



**Third Quarter 2022
Earnings Report Presentation**

November 9, 2022

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 a presentation of earnings (loss) per share and earnings. ALLETE's management believes that 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. Non-GAAP measures to the most directly comparable GAAP measure, if presented, is included in the appendix.

This presentation was prepared as of November 9, 2022, and ALLETE, Inc. assumes no obligation to update the information or the forward-looking statements contained herein. The 2022 outlook contained herein was provided, and is as of November 9, 2022.

For more information, contact:

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

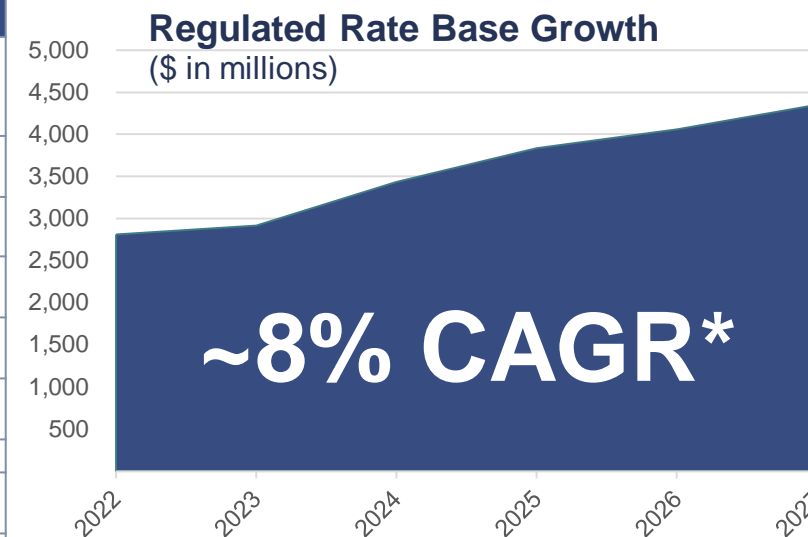
Visit our website at www.allete.com



Increase of nearly \$1B in Base CapX over the next 5 years

~\$2.7B Investment in Transmission and Clean Energy Initiatives

Capital expenditures							
(millions)	2023	2024	2025	2026	2027	2023-2027	Total Project
Regulated Operations							
High kV Transmission Expansion	\$ 40	\$ 110	\$ 155	\$ 205	\$ 315	\$ 825	\$ 1,200
Solar 200MW	–	150	150	–	–	300	300
Storage Pilot	–	20	–	–	–	20	20
Base & Other	190	265	250	235	185	1,125	
ALLETE Clean Energy							
ALLETE Clean Energy	5	5	5	5	5	25	
Corporate & Other							
Wind Partnership 200MW	–	70	115	–	–	185	185
Nemadji Trail Energy Center	45	55	35	5	–	140	145
Other	10	10	15	15	20	70	
Total	\$ 290	\$ 685	\$ 725	\$ 465	\$ 525	\$2,690	



* Using 2022 as a base year

Further transition to clean energy will provide additional investment in transmission and renewables beyond 2027.



➤ Table excludes any incremental ALLETE Clean Energy projects and New Energy asset ownership, additional equity investment at ATC, as well as the eventual outcome of Minnesota Power's 2021 Integrated Resource Plan.

Transformational long-term investment opportunities

TRANSMISSION



- Expect at least ~2-3% participation in MISO Tranche 2
- Positioned for inter-regional connections to advance high voltage transmission strategy
- Inflation Reduction Act will require new transmission to support renewables – Minnesota Power locations will differentiate its opportunity for material expansion
- Regional transmission projects benefit a broader customer base beyond Minnesota Power jurisdiction

RESPONSIBLE COAL FLEET TRANSITION / BASELOAD & SUPPLEMENTAL RENEWABLES



- Developing plans to replace over 800 MW of baseload generation at Boswell Units 3 & 4 in Cohasset, MN by 2030 and 2035, respectively
- Significant baseload requirements to support industrial customers need and changing of the energy grid
- Exploring baseload optionality including generation of ~300-400 MW commencing in 2025 to 2030
 - Solar
 - Storage
 - Biomass
 - Other new technologies for baseload
- Will explore current cost recovery as appropriate

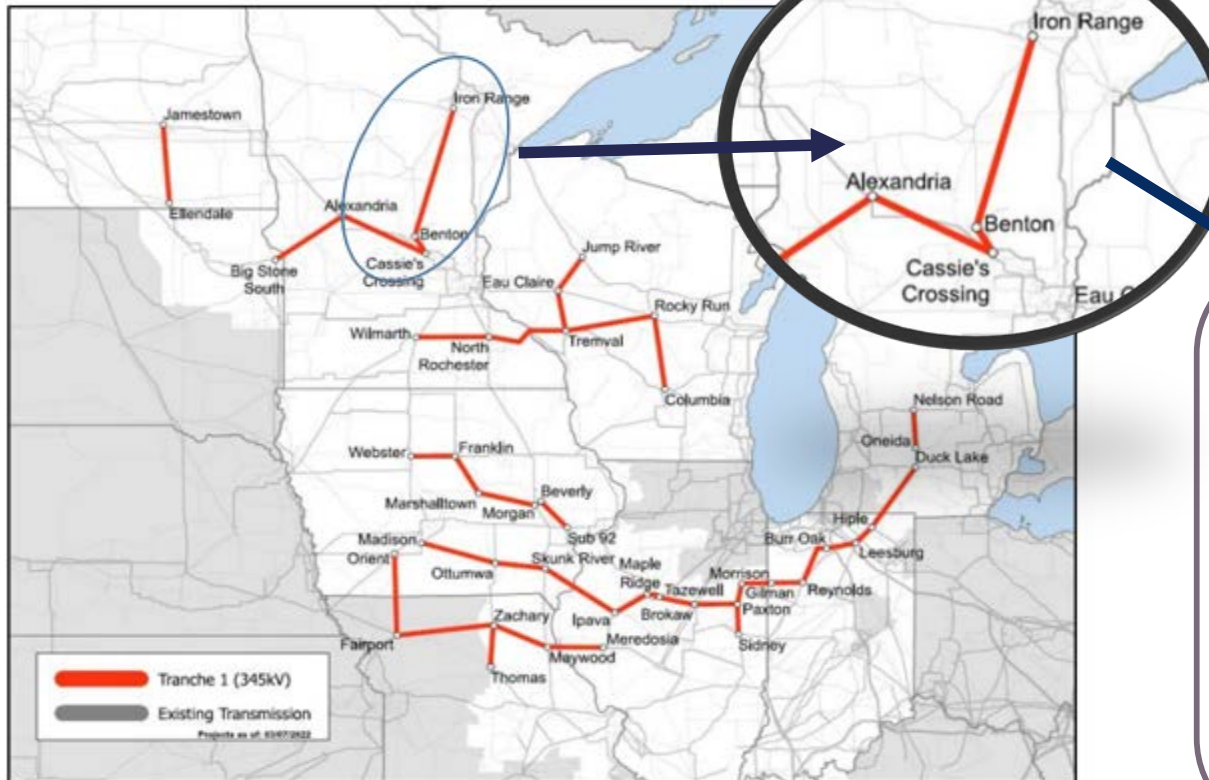
Increasing investment opportunities will be reflected in future Minnesota Power Integrated Resource Plans to support our clean-energy vision to produce coal-free energy by 2035 and carbon-free energy by 2050.

Minnesota Power Transmission Investments

MISO Long Range Transmission Plan



Tranche 1 LRTP Portfolio



MISO Tranche 1

- Approved by MISO Board July 25, 2022
- 18 Projects, **\$10.3B** estimated cost
- Multi-Value Projects (MVPs) with cost allocated across Northern MISO (MP is **~2.5%** of MISO North)

MP Investment in Tranche 1

- MP investment rights in two LRTP Projects based on existing ownership and Minnesota Right of First Refusal (ROFR) statute
- Estimated MP Investment : \$450-500M
- Construction spend estimated to begin in 2024 with targeted 2030 in service

Northland Reliability Project: Iron Range to Benton County

- ✓ New double circuit 345 kV line from MP Iron Range Substation to GRE Benton County Substation
- ✓ Includes Expansion of MP Iron Range Substation and addition of series compensation station at MP Riverton Substation
- ✓ Estimated total project cost = **\$970M**
- ✓ Joint project development and ownership with **Great River Energy**
- ✓ Notice of Intent filed with MPUC 8/1/22; Certificate of Need expected to be filed in 2023

CapX Alexandria – Monticello

- ✓ Add second circuit to existing double-circuit capable line
- ✓ Estimated facility cost = **\$36M**; MP share **~14.7%**
- ✓ Joint investment with **CapX Fargo Project owners**

Our Geographic Advantage: Transmission investment will provide material growth and diversification



EnergyForward



Clean energy transformation

DC line—a strategic asset with optionality

- Grid reliability investments
- Market expansion
- Bi-directional opportunity
- Additional renewables
- Further expansion possibilities
 - Nation-wide multi-region corridors
 - The DC Line expansion creates potential additional projects

Clean energy economy is dependent on steel and precious metals



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

Inflation Reduction Act creates value for all of ALLETE's businesses

- ✦ Production Tax Credits (PTC) and Investment Tax Credits (ITC) extensions provide new options for investment
- ✦ PTC and ITC eligibility for solar and storage projects greatly benefits New Energy and ALLETE Clean Energy
- ✦ Transferability of tax credits adds monetization options for all ALLETE businesses
- ✦ Is directionally positive for cash flows and credit positive for rating agency perspective
- ✦ No impact of the alternative minimum tax provision on ALLETE

ALLETE expects to generate approximately \$45-50 million of tax credits in 2023.

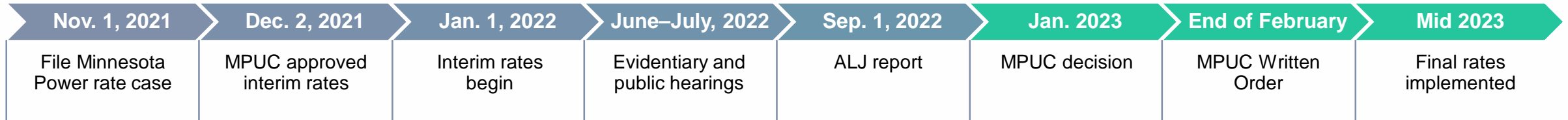


Minnesota Power Rate Case Update – Favorable Administrative Law Judge (ALJ) Recommendations

	MP Current	MP Requested	ALJ Report
Revenue Deficiency		\$108.3M	\$75.6M
ROE	9.25%	10.25%	9.8%
Equity Ratio	53.8%	53.8%	53.8%

ALJ Supported	Include prepaid pension and OPEB assets in rate base	✓
	Support MP forecast for DOC-challenged FERC accounts	✓
	Support MP jurisdictional allocation factors	✓
	Support benefit and health care expenses	✓
	Support MP property tax true-up	✓
	Support MP forecast for PTCs	✓
	Support MP headcount and compensation	✓
MP filed exceptions to ALJ Report	Support DOC forecast for mining and metal customers	—
	Reflect sales to Cenovus and ST Paper in the test year	—
	Support LPI forecast for residential customer sales	—
	No recovery of Tac Harbor investment, but allow expenses	—
	Oppose sales true-up	—

Procedural Timeline for Minnesota Power Rate Case has been Extended*



* On September 6, 2022, Minnesota Power requested an extension of the rate case schedule; the Minnesota Public Utilities Commission acknowledged the extension in a notice issued on September 13, 2022.



Important Highlights

Who We Are

- New Energy is a leading developer of community, commercial & industrial, and small utility-scale solar energy projects
- Active with project development and acquisitions in 20+ states throughout the U.S. with leading market share in many established and upcoming community solar markets
- 80+ employees across three offices in Annapolis, MD, Roseville, MN and Boulder, CO

What We Do

- Provide project development, engineering, management and construction, O&M asset management and project financing
- Solid project margins with disciplined, systematic approach to risk management

Year-to-Date Progress

- Integration with ALLETE going well and strategic benefits of the transaction remain strong
- Despite challenges in the supply chain, including module procurement, New Energy is on track to meet expectations in 2022 and well positioned for growth in 2023
- Inflation Reduction Act legislation would be accretive to the existing financial plan and future competitiveness and profitability

Q3-2022 Updates:

- Year to date results \$0.2M, which includes \$5.7M of after-tax impacts from purchasing price accounting; negative impacts from purchase price accounting are expected to diminish in 2023
- On track with full year acquisition plan results
- Significant October project closings provide momentum for a strong fourth quarter

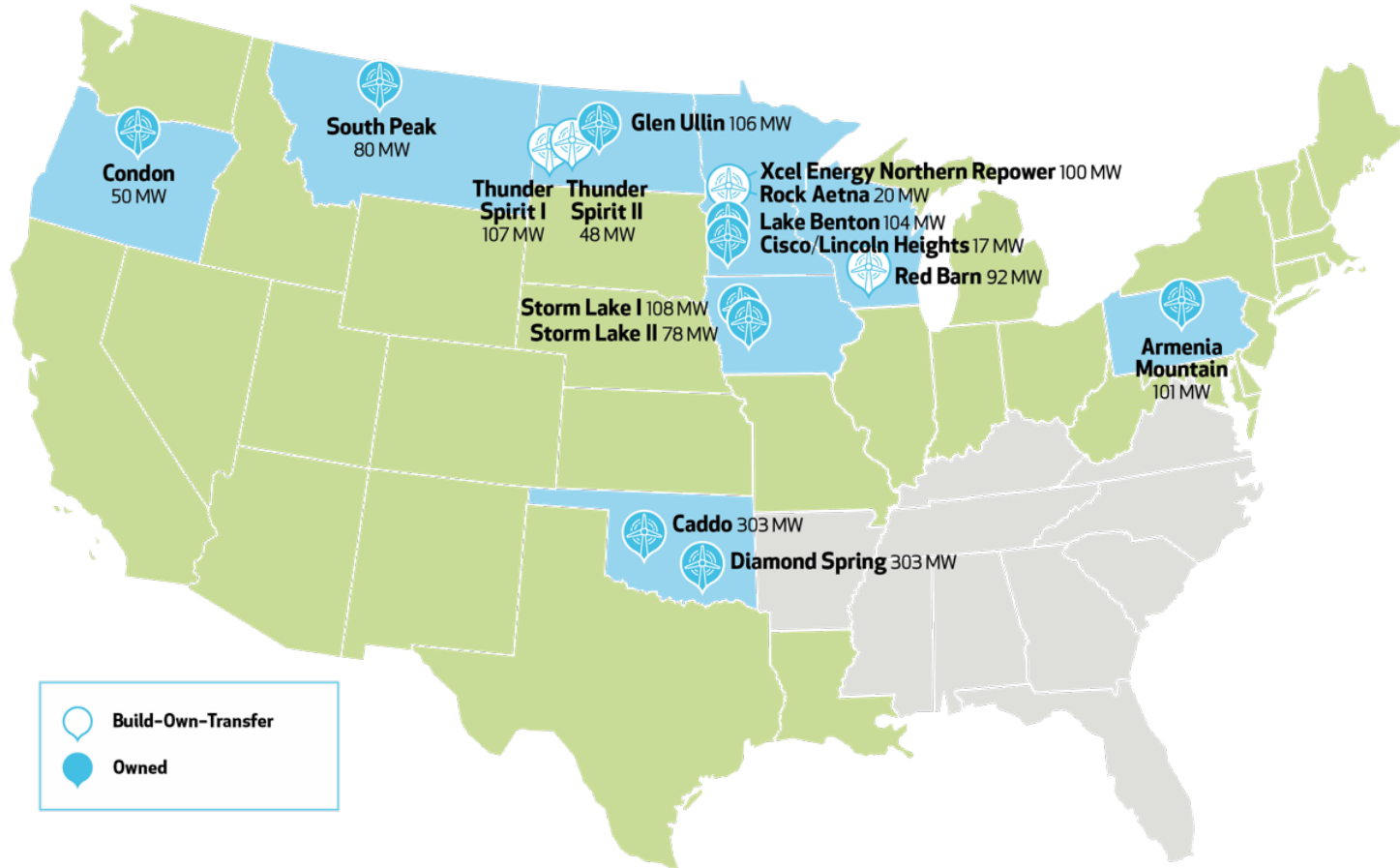
Key statistics:

345MW+ Projects closed

>2GW Development pipeline

~\$20M 2021 Adjusted EBITDA

Strategically positioned as demands for clean energy accelerate



Existing platform optimization

- Recontract
- Repower
- Build transfer
- Partnerships
- Optimization of legacy fleet

Value drivers of various assets

- Interconnection rights
- Landowner and customer relationships
- Project permits
- Multi-technology co-location potential
- Partnerships
- High quality wind resources

Owns and has built-transferred over 1,500 MW of operating/under construction capacity in five major energy markets across the U.S.
~\$4 million MWhs produced reducing carbon emissions by 1.7MMt → That's enough to power 218K homes' energy use for one year and equivalent to taking 373K cars off the road.

Consolidated Earnings *(millions)*

Third Quarter 2022

	2022	2021
Regulated Operations	\$38.3	\$32.9
ALLETE Clean Energy	(7.3)	(0.8)
Corporate and Other	2.7	(4.5)
Net Income Attributable to ALLETE	\$33.7	\$27.6
Diluted Earnings Per Share of Common Stock	\$0.59	\$0.53

See page 13 for items that impacted earnings per share.



ALLETE Earnings Per Share

Third Quarter 2022

	2022	2021
Earnings Per Share	<u>\$0.59</u>	<u>\$0.53</u>
Impacts on Earnings Per Share		
Regulated Operations		
ATC adjustment for estimated refund liability	(0.03)	
ALLETE Clean Energy		
Reserve for anticipated loss on sale of Northern Wind project	<u>(0.05)</u>	

ALLETE's strategy for success is *Sustainability in Action*



EXPAND RENEWABLES

- Currently ranked #1 among investor-owned utilities for investment in renewable energy based on market capitalization
- Minnesota Power #1 in Minnesota, and #2 in Midwest as a renewable energy provider
- New Energy Equity a leading developer of distributed solar



REDUCE CARBON

- Minnesota Power
 - Retired/idled seven of nine coal facilities
 - 50% renewable energy supply at end of 2020, goal of 70% by 2030
 - Coal-free by 2035 and 100% carbon-free vision by 2050
- ALLETE Clean Energy
 - 1,500 MW completed and under construction helping utilities, municipalities and C&I customers achieve sustainability goals nationwide



ENHANCE GRID RESILIENCY

- Investing in infrastructure for managing the delivery of increasing amounts of renewable energy, and enhancing the resiliency and reliability of the grid.



DRIVE INNOVATION

- Reducing water use, investing in more weather resistant infrastructure, identifying alternative low- or zero-carbon fuels and carbon capture and sequestration technology.

Workplace

- 2021 Women on Board Winner for Board Gender Diversity
- Minnesota Power & ALLETE Clean Energy named Yellow Ribbon Companies
- Commitment to advancing DE&I
- Proactive and deliberate COVID-19 response

Community

- Partnering with diverse suppliers
- Corporate funding and employee volunteerism to those in need – and addressing the opportunity gap
- Full commitment to regional economies and host communities

Customers

- Well-positioned to serve the C&I customer segment
- Strong focus on customer ESG & competitiveness needs

Find ESG Information at ALLETE.com

Corporate Sustainability Report

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

100% Carbon-Free Energy by 2050

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

Environmental Stewardship at
Minnesota Power

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

Serving Our Community

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