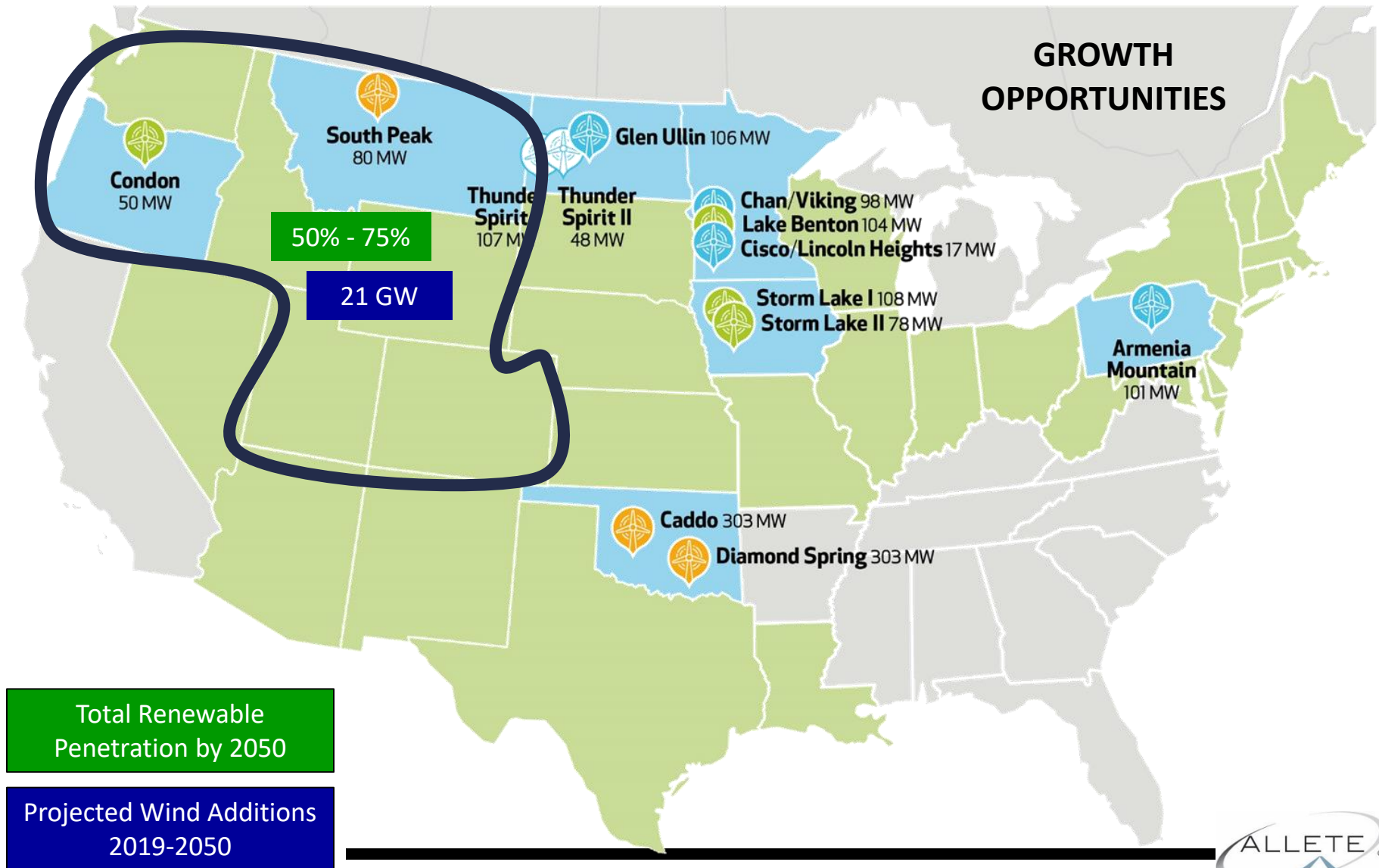
- Two 303 MW Oklahoma wind projects in development
- 2020 total goal to announce 500 MWs of 80% PTC turbine projects
- Considering additional investment in 60% PTC turbines

Long term

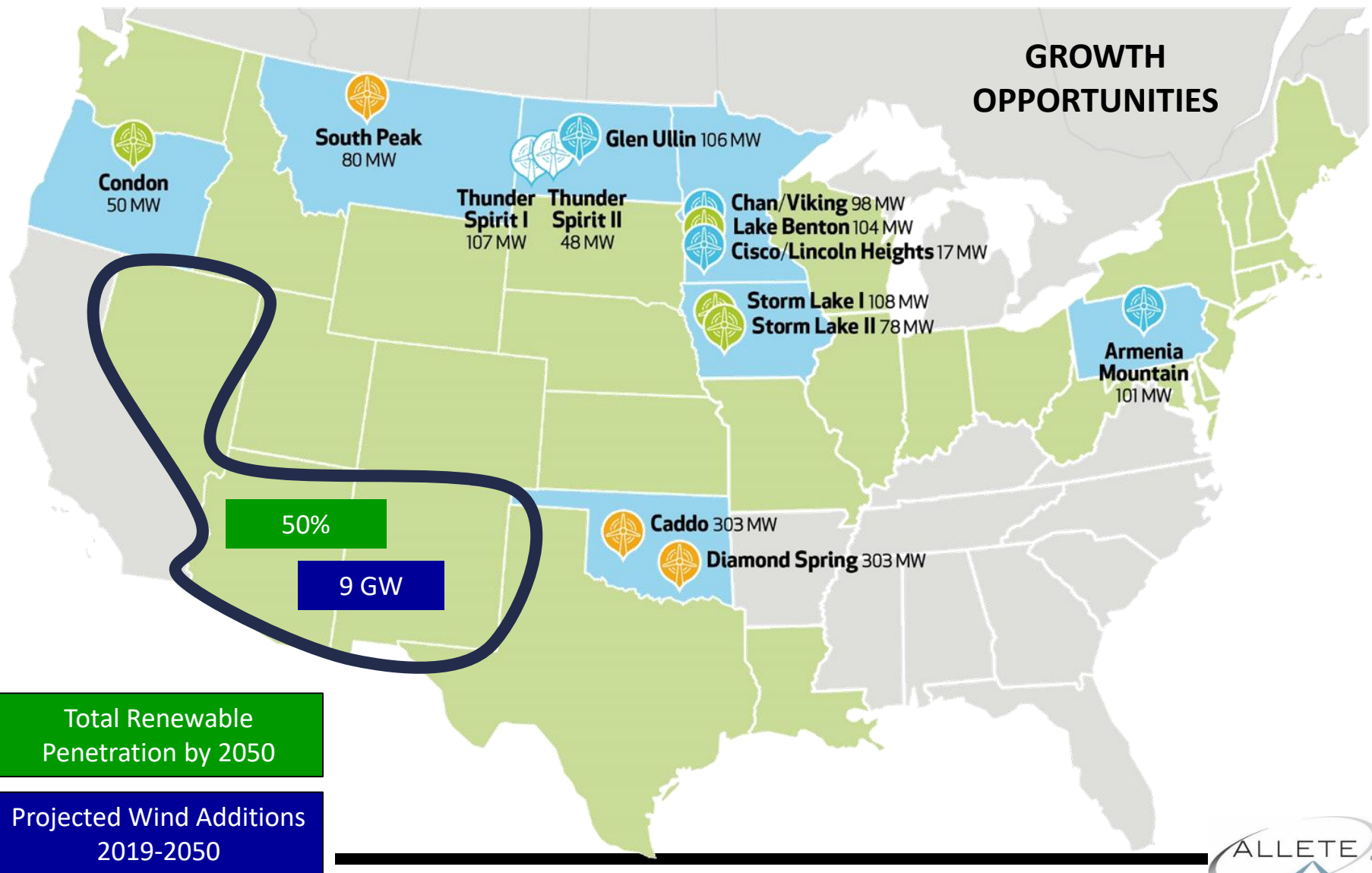
- Operating facilities (post tax benefit) totaling over 23,000 MWs presents acquisition opportunities
- Build, own, transfer projects
- Industry demands expanding products and services
- 2-3 projects per year



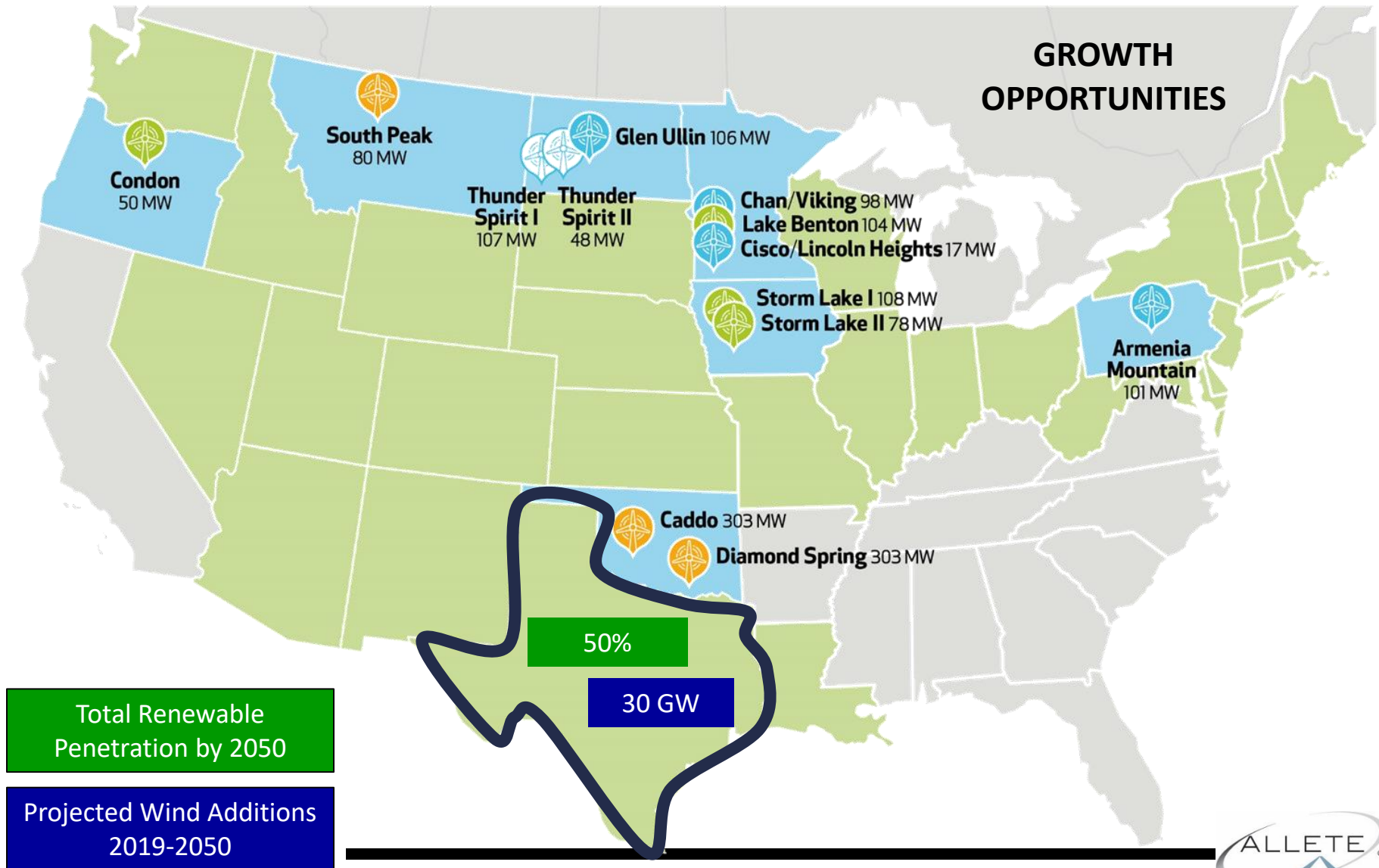
ALLETE Clean Energy is strategically positioned *Rocky Mountains and Pacific Northwest*



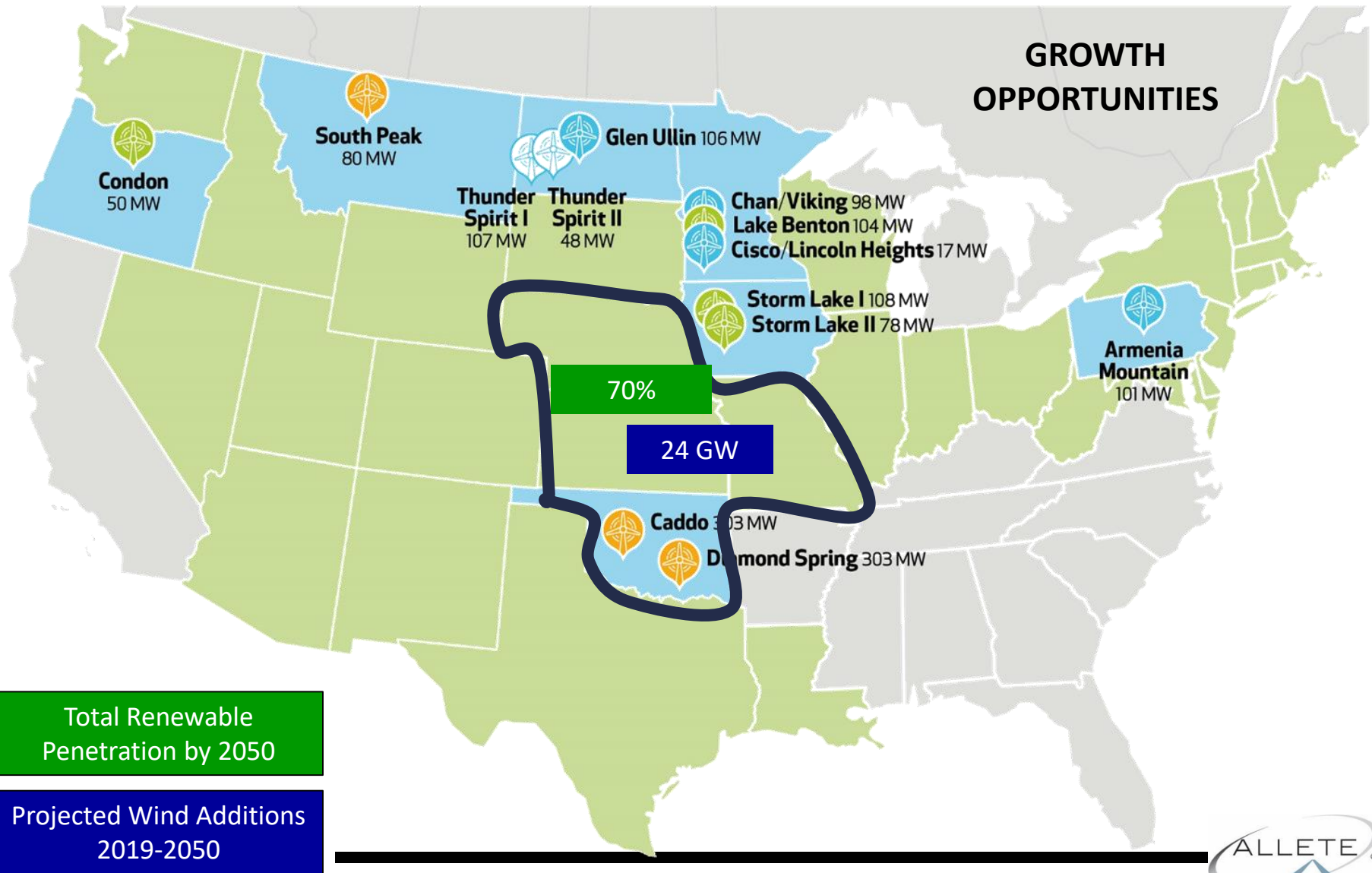
ALLETE Clean Energy is strategically positioned *Southwest*



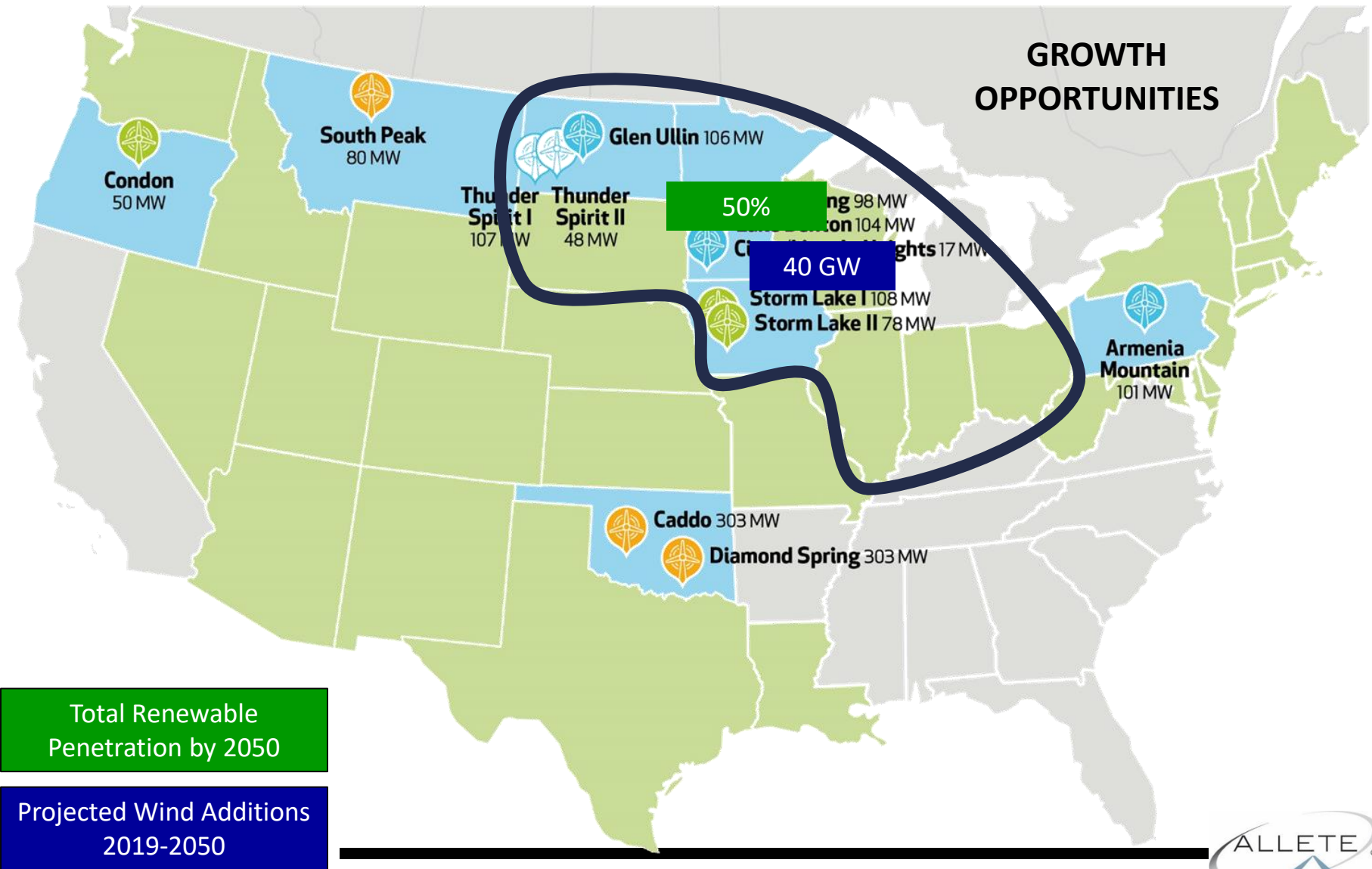
ALLETE Clean Energy is strategically positioned Texas



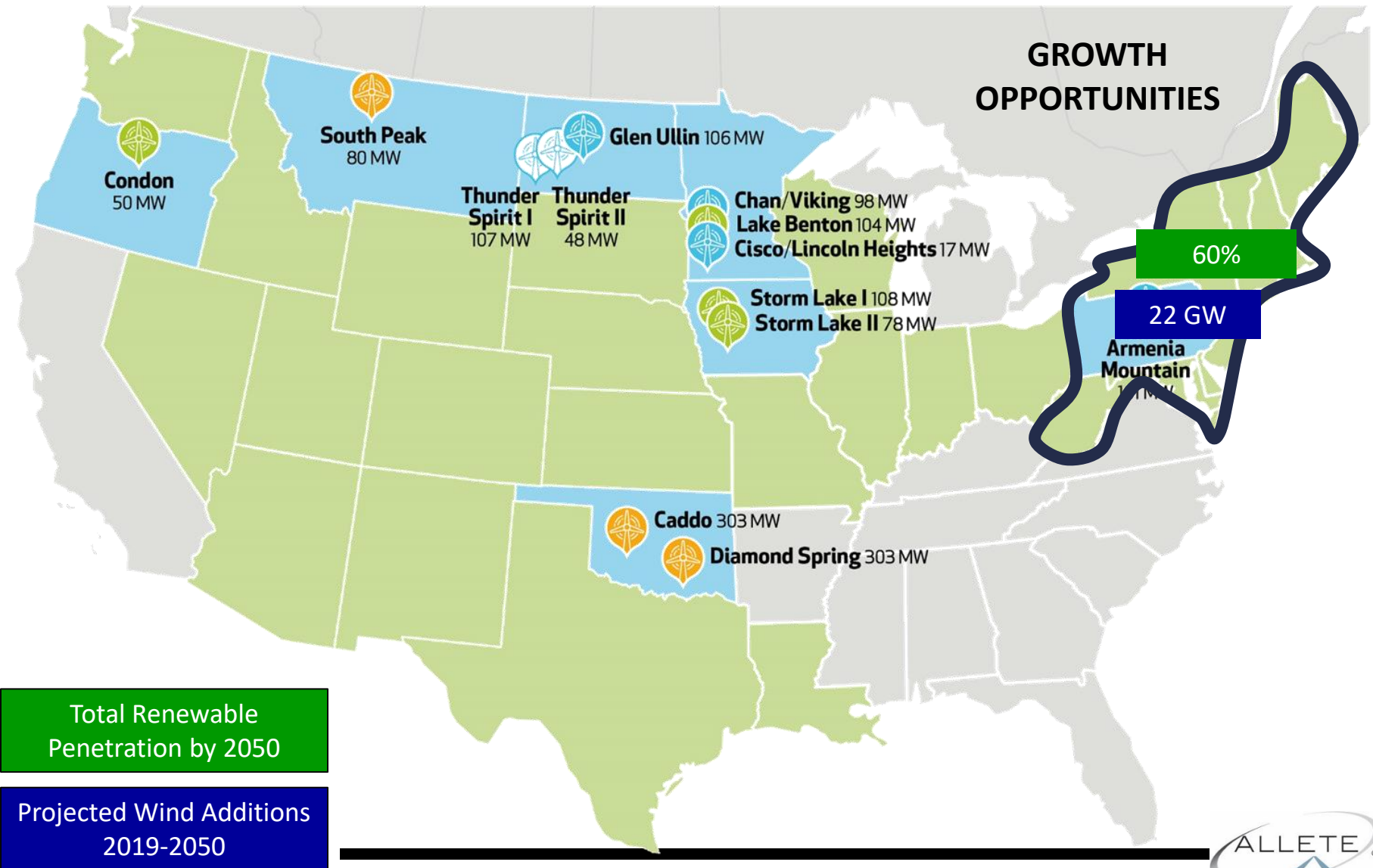
ALLETE Clean Energy is strategically positioned *Great Plains*



ALLETE Clean Energy is strategically positioned *Midwest*



ALLETE Clean Energy is strategically positioned *Northeast*



A company on the move...

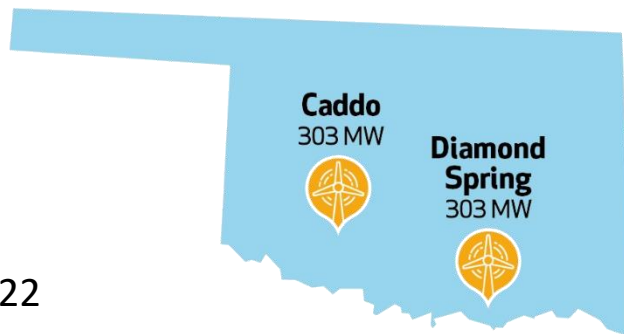
Caddo – a south-central Oklahoma wind project expands presence in C&I market

Strategy in Action

- ✓ Helps customers reach renewable sustainability goals
- ✓ Increases geographic and customer demographic presence
- ✓ Enhances portfolio, diversity and performance
- ✓ Brings economic development – tax base, jobs to Caddo County
- ✓ Leveraging strong reputation and brand in the industry

Project Details

- Second large project announcement in 12 months
- Partnering with Apex Clean Energy
- Total of 303 MW
 - Advanced discussion with C&I Fortune 500 customers for entire output
 - Long-term PSAs
- Expected COD late-2021
- 80% PTC qualified project
- Tax Equity partnership
- Full earnings impact in 2022



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

*Increased 5%
on Jan. 31, 2020*

ALE
LISTED
NYSE

