Forward looking statement

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

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

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

This presentation was prepared as of June 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, May 6, 2020.

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Visit our website at www.allete.com
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

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 1500 MWs of carbon-free generation by 2022
- 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 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
- 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%

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

~50% renewable by 2021

Wind – 875 MW
- Bison 1-4, 500 MW
- Nobles 2, 250 MW
- Taconite Ridge, 25 MW
- Oliver, 100 MW (PPA)

Hydro – 370 MW
- Minnesota Power, 120 MW
- Manitoba Hydro, 250 MW (PPA)

Solar – 20 MW
- Camp Ripley, 10 MW
- Other potential

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

Moved faster and further in renewables than other Midwestern utilities

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

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

7 of 9 coal facilities retired / idled

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 October 2020
Requested extension to April 2021 (COVID-19 implications) – 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

- 525 MW to 550 MW combined-cycle natural gas-fired generating facility
- Jointly owned with Dairyland Power Cooperative
- ~$335M investment by subsidiary of ALLETE
- MPUC approved project Oct. 29, 2018; MN Court of Appeals remanded back to MPUC Dec. 2019; March 2020, MP filed petition with MN Supreme Court, who has agreed to hear this case.
- 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
  - ~$325M Minnesota Power investment
  - 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

- 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

### Renewable Superhighways
- Ongoing investments in smart meters, NERC operations and reliability standards, and security and grid infrastructure

### 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
- Anticipate comment period and hearing on IDP will get underway spring 2020
- Additional details regarding Distributed Energy Resources (DER) spending to be filed April 2021 with Integrated Resource Plan
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, 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 2028
• 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

Anticipate T&D to be the 2nd fastest growing segment for ALLETE!
ALLETE provides an attractive value proposition

### Financial Targets

<table>
<thead>
<tr>
<th><strong>Annual total shareholder return</strong>*</th>
<th>9 - 10%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consolidated average annual earnings growth</strong></td>
<td>5 - 7%</td>
</tr>
<tr>
<td><strong>Consolidated payout ratio</strong></td>
<td>60 - 65%</td>
</tr>
<tr>
<td><strong>Long-term dividend growth</strong></td>
<td>align with earnings</td>
</tr>
</tbody>
</table>

### Key Attributes

- **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

ALLETE Clean Energy
Annual MW growth ~24% CAGR
(excludes acquisitions)

- 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

2018

2019-2021 (30% to 40% earnings growth)
- Caddo built by end of 2021; full earnings in 2022
- Deployment of remaining 100%, 80% and 60% PTC turbines
- Acquisition opportunities of operating facilities creates more upside

2024

2021-2024 (double-digit earnings growth)
Base 5-year CapX plan of ~$2.4B predominantly in support of clean energy initiatives

<table>
<thead>
<tr>
<th>Estimated amounts in millions</th>
<th>Spent through 2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>Total 2020-2024</th>
<th>Total project</th>
<th>Est. COD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Regulated Operations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Great Northern Transmission Line</td>
<td>$295</td>
<td>$25</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$25</td>
<td>$320</td>
<td>Rider</td>
</tr>
<tr>
<td>DC Line Modernization &amp; Upgrade</td>
<td>-</td>
<td>10</td>
<td>110</td>
<td>190</td>
<td>115</td>
<td>-</td>
<td>425</td>
<td>425</td>
<td>Potential rider/AFUDC 2025</td>
</tr>
<tr>
<td>Nemadji Trail Energy Center</td>
<td>5</td>
<td>10</td>
<td>65</td>
<td>70</td>
<td>165</td>
<td>25</td>
<td>335</td>
<td>340</td>
<td>2025</td>
</tr>
<tr>
<td>Base and Other</td>
<td>N/A</td>
<td>135</td>
<td>135</td>
<td>110</td>
<td>120</td>
<td>130</td>
<td>630</td>
<td>630</td>
<td></td>
</tr>
<tr>
<td><strong>Energy Infrastructure / Related Services</strong></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>ALLETE Clean Energy</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Peak</td>
<td>105</td>
<td>20</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>20</td>
<td>125</td>
<td>Early 2020</td>
</tr>
<tr>
<td>Diamond Spring</td>
<td>160</td>
<td>290</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>290</td>
<td>450</td>
<td>Late 2020</td>
</tr>
<tr>
<td>Caddo</td>
<td>20</td>
<td>130</td>
<td>265</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>395</td>
<td>415</td>
<td>Late 2021</td>
</tr>
<tr>
<td>Base and Other</td>
<td>N/A</td>
<td>30</td>
<td>10</td>
<td>5</td>
<td>5</td>
<td>10</td>
<td>60</td>
<td>60</td>
<td></td>
</tr>
<tr>
<td><strong>Utility-like Projects</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nobles 2 Investment</td>
<td>55</td>
<td>115</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>115</td>
<td>170</td>
<td>Late 2020</td>
</tr>
<tr>
<td><strong>Corporate and Other</strong></td>
<td>N/A</td>
<td>15</td>
<td>15</td>
<td>25</td>
<td>30</td>
<td>15</td>
<td>100</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td><strong>Total Known Projects</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

(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

(1)
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**

<table>
<thead>
<tr>
<th>Source</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash from operations less dividends</td>
<td>$1,200</td>
<td>$1,200</td>
<td>$1,200</td>
<td>$1,200</td>
<td>$1,200</td>
</tr>
<tr>
<td>Equity*</td>
<td>$195</td>
<td>$195</td>
<td>$195</td>
<td>$195</td>
<td>$195</td>
</tr>
<tr>
<td>Debt</td>
<td>$280</td>
<td>$280</td>
<td>$280</td>
<td>$280</td>
<td>$280</td>
</tr>
<tr>
<td>Tax Equity</td>
<td>$720</td>
<td>$720</td>
<td>$720</td>
<td>$720</td>
<td>$720</td>
</tr>
<tr>
<td>Base Capital Plan**</td>
<td>$2,395</td>
<td>$2,395</td>
<td>$2,395</td>
<td>$2,395</td>
<td>$2,395</td>
</tr>
</tbody>
</table>

**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
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
ALLETE first quarter 2020 update

At this time, we are unable to provide a sufficiently reliable update to 2020 earnings guidance; and accordingly, we have temporarily suspended 2020 guidance

CONSIDERATIONS

Uncertainties with COVID-19 impacts result in a broad range of possible outcomes, especially on our regulated operations segment
• There is potential to fall outside our guidance range due to COVID-19 pandemic disruptions under our scenario planning considerations

May be able to better quantify such effects later in the year; potentially providing an update in our second quarter conference call
• August 1st demand nominations expect to be known
• Possibly able to quantify COVID-19 impacts on remainder of 2020
• Minnesota Power rate case settlement approved June 4, 2020

Minnesota Power Large Power customers:
• Demand nominations received through August 2020
• Currently idled – Cliffs’ Northshore, U.S. Steel’s Keetac & Minntac (partial), Hibbing Taconite: no significant impact thru August
• Total Large Power 750 MW (guidance assumes ~13m tons last 4 months)
• Taconites produce roughly 39 million tons, 650 MW: 1 million tons ~$0.04 EPS

Other Regulated customers:
• Commercial & Municipal ~400 MW
• Residential ~200 MW
• April sales experience: reductions in commercial and municipal, partially offset by increase in residential - ~$.01 EPS

Company wide mitigation efforts underway
• Power marketing sales to offset potential load reduction
• O&M expense management efforts
No immediate disruptions in our supply chains
ALLETE is committed to its long-term financial objectives

Despite the COVID-19 crisis which may present challenges into 2021, we believe the long-term fundamentals of our businesses remain intact

- Our business models are regulated or highly recurring in nature
- The industries we serve are critical to the economy and country (iron/steel, non-ferrous mining)
- Our primary growth engine in the renewables segment will see substantial demand as ESG trends continue beyond economic weakness

We expect to achieve our long-term average annual growth objective of 5-7% over a five year period

- However, the timing of COVID-19 recovery may negatively impact near-term growth

Balance sheet and liquidity position are strong as we have already raised significant capital in 2020

Debt ratings are expected to remain investment grade

- S&P recently downgraded to BBB but our metrics place ALLETE on the high end of this rating, giving ample credit headroom
- Moody’s recently maintained stable Baa1 rating, secured A2

Committed to long-term value proposition of 9-10%, which includes an assumption of dividends increasing in line with our broader annual earnings growth objective; at this time we expect to have the ability to sustain current dividend levels
**ALLETE has ample liquidity**

<table>
<thead>
<tr>
<th><strong>As of May 4, 2020</strong> ($ millions)</th>
<th><strong>Available liquidity ~$625</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on hand</td>
<td>~ $133</td>
</tr>
<tr>
<td>Revolving credit</td>
<td>$400 / $332 available credit facility with $150 accordion</td>
</tr>
<tr>
<td><strong>Recent Financing Activity</strong></td>
<td></td>
</tr>
<tr>
<td>Unsecured term notes</td>
<td>$200 / $90 available</td>
</tr>
<tr>
<td></td>
<td>$115 / $20 available</td>
</tr>
<tr>
<td>First mortgage bonds</td>
<td>$140 / $50 available</td>
</tr>
<tr>
<td>Tax equity financing received - South Peak</td>
<td>$68</td>
</tr>
<tr>
<td>Tax equity commitments - Nobles</td>
<td>$116</td>
</tr>
<tr>
<td>Tax equity proposals received – Diamond Spring</td>
<td>$230-$280</td>
</tr>
<tr>
<td>DRIP expected</td>
<td>$20-25</td>
</tr>
<tr>
<td>PIE capacity</td>
<td>$175</td>
</tr>
</tbody>
</table>
REGULATED UTILITY BUSINESSES
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

Clean energy transformation – DC line - a strategic asset with optionality
• Grid reliability investments
• Gas infrastructure investments
• Market expansion
• Bi-directional opportunity
• Additional renewables

Clean energy economy is dependent on steel and precious metals
Minnesota Power rate case - Creative solution to address challenges related to COVID-19

General rate case review filed November 1, 2019

- Major driver – power marketing contract expiration
- Interim rates effective January 1, 2020 - $36M

Worked with key intervenors to address challenges associated with COVID-19

- Address logistical limitations of stakeholder participation
- Provide immediate rate relief to customers
- Support financial health of Minnesota Power

On April 30, 2020, the MPUC approved Minnesota Power’s proposal to reduce the interim rate effective May 1, 2020; on June 4, 2020, the MPUC approved remaining provisions

- 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 the fuel adjustment clause, effective May 1
- Refunding to customers interim rates collected through April of ~$12M
- Delaying 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 addresses 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 recently approved deferral accounting for incremental related COVID-19 costs

<table>
<thead>
<tr>
<th>Name</th>
<th>Party</th>
<th>Began Serving</th>
<th>Term Ends</th>
</tr>
</thead>
<tbody>
<tr>
<td>Katie Sieben (Chair)</td>
<td>D</td>
<td>Jan. 2017</td>
<td>Jan. 2023</td>
</tr>
<tr>
<td>Joe Sullivan</td>
<td>D</td>
<td>Apr. 6, 2020</td>
<td>Jan. 2026</td>
</tr>
<tr>
<td>Valerie Means</td>
<td>D</td>
<td>Apr. 22, 2019</td>
<td>Jan. 6, 2025</td>
</tr>
<tr>
<td>Matt Schuerger</td>
<td>I</td>
<td>Feb. 1, 2016</td>
<td>Jan. 3, 2022</td>
</tr>
</tbody>
</table>

Rate base: $2.7B  Authorized ROE: 9.25%  Equity Ratio: 53.81%
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 required in 2020
  • Filing date could be impacted by COVID-19, 2021 filing more likely
  • 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
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

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

In 2020 announced the 303 MW Caddo project and have 100%, 80%, and 60% PTC qualified turbines remaining to deploy in additional projects

Recent Treasury guidance extends project construction safe harbor – 100% PTC out to the end of 2021 and 80% PTC out to the end of 2022
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
- Industry demands expanding products and services
- 2-3 projects per year
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
  - Two C&I Fortune 500 customers signed for 100 MW; in advanced discussion with 3rd for remaining output
  - Long-term PSAs
- Expected COD late-2021
- 80% PTC qualified project
- Tax Equity partnership
- Full earnings impact in 2022
BNI Energy is a well established business

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.
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 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

<table>
<thead>
<tr>
<th></th>
<th>S&amp;P Global Ratings</th>
<th>Moody’s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issuer Credit Rating</td>
<td>BBB*</td>
<td>Baa1</td>
</tr>
<tr>
<td>Commercial Paper</td>
<td>A-2</td>
<td>P-2</td>
</tr>
<tr>
<td>First Mortgage Bonds</td>
<td>(a)</td>
<td>A2</td>
</tr>
</tbody>
</table>

(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

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>Projected 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>41%</td>
<td>38%</td>
</tr>
</tbody>
</table>

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

ALLETE continues to evolve as a market leader, increasing its ranking to 2nd since prior report

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

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

Based on original guidance
Domestic steel industry is highly dependent on Minnesota taconite

<table>
<thead>
<tr>
<th>Taconite mine</th>
<th>Approximate Annual Capacity (million tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ArcelorMittal, Inc. – Minorca</td>
<td>2.6</td>
</tr>
<tr>
<td>Hibbing Taconite Co.</td>
<td>8.0</td>
</tr>
<tr>
<td>Cliffs – United Taconite, LLC</td>
<td>5.2</td>
</tr>
<tr>
<td>– NorthShore Mining</td>
<td>5.7</td>
</tr>
<tr>
<td>USS Corp. – Keewatin</td>
<td>5.2</td>
</tr>
<tr>
<td>– Minntac</td>
<td>14.7</td>
</tr>
<tr>
<td><strong>Total annual capacity</strong></td>
<td><strong>41.4</strong></td>
</tr>
</tbody>
</table>

1M ton change = ~4 cents/share

Regulated Utility Revenue 12/31/19

- Taconite, 30%
- Paper & Pulp, 7%
- Pipelines and other, 9%
- Other, 46%
- Residential, 12%
- Commercial, 13%
- Other, 24%
- Municipals, 5%

Traditional shipping destination points of Minnesota taconite.

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 metallics 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.
Taconite industry COVID-19 update

April 13 – 470 of 570 employees at Cleveland Cliffs’ Northshore Mining laid off until late summer

April 16 – at total of 375 employees to be laid off at U.S. Steel’s Keetac plant idled indefinitely, also idled two of its blast furnaces in Indiana

April 20 – 650 employees laid off at ArcelorMittal’s Hibbing Taconite until at least early July

May 1 – 260 workers laid off at U.S. Steel’s Mountain Iron facilities for approximately 8 weeks

May 12 announcement - The “Big Three” automakers are preparing to restart manufacturing middle of May

May 18 – U.S. Steel Minntac announced purchase agreement to supply Algoma Steel with pellets, 2021-2024

May 18 – The Detroit Three automakers and their suppliers began restarting assembly lines after a two-month coronavirus lockdown; electric car maker Tesla, Inc. also reopened
DC transmission system upgrades – enables significant potential growth

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

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

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
- $20M 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
- Expect full year earnings impact in 2022

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

### Power Markets (MW)
- Midwest Independent Transmission System Operator (MISO): 45%
- Pennsylvania New Jersey Maryland (PJM): 38%
- Western Electricity Coordinating Council (WECC): 10%
- Southwest Power Pool (SPP): 7%

### Contract Lives* (Revenue)
- 0-5 Yrs: 38%
- 5-10 Yrs: 20%
- 10+ Yrs: 42%

*Includes Diamond Spring and Caddo which will be constructed in 2020 and 2021, respectively.
## ALLETE Clean Energy’s significant and growing portfolio of renewable assets

<table>
<thead>
<tr>
<th>Technology</th>
<th>MW Capacity</th>
<th>Net Capacity Factor</th>
<th>Region</th>
<th>Customer</th>
<th>S&amp;P</th>
<th>Moody’s</th>
<th>In-Service</th>
<th>Power Sale Agreement Term End</th>
</tr>
</thead>
<tbody>
<tr>
<td>Armenia Mountain Pennsylvania</td>
<td>GE</td>
<td>100.5</td>
<td>~30%</td>
<td>PJM</td>
<td>Delmarva Power &amp; Old Dominion Electric Co-op</td>
<td>BBB+/Stable &amp; A/Stable</td>
<td>Baa1/Stable &amp; A2/Stable</td>
<td>2009</td>
</tr>
<tr>
<td>Chanarambie/Viking Minnesota</td>
<td>GE</td>
<td>97.5</td>
<td>30-35%</td>
<td>MISO</td>
<td>Northern States Power</td>
<td>A-/Stable</td>
<td>A3/Stable</td>
<td>2003</td>
</tr>
<tr>
<td>Condon Oregon</td>
<td>Mitsubishi</td>
<td>50</td>
<td>20-25%</td>
<td>BPA</td>
<td>Bonneville Power</td>
<td>AA-/Stable</td>
<td>Aa3/Negative</td>
<td>2002</td>
</tr>
<tr>
<td>Storm Lake 1 Iowa *</td>
<td>Zond</td>
<td>108</td>
<td>25-30%</td>
<td>MISO</td>
<td>MidAmerican Energy</td>
<td>AA/Stable</td>
<td>Aa2/Stable</td>
<td>1999</td>
</tr>
<tr>
<td>Storm Lake 2 Iowa</td>
<td>Zond</td>
<td>77</td>
<td>25-30%</td>
<td>MISO</td>
<td>Alliant Energy</td>
<td>A-/Stable</td>
<td>A3/Stable</td>
<td>1999</td>
</tr>
<tr>
<td>Glen Ullin EC North Dakota</td>
<td>GE</td>
<td>106</td>
<td>~45%</td>
<td>MISO</td>
<td>Northern States Power</td>
<td>A-/Stable</td>
<td>A3/Stable</td>
<td>2019</td>
</tr>
<tr>
<td>South Peak Montana</td>
<td>GE</td>
<td>80</td>
<td>~40%</td>
<td>NWE</td>
<td>NorthWestern Corp</td>
<td>BBB/Stable</td>
<td>Baa2/Stable</td>
<td>Build: 2020</td>
</tr>
<tr>
<td>Diamond Spring Oklahoma</td>
<td>GE</td>
<td>303</td>
<td>~45%</td>
<td>SPP</td>
<td>Walmart Starbucks Smithfield</td>
<td>AA BBB+ BBB</td>
<td>Aa2 Baa1 Baa2</td>
<td>Build: 2020</td>
</tr>
<tr>
<td>Caddo Wind Oklahoma</td>
<td>TBD</td>
<td>303</td>
<td>~45%</td>
<td>SPP</td>
<td>Fortune 500 Companies</td>
<td>Investment Grade</td>
<td>Investment Grade</td>
<td>Build: 2021</td>
</tr>
<tr>
<td><strong>Build, own, transfer projects</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thunder Spirit I</td>
<td>Nordex</td>
<td>107</td>
<td></td>
<td>MISO</td>
<td>Montana-Dakota Utilities</td>
<td>A-/Stable</td>
<td>N/A</td>
<td>Sale: 2015</td>
</tr>
<tr>
<td>Thunder Spirit II</td>
<td>Nordex</td>
<td>48</td>
<td></td>
<td>MISO</td>
<td>Montana-Dakota Utilities</td>
<td>A-/Stable</td>
<td>N/A</td>
<td>Sale: Oct. 2018</td>
</tr>
</tbody>
</table>

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

**Proxy for new 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

<table>
<thead>
<tr>
<th>Initial Investment Date By:</th>
<th>COD Deadline</th>
<th>Wind PTC</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>12/31/2021</td>
<td>100%</td>
</tr>
<tr>
<td>2017</td>
<td>12/31/2022</td>
<td>80%</td>
</tr>
<tr>
<td>2018</td>
<td>12/31/2022</td>
<td>60%</td>
</tr>
<tr>
<td>2020</td>
<td>12/31/2024</td>
<td>60%</td>
</tr>
</tbody>
</table>

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

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.kfyrty.com/content/news/Researchers-are-developing-a-study-on-how-to-recycle-wind-turbines-in-North-Dakota-565299481.html](https://www.kfyrty.com/content/news/Researchers-are-developing-a-study-on-how-to-recycle-wind-turbines-in-North-Dakota-565299481.html)
Tax equity arrangement - illustration

ACE Pre-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

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 2019 10-year capital investment forecast calls for $2.9-$3.6B in system improvements

---

**Equity Investment Balance**

- 2014: $121.1
- 2015: $124.5
- 2016: $135.6
- 2017: $128.1
- 2018: $141.6
- 2019: $142.3
- 2020 Q1

**Equity Earnings (pre-tax)**

- 2014: $19.6
- 2015: $16.3
- 2016: $16.3
- 2017: $22.5
- 2018: $17.5
- 2019: $21.7
- 2020 Q1: $5.2

* Impacted by the remeasurement of deferred income tax assets & liabilities resulting from tax reform
2020 Guidance Highlights

Temporarily suspended on May 6 earnings conference call

<table>
<thead>
<tr>
<th>Guidance range $3.40 - $3.70 per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Regulated Operations</td>
</tr>
<tr>
<td>• ALLETE Clean Energy, Corporate and Other</td>
</tr>
</tbody>
</table>

**Key factors**

**Regulated Operations**
- Interim rate revenue, subject to refund, of approximately $36 million beginning January 1, 2020.
- 2020 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 2020.
- Lower revenue due to an expiring power sales agreement in April 2020, and a municipal customer contract that expired in mid-2019.
- Higher operating and maintenance expense as compared to 2019.
- Higher depreciation and property tax expenses due to additional plant in-service.
- 2020 guidance assumes that we will achieve reasonable outcomes in regulatory proceedings.

**ALLETE Clean Energy**
- ALLETE Clean Energy expects approximately 2.3 million MWh (1.1 million MWh in 2019) in total wind generation.
- Expectation of the return to normal wind patterns.
- Glen Ullin in-service full year and South Peak in the first quarter of 2020.
- Diamond Spring wind project commercial operation date anticipated in late 2020.
- PTCs are estimated to be approximately $20 million in 2020.
- Higher depreciation expense due to additional plant in-service.
- Higher operating expenses compared to 2019 due to investments in growth initiatives.

**Corporate and Other**
- Similar results at BNI Energy, Inc. and ALLETE Properties, LLC.
- Nobles 2 Power Partners, LLC wind energy facility commercial operation date anticipated in late 2020.

*Guidance excludes the impact, if any, of possible acquisitions or additional development projects*
# ALLETE Earnings (millions)

## Year Ended December 2019

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regulated Operations</td>
<td>$154.4</td>
<td>$131.0</td>
</tr>
<tr>
<td>ALLETE Clean Energy</td>
<td>12.4</td>
<td>33.7</td>
</tr>
<tr>
<td>U.S. Water Services</td>
<td>(1.1)</td>
<td>3.2</td>
</tr>
<tr>
<td>Corporate and Other</td>
<td>19.9</td>
<td>6.2</td>
</tr>
<tr>
<td><strong>Net Income Attributable to ALLETE</strong></td>
<td><strong>$185.6</strong></td>
<td><strong>$172.2</strong></td>
</tr>
</tbody>
</table>

**Diluted Earnings Per Share of Common Stock**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$3.59</td>
</tr>
<tr>
<td></td>
<td>$3.38</td>
</tr>
</tbody>
</table>

---

See slide 53 for earnings per share impacts related to:

1) 2018 included the sale of a wind energy facility of $10.2
2) 2018 included a benefit for the change in fair value of the contingent consideration liability of $2.0
3) 2019 included the gain on sale of U.S. Water Services of $13.2
## ALLETE Earnings Per Share
### Year Ended December 2019

<table>
<thead>
<tr>
<th>GAAP Results to Pro Forma</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Earnings Per Share - GAAP</strong></td>
<td>$3.59</td>
<td>$3.38</td>
</tr>
</tbody>
</table>

### Impacts on Earnings Per Share

<table>
<thead>
<tr>
<th>Impact Description</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sale of Wind Energy Facility</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ALLETE Clean Energy</td>
<td>0.20</td>
<td></td>
</tr>
<tr>
<td><strong>U.S. Water Services Net Income (Loss)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Water Services</td>
<td>(0.02)</td>
<td>0.06</td>
</tr>
<tr>
<td><strong>Benefit from Contingent Consideration Liability</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate and Other</td>
<td>0.04</td>
<td></td>
</tr>
<tr>
<td><strong>Gain on Sale of U.S. Water Services</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate and Other</td>
<td>0.26</td>
<td></td>
</tr>
<tr>
<td><strong>Pro Forma EPS</strong></td>
<td>$3.35</td>
<td>$3.08</td>
</tr>
</tbody>
</table>