

REFINITIV

## DELTA REPORT

### 10-Q

ALE - ALLETE INC

10-Q - SEPTEMBER 30, 2024 COMPARED TO 10-Q - JUNE 30, 2024

The following comparison report has been automatically generated

TOTAL DELTAS 3157

█ CHANGES 214

█ DELETIONS 2275

█ ADDITIONS 668

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended **June 30, 2024** **September 30, 2024**

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number **1-3548**

**ALLETE, Inc.**

(Exact name of registrant as specified in its charter)

**Minnesota**

**41-0418150**

(State or other jurisdiction of incorporation or organization)

(IRS Employer Identification No.)

**30 West Superior Street  
Duluth, Minnesota 55802-2093**  
(Address of principal executive offices)  
(Zip Code)

**(218) 279-5000**

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol	Name of each exchange on which registered
<b>Common Stock, without par value</b>	<b>ALE</b>	<b>New York Stock Exchange</b>

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).  Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer  Accelerated Filer

Non-Accelerated Filer  Smaller Reporting Company

Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  Yes  No

Common Stock, without par value,  
**57,753,513** **57,818,971** shares outstanding as of **June 30, 2024** **September 30, 2024**

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## Definitions

The following abbreviations or acronyms are used in the text. References in this report to "we," "us" and "our" are to ALLETE, Inc., and its subsidiaries, collectively.

<u>Abbreviation or Acronym</u>	<u>Term</u>
AFUDC	Allowance for Funds Used During Construction – the cost of both debt and equity funds used to finance regulated utility plant additions during construction periods
ALLETE	ALLETE, Inc.
ALLETE Clean Energy	ALLETE Clean Energy, Inc. and its subsidiaries
ALLETE Properties	ALLETE Properties, LLC and its subsidiaries
ALLETE South Wind	ALLETE South Wind, LLC
ALLETE Transmission Holdings	ALLETE Transmission Holdings, Inc.
Alloy Merger Sub	Alloy Merger Sub LLC, a Delaware limited liability company and wholly owned subsidiary of Alloy Parent.
Alloy Parent	Alloy Parent LLC, a Delaware limited liability company which, upon closing, will be jointly owned by a wholly owned subsidiary of Canada Pension Plan Investment Board and affiliates of investment vehicles affiliated with one or more funds, accounts, or other entities managed or advised by Global Infrastructure Management, LLC.
ATC	American Transmission Company LLC
BNI Energy	BNI Energy, Inc. and its subsidiary
Boswell	Boswell Energy Center
Caddo	ALLETE Clean Energy's Caddo Wind Energy Facility
CCR	Coal Combustion Residuals from Electric Utilities
Cliffs	Cleveland-Cliffs Inc.
Company	ALLETE, Inc. and its subsidiaries
CSAPR	Cross-State Air Pollution Rule
Diamond Spring	ALLETE Clean Energy's Diamond Spring Wind Energy Facility
ECO	Energy Conservation and Optimization Plan
EPA	United States Environmental Protection Agency
ESOP	Employee Stock Ownership Plan
ESPP	Employee Stock Purchase Plan
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
Form 10-K	ALLETE Annual Report on Form 10-K
Form 10-Q	ALLETE Quarterly Report on Form 10-Q
GAAP	Generally Accepted Accounting Principles in the United States of America
GHG	Greenhouse Gases
HVDC	High-Voltage Direct-Current
IBEW	International Brotherhood of Electrical Workers
Invest Direct	ALLETE's Direct Stock Purchase and Dividend Reinvestment Plan
Item ____	Item ____ of this Form 10-Q
kV	Kilovolt(s)
kWh	Kilowatt-hour(s)
Laskin	Laskin Energy Center
Lampert Capital Markets	Lampert Capital Markets, Inc.
Merger	Pursuant to the Merger Agreement, on the terms and subject to the conditions set forth therein, Alloy Merger Sub will merge with and into ALLETE (the "Merger"), with ALLETE continuing as the surviving corporation in the Merger and becoming a subsidiary of Alloy Parent.

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<u>Abbreviation or Acronym</u>	<u>Term</u>
Merger Agreement	Agreement and Plan of Merger, dated as of May 5, 2024, by and among ALLETE, Alloy Parent, and Alloy Merger Sub.

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<b>Abbreviation or Acronym</b>	<b>Term</b>
Minnesota Power	An operating division of ALLETE, Inc.
Minnkota Power	Minnkota Power Cooperative, Inc.
MISO	Midcontinent Independent System Operator, Inc.
Moody's	Moody's Investors Service, Inc.
MPCA	Minnesota Pollution Control Agency
MPUC	Minnesota Public Utilities Commission
MW	Megawatt(s)
NAAQS	National Ambient Air Quality Standards
NDPSC	North Dakota Public Service Commission
New Energy	New Energy Equity LLC
Nippon Steel	Nippon Steel Corporation
Nobles 2	Nobles 2 Power Partners, LLC
NOx	Nitrogen Oxides
Northshore Mining	Northshore Mining Company, a wholly-owned subsidiary of Cleveland-Cliffs Inc.
Note ____	Note ____ to the Consolidated Financial Statements in this Form 10-Q
NPDES	National Pollutant Discharge Elimination System
NTEC	Nemadji Trail Energy Center
PPA / PSA	Power Purchase Agreement / Power Sales Agreement
PPACA	Patient Protection and Affordable Care Act of 2010
PSCW	Public Service Commission of Wisconsin
RSOP	Retirement Savings and Stock Ownership Plan
SEC	Securities and Exchange Commission
SO <sub>2</sub>	Sulfur Dioxide
Sofidel	The Sofidel Group
Square Butte	Square Butte Electric Cooperative, a North Dakota cooperative corporation
South Shore Energy	South Shore Energy, LLC
ST Paper	ST Paper LLC
SWL&P	Superior Water, Light and Power Company
Taconite Harbor	Taconite Harbor Energy Center
U.S.	United States of America
USS Corporation	United States Steel Corporation

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#### Forward-Looking Statements

Statements in this report that are not statements of historical facts are considered "forward-looking" and, accordingly, involve risks and uncertainties that could cause actual results to differ materially from those discussed. Although such forward-looking statements have been made in good faith and are based on reasonable assumptions, there can be no assurance that the expected results will be achieved. Any statements that express, or involve discussions as to, future expectations, risks, beliefs, plans, objectives, assumptions, events, uncertainties, financial performance, or growth strategies (often, but not always, through the use of words or phrases such as "anticipates," "believes," "estimates," "expects," "intends," "plans," "projects," "likely," "will continue," "could," "may," "potential," "target," "outlook" or words of similar meaning) are not statements of historical facts and may be forward-looking.

In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, we are providing this cautionary statement to identify important factors that could cause our actual results to differ materially from those indicated in forward-looking statements made by or on behalf of ALLETE in this Form 10-Q, in presentations, on our website, in response to questions or otherwise. These statements are qualified in their entirety by reference to, and are accompanied by, the following important factors, in addition

to any assumptions and other factors referred to specifically in connection with such forward-looking statements that could cause our actual results to differ materially from those indicated in the forward-looking statements:

- our ability to successfully implement our strategic objectives;
- global and domestic economic conditions affecting us or our customers;
- changes in and compliance with laws and regulations or changes in tax rates or policies;
- changes in rates of inflation or availability of key materials and supplies;
- the outcome of legal and administrative proceedings (whether civil or criminal) and settlements;
- weather conditions, natural disasters and pandemic diseases;
- our ability to access capital markets, bank financing and other financing sources;
- changes in interest rates and the performance of the financial markets;
- project delays or changes in project costs;
- changes in operating expenses and capital expenditures and our ability to raise revenues from our customers;
- the impacts of commodity prices on ALLETE and our customers;
- our ability to attract and retain qualified, skilled and experienced personnel;
- effects of emerging technology;
- war, acts of terrorism and cybersecurity attacks;
- our ability to manage expansion and integrate acquisitions;
- population growth rates and demographic patterns;
- wholesale power market conditions;
- federal and state regulatory and legislative actions that impact regulated utility economics, including our allowed rates of return, capital structure, ability to secure financing, industry and rate structure, acquisition and disposal of assets and facilities, operation and construction of plant facilities and utility infrastructure, recovery of purchased power, capital investments and other expenses, including present or prospective environmental matters;
- effects of competition, including competition for retail and wholesale customers;
- effects of restructuring initiatives in the electric industry;
- the impacts on our businesses of climate change and future regulation to restrict the emissions of GHG;
- effects of increased deployment of distributed low-carbon electricity generation resources;
- the impacts of laws and regulations related to renewable and distributed generation;
- pricing, availability and transportation of fuel and other commodities and the ability to recover the costs of such commodities;
- our current and potential industrial and municipal customers' ability to execute announced expansion plans;
- real estate market conditions where our legacy Florida real estate investment is located may deteriorate;
- the success of efforts to realize value from, invest in, and develop new opportunities;
- the risk that Alloy Parent or ALLETE may be unable to obtain governmental and regulatory approvals required for the Merger, or that required governmental and regulatory approvals or agreements with other parties interested therein may delay the Merger, may subject the Merger to or impose adverse conditions or costs, or may cause the parties to abandon the Merger;
- the occurrence of any event, change or other circumstances that could give rise to the termination of the Merger Agreement or could otherwise cause the failure of the Merger to be consummated on the timeline anticipated; and
- the announcement and pendency of the Merger, during which ALLETE is subject to certain operating restrictions, could have an adverse effect on ALLETE's businesses, results of operations, financial condition or cash flows.

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#### **Forward-Looking Statements (Continued)**

Additional disclosures regarding factors that could cause our results or performance to differ from those anticipated by this report are discussed in Part I, Item 1A. Risk Factors of our 2023 Form 10-K and Part II, Item 1A. Risk Factors of this Form 10-Q. Any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which that statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all of these factors, nor can it assess the impact of each of these factors on the businesses of ALLETE or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. Readers are urged to carefully review and consider the various disclosures made by ALLETE in this Form 10-Q and in other reports filed with the SEC that attempt to identify the risks and uncertainties that may affect ALLETE's business.

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#### **PART I. FINANCIAL INFORMATION**

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**REFINITIV** 

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

<b>ALLETE</b> <b>CONSOLIDATED BALANCE SHEET</b> <b>Unaudited</b>		
	June 30, 2024	December 31, 2023
	September 30, 2024	December 31, 2023
<b>Millions</b>		
<b>Assets</b>		
<b>Assets</b>		
<b>Assets</b>		
Current Assets	Current Assets	Current Assets
Cash and Cash Equivalents		
Accounts Receivable (Less Allowance of \$1.8 and \$1.6)		
Accounts Receivable (Less Allowance of \$1.6 and \$1.6)		
Inventories – Net		
Prepayments and Other		
Total Current Assets		
Property, Plant and Equipment – Net		
Regulatory Assets		
Equity Investments		
Goodwill and Intangible Assets – Net		
Goodwill and Intangible Assets – Net		
Goodwill and Intangible Assets – Net		
Other Non-Current Assets		
<b>Total Assets</b>		
<b>Liabilities, Redeemable Non-Controlling Interest and Equity</b>	<b>Liabilities, Redeemable Non-Controlling Interest and Equity</b>	<b>Liabilities, Redeemable Non-Controlling Interest and Equity</b>
<b>Liabilities</b>	<b>Liabilities</b>	<b>Liabilities</b>
Current Liabilities	Current Liabilities	Current Liabilities
Accounts Payable		
Accrued Taxes		
Accrued Interest		
Long-Term Debt Due Within One Year		
Other		
Other		
Other		
Total Current Liabilities		
Long-Term Debt		
Deferred Income Taxes		
Regulatory Liabilities		
Defined Benefit Pension and Other Postretirement Benefit Plans		
Other Non-Current Liabilities		
Total Liabilities		
<b>Commitments, Guarantees and Contingencies (Note 6)</b>	<b>Commitments, Guarantees and Contingencies (Note 6)</b>	<b>Commitments, Guarantees and Contingencies (Note 6)</b>
<b>Redeemable Non-Controlling Interest</b>		

Equity	Equity	Equity
ALLETE Equity		
Common Stock Without Par Value, 80.0 Shares Authorized, 57.8 and 57.6 Shares Issued and Outstanding		
Common Stock Without Par Value, 80.0 Shares Authorized, 57.8 and 57.6 Shares Issued and Outstanding		
Common Stock Without Par Value, 80.0 Shares Authorized, 57.8 and 57.6 Shares Issued and Outstanding		
Accumulated Other Comprehensive Loss		
Accumulated Other Comprehensive Loss		
Accumulated Other Comprehensive Loss		
Retained Earnings		
Total ALLETE Equity		
Non-Controlling Interest in Subsidiaries		
Total Equity		
<b>Total Liabilities, Redeemable Non-Controlling Interest and Equity</b>		

The accompanying notes are an integral part of these statements.

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<b>ALLETE</b> <b>CONSOLIDATED STATEMENT OF INCOME</b> <b>Unaudited</b>									
Quarter Ended		Quarter Ended		Six Months Ended		Quarter Ended		Nine Months Ended	
				June 30,					
2024	2023	2024	2023	2023	2024	2023	2024	2024	2023
<b>Millions Except Per Share Amounts</b>									
<b>Operating Revenue</b>									
<b>Operating Revenue</b>									
<b>Operating Revenue</b>									
Contracts with Customers – Utility									
Contracts with Customers – Utility									
Contracts with Customers – Utility									
Contracts with Customers – Non-utility									
Other – Non-utility									
Total Operating Revenue									
Total Operating Revenue									
Total Operating Revenue									
<b>Operating Expenses</b>									
Fuel, Purchased Power and Gas – Utility									
Fuel, Purchased Power and Gas – Utility									
Fuel, Purchased Power and Gas – Utility									
Transmission Services – Utility									
Cost of Sales – Non-utility									
Operating and Maintenance									
Depreciation and Amortization									
Taxes Other than Income Taxes									
Total Operating Expenses									
<b>Operating Income</b>									
<b>Other Income (Expense)</b>									
Interest Expense									
Interest Expense									

Interest Expense
Equity Earnings
Other
Other
Other
Total Other Expense
Total Other Income (Expense)
<b>Income Before Income Taxes</b>
Income Tax Expense (Benefit)
Income Tax Expense
<b>Net Income</b>
Net Loss Attributable to Non-Controlling Interest
<b>Net Income Attributable to ALLETE</b>
<b>Average Shares of Common Stock</b>
Basic
Basic
Basic
Diluted
<b>Basic Earnings Per Share of Common Stock</b>
<b>Diluted Earnings Per Share of Common Stock</b>

The accompanying notes are an integral part of these statements.

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ALLETE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME Unaudited									
	Quarter Ended	Quarter Ended	Six Months Ended		Quarter Ended	Nine Months Ended			
	2024	2024	2023	June 30,	2024	2023	2024	2023	2024
Millions	Millions	Millions			Millions				2023
<b>Net Income</b>									
<b>Other Comprehensive Income (Loss)</b>									
<b>Other Comprehensive Loss</b>									
Unrealized Gain on Securities									
Unrealized Gain on Securities									
Unrealized Gain on Securities									
Net of Income Tax Expense of \$—, \$—, \$— and \$0.1									
Net of Income Tax Expense of \$—, \$—, \$— and \$0.1									
Net of Income Tax Expense of \$—, \$—, \$— and \$0.1									
Defined Benefit Pension and Other Postretirement Benefit Plans									
Defined Benefit Pension and Other Postretirement Benefit Plans									
Defined Benefit Pension and Other Postretirement Benefit Plans									
Net of Income Tax Benefit of \$(0.3), \$(0.1), \$(0.2) and \$(0.1)									
Net of Income Tax Benefit of \$(0.3), \$(0.1), \$(0.2) and \$(0.1)									
Net of Income Tax Benefit of \$(0.3), \$(0.1), \$(0.2) and \$(0.1)									
Net of Income Tax Benefit of \$(0.1), \$—, \$(0.3) and \$(0.1)									
Net of Income Tax Benefit of \$(0.1), \$—, \$(0.3) and \$(0.1)									
Net of Income Tax Benefit of \$(0.1), \$—, \$(0.3) and \$(0.1)									
<b>Total Other Comprehensive Loss</b>									

**Total Comprehensive Income**

Net Loss Attributable to Non-Controlling Interest

**Total Comprehensive Income Attributable to ALLETE**

The accompanying notes are an integral part of these statements.

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**ALLETE**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**Unaudited**

	Six Months Ended		June 30,	Nine Months Ended	September 30,
	2024	2023	2024	2023	
<b>Millions</b>					
<b>Operating Activities</b>					
Operating Activities					
Operating Activities					
Net Income					
Adjustments to Reconcile Net Income to Cash provided by (used in) Operating Activities:					
Adjustments to Reconcile Net Income to Cash provided by Operating Activities:					
AFUDC – Equity					
AFUDC – Equity					
AFUDC – Equity					
Income from Equity Investments – Net of Dividends					
Loss (Gain) on Investments and Property, Plant and Equipment					
Depreciation Expense					
Amortization of PSAs					
Amortization of Other Intangible Assets and Other Assets					
Deferred Income Tax Benefit					
Deferred Income Tax Expense (Benefit)					
Share-Based and ESOP Compensation Expense					
Defined Benefit Pension and Other Postretirement Plan Benefit					
Defined Benefit Pension and Other Postretirement Plan Benefit					
Defined Benefit Pension and Other Postretirement Plan Benefit					
Fuel Adjustment Clause					
Fuel Adjustment Clause					
Fuel Adjustment Clause					
Bad Debt Expense					
Provision for Interim Rate Refund					
Provision for Interim Rate Refund					
Provision for Interim Rate Refund					
Changes in Operating Assets and Liabilities					
Accounts Receivable					
Inventories					
Prepayments and Other					
Accounts Payable					
Changes in Operating Assets and Liabilities			Changes in Operating Assets and Liabilities		

Other Current Liabilities		
Renewable Tax Credit Sales		
Cash Contributions to Defined Benefit Pension Plans		
Changes in Regulatory and Other Non-Current Assets		
Changes in Regulatory and Other Non-Current Liabilities		
Cash provided by Operating Activities		
<b>Investing Activities</b>	<b>Investing Activities</b>	<b>Investing Activities</b>
Proceeds from Sale of Available-for-sale Securities		
Payments for Purchase of Available-for-sale Securities		
Payments for Equity Method Investments		
Payments for Equity Method Investments		
Payments for Equity Method Investments		
Additions to Property, Plant and Equipment		
Additions to Property, Plant and Equipment		
Additions to Property, Plant and Equipment		
Other Investing Activities		
Other Investing Activities		
Other Investing Activities		
Cash used in Investing Activities		
<b>Financing Activities</b>	<b>Financing Activities</b>	<b>Financing Activities</b>
Proceeds from Issuance of Common Stock		
Proceeds from Issuance of Short-Term and Long-Term Debt		
Proceeds from Issuance of Short-Term and Long-Term Debt		
Proceeds from Issuance of Short-Term and Long-Term Debt		
Repayments of Short-Term and Long-Term Debt		
Repayments of Short-Term and Long-Term Debt		
Repayments of Short-Term and Long-Term Debt		
Proceeds from Non-Controlling Interest in Subsidiaries – Net		
Distributions to Non-Controlling Interest		
Distributions to Non-Controlling Interest		
Distributions to Non-Controlling Interest		
Dividends on Common Stock		
Other Financing Activities		
Cash used in Financing Activities		
<b>Change in Cash, Cash Equivalents and Restricted Cash</b>		
<b>Cash, Cash Equivalents and Restricted Cash at Beginning of Period</b>		
<b>Cash, Cash Equivalents and Restricted Cash at End of Period</b>		

The accompanying notes are an integral part of these statements.

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**ALLETE**  
**CONSOLIDATED STATEMENT OF EQUITY**

Unaudited

Quarter Ended	Quarter Ended	Six Months Ended	Quarter Ended	Nine Months Ended
			September 30,	

	2024	2024	2023	2024	2023	2024	2023	2024	2023
<b>Millions Except Per Share Amounts</b>									
<b>Equity</b>									
Equity									
Equity									
Common Stock									
Common Stock									
Common Stock									
Balance, Beginning of Period									
Balance, Beginning of Period									
Balance, Beginning of Period									
Common Stock Issued									
Balance, End of Period									
Balance, End of Period									
Balance, End of Period									
<b>Accumulated Other Comprehensive Loss</b>									
Accumulated Other Comprehensive Loss									
Accumulated Other Comprehensive Loss									
Balance, Beginning of Period									
Balance, Beginning of Period									
Balance, Beginning of Period									
Other Comprehensive Income – Net of Income Taxes									
Unrealized Gain on Debt Securities									
Unrealized Gain on Debt Securities									
Unrealized Gain on Debt Securities									
Defined Benefit Pension and Other Postretirement Plans									
Balance, End of Period									
<b>Retained Earnings</b>									
<b>Retained Earnings</b>									
<b>Retained Earnings</b>									
Balance, Beginning of Period									
Balance, Beginning of Period									
Balance, Beginning of Period									
Net Income Attributable to ALLETE									
Common Stock Dividends									
Balance, End of Period									
Balance, End of Period									
Balance, End of Period									
<b>Non-Controlling Interest in Subsidiaries</b>									
<b>Non-Controlling Interest in Subsidiaries</b>									
<b>Non-Controlling Interest in Subsidiaries</b>									
Balance, Beginning of Period									
Balance, Beginning of Period									
Balance, Beginning of Period	585.5	642.2	642.2	597.0	597.0	656.4	573.0	634.4	634.4
Proceeds from Non-Controlling Interest in Subsidiaries – Net									
Net Loss Attributable to Non-Controlling Interest									
Distributions to Non-Controlling Interest									
Distributions to Non-Controlling Interest									
Distributions to Non-Controlling Interest									

Balance, End of Period
Total Equity
Total Equity
Total Equity
<b>Redeemable Non-Controlling Interest</b>
<b>Redeemable Non-Controlling Interest</b>
<b>Redeemable Non-Controlling Interest</b>
Balance, Beginning of Period
Balance, Beginning of Period
Balance, Beginning of Period
Proceeds from Non-Controlling Interest in Subsidiaries
<b>Net Gain (Loss) Attributable to Non-Controlling Interest</b>
<b>Net Loss Attributable to Non-Controlling Interest</b>
Total Redeemable Non-Controlling Interest
Dividends Per Share of Common Stock
Dividends Per Share of Common Stock
Dividends Per Share of Common Stock

The accompanying notes are an integral part of these statements.

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#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED

The accompanying unaudited Consolidated Financial Statements have been prepared in accordance with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X, and do not include all of the information and notes required by GAAP for complete financial statements pursuant to such rules and regulations. Similarly, the December 31, 2023, Consolidated Balance Sheet was derived from audited financial statements, but does not include all disclosures required by GAAP. The presentation of certain prior period amounts on the Consolidated Financial Statements have been adjusted for comparative purposes. In management's opinion, these unaudited financial statements include all adjustments necessary for a fair statement of financial results. All adjustments are of a normal, recurring nature, except as otherwise disclosed. Operating results for the **six** **nine** months ended **June 30, 2024** **September 30, 2024**, are not necessarily indicative of results that may be expected for any other interim period or for the year ending December 31, 2024. For further information, refer to the Consolidated Financial Statements and notes included in our 2023 Form 10-K.

#### NOTE 1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

**Subsequent Events.** The Company performed an evaluation of subsequent events for potential recognition and disclosure through the date of the financial statements issuance.

**Cash, Cash Equivalents and Restricted Cash.** We consider all investments purchased with original maturities of three months or less to be cash equivalents. As of **June 30, 2024** **September 30, 2024**, restricted cash amounts included in Prepayments and Other on the Consolidated Balance Sheet include collateral deposits required under an ALLETE Clean Energy loan. The restricted cash amounts included in Other Non-Current Assets represent collateral deposits required under an ALLETE Clean Energy loan agreement as well as PSAs. The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the Consolidated Balance Sheet that aggregate to the amounts presented in the Consolidated Statement of Cash Flows.

	Cash, Cash Equivalents and Restricted Cash	Cash June and 30, 2024	December 31, 2023	June 30, 2023	December 31, 2022	Cash, Cash Equivalents and Restricted Cash	Cash September 30, 2024	December 31, 2024	September 30, 2023	December 31, 2023	September 30, 2022	December 31, 2022
<b>Millions</b>												
Cash and Cash Equivalents												
Cash and Cash Equivalents												
Cash and Cash Equivalents												
Restricted Cash included in Prepayments and Other												
Restricted Cash included in Other Non- Current Assets												
Cash, Cash Equivalents and Restricted Cash on the Consolidated Statement of Cash Flows												

**Inventories – Net.** Inventories are stated at the lower of cost or net realizable value. Inventories in our Regulated Operations segment are carried at an average cost or first-in, first-out basis. Inventories in our ALLETE Clean Energy segment and Corporate and Other businesses are carried at an average cost, first-in, first-out or specific identification basis.

Inventories – Net	June 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Millions	Millions	Millions	Millions	Millions
Fuel (a)				
Materials and Supplies				
Renewable Energy Facilities Under Development (b)				
Total Inventories – Net				
Total Inventories – Net				
Total Inventories – Net				

(a) Fuel consists primarily of coal inventory at Minnesota Power.

(b) Renewable Energy Facilities Under Development as of June 30, 2024 September 30, 2024, consists primarily of project costs related to renewable energy development projects at New Energy.

**Goodwill.** The aggregate carrying amount of goodwill was \$154.9 million as of June 30, 2024 September 30, 2024 (\$154.9 million as of December 31, 2023). There have been no changes to goodwill by reportable segment for the quarter and six nine months ended June 30, 2024 September 30, 2024.

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#### NOTE 1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Non-Current Assets	June 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Millions	Millions	Millions	Millions	Millions
Other Postretirement Benefit Plans				
Other Postretirement Benefit Plans				
Other Postretirement Benefit Plans				
Contract Assets (a)				
Operating Lease Right-of-use Assets				
Operating Lease Right-of-use Assets				
Operating Lease Right-of-use Assets				
ALLETE Properties				
Restricted Cash				
Finance Lease Right-of-use Assets				
Other				
Total Other Non-Current Assets				

(a) Contract Assets consist of payments made to customers as an incentive to execute or extend service agreements. The payments are being amortized over the term of the respective agreements as a reduction to revenue.

Other Current Liabilities	June 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Millions	Millions	Millions	Millions	Millions
Provision for Interim Rate Refund				
Provision for Interim Rate Refund				
Provision for Interim Rate Refund				
Customer Deposits				
PSAs				
Customer Deposits				
Operating Lease Liabilities				
Operating Lease Liabilities				

Operating Lease Liabilities
Finance Lease Liabilities
Finance Lease Liabilities
Finance Lease Liabilities

Other

Total Other Current Liabilities

Other Non-Current Liabilities	Other Non-Current Liabilities	June 30,	December 31,	September 30,	December 31,
		2024	2023	2024	2023
Millions	Millions	Millions			
Asset Retirement Obligation (a)(b)					
PSAs					
Operating Lease Liabilities					
Operating Lease Liabilities					
Operating Lease Liabilities					
Finance Lease Liabilities					
Other					
<u>Total Other Non-Current Liabilities</u>					

(a) The asset retirement obligation is primarily related to our Regulated Operations and is funded through customer rates over the life of the related assets. Additionally, BNI Energy funds its obligation through its cost-plus coal supply agreements for which BNI Energy has recorded a receivable of \$37.2 million in Other Non-Current Assets on the Consolidated Balance Sheet as of **June 30, 2024** **September 30, 2024** (\$37.2 million as of December 31, 2023).

(b) The increase in Asset Retirement Obligation in 2024 reflects the impact of estimated compliance costs related to the EPA's CCR Legacy Impoundment Rule finalized in May 2024. (See Note 6. Commitments, Guarantees and Contingencies.)

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#### NOTE 1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

	Quarter Ended		Quarter Ended		Six Months Ended		Quarter Ended	Nine Months Ended
	2024	2023	2024	2023	June 30,	September 30,	2024	2023
Other Income								
<b>Millions</b>								
Pension and Other Postretirement Benefit Plan Non-Service Credits (a)								
Pension and Other Postretirement Benefit Plan Non-Service Credits (a)								
Pension and Other Postretirement Benefit Plan Non-Service Credits (a)								
Interest and Investment Income (b)								
AFUDC - Equity								
Other								
Other								
Other								
Gain on Arbitration Award (c)								
Gain on Arbitration Award (c)								
Gain on Arbitration Award (c)								
Other Income (Expense)								
<b>Total Other Income</b>								

(a) These are components of net periodic pension and other postretirement benefit cost other than service cost. (See Note 9. Pension and Other Postretirement Benefit Plans.)

(b) Interest and Investment Income for the quarter and nine months ended September 30, 2023, reflects \$5.1 million of interest income related to interest awarded as part of an arbitration ruling involving a subsidiary of ALLETE Clean Energy. (See Note 6. Commitments, Guarantees, and Contingencies.)

(c) This reflects a gain recognized for the favorable outcome of an arbitration ruling involving a subsidiary of ALLETE Clean Energy. (See Note 6. Commitments, Guarantees, and Contingencies.)

Supplemental Statement of Cash Flows Information	Supplemental Statement of Cash Flows Information	Six Months Ended		June 30,	Nine Months Ended	September 30,
		2024	2023	2024	2023	
Millions	Millions	Millions				
Cash Paid for Interest – Net of Amounts Capitalized						
Cash Paid for Income Taxes – Net						
Noncash Investing and Financing Activities	Noncash Investing and Financing Activities			Noncash Investing and Financing Activities		
Increase (Decrease) in Accounts Payable for Capital Additions to Property, Plant and Equipment						
Increase (Decrease) in Accounts Payable for Capital Additions to Property, Plant and Equipment						
Increase (Decrease) in Accounts Payable for Capital Additions to Property, Plant and Equipment		\$5.8	\$5.0			
Increase in Accounts Payable for Capital Additions to Property, Plant and Equipment						
Increase in Accounts Payable for Capital Additions to Property, Plant and Equipment						
Increase in Accounts Payable for Capital Additions to Property, Plant and Equipment		\$13.5	\$11.8			
Capitalized Asset Retirement Costs (a)						
Capitalized Asset Retirement Costs (a)						
Capitalized Asset Retirement Costs (a)						
AFUDC—Equity						

(a) Capitalized asset retirement costs in 2024 reflect the impact of estimated compliance costs related to the EPA's CCR Legacy Impoundment Rule finalized in May 2024. (See Note 6, Commitments, Guarantees and Contingencies.)

#### New Accounting Pronouncements and Disclosure Rules.

See Note 1. Operations and Significant Accounting Policies to the Consolidated Financial Statements in our 2023 Form 10-K, with additional disclosure provided in the following paragraphs.

**SEC Climate-related Disclosures Rule.** On March 6, 2024, the SEC issued the final rules regarding the enhancement and standardization of climate-related disclosures for investors (Rule). The Rule requires registrants to provide certain climate-related information in their annual reports and registration statements. These requirements include disclosing climate-related risks that materially affect or are reasonably likely to materially affect a registrant's business strategy, results of operations, or financial condition as well as certain disclosures related to greenhouse-gas emissions, and the effects of severe weather events and other natural conditions. The Rule provides that the disclosure requirements will begin phasing in for annual periods beginning in 2025. The Company is evaluating the final rule to determine its impact on the Company's disclosures. The Rule is currently being challenged before the U.S. Court of Appeals for the Eighth Circuit (Eighth Circuit Court), and the SEC issued a voluntary stay of the Rule on April 4, 2024, pending judicial review.

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#### NOTE 1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Improvements to Reportable Segment Disclosures.** In November 2023, the FASB issued Accounting Standards Update 2023-07, Improvements to Reportable Segment Disclosures (ASU 2023-07). ASU 2023-07 requires that an entity provide enhanced disclosures about significant segment expenses that are regularly provided to the chief operating decision maker, among other disclosures. ASU 2023-07 is effective for annual periods beginning after December 15, 2023, and for quarterly periods beginning after December 15, 2024, with early adoption permitted. We have assessed the impact of this updated guidance and expect to provide enhanced disclosures for our segments in our Form 10-K for the year ended December 31, 2024.

There are no other new accounting pronouncements or rules that we anticipate having a material effect on the presentation of ALLETE's consolidated financial statements.

## NOTE 2. REGULATORY MATTERS

Regulatory matters are summarized in Note 4. Regulatory Matters to the Consolidated Financial Statements in our 2023 Form 10-K, with additional disclosure provided in the following paragraphs.

**Electric Rates.** Entities within our Regulated Operations segment file for periodic rate revisions with the MPUC, PSCW or FERC. As authorized by the MPUC, Minnesota Power also recognizes revenue under cost recovery riders for transmission, renewable, and environmental investments and expenditures. Revenue from cost recovery riders was **\$13.3 million** **\$15.1 million** for the **six** **nine** months ended **June 30, 2024** **September 30, 2024** (**\$31.5** **44.9** million for the **six** **nine** months ended **June 30, 2023** **September 30, 2023**).

*2024 Minnesota General Rate Case.* On November 1, 2023, Minnesota Power filed a retail rate increase request with the MPUC seeking an average increase of approximately 12.00 percent for retail customers, net of rider revenue incorporated into base rates. The rate filing seeks a return on equity of 10.30 percent and a 53.00 percent equity ratio. On an annualized basis, the requested final rate increase would generate approximately \$89 million in additional revenue. In separate orders dated December 19, 2023, the MPUC accepted the filing as complete and approved an annual interim rate increase of approximately \$64 million, net of rider revenue, beginning January 1, 2024, subject to refund.

On May 3, 2024, Minnesota Power entered into a settlement agreement with the Minnesota Department of Commerce, Minnesota Office of the Attorney General, Residential Utilities Division, and Large Power Intervenors to settle the retail rate increase request. The settlement agreement is subject to approval by the MPUC. As part of the settlement agreement, the parties have agreed on all issues, including an overall rate increase of \$33.97 million, net of rider revenue and amounts transferring to the fuel adjustment clause, a return on equity of 9.78 percent, all non-financial items and cost allocation. At a hearing on October 24, 2024, the MPUC approved the settlement agreement. Final rates are expected to be implemented in the first quarter of 2025; interim rates will be collected through this period with reserves recorded as necessary. As a result of the settlement, Minnesota Power recorded a reserve for an interim rate refund of **\$11.0** **\$17.0** million pre-tax as of **June 30, 2024** **September 30, 2024**, which is subject to MPUC approval of the settlement agreement and Minnesota Power's refund calculation. We cannot predict the level of final rates that may be authorized by the MPUC.

*2022 Minnesota General Rate Case.* Minnesota Power is appealing appealed with the Minnesota Court of Appeals (Court) specific aspects of the MPUC's February 2023 and May 2023 rate case orders for the ratemaking treatment of Taconite Harbor and Minnesota Power's prepaid pension asset. Oral arguments on the appeal were heard by the Court on June 27, 2024. On September 9, 2024, with a decision expected the Court affirmed the MPUC's Taconite Harbor treatment, but reversed and remanded the treatment of Minnesota Power's prepaid pension asset back to the MPUC. The Court directed the MPUC to determine the amount of Minnesota Power's prepaid pension asset to be included in rate base. The MPUC has not yet determined the third quarter of 2024. We are unable to predict next procedural steps in implementing the outcome of this proceeding. Court's decision.

*2024 Wisconsin General Rate Case.* On March 29, 2024, SWL&P filed a rate increase request for its electric, gas and water utilities with the PSCW. The filing seeks an overall return on equity of 10.00 percent and a 55.00 percent equity ratio. On an annualized basis, the requested change would increase rates by approximately 5.90 percent for retail customers and generate an estimated \$7.3 million of additional revenue. The change to SWL&P customers' rates will be determined by the PSCW later this year. Any rate adjustments are anticipated to become effective in January 2025. We cannot predict the level of final rates that may be authorized by the PSCW.

## NOTE 2. REGULATORY MATTERS (Continued)

**Transmission Cost Recovery Rider.** Minnesota Power has an approved cost recovery rider in place to charge retail customers on a current basis for certain transmission investments and expenditures, including a return on the capital invested. Current customer billing rates are based on an MPUC order dated December 19, 2023, which provisionally approved Minnesota Power's latest transmission factor filing submitted on October 24, 2023. Updated billing rates were included on customer bills starting in the first quarter of 2024, and the MPUC approved Minnesota Power's transmission factor filing with no changes in an order dated March 5, 2024.

**Renewable Cost Recovery Rider.** Minnesota Power has an approved cost recovery rider in place to charge retail customers on a current basis for the costs of certain renewable investments and expenditures, including a return on the capital invested. Current customer billing rates for the renewable cost recovery rider were approved by the MPUC in an order dated October 3, 2023. On March 27, 2024, Minnesota Power submitted its latest renewable factor filing. In an order dated June 25, 2024, the MPUC approved the filing and Minnesota Power is authorized to include updated billing rates on customer bills beginning October 1, 2024.

**Solar Cost Recovery Rider.** Minnesota Power has an approved cost recovery rider in place to charge retail customers on a current basis for solar costs related to investments and expenditures for meeting the state of Minnesota's solar energy standard. Current customer billing rates were approved by the MPUC in an order dated December 26, 2023. Updated billing rates were included on customer bills starting in the first quarter of 2024.

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**NOTE 2. REGULATORY MATTERS (Continued)**

**Fuel Adjustment Clause.** Minnesota Power incurred lower fuel and purchased power costs in 2023 than those factored in its fuel adjustment forecast filed in May 2022 for 2023, which resulted in the recognition of an approximately \$13 million regulatory liability as of **June 30, 2024**, and December 31, 2023. Minnesota Power requested to refund the regulatory liability over 12 months beginning in the third quarter of 2024 as part of its annual true-up filing submitted to the MPUC on March 1, 2024. In an order dated July 1, 2024, the MPUC approved the filing, and authorized Minnesota Power to refund the regulatory liability over 12 months beginning on September 1, 2024.

Minnesota Power filed its annual forecasted fuel and purchased energy rates for 2025 on May 1, 2024.

**Energy Conservation and Optimization (ECO) Plan.** On April 1, 2024, Minnesota Power submitted its 2023 ECO annual filing (formerly the Conservation Improvement Plan) detailing Minnesota Power's ECO plan results and requesting a financial incentive of \$2.2 million, which will be recognized upon approval by the MPUC. In 2023, a financial incentive of \$2.2 million was recognized in the third quarter upon approval by the MPUC of the 2022 ECO annual filing. The financial incentives are recognized in the period in which the MPUC approves the filing.

**Regulatory Assets and Liabilities.** Our regulated utility operations are subject to accounting standards for the effects of certain types of regulation. Regulatory assets represent incurred costs that have been deferred as they are probable for recovery in customer rates. Regulatory liabilities represent obligations to make refunds to customers and amounts collected in rates for which the related costs have not yet been incurred. The Company assesses quarterly whether regulatory assets and liabilities meet the criteria for probability of future recovery or deferral. The recovery, refund or credit to rates for these regulatory assets and liabilities will occur over the periods either specified by the applicable regulatory authority or over the corresponding period related to the asset or liability.

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**NOTE 2. REGULATORY MATTERS (Continued)****Regulatory Assets and Liabilities****Regulatory Assets and Liabilities****Regulatory Assets and Liabilities**

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**Millions**

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**Millions**

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**Millions****Current Regulatory Assets (a)****Current Regulatory Assets (a)****Current Regulatory Assets (a)**

Fuel Adjustment Clause

Fuel Adjustment Clause

Fuel Adjustment Clause

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**Other**

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**Other**

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**Other**

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**Total Current Regulatory Assets**

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**Total Current Regulatory Assets**

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**Total Current Regulatory Assets****Non-Current Regulatory Assets****Non-Current Regulatory Assets****Non-Current Regulatory Assets**

Defined Benefit Pension and Other Postretirement Plans

Defined Benefit Pension and Other Postretirement Plans

Defined Benefit Pension and Other Postretirement Plans

Income Taxes
Income Taxes
Income Taxes
Asset Retirement Obligations
Asset Retirement Obligations
Asset Retirement Obligations
Cost Recovery Riders
Cost Recovery Riders
Cost Recovery Riders
Taconite Harbor
Taconite Harbor
Taconite Harbor
Manufactured Gas Plant
Manufactured Gas Plant
Manufactured Gas Plant
Cost Recovery Riders
Cost Recovery Riders
Cost Recovery Riders
PPACA Income Tax Deferral
PPACA Income Tax Deferral
PPACA Income Tax Deferral
Fuel Adjustment Clause
Fuel Adjustment Clause
Fuel Adjustment Clause
Other
Other
Other
Total Non-Current Regulatory Assets
Total Non-Current Regulatory Assets
Total Non-Current Regulatory Assets
<b>Current Regulatory Liabilities (b)</b>
<b>Current Regulatory Liabilities (b)</b>
<b>Current Regulatory Liabilities (b)</b>
Provision for Interim Rate Refund
Provision for Interim Rate Refund
Provision for Interim Rate Refund
Fuel Adjustment Clause
Fuel Adjustment Clause
Fuel Adjustment Clause
Provision for Interim Rate Refund
Provision for Interim Rate Refund
Provision for Interim Rate Refund
Transmission Formula Rates Refund
Transmission Formula Rates Refund
Transmission Formula Rates Refund
Other
Other
Other
Total Current Regulatory Liabilities
Total Current Regulatory Liabilities
Total Current Regulatory Liabilities

Non-Current Regulatory Liabilities
Non-Current Regulatory Liabilities
Non-Current Regulatory Liabilities
Income Taxes
Income Taxes
Income Taxes
Wholesale and Retail Contra AFUDC
Wholesale and Retail Contra AFUDC
Wholesale and Retail Contra AFUDC
Plant Removal Obligations
Plant Removal Obligations
Plant Removal Obligations
Non-Jurisdictional Land Sales
Non-Jurisdictional Land Sales
Non-Jurisdictional Land Sales
Defined Benefit Pension and Other Postretirement Benefit Plans
Defined Benefit Pension and Other Postretirement Benefit Plans
Defined Benefit Pension and Other Postretirement Benefit Plans
Investment Tax Credits
Investment Tax Credits
Investment Tax Credits
Boswell Units 1 and 2 Net Plant and Equipment
Boswell Units 1 and 2 Net Plant and Equipment
Boswell Units 1 and 2 Net Plant and Equipment
Fuel Adjustment Clause
Fuel Adjustment Clause
Fuel Adjustment Clause
Boswell Units 1 and 2 Net Plant and Equipment
Other
Boswell Units 1 and 2 Net Plant and Equipment
Other
Boswell Units 1 and 2 Net Plant and Equipment
Other
Other
Other
Total Non-Current Regulatory Liabilities
Total Non-Current Regulatory Liabilities
Total Non-Current Regulatory Liabilities

(a) Current regulatory assets are presented within Prepayments and Other on the Consolidated Balance Sheet.

(b) Current regulatory liabilities are presented within Other Current Liabilities on the Consolidated Balance Sheet.

### NOTE 3. EQUITY INVESTMENTS

**Investment in ATC.** Our wholly-owned subsidiary, ALLETE Transmission Holdings, owns approximately 8 percent of ATC, a Wisconsin-based utility that owns and maintains electric transmission assets in portions of Wisconsin, Michigan, Minnesota and Illinois. We account for our investment in ATC under the equity method of accounting.

**ALLETE's Investment in ATC****Millions**

Equity Investment Balance as of December 31, 2023	\$179.7
Cash Investments	3.95.8
Equity in ATC Earnings	11.717.8
Distributed ATC Earnings	(9.2)(14.0)
Amortization of the Remeasurement of Deferred Income Taxes	0.61.0
Equity Investment Balance as of <b>June 30, 2024</b> <b>September 30, 2024</b>	\$186.7190.3

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**NOTE 3. EQUITY INVESTMENTS (Continued)**

ATC's authorized return on equity was 10.02 percent, or 10.52 percent including an incentive adder for participation in a regional transmission organization (RTO), based on a 2020 FERC order which is subject to various outstanding legal challenges related to the return on equity calculation and refund period ordered by the FERC. In August 2022, the U.S. Court of Appeals for the District of Columbia Circuit (D.C. Circuit) vacated and remanded the 2020 FERC order back to FERC. **We cannot predict the On October 17, 2024, FERC ordered a return on equity the FERC will ultimately authorize of 9.98 percent, or 10.48 percent including an incentive adder for participation in the remanded proceeding, a RTO effective September 28, 2016.**

In addition, the FERC issued a Notice of Proposed Rulemaking in 2021 proposing to limit the 0.50 percent incentive adder for participation in a regional transmission organization to only the first three years of membership in such an organization. If this proposal is adopted, our equity in earnings from ATC would be reduced by approximately \$1 million pre-tax annually.

**Investment in Nobles 2.** Our subsidiary, ALLETE South Wind, owns 49 percent of Nobles 2, the entity that owns and operates a 250 MW wind energy facility in southwestern Minnesota pursuant to a 20-year PPA with Minnesota Power. We account for our investment in Nobles 2 under the equity method of accounting.

**ALLETE's Investment in Nobles 2****Millions**

Equity Investment Balance as of December 31, 2023	\$151.5
Equity in Nobles 2 Earnings (a)	(0.3)(1.3)
Distributed Nobles 2 Earnings	(1.9)(2.6)
Equity Investment Balance as of <b>June 30, 2024</b> <b>September 30, 2024</b>	\$149.3147.6

(a) The Company also recorded earnings from net loss attributable to non-controlling interest of \$6.4 \$8.4 million related to its investment in Nobles 2.

**NOTE 4. FAIR VALUE**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). We utilize market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated or generally unobservable. We primarily apply the market approach for recurring fair value measurements and endeavor to utilize the best available information. Accordingly, we utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. These inputs, which are used to measure fair value, are prioritized through the fair value hierarchy. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). Descriptions of the three levels of the fair value hierarchy are discussed in Note 7. Fair Value to the Consolidated Financial Statements in our 2023 Form 10-K.

The following tables set forth, by level within the fair value hierarchy, our assets and liabilities that were accounted for at fair value on a recurring basis as of **June 30, 2024** **September 30, 2024**, and December 31, 2023. Each asset and liability is classified based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement requires judgment, which may affect the valuation of these assets and liabilities and their placement within the fair value hierarchy levels. The estimated fair value of Cash and Cash Equivalents on the Consolidated Balance Sheet approximates the carrying amount and therefore is excluded from the recurring fair value measures in the following tables.

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NOTE 4. FAIR VALUE (Continued)

Recurring Fair Value Measures	Fair Value as of June 30, 2024			Fair Value as of September 30, 2024					
	Recurring Fair Value Measures	Level 1	Level 2	Level 3	Total	Recurring Fair Value Measures	Level 1	Level 2	Level 3
	Millions	Millions	Millions	Millions	Millions	Assets	Assets	Assets	Assets
Assets									
Investments (a)									
Available-for-sale – Equity Securities									
Available-for-sale – Equity Securities									
Available-for-sale – Equity Securities									
Available-for-sale – Corporate and Governmental									
Debt Securities (b)									
Cash Equivalents									
Total Fair Value of Assets									
Liabilities									
Liabilities									
Liabilities									
Deferred Compensation (c)									
Total Fair Value of Liabilities									
Total Fair Value of Liabilities									
Total Fair Value of Liabilities									
Recurring Fair Value Measures	Fair Value as of December 31, 2023			Fair Value as of December 31, 2023					
	Recurring Fair Value Measures	Level 1	Level 2	Level 3	Total	Recurring Fair Value Measures	Level 1	Level 2	Level 3
	Millions	Millions	Millions	Millions	Millions	Assets	Assets	Assets	Assets
Assets									
Assets									
Assets									
Investments (a)									
Investments (a)									
Investments (a)									
Available-for-sale – Equity Securities									
Available-for-sale – Equity Securities									
Available-for-sale – Equity Securities									
Available-for-sale – Corporate and Governmental									
Debt Securities									
Cash Equivalents									
Total Fair Value of Assets									
Liabilities									
Liabilities									
Liabilities									
Deferred Compensation (c)									
Deferred Compensation (c)									
Deferred Compensation (c)									
Total Fair Value of Liabilities									
Total Fair Value of Liabilities									
Total Fair Value of Liabilities									

(a) Included in Other Non-Current Assets on the Consolidated Balance Sheet.

(b) As of **June 30, 2024** **September 30, 2024**, the aggregate amount of available-for-sale corporate and governmental debt securities maturing in one year or less was **\$2.0 million** **\$2.2 million**, in one year to less than three years was **\$2.7 million** **\$2.3 million**, in three years to less than five years was **\$1.3 million** **\$1.7 million** and in five or more years was **\$0.5 million**.  
 (c) Included in Other Non-Current Liabilities on the Consolidated Balance Sheet.

**Fair Value of Financial Instruments.** With the exception of the item listed in the following table, the estimated fair value of all financial instruments approximates the carrying amount. The fair value of the item listed in the following table was based on quoted market prices for the same or similar instruments (Level 2).

Financial Instruments	Financial Instruments	Carrying Amount	Fair Value	Financial Instruments	Carrying Amount	Fair Value
<b>Millions</b>	<b>Millions</b>			<b>Millions</b>		
Short-Term and Long-Term Debt (a)	Short-Term and Long-Term Debt (a)			Short-Term and Long-Term Debt (a)		
June 30, 2024		\$1,796.4	\$1,632.4			
September 30, 2024		\$1,794.4	\$1,724.7			
December 31, 2023	December 31, 2023	\$1,799.4	\$1,670.6	December 31, 2023	\$1,799.4	\$1,670.6

(a) Excludes unamortized debt issuance costs.

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#### NOTE 4. FAIR VALUE (Continued)

**Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis.** Non-financial assets such as equity method investments, land inventory, and property, plant and equipment are measured at fair value when there is an indicator of impairment and recorded at fair value only when an impairment is recognized. For the quarter and **six** **nine** months ended **June 30, 2024** **September 30, 2024**, and the year ended December 31, 2023, there were no indicators of impairment for these non-financial assets.

We continue to monitor changes in the broader energy markets along with wind resource expectations that could indicate impairment at ALLETE Clean Energy wind energy facilities upon contract expirations or for facilities without long-term contracts for their entire output. A continued decline or volatility in energy prices or lower wind resource expectations could result in a future impairment.

#### NOTE 5. SHORT-TERM AND LONG-TERM DEBT

The following tables present the Company's short-term and long-term debt as of **June 30, 2024** **September 30, 2024**, and December 31, 2023:

June 30, 2024	Principal	Unamortized Debt Issuance Costs	Total
September 30, 2024	Principal	Unamortized Debt Issuance Costs	Total
<b>Millions</b>			
Short-Term Debt			
Short-Term Debt			
Short-Term Debt			
Long-Term Debt			
<b>Total Debt</b>			
December 31, 2023	Principal	Unamortized Debt Issuance Costs	Total
<b>Millions</b>			
Short-Term Debt	\$111.5	\$(0.1)	\$111.4
Long-Term Debt	1,687.9	(8.0)	1,679.9
<b>Total Debt</b>	<b>\$1,799.4</b>	<b>\$(8.1)</b>	<b>\$1,791.3</b>

We had \$23.4 million outstanding in standby letters of credit and no outstanding draws under our lines of credit as of **June 30, 2024** **September 30, 2024** (\$19.4 million in standby letters of credit and \$34.1 million outstanding draws **on our lines of credit** as of December 31, 2023). We also have standby letters of credit outstanding under other letter of credit facilities. (See Note 6. Commitments, Guarantees and Contingencies.)

On **June 27, 2024** **September 5, 2024**, ALLETE agreed to issue **issued** and **sell** **sold** \$150 million of senior unsecured notes ("Notes") to certain institutional buyers in the private placement market. The Notes **will** **were** sold in reliance on an exemption from registration under Section 4(a)(2) of the Securities Act of 1933, as amended, to institutional accredited investors. **The Notes will be issued and sold on or before September 5, 2024.** Of the Notes **to be** issued and sold, \$100 million of the Notes **will** bear interest at a rate of 5.94 percent and mature on September 5, 2029, and \$50 million of the Notes **will** bear interest at a rate of 6.18 percent and mature on September 5, 2034. Interest on the Notes **will** be payable semi-annually on March 5 and September 5 of each year, commencing on March 5, 2025. The Company has the option to prepay all or a portion of the Notes at its

discretion, subject to a make-whole provision. The Notes are subject to additional terms and conditions which are customary for these types of transactions. Proceeds from the sale of the Notes ~~will be~~ were used for refinancing of debt and general corporate purposes.

On July 31, 2024, ALLETE issued a notice to the holders of its 2.65 percent senior notes due September 10, 2025, ("2025 Notes") regarding the Company's exercise of its option to prepay all of the issued and outstanding 2025 Notes. ALLETE ~~will prepay~~ prepaid all \$150 million in aggregate principal amount of the 2025 Notes on September 5, 2024. The 2025 Notes ~~will be~~ were prepaid at 100 percent of their principal amount, plus accrued and unpaid interest.

#### **NOTE 5. SHORT-TERM AND LONG-TERM DEBT (continued)**

On April 23, 2024, ALLETE issued \$100 million of its First Mortgage Bonds (Bonds) to certain institutional buyers in the private placement market. The Bonds, which bear interest at 5.72 percent, will mature on April 30, 2039 and pay interest semi-annually in April and October of each year, commencing on October 30, 2024. ALLETE has the option to prepay all or a portion of the Bonds at its discretion, subject to a make-whole provision. The Bonds are subject to additional terms and conditions which are customary for these types of transactions. Proceeds from the sale of the Bonds were used to refinance existing indebtedness and for general corporate purposes. The Bonds were sold in reliance on an exemption from registration under Section 4(a)(2) of the Securities Act of 1933, as amended, to institutional accredited investors.

**Financial Covenants.** Our long-term debt arrangements contain customary covenants. In addition, our lines of credit and letters of credit supporting certain long-term debt arrangements contain financial covenants. Our compliance with financial covenants is not dependent on debt ratings. The most restrictive financial covenant requires ALLETE to maintain a ratio of indebtedness to total capitalization (as the amounts are calculated in accordance with the respective long-term debt arrangements) of less than or equal to 0.65 to 1.00, measured quarterly. As of ~~June 30, 2024~~ September 30, 2024, our ratio was approximately 0.36 to 1.00. Failure to meet this covenant would give rise to an event of default if not cured after notice from the lender, in which event ALLETE may need to pursue alternative sources of funding. Some of ALLETE's debt arrangements contain "cross-default" provisions that would result in an event of default if there is a failure under other financing arrangements to meet payment terms or to observe other covenants that would result in an acceleration of payments due. ALLETE has no significant restrictions on its ability to pay dividends from retained earnings or net income. As of ~~June 30, 2024~~ September 30, 2024, ALLETE was in compliance with its financial covenants.

#### **NOTE 6. COMMITMENTS, GUARANTEES AND CONTINGENCIES**

**Power Purchase and Sale Agreements.** Our long-term PPAs have been evaluated under the accounting guidance for variable interest entities. We have determined that either we have no variable interest in the PPAs or, where we do have variable interests, we are not the primary beneficiary; therefore, consolidation is not required. These conclusions are based on the fact that we do not have both control over activities that are most significant to the entity and an obligation to absorb losses or receive benefits from the entity's performance. Our financial exposure relating to these PPAs is limited to our capacity and energy payments.

Our PPAs are summarized in Note 9. Commitments, Guarantees and Contingencies to the Consolidated Financial Statements in our 2023 Form 10-K, with additional disclosure provided in the following paragraphs.

**Square Butte PPA.** As of ~~June 30, 2024~~ September 30, 2024, Square Butte had total debt outstanding of ~~\$179.9~~ \$174.2 million. Fuel expenses are recoverable through Minnesota Power's fuel adjustment clause and include the cost of coal purchased from BNI Energy under a long-term contract. Minnesota Power's cost of power purchased from Square Butte during the ~~six~~ nine months ended ~~June 30, 2024~~ September 30, 2024, was ~~\$44.2~~ \$66.0 million (~~\$44.0~~ \$64.8 million for the same period in 2023). This reflects Minnesota Power's pro rata share of total Square Butte costs based on the 50 percent output entitlement. Included in this amount was Minnesota Power's pro rata share of interest expense of ~~\$2.6~~ \$3.8 million (~~\$2.7~~ \$4.1 million for the same period in 2023). Minnesota Power's payments to Square Butte are approved as a purchased power expense for ratemaking purposes by both the MPUC and the FERC.

**Minnkota Power PSA.** Minnesota Power has a PSA with Minnkota Power, which commenced in 2014. Under the PSA, Minnesota Power is selling a portion of its entitlement from Square Butte to Minnkota Power, resulting in Minnkota Power's net entitlement increasing and Minnesota Power's net entitlement decreasing until Minnesota Power's share is eliminated at the end of 2025. Of Minnesota Power's 50 percent output entitlement, Minnesota Power sold to Minnkota Power approximately 41 percent in 2024 and 37 percent in 2023.

**Coal, Rail and Shipping Contracts.** Minnesota Power has coal supply agreements providing for the purchase of a significant portion of its coal requirements through December 2025. Minnesota Power also has coal transportation agreements in place for the delivery of a significant portion of its coal requirements through December 2024. The costs of fuel and related transportation costs for Minnesota Power's generation are recoverable from Minnesota Power's utility customers through the fuel adjustment clause.

## NOTE 6. COMMITMENTS, GUARANTEES AND CONTINGENCIES (Continued)

### Environmental Matters.

Our businesses are subject to regulation of environmental matters by various federal, state, and local authorities. A number of regulatory changes to the Clean Air Act, the Clean Water Act and various waste management requirements have been promulgated by both the EPA and state authorities over the past several years. Minnesota Power's facilities are subject to additional requirements under many of these regulations. Minnesota Power is reshaping its generation portfolio, over time, to reduce its reliance on coal, has installed cost-effective emission control technology, and advocates for sound science and policy during rulemaking implementation.

We consider our businesses to be in substantial compliance with currently applicable environmental regulations and believe all necessary permits have been obtained. We anticipate that with many state and federal environmental regulations and requirements finalized, or to be finalized in the near future, potential expenditures for future environmental matters may be material and require significant capital investments. Minnesota Power has evaluated various environmental compliance scenarios using possible outcomes of environmental regulations to project power supply trends and impacts on customers.

We review environmental matters on a quarterly basis. Accruals for environmental matters are recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated based on current law and existing technologies. Accruals are adjusted as assessment and remediation efforts progress, or as additional technical or legal information becomes available. Accruals for environmental liabilities are included in the Consolidated Balance Sheet at undiscounted amounts and exclude claims for recoveries from insurance or other third parties. Costs related to environmental contamination treatment and cleanup are expensed unless recoverable in rates from customers.

**Air.** The electric utility industry is regulated both at the federal and state level to address air emissions. Minnesota Power's thermal generating facilities mainly burn low-sulfur western sub-bituminous coal, as well as natural gas and biomass. All of Minnesota Power's coal-fired generating facilities are equipped with pollution control equipment such as scrubbers, baghouses and low NOx technologies. Under currently applicable environmental regulations, these facilities are substantially compliant with emission requirements.

**Cross-State Air Pollution Rule (CSAPR).** The CSAPR requires certain states in the eastern half of the U.S., including Minnesota, to reduce power plant emissions that contribute to ozone or fine particulate pollution in other states. The CSAPR does not require installation of controls but does require facilities have sufficient allowances to cover their emissions on an annual basis. These allowances are allocated to facilities from each state's annual budget and can be bought and sold. Based on our review of the NOx and SO<sub>2</sub> allowances issued and pending issuance as well as consideration of current rules, we currently expect generation levels and emission rates will result in continued compliance with the CSAPR. Minnesota Power will continue to monitor ongoing CSAPR rulemakings and compliance implementation, including the EPA's Good Neighbor Rule which modifies certain aspects of the CSAPR's program scope and extent (see *EPA Good Neighbor Plan for 2015 Ozone NAAQS*).

**National Ambient Air Quality Standards (NAAQS).** The EPA is required to review each NAAQS every five years. If the EPA determines that a state's air quality is not in compliance with the NAAQS, the state is required to adopt plans describing how it will reduce emissions to attain the NAAQS. Minnesota Power actively monitors NAAQS developments, and the EPA is currently reviewing the primary or secondary NAAQS for NO<sub>x</sub>, SO<sub>2</sub>, and ozone. On February 7, 2024, particulate matter. Implementation of the EPA announced a EPA's February 2024 final rule lowering the annual primary standard for fine particulate matter while retaining other existing primary and secondary standards such as those for coarse particulate matter. Implementation of this new standard began with its on May 6, 2024 effective date. The EPA also released a draft rule on April 15, 2024, proposing to revise the secondary SO<sub>2</sub> NAAQS while retaining certain secondary NO<sub>x</sub> and particulate matter NAAQS, with a final rule expected by January 2025. Anticipated timelines and compliance costs related to this and other potential NAAQS revisions cannot yet be estimated but costs could be material. Minnesota Power would seek recovery of additional costs through a rate proceeding.

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## NOTE 6. COMMITMENTS, GUARANTEES AND CONTINGENCIES (Continued)

### Environmental Matters (Continued)

**EPA Good Neighbor Plan for 2015 Ozone NAAQS.** On June 5, 2023, after disapproving state implementation plans, the EPA published a final Federal Implementation Plan (FIP) rule in the Federal Register, the Good Neighbor Plan, to address regional ozone transport for the 2015 Ozone NAAQS by reducing NO<sub>x</sub> emissions during the period of May 1 through September 30 (ozone season). In its justification for the final rule, the EPA asserted that 23 states, including Minnesota, were modeled as significant contributors to downwind states' challenges in attaining or maintaining ozone NAAQS compliance within their state borders. The Good Neighbor Plan is designed to resolve this interstate transport issue by implementing a variety of NO<sub>x</sub> reduction strategies, including federal implementation plan requirements, NO<sub>x</sub> emission limitations, and ozone season allowance program requirements. The final rule imposed restrictions on fossil-fuel fired power plants in 22 states and on certain industrial sources in 20 states, with implementation occurring through changes to the existing CSAPR program for power plants.

Since the EPA partially disapproved the Good Neighbor State Implementation Plans (SIPs) for the states of Minnesota and Wisconsin, among others, Minnesota is subject to the final Good Neighbor Plan. However, Minnesota Power and a coalition of other Minnesota utilities and industry (the parties) co-filed challenges to the EPA's final Minnesota SIP disapproval, submitting a petition for reconsideration and stay to the EPA, and a petition for judicial review to the U.S. Court of Appeals for the Eighth Circuit (Eighth Circuit Court). The parties are challenging and requesting reconsideration of certain technical components of the EPA's review and subsequent partial disapproval of the state of Minnesota's SIP. On July 5, 2023, the Eighth Circuit Court granted a stay of the SIP disapproval preventing the Good Neighbor Plan from taking effect in Minnesota. Oral arguments occurred on October 22, 2024. On March 28, 2024, the EPA issued a partial denial of several administrative reconsideration and stay petitions, including from the Minnesota coalition.

On September 29, 2023, the EPA issued an updated final interim rule addressing the stays in Minnesota and five other states, formally delaying the effective date of the final FIP for states with active stays in place. The state of Minnesota therefore did not become subject to compliance obligations for the 2023 or 2024 ozone seasons. Future compliance obligations will depend on resolution of the stay. Additionally, challenges have been filed against the final FIP rule by the Minnesota coalition parties and other entities, although the Minnesota coalition FIP challenge is currently in abeyance pending resolution of the SIP disapproval case. On **February 21, 2024** **June 27, 2024**, the U.S. Supreme Court heard arguments from several states and industry groups requesting granted an emergency stay of the FIP rule. The court granted the petitioners' request on June 27, 2024, rule requested by several states and industry groups, staying enforcement of the FIP pending the D.C. Circuit's review and any petition for writ of certiorari. Anticipated timelines and compliance costs related to final Good Neighbor Plan compliance cannot yet be estimated due to uncertainties about SIP approval resolution, implementation timing, FIP rule outcome, and allowance costs and facility emissions during the ozone season. However, the costs could be material, including costs of additional NOx controls, emission allowance program participation, or operational changes, if any are required. Minnesota Power would seek recovery of additional costs through a rate proceeding.

*EPA National Emission Standards for Hazardous Air Pollutants for Major Sources: Industrial, Commercial and Institutional Boilers and Process Heaters (Industrial Boiler MACT) Rule.* A final rule issued by the EPA for Industrial Boiler MACT became effective in 2013 with compliance required at major existing sources in 2016, which applied to Minnesota Power's Hibbard Renewable Energy Center and Rapids Energy Center. Compliance consisted largely of adjustments to fuels and operating practices and compliance costs were not material. After this initial rulemaking, litigation from 2016 through 2018 resulted in court orders directing that the EPA reconsider certain aspects of the regulation. A final rule incorporating these revisions became effective in December 2022, with a compliance deadline of October 6, 2025. Compliance costs are not expected to be material.

*EPA Mercury and Air Toxics Standards (MATS) Rule.* On April 25, 2024, the EPA published a final rule to revise the existing 2012 MATS Rule, which regulates air emissions of hazardous air pollutants from coal- and oil-fired electric generating units (EGUs). The final rule eliminates certain MATS compliance flexibility, lowers the particulate emission standard for all coal-fired EGUs, and reduces the mercury emission standard for lignite-fired EGUs. The rule became effective July 8, 2024, with compliance required beginning July 6, 2027. The MATS regulation applies at Minnesota Power's Boswell facility, which is currently well-controlled for these emissions and already complying with some of the new requirements. The Company anticipates the new rule will not have limited material impacts at Boswell. However, compliance costs cannot yet be fully estimated, and recovery of any additional costs would be sought through a rate proceeding. Litigation against the EPA's latest MATS Rule revision from a number of U.S. states as well as several companies and industry groups is ongoing, including a motion ongoing. Motions to stay the rule filed in were denied by the U.S. Court of Appeals for the D.C. Circuit on **June 7, 2024** **August 6, 2024**, and the U.S. Supreme Court on October 4, 2024.

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#### **NOTE 6. COMMITMENTS, GUARANTEES AND CONTINGENCIES (Continued)** **Environmental Matters (Continued)**

**Climate Change.** The scientific community generally accepts that emissions of GHGs are linked to global climate change which creates physical and financial risks. Physical risks could include but are not limited to: increased or decreased precipitation and water levels in lakes and rivers; increased or other changes in temperatures; increased risk of wildfires; and changes in the intensity and frequency of extreme weather events. These all have the potential to affect the Company's business and operations. We are addressing climate change by taking the following steps that also ensure reliable and environmentally compliant generation resources to meet our customers' requirements:

- Expanding renewable power supply for both our operations and the operations of others;
- Providing energy conservation initiatives for our customers and engaging in other demand side management efforts;
- Improving efficiency of our generating facilities;
- Supporting research of technologies to reduce carbon emissions from generating facilities and carbon sequestration efforts;
- Evaluating and developing less carbon intensive future generating assets such as efficient and flexible natural gas-fired generating facilities;
- Managing vegetation on right-of-way corridors to reduce potential wildfire or storm damage risks; and
- Practicing sound forestry management in our service territories to create landscapes more resilient to disruption from climate-related changes, including planting and managing long-lived conifer species.

*EPA Regulation of GHG Emissions.* On April 25, 2024, the EPA issued several final greenhouse gas regulations to establish emissions standards and guidelines for fossil fuel-fired electric generating units (EGUs) under Section 111 of the Clean Air Act (CAA). The final rules revise new source performance standards (NSPS) for new, modified and reconstructed EGUs (Section 111(b) of the CAA) and creates new emission guidelines for existing EGUs (Section 111(d) of the CAA). The action also officially repeals the predecessor regulation "Affordable Clean Energy Rule", first issued in 2019 and later vacated in 2021. Compliance will be required beginning January 1, 2030 for existing sources, and upon commencing operation of new units. The 111(d) rule also requires states to submit plans to provide for the establishment, implementation and enforcement of performance standards for existing sources. States must submit their plans either a state plan or negative declaration letter to the EPA within 24 months after publication of the final emissions guidelines, by May 11, 2026.

The final Section 111 rules apply to several Company assets, including existing EGUs at the Boswell and Laskin facilities as well as the proposed combined cycle natural gas-fired generating facility, **NTEC**. **Nemadji Trail Energy Center**. The Company is reviewing anticipates compliance with the new rule but anticipates compliance rules may require operational or planning adjustments. The state implementation plan process for Section 111(d) existing units will also be a factor in determining specific requirements and timing. We are unable to predict compliance costs at this time; however, the costs could be material. Minnesota Power would seek recovery of additional costs through a rate proceeding. The Company is also monitoring litigation of the final Section 111 rules, which began when the rules were published in the Federal Register on May 9, 2024, which is proceeding and continues in

federal court. Both the D.C. Circuit and the U.S. Supreme Court have declined requests to block the rule from becoming effective while litigation is ongoing. Outcomes from ongoing litigation may impact both the timing of rule effectiveness and the ultimate compliance obligations required by the rule.

**Water.** The Clean Water Act requires NPDES permits be obtained from the EPA or delegated state agencies for any wastewater discharged into navigable waters. We have obtained all necessary NPDES permits, including NPDES storm water permits for applicable facilities, to conduct our operations.

**NOTE 6. COMMITMENTS, GUARANTEES AND CONTINGENCIES (Continued)**  
**Environmental Matters (Continued)**

*Steam Electric Power Generating Effluent Limitations Guidelines.* In 2015, the EPA issued revised federal effluent limitation guidelines (ELG) for steam electric power generating stations under the Clean Water Act. It set effluent limits and prescribed Best Available Control Technology (BACT) for several wastewater streams, including flue gas desulphurization (FGD) water, bottom ash transport water and coal combustion landfill leachate. In October 2020, the EPA published a final ELG Rule allowing re-use of bottom ash transport water in FGD scrubber systems with limited discharges related to maintaining system water balance. The rule set technology standards and numerical pollutant limits for discharges of bottom ash transport water and FGD wastewater. Compliance deadlines depend on subcategory, with compliance generally required as soon as possible, beginning after October 13, 2021, but no later than December 31, 2025, or December 31, 2028, in some specific cases.

On May 9, 2024, the EPA finalized revisions to the 2020 ELG rule. The final rule establishes zero discharge limitations for bottom ash transport water, FGD wastewater, and combustion residual leachate. A definition for legacy wastewater was established, with deferral to state permit programs for setting discharge limits based on best professional judgment. The rule maintains exemptions for units permanently ceasing coal combustion by 2028 and adds a new subcategory for units that are retiring by 2032 and have already complied with either the 2015 or 2020 ELG rules. Additionally, the rule establishes mercury and arsenic limitations for functionally equivalent discharges of leachate via groundwater to surface water. Compliance deadlines are determined by the applicable state permitting authority. Deadlines must be established authority through permit incorporation as soon as 60 days after the final rule is published in the Federal Register, July 8, 2024, but no later than December 31, 2029.

Bottom ash transport and FGD wastewater ELGs are not expected to have a significant impact on Minnesota Power operations. Zero leachate discharge requirements have the potential to impact dewatering associated with the closed Taconite Harbor dry ash landfill. New limitations for arsenic and mercury related to functionally equivalent (groundwater to surface water) discharges are not currently anticipated to impact Minnesota Power facilities.

We estimate no additional material compliance costs for ELG bottom ash water and FGD requirements. Compliance costs we might incur related to other ELG waste streams (e.g., leachate) or other potential future water discharge regulations at Minnesota Power facilities cannot be estimated; however, the costs could be material, including costs associated with wastewater treatment and re-use. Minnesota Power would seek recovery of additional costs through a rate proceeding.

*Permitted Water Discharges – Sulfate.* In 2017, the MPCA released a draft water quality standard in an attempt to update Minnesota's existing 10 mg/L sulfate limit for waters used for the production of wild rice with the proposed rulemaking heard before an administrative law judge (ALJ). In 2018, the ALJ rejected significant portions of the proposed rulemaking and the MPCA subsequently withdrew the rulemaking. The existing 10 mg/L limit remains in place, but the MPCA is currently prohibited under state law from listing wild rice waters as impaired or requiring sulfate reduction technology.

The federal Clean Water Act requires the MPCA to update the state's impaired water list every two years. Beginning in 2021 through the latest release approved by the EPA in April 2024, this list now includes Minnesota lakes and streams identified as wild rice waters that are listed for sulfate impairment. The list could subsequently be used to set sulfate limits in discharge permits for power generation facilities and municipal and industrial customers, including paper and pulp facilities, and mining operations. At this time, we are unable to determine the specific impacts these developments may have on Minnesota Power operations or its customers, if any. Minnesota Power would seek recovery of additional costs through a rate proceeding.

**Solid and Hazardous Waste.** The Resource Conservation and Recovery Act of 1976 regulates the management and disposal of solid and hazardous wastes. We are required to notify the EPA of hazardous waste activity and, consequently, routinely submit reports to the EPA.

*Coal Ash Management Facilities.* Minnesota Power produces the majority of its coal ash at Boswell, with small amounts of ash generated at Hibbard Renewable Energy Center. Ash storage and disposal methods include storing ash in clay-lined onsite impoundments (ash ponds), disposing of dry ash in a lined dry ash landfill, applying ash to land as an approved beneficial use, and trucking ash to state permitted landfills.

**NOTE 6. COMMITMENTS, GUARANTEES AND CONTINGENCIES (Continued)**  
**Environmental Matters (Continued)**

**Boswell Ash Wastewater Spill.** On **July 16, 2024** **August 12, 2024**, Minnesota Power **detected** received a Notice of Violation (NOV) from the MPCA, related to the spill at Boswell from an underground pipeline carrying ash wastewater from an inactive onsite storage pond to Blackwater Creek, which the **Boswell facility**. Company reported on **July 16, 2024**. Minnesota Power responded to the MPCA NOV, clarifying certain statements made by the MPCA, as well as providing a written report and required plans. We are awaiting a proposed Stipulation Agreement from the MPCA. Minnesota Power continues to work with state and federal agencies and the **Leech Lake Band of Ojibwe** to evaluate and mitigate the impacts from this event. We are unable to predict the mitigation or other costs related to the ash wastewater spill at this time; however, the costs could be material.

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#### **NOTE 6. COMMITMENTS, GUARANTEES AND CONTINGENCIES (Continued)**

##### **Environmental Matters (Continued)**

**Coal Combustion Residuals from Electric Utilities.** In 2015, the EPA published a final rule (2015 Rule) regulating CCR as nonhazardous waste under Subtitle D of the Resource Conservation and Recovery Act (RCRA) in the Federal Register. The rule included additional requirements for new landfill and impoundment construction as well as closure activities related to certain existing impoundments. Costs of compliance for Boswell and Laskin are expected to be incurred primarily over the next 12 years and be between approximately \$65 million and \$120 million. Compliance costs for CCR at Taconite Harbor are not expected to be material. Minnesota Power would seek recovery of additional costs through a rate proceeding.

Minnesota Power continues to work on minimizing compliance costs through evaluation of beneficial re-use and recycling of CCR. In 2018, a U.S. District Court for the District of Columbia decision vacated specific provisions of the CCR rule, which resulted in a change to the status of **several** existing clay-lined impoundments at Boswell being considered unlined. In September 2020, the EPA finalized the CCR Part A Rule, which required all unlined impoundments to cease disposal and initiate closure. Upon completion of dry ash conversion activities, Boswell ceased disposal in both impoundments in September 2022. Both impoundments are now inactive and have initiated closure.

On May 8, 2024, the EPA's final CCR Legacy Impoundment Rule was published in the Federal Register. The final rule expands the scope of units regulated under the CCR rule to include legacy ponds (inactive surface impoundments at inactive facilities) and creates a new category of units called CCR management units (**CCR units**) (**CCRMU**), which includes inactive and closed impoundments and landfills as well as other non-containerized accumulations of CCR. The final rule requires all regulated generating facilities to evaluate and identify past deposits of CCR materials on their sites and close or re-close existing CCR units to meet current closure standards, as well as install groundwater monitoring systems, conduct groundwater monitoring, and implement groundwater corrective actions as necessary. Additionally, the EPA finalized portions of the proposed CCR Part B Rule, which allows CCR units to certify closure while conducting groundwater remediation activities. Impacts to previously closed CCR units at Boswell and Laskin are anticipated. Compliance costs for Minnesota Power's Boswell and Laskin facilities are estimated to be between approximately \$50 million and \$85 million and are expected to be incurred over the next 10 years based on our preliminary assessment; however, we continue to evaluate the impact of the rule and these estimates may be revised in future periods. Minnesota Power is expected to seek recovery of these costs through a rate proceeding.

Additionally, the EPA released a proposed CCR Part B rulemaking in February 2020 addressing options for beneficial reuse of CCR materials, alternative liner demonstrations and other CCR regulatory revisions. Portions of the Part B rule addressing alternative liner equivalency standards were finalized in November 2020. **Finalization of A final rule establishing the remaining CCR beneficial reuse requirements** **is expected in late 2024. The but has been moved to EPA's long term rulemakings, without a publication target date currently. According to its latest Unified Agenda, the EPA plans to publish the final CCR federal permit rule** **is expected in the first half of 2026. The final federal permit rule will finalize procedures for implementing a CCR federal permit program, permitting program for tribal lands and nonparticipating states in October 2024.**

##### **Other Environmental Matters.**

**Manufactured Gas Plant Site.** SWL&P has completed a portion of the remediation activities at a former manufactured gas plant site located in Superior, Wisconsin, and formerly operated by SWL&P. We continue working with the Wisconsin Department of Natural Resources on the remaining remediation at the site and surrounding properties. As of **June 30, 2024** **September 30, 2024**, SWL&P has recorded a liability of approximately \$1 million for remediation costs at this site. SWL&P has recorded the recovery of the remediation costs associated with the site as a regulatory asset as we expect recovery of these costs to be allowed by the PSCW.

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#### **NOTE 6. COMMITMENTS, GUARANTEES AND CONTINGENCIES (Continued)**

##### **Other Matters.**

###### **Letters of Credit, Surety Bonds and Other Indemnifications.**

We have multiple credit facility agreements in place that provide the ability to issue standby letters of credit to satisfy contractual security requirements across our businesses. As of **June 30, 2024** **September 30, 2024**, we had **\$158.2** **\$140.0** million of outstanding letters of credit issued, including those issued under our revolving credit facility, facility, and

\$105.1 million in outstanding surety bonds. We do not believe it is likely that any of these outstanding letters of credit or surety bonds will be drawn upon.

In the second quarter and third quarters of 2024, under the tax credit transferability provision of the Inflation Reduction Act, we entered into agreements with third parties to sell a portion of our renewable tax credits. ALLETE has indemnified the parties for the value of renewable tax credits sold to date of approximately \$22.5 million.

*Regulated Operations.* As of June 30, 2024 September 30, 2024, we had \$28.2 million \$31.3 million outstanding in standby letters of credit and surety bonds at our Regulated Operations which are pledged as security to MISO, the NDSC and state agencies.

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#### **NOTE 6. COMMITMENTS, GUARANTEES AND CONTINGENCIES (Continued)**

##### **Other Matters (Continued)**

**ALLETE Clean Energy.** ALLETE Clean Energy is party to PSAs that expire in various years between 2024 and 2039. As of June 30, 2024 September 30, 2024, ALLETE Clean Energy has \$101.1 \$81.6 million outstanding in standby letters of credit and surety bonds, the majority of which are pledged as security under these PSAs.

*Corporate and Other.*

**BNI Energy.** As of June 30, 2024 September 30, 2024, BNI Energy had surety bonds outstanding of \$82.4 million related to the reclamation liability for closing costs associated with its mine and mine facilities. Although its coal supply agreements obligate the customers to provide for the closing costs, additional assurance is required by federal and state regulations. BNI Energy's total reclamation liability is currently estimated at \$82.1 million. BNI Energy does not believe it is likely that any of these outstanding surety bonds will be drawn upon.

**Investment in Nobles 2.** The Nobles 2 wind energy facility requires standby letters of credit as security for certain contractual obligations. As of June 30, 2024 September 30, 2024, ALLETE South Wind has \$10.1 million outstanding in standby letters of credit, related to its portion of the security requirements relative to its ownership in Nobles 2.

**South Shore Energy.** As of June 30, 2024 September 30, 2024, South Shore Energy had \$29.7 million outstanding in standby letters of credit pledged as security in connection with the development of NTEC.

**New Energy.** As of September 30, 2024, New Energy had surety bonds outstanding of \$10.0 million related to the development of renewable energy projects.

##### **Legal Proceedings.**

We are involved in litigation arising in the normal course of business. Also in the normal course of business, we are involved in tax, regulatory and other governmental audits, inspections, investigations and other proceedings that involve state and federal taxes, safety, and compliance with regulations, rate base and cost of service issues, among other things. We do not expect the outcome of these matters to have a material effect on our financial position, results of operations or cash flows.

We have received a number of demand letters alleging that the disclosures contained in the preliminary proxy statement, as amended, and filed with the SEC in connection with a special meeting of shareholders to consider the Merger (Preliminary Proxy), were deficient and demanding that certain corrective disclosures be made. In addition, a complaint two complaints have been filed against ALLETE and its directors. The first was filed on July 1, 2024, in the U.S. District Court for the Southern District of New York, against ALLETE and its directors alleging violation of Sections 14(a) and 20(a) of the Securities Exchange Act of 1934, disclosure deficiency in the Preliminary Proxy, and seeking to enjoin the transaction until certain disclosures are corrected. On September 3, 2024, that complaint was voluntarily dismissed without prejudice. The second complaint was filed on August 6, 2024, in the New York State Supreme Court, alleging negligent misrepresentation and negligence related to alleged deficiencies in the Preliminary Proxy. That complaint has not yet been served on any defendant. The Company believes that the demand letters and remaining complaint are without merit.

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#### **NOTE 6. COMMITMENTS, GUARANTEES AND CONTINGENCIES (Continued)**

##### **Other Matters (Continued)**

In the first quarter of 2023, an ALLETE Clean Energy subsidiary initiated arbitration proceedings seeking damages against a counterparty for non-performance under a contract. Arbitration hearings were held in June and July 2023, and a final arbitration ruling was issued in favor of ALLETE Clean Energy's subsidiary in September 2023. The final arbitration ruling awarded \$68.3 million to ALLETE Clean Energy's subsidiary, which included prejudgment interest of \$5.1 million, recovery of \$3.6 million of arbitration-related costs, and resulted in the recognition of a \$58.4 million pre-tax gain in the third quarter of 2023. The arbitration ruling also resulted in the receipt of approximately \$60 million of cash, net of distribution to non-controlling interest, in the third quarter of 2023.

#### NOTE 7. EARNINGS PER SHARE AND COMMON STOCK

We compute basic earnings per share using the weighted average number of shares of common stock outstanding during each period. The difference between basic and diluted earnings per share, if any, arises from non-vested restricted stock units and performance share awards granted under our Executive Long-Term Incentive Compensation Plan.

	2024				2023				2024				2023																			
Reconciliation of Basic and Diluted Earnings Per Share	Reconciliation of Basic and Diluted Earnings Per Share		Dilutive		Dilutive		Reconciliation of Basic and Diluted Earnings Per Share		Dilutive		Dilutive		Reconciliation of Basic and Diluted Earnings Per Share		Dilutive																	
	Basic	Securities	Diluted	Basic	Securities	Diluted	Basic	Securities	Diluted	Basic	Securities	Diluted	Basic	Securities	Diluted																	
Millions	Millions										Millions																					
Except Per Share Amounts	Except Per Share Amounts										Except Per Share Amounts																					
Quarter ended June 30,																																
Quarter ended September 30,																																
Net Income Attributable to ALLETE																																
Average Common Shares																																
Earnings Per Share																																
<b>Six Months Ended June 30,</b>																																
<b>Nine Months Ended September 30,</b>																																
Net Income Attributable to ALLETE																																
Net Income Attributable to ALLETE																																
Net Income Attributable to ALLETE																																
Average Common Shares																																
Earnings Per Share																																
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#### NOTE 8. INCOME TAX EXPENSE

	Quarter Ended	Quarter Ended				Six Months Ended				Quarter Ended	Nine Months Ended					
	June 30,	September		June 30,		September 30,		2023		2024	2023		2024	2023		
Millions	Millions	2024	2023	2024	2023	2024	2023	2023	2024	2024	2023	2024	2023	2024	2023	
Current Income Tax Expense	Current Income Tax Expense															

Federal (a)	Federal (a)	\$3.3	\$3.0	\$6.8	\$8.6	Federal (a)	\$1.5	\$4.0	\$8.3	\$12.6
State	State	3.2	6.6	5.4	0.6	State	1.1	7.2	6.5	
Total Current Income Tax Expense	Total Current Income Tax Expense	\$6.5	\$6.2	\$13.4	\$14.0	Total Current Income Tax Expense	\$2.1	\$5.1	\$15.5	\$19.1
Deferred Income Tax Expense (Benefit)	Deferred Income Tax Expense (Benefit)			Deferred Income Tax Expense (Benefit)						
Federal (b)	Federal (b)	\$(5.0)	\$(7.8)	\$(10.0)	\$(16.1)	Federal (b)	\$(2.7)	\$(5.2)	\$(12.7)	\$(10.9)
State										
Investment Tax Credit Amortization										
Total Deferred Income Tax Benefit		\$(5.1)	\$(6.6)	\$(8.0)	\$(12.9)					
Total Income Tax Expense (Benefit)		\$1.4	\$(0.4)	\$5.4	\$1.1					
Total Deferred Income Tax Expense (Benefit)		\$0.8	\$14.2	\$(7.2)	\$1.3					
Total Income Tax Expense		\$2.9	\$19.3	\$8.3	\$20.4					

(a) For the six quarter and nine months ended June 30, 2024 September 30, 2024 and 2023, the federal current tax expense is partially offset by production tax credits.

(b) For the six quarter and nine months ended June 30, 2024 and 2023, September 30, 2024, the federal deferred income tax benefit is primarily due to production tax credits. For the nine months ended September 30, 2023, the federal deferred income tax benefit is primarily due to tax credits, partially offset by deferred partnership income. For quarter ended September 30, 2023, the federal deferred tax expense was due to deferred partnership income, partially offset by tax credits.

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#### NOTE 8. INCOME TAX EXPENSE (Continued)

The Company's tax provision for interim periods is determined using an estimate of its annual effective tax rate, adjusted for discrete items arising in that quarter. In each quarter, the Company updates its estimate of the annual effective tax rate and if the estimated annual effective tax rate changes, the Company would make a cumulative adjustment in that quarter.

	Quarter Ended		Quarter Ended		Six Months Ended		Quarter Ended		Nine Months Ended
Reconciliation of Taxes from Federal Statutory	Reconciliation of Taxes from Federal Statutory		June 30,		Reconciliation of Taxes from Federal Statutory		September 30,		
Rate to Total Income Tax Expense	Rate to Total Income Tax Expense	2024	2023	2024		Rate to Total Income Tax Expense	2024	2023	2024
Millions	Millions								Millions
Income Before Income Taxes									
Statutory Federal Income Tax Rate									
Statutory Federal Income Tax Rate									
Statutory Federal Income Tax Rate		21 %	21 %	21 %		21 %		21 %	21 %
Income Taxes Computed at Statutory Federal Rate									
Increase (Decrease) in Income Tax Due to:									
State Income Taxes – Net of Federal Income Tax Benefit									
State Income Taxes – Net of Federal Income Tax Benefit									
State Income Taxes – Net of Federal Income Tax Benefit									
Production Tax Credits (a)									
Production Tax Credits (a)									

Production Tax Credits (a)

Investment Tax Credits (a)

Regulatory Differences –  
Excess Deferred Tax

Non-Controlling Interest in  
Subsidiaries

AFUDC – Equity

Transaction Costs

Nondeductible Portion of  
Transaction Costs

Other

Total Income Tax Expense  
(Benefit)

Total Income Tax Expense

(a) For the six quarter and nine months ended June 30, 2024 September 30, 2024 and 2023, the credits are presented net of any estimated discount on the sale of certain credits.

For the six nine months ended June 30, 2024 September 30, 2024, the effective tax rate was 8.7 8.5 percent (1.4)(12.1) percent for the six nine months ended June 30, 2023 September 30, 2023. The effective tax rates for 2024 and 2023 were primarily impacted by production tax credits.

**Uncertain Tax Positions.** As of June 30, 2024 September 30, 2024, we had gross unrecognized tax benefits of \$1.1 million (\$1.1 million as of December 31, 2023). Of the total gross unrecognized tax benefits, \$0.6 million represents the amount of unrecognized tax benefits included on the Consolidated Balance Sheet that, if recognized, would favorably impact the effective income tax rate. The unrecognized tax benefit amounts have been presented as an increase to the net deferred tax liability on the Consolidated Balance Sheet.

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#### NOTE 8. INCOME TAX EXPENSE (Continued)

ALLETE and its subsidiaries file a consolidated federal income tax return as well as combined and separate state income tax returns in various jurisdictions. ALLETE is currently under examination by the state of Minnesota for the tax years 2020 through 2022. ALLETE has no open federal audits and is no longer subject to federal examination for years before 2021 or state examination for years before 2020. Additionally, the statute of limitations related to the federal tax credit carryforwards will remain open until those credits are utilized in subsequent returns.

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#### NOTE 9. PENSION AND OTHER POSTRETIREE BENEFIT PLANS

Components of Net Periodic Benefit Cost (Credit)	Components of Net Periodic Benefit Cost			Other	Components of Net Periodic Benefit Postretirement Cost (Credit)			Pension	Other Postretirement	2024	2023	2024	2023
	2024	2024	2023		2024	2023	2024						
Millions	Millions				Millions								
Quarter Ended June 30,													
Quarter Ended September 30,													
Service Cost													
Non-Service Cost													
Components (a)													
Interest Cost													
Interest Cost													
Interest Cost													

Expected Return on Plan Assets													
Amortization of Prior Service Credits													
Amortization of Net Loss (Gain)													
Net Periodic Benefit Cost (Credit)													
Net Periodic Benefit Cost (Credit)													
Net Periodic Benefit Cost (Credit)	\$1.7	\$2.2	\$2.2	\$(5.2)	\$(5.2)		\$(3.1)	\$1.7	\$2.3	\$2.3	\$(5.1)	\$(5.1)	\$(3.1)
<b>Six Months Ended June 30,</b>													
<b>Nine Months Ended September 30,</b>													
Service Cost													
Service Cost													
Service Cost													
Non-Service Cost													
Components (a)													
Interest Cost													
Interest Cost													
Interest Cost													
Expected Return on Plan Assets													
Amortization of Prior Service Credits													
Amortization of Net Loss (Gain)													
Net Periodic Benefit Cost (Credit)													
Net Periodic Benefit Cost (Credit)													
Net Periodic Benefit Cost (Credit)	\$3.4	\$4.4	\$4.4	\$(10.3)	\$(10.3)		\$(6.1)	\$5.1	\$6.7	\$6.7	\$(15.4)	\$(15.4)	\$(9.2)

(a) These components of net periodic benefit cost (credit) are included in the line item "Other" under Other Income (Expense) on the Consolidated Statement of Income.

**Employer Contributions.** For the **six nine** months ended **June 30, 2024** **September 30, 2024**, we contributed \$25.0 million in cash to the defined benefit pension plans (\$6.5 **17.3** million for the **six nine** months ended **June 30, 2023** **September 30, 2023**); we do not expect to make additional contributions to our defined benefit pension plans in 2024. For the **six nine** months ended **June 30, 2024** **September 30, 2024**, and 2023, we made no contributions to our other postretirement benefit plans; we do not expect to make any contributions to our other postretirement benefit plans in 2024.

#### NOTE 10. BUSINESS SEGMENTS

We present two reportable segments: Regulated Operations and ALLETE Clean Energy. We measure performance of our operations through budgeting and monitoring of contributions to consolidated net income by each business segment.

Regulated Operations includes three operating segments which consist of our regulated utilities, Minnesota Power and SWL&P, as well as our investment in ATC. ALLETE Clean Energy is our business focused on developing, acquiring and operating clean and renewable energy projects. We also present Corporate and Other which includes New Energy, a renewable energy development company, BNI Energy, our coal mining operations in North Dakota, ALLETE Properties, our legacy Florida real estate investment, along with our investment in Nobles 2, South Shore Energy, our non-rate regulated, Wisconsin subsidiary developing NTEC, other business development and corporate expenditures, unallocated interest expense, a small amount of non-rate base generation, land holdings in Minnesota, and earnings on cash and investments.

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#### NOTE 10. BUSINESS SEGMENTS (Continued)

Quarter Ended  Quarter Ended  Six Months Ended  Quarter Ended  Nine Months Ended 

	June 30,		September 30,			
	2024	2023	2024	2023	2024	2023
<b>Millions</b>						
<b>Operating Revenue</b>						
Operating Revenue						
Operating Revenue						
Regulated Operations						
Regulated Operations						
Regulated Operations						
Residential						
Residential						
Residential						
Commercial						
Municipal						
Industrial						
Other Power Suppliers						
Other						
Other						
Other						
<b>Total Regulated Operations</b>						
ALLETE Clean Energy						
ALLETE Clean Energy						
ALLETE Clean Energy						
Long-term PSA						
Long-term PSA						
Long-term PSA						
Sale of Wind Energy Facilities						
Other						
Total ALLETE Clean Energy						
Corporate and Other						
Corporate and Other						
Corporate and Other						
Long-term Contract						
Long-term Contract						
Long-term Contract						
Sale of Renewable Development Projects						
Other						
Total Corporate and Other						
<b>Total Operating Revenue</b>						
<b>Total Operating Revenue</b>						
<b>Total Operating Revenue</b>						
<b>Net Income (Loss) Attributable to ALLETE</b>						
Regulated Operations						
Regulated Operations						
Regulated Operations						
ALLETE Clean Energy (a)						
ALLETE Clean Energy (a)						
ALLETE Clean Energy (a)						
Corporate and Other (b)						
Corporate and Other (b)						
Corporate and Other (b)						

**Total Net Income Attributable to ALLETE**

(a) Net income in 2023 includes a \$44.3 million after-tax gain recognized for a favorable arbitration ruling. (See Note 6. Commitments, Guarantees and Contingencies.)

	June 30, 2024	December 31, 2023
<b>Millions</b>		
<b>Assets</b>		
Regulated Operations	\$4,404.2	\$4,335.0
ALLETE Clean Energy	1,577.7	1,594.1
Corporate and Other	679.4	727.3
<b>Total Assets</b>	<b>\$6,661.3</b>	<b>\$6,656.4</b>

(b) Net income in 2023 includes a \$3.8 million after-tax expense recognized for the consolidated income tax impact of the gain on arbitration. (See Note 6. Commitments, Guarantees and Contingencies.)

	September 30, 2024	December 31, 2023
<b>Millions</b>		
<b>Assets</b>		
Regulated Operations	\$4,410.3	\$4,335.0
ALLETE Clean Energy	1,581.6	1,594.1
Corporate and Other	745.3	727.3
<b>Total Assets</b>	<b>\$6,737.2</b>	<b>\$6,656.4</b>

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**NOTE 11. AGREEMENT AND PLAN OF MERGER**

On May 5, 2024, ALLETE entered into the Merger Agreement. Pursuant to the Merger Agreement, on the terms and subject to the conditions set forth therein, Alloy Merger Sub will merge with and into ALLETE, with ALLETE continuing as the surviving corporation in the Merger and becoming a subsidiary of Alloy Parent.

On July 10, 2024, ALLETE filed a definitive proxy statement relating to the Merger Agreement and notice of a special meeting of the shareholders **to be that was** held on August 21, 2024, at which shareholders of ALLETE **will be asked to consider and vote upon a proposal** **voted** to approve and adopt the Merger Agreement, among other matters.

On July 19, 2024, the Company filed requests for approval of the Merger with the MPUC, PSCW and FERC. **On October 7, 2024, the MPUC issued an order referring the docket to the Minnesota Office of Administrative Hearings for a contested case proceeding and requesting the Administrative Law Judge issue a report and recommendation by July 15, 2025.** Approval of the Merger from these and other regulators is required for consummation of the Merger. **The Company received approval from the Committee on Foreign Investment in the United States (CFIUS) and all required international approvals in the third quarter of 2024.**

Subject to the terms and conditions set forth in the Merger Agreement, which has been unanimously approved by the board of directors of ALLETE as well as approved and adopted by the shareholders of ALLETE, at the effective time of the Merger (Effective Time), each share of common stock, without par value, of ALLETE (ALLETE common stock) issued and outstanding immediately prior to the Effective Time (other than shares of ALLETE common stock held by any holder who properly exercises dissenters' rights under Minnesota law in respect of such shares and any shares of ALLETE common stock held by an affiliate of Alloy Parent) shall be converted into the right to receive \$67.00 in cash, without interest (Merger Consideration). The aggregate equity value of the ALLETE common stock acquired by Parent will be approximately \$3.9 billion as calculated as of May 5, 2024.

In addition, at the Effective Time, each restricted stock unit (RSU) with respect to ALLETE common stock subject to time-based vesting that is outstanding immediately prior to the Effective Time **(RSU)** will be cancelled and converted into a contingent right to receive an amount in cash, without interest, equal to the Merger Consideration, payable (i) in the case of such right converted from unvested RSUs, upon the same vesting conditions as applied to the corresponding RSU or (ii) in the case of such right converted from vested RSUs, as soon as reasonably practicable following the closing date of the Merger (the Closing Date). Each performance share award with respect to ALLETE common stock that is outstanding and unvested immediately prior to the Effective Time will be cancelled and converted into a right to receive, without interest, the Merger Consideration multiplied by the number of shares of ALLETE common stock subject to the award, determined based on attainment of the greater of target and actual performance as of the last business day immediately preceding the Closing Date. A pro rata portion (based on the elapsed portion of the performance period at that time) of the converted performance share awards will be paid out as soon as reasonably practicable following the Closing Date, with the remainder of the award being subject to time-vesting for the remainder of the applicable performance

period. Further, purchase rights accumulated during the offering period in effect under the Company's ESPP immediately prior to closing will be automatically exercised into shares of ALLETE common stock no later than five business days prior to the Closing Date, and the ESPP will be terminated as of immediately prior to the Closing Date.

Consummation of the Merger is subject to various closing conditions, including: (1) approval of the shareholders of ALLETE; (2) receipt of all required regulatory approvals without the imposition of a Burdensome Condition (as defined in the Merger Agreement); (3) absence of any law or order prohibiting the consummation of the Merger; (4) subject to materiality qualifiers, the accuracy of each party's representations and warranties; (5) each party's compliance in all material respects with its obligations and covenants under the Merger Agreement; and (6) the absence of a material adverse effect with respect to the Company. The Merger Agreement contains certain termination rights for ALLETE and Alloy Parent, which were described in a Current Report of Form 8-K filed by ALLETE on May 6, 2024. In the Merger Agreement, among other things, ALLETE has agreed, subject to certain exceptions, to, and to cause each of its subsidiaries to conduct its business in the ordinary course, consistent with past practice, from the date of the Merger Agreement until the Effective Time, and not to take certain actions prior to the closing of the Merger without the prior written consent of Alloy Parent (which consent shall not be unreasonably withheld, conditioned or delayed, except where ALLETE seeks Alloy Parent's consent to enter into a material new line of business or cease operations of an existing material line of business). The Merger Agreement also provides that ALLETE may request that Alloy Parent purchase up to a total of \$300 million of preferred stock of ALLETE in the second half of 2025, subject to certain parameters. If Alloy Parent declines to purchase the preferred stock, ALLETE will have the right to issue ALLETE common stock up to certain limits.

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## **ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

### **OVERVIEW**

The following discussion should be read in conjunction with our Consolidated Financial Statements and notes to those statements, Management's Discussion and Analysis of Financial Condition and Results of Operations from our 2023 Form 10-K and the other financial information appearing elsewhere in this report. In addition to historical information, the following discussion and other parts of this Form 10-Q contain forward-looking information that involves risks and uncertainties. Readers are cautioned that forward-looking statements should be read in conjunction with our disclosures in this Form 10-Q and our 2023 Form 10-K under the headings: "Forward-Looking Statements" located on page 7 and "Risk Factors" located in Part I, Item 1A, beginning on page 25 of our 2023 Form 10-K. The risks and uncertainties described in this Form 10-Q and our 2023 Form 10-K are not the only risks facing our Company. Additional risks and uncertainties that we are not presently aware of, or that we currently consider immaterial, may also affect our business operations. Our business, financial condition or results of operations could suffer if the risks are realized.

On May 5, 2024, ALLETE entered into the Merger Agreement. (See Note 11. Agreement and Plan of Merger.)

**Regulated Operations** includes our regulated utilities, Minnesota Power and SWL&P, as well as our investment in ATC, a Wisconsin-based regulated utility that owns and maintains electric transmission assets in portions of Wisconsin, Michigan, Minnesota and Illinois. Minnesota Power provides regulated utility electric service in northeastern Minnesota to approximately 150,000 retail customers. Minnesota Power also has 14 non-affiliated municipal customers in Minnesota. SWL&P is a Wisconsin utility and a wholesale customer of Minnesota Power. SWL&P provides regulated utility electric, natural gas and water service in northwestern Wisconsin to approximately 15,000 electric customers, 13,000 natural gas customers and 10,000 water customers. Our regulated utility operations include retail and wholesale activities under the jurisdiction of state and federal regulatory authorities. (See Note 2. Regulatory Matters.)

**ALLETE Clean Energy** focuses on developing, acquiring, and operating clean and renewable energy projects. ALLETE Clean Energy currently owns and operates, in seven states, more than 1,200 MW of nameplate capacity wind energy generation with a majority contracted under PSAs of various durations. In addition, ALLETE Clean Energy also engages in the development of wind energy facilities to operate under long-term PSAs or for sale to others upon completion.

**Corporate and Other** is comprised of New Energy, a renewable development company; our investment in Nobles 2, an entity that owns and operates a 250 MW wind energy facility in southwestern Minnesota; South Shore Energy, our non-rate regulated, Wisconsin subsidiary developing NTEC, an approximately 600 MW proposed combined-cycle natural gas-fired generating facility; BNI Energy, our coal mining operations in North Dakota; ALLETE Properties, our legacy Florida real estate investment; other business development and corporate expenditures; unallocated interest expense; a small amount of non-rate base generation; land holdings in Minnesota; and earnings on cash and investments.

ALLETE is incorporated under the laws of Minnesota. Our corporate headquarters are in Duluth, Minnesota. Statistical information is presented as of **June 30, 2024** **September 30, 2024**, unless otherwise indicated. All subsidiaries are wholly-owned unless otherwise specifically indicated. References in this report to "we," "us" and "our" are to ALLETE and its subsidiaries, collectively.

### **Financial Overview**

The following net income discussion summarizes a comparison of the **six** **nine** months ended **June 30, 2024** **September 30, 2024**, to the **six** **nine** months ended **June 30, 2023** **September 30, 2023**.

Net income attributable to ALLETE for the **six** **nine** months ended **June 30, 2024** **September 30, 2024**, was **\$83.7** **\$128.7** million, or **\$1.45** **\$2.23** per diluted share, compared to **\$109.7** **\$195.6** million, or **\$1.91** **\$3.41** per diluted share, for the same period in 2023. Net income in 2024 includes transaction expenses of **\$15.7** **\$19.5** million after-tax, or **\$0.27** **\$0.34** per share, related to the Merger. (See Note 11. Agreement and Plan of Merger.) Net income in 2023 included the **a** **\$40.5** million, or **\$0.71** per share, after-tax gain on

sale recognized for a favorable arbitration ruling involving a subsidiary of ALLETE Clean Energy's Red Barn project of \$4.3 million after-tax, or \$0.07 per share Energy. (See Outlook ALLETE Clean Energy). Earnings per share dilution in 2024 was \$0.01 due to additional shares of common stock outstanding in 2024 compared to 2023.

Note 6. Commitments, Guarantees and Contingencies.)

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**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)**

**Regulated Operations** net income attributable to ALLETE was \$77.9 million \$111.9 million for the six nine months ended June 30, 2024 September 30, 2024, compared to \$78.4 million \$112.4 million for the same period in 2023. Net income at Minnesota Power was similar to 2023 reflecting the implementation of interim rates on January 1, 2024, net of reserves related to Minnesota Power's rate case settlement (see Note 2. Regulatory Matters), and higher transmission margins, which was partially offset by higher operating and maintenance, depreciation, and property tax expenses. Net income at SWL&P was lower than 2023 primarily due to higher operating and maintenance expenses. Our after-tax equity earnings in ATC were similar to 2023. (See Note 3. Equity Investments.)

**ALLETE Clean Energy** net income attributable to ALLETE was \$6.2 million \$10.1 million for the six nine months ended June 30, 2024 September 30, 2024, compared to \$11.6 million \$66.4 million for the same period in 2023. Net income in 2024 reflected includes a forced outage located near its Caddo wind energy facility through \$3.5 million after-tax gain on the end sale of the second quarter of 2024 resulting in lower earnings. Whitetail wind project. Net income in 2023 included the a \$4.3 million after-tax gain on the sale of the Red Barn project as well as a \$44.3 million after-tax gain recognized for a favorable arbitration ruling involving a subsidiary of \$4.3 million after-tax. ALLETE Clean Energy. (See Note 6. Commitments, Guarantees, and Contingencies.)

**Corporate and Other** net loss income attributable to ALLETE was \$0.4 million \$6.7 million for the six nine months ended June 30, 2024 September 30, 2024, compared to net income of \$19.7 \$16.8 million for the same period in 2023. The net loss Net income in 2024 includes transaction costs expenses of \$15.7 million \$19.5 million after-tax related to the Merger (See Note 11. Agreement and Plan of Merger). The net loss in 2024, and also reflects lower earnings from Minnesota solar projects as investment tax credits were recognized in 2023 for the projects. Net income in 2023 reflects a \$3.8 million after-tax expense for the consolidated income tax impact of the gain on the favorable arbitration ruling. Net income at New Energy was \$11.7 \$23.4 million in 2024 compared to \$11.5 million \$12.0 million in 2023.

**COMPARISON OF THE QUARTER ENDED JUNE SEPTEMBER 30, 2024 AND 2023**

(See Note 10. Business Segments for financial results by segment.)

**Regulated Operations**

Quarter Ended June 30,	2024	2023
Quarter Ended September 30,	2024	2023
<b>Millions</b>	<b>Millions</b>	<b>Millions</b>
Operating Revenue – Utility		
Fuel, Purchased Power and Gas – Utility		
Transmission Services – Utility		
Operating and Maintenance		
Operating and Maintenance		
Operating and Maintenance		
Depreciation and Amortization		
Taxes Other than Income Taxes		
Operating Income		
Interest Expense		
Equity Earnings		
Other Income		
Income Before Income Taxes		
Income Tax Expense		
Net Income Attributable to ALLETE		
Net Income Attributable to ALLETE		

**Operating Revenue – Utility** decreased \$12.4 million from 2023 primarily due to lower fuel adjustment cause recoveries, the timing of financial incentives compared to 2023, lower transmission revenue, and lower revenue from kWh sales, and cost recovery rider revenue, sales. These increases were partially offset by the implementation of interim rate revenue, net of reserves, in 2024 and higher fuel adjustment clause recoveries, 2024.

Transmission revenue decreased \$10.9 million primarily due to lower MISO-related revenue. Transmission revenue in 2024 included an accrual for the anticipated refund of MISO transmission payments that were over collected during 2023 and the first quarter of 2024, which are expected to be refunded to MISO in the third and fourth quarter of 2024 (See *Transmission Services – Utility*).

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#### COMPARISON OF THE QUARTER ENDED JUNE 30, 2024 AND 2023 (Continued)

##### Regulated Operations (Continued)

Lower kWh sales decreased revenue by \$11.4 million from 2023 reflecting lower sales to residential, commercial, industrial and municipal customers as well as other power suppliers. Sales to residential, commercial and municipal customers decreased from 2023 primarily due to milder weather in 2024 compared to 2023. Sales to industrial customers decreased primarily due to lower sales to taconite customers. Sales to other power suppliers, which are sold at market-based prices into the MISO market on a daily basis or through PSAs of various durations, decreased in 2024 compared to 2023 primarily due to fewer market sales and lower market prices in 2024 compared to 2023.

Kilowatt-hours Sold Quarter Ended June 30,	Variance			
	2024	2023	Quantity	%
<b>Millions</b>				
<b>Regulated Utility</b>				
Retail and Municipal				
Residential	225	241	(16)	(6.6)%
Commercial	307	320	(13)	(4.1)%
Industrial	1,729	1,778	(49)	(2.8)%
Municipal	105	110	(5)	(4.5)%
<b>Total Retail and Municipal</b>	<b>2,366</b>	<b>2,449</b>	<b>(83)</b>	<b>(3.4)%</b>
Other Power Suppliers	579	786	(207)	(26.3)%
<b>Total Regulated Utility Kilowatt-hours Sold</b>	<b>2,945</b>	<b>3,235</b>	<b>(290)</b>	<b>(9.0)%</b>

Revenue from electric sales to taconite customers accounted for 35 percent of regulated operating revenue in 2024 (32 percent in 2023). Revenue from electric sales to paper, pulp and secondary wood product customers accounted for 5 percent of regulated operating revenue in 2024 (5 percent in 2023). Revenue from electric sales to pipelines and other industrial customers accounted for 12 percent of regulated operating revenue in 2024 (11 percent in 2023).

Cost recovery rider revenue decreased \$2.9 million reflecting more production tax credits generated by Minnesota Power in 2024 compared to 2023 and lower transmission margins received for cost-shared transmission projects. If production tax credits are generated at a level above those assumed in Minnesota Power's retail rates, a decrease in cost recovery rider revenue is recognized to offset the impact of higher production tax credits on income tax expense. Transmission margins for certain cost-shared transmission projects are credited to customers through our transmission cost recovery rider.

Interim retail rates for Minnesota Power, subject to refund, were approved by the MPUC and became effective January 1, 2024, resulting in revenue of \$9.5 million, net of reserves related to Minnesota Power's rate case settlement and rider revenue incorporated into base rates. (See Note 2. Regulatory Matters.)

Fuel adjustment clause revenue increased \$5.4 million decreased \$7.6 million due to higher lower fuel and purchased power costs attributable to retail and municipal customers. (See *Fuel, Purchased Power and Gas – Utility*.)

**Operating Expenses** Revenue from financial incentives decreased \$6.0 million, or 2 percent, from \$2.2 million due to MPUC approval timing differences between 2024 and 2023.

**Fuel, Purchased** In 2023, a financial incentive of \$2.2 million was recognized in the third quarter. Minnesota Power and Gas – Utility expense increased \$0.4 million from submitted its 2023 reflecting higher purchased power prices, mostly offset ECO annual filing on April 1, 2024, requesting a \$2.2 million financial incentive which will be recognized upon approval by lower kWh sales.

the MPUC.

**COMPARISON OF THE QUARTER ENDED JUNE SEPTEMBER 30, 2024 AND 2023 (Continued)**

**Regulated Operations (Continued)**

**Transmission Services – Utility** expense decreased \$21.9 million from 2023 \$1.5 million primarily due to lower MISO-related expense. Transmission Services – Utility expense in 2024 included an accrual for the anticipated refund of MISO transmission payments that were over billed during 2023 and the first quarter of 2024, which are expected to be refunded by MISO in the third and fourth quarter of 2024 (See *Operating Revenue – Utility*).

**Operating and Maintenance** expense increased \$5.2 million, or 8 percent, from 2023 primarily due to higher salaries and wages, benefit costs, and contract and professional services.

**Depreciation and Amortization** expense increased \$2.2 million, or 5 percent, from 2023 reflecting a higher plant in service balance in 2024.

**Taxes Other than Income Taxes** increased \$8.1 million from 2023 primarily due to higher property tax expense. Property tax expense in 2023 included the favorable impact of an updated estimate for 2022 property tax expense recorded in the second quarter of 2023.

**Other Income** increased \$2.2 million from 2023 reflecting lower pension and other postretirement benefit plan non-service costs.

**ALLETE Clean Energy**

Quarter Ended June 30,	2024	2023
<b>Millions</b>		
Operating Revenue		
Contracts with Customers – Non-utility	\$14.5	\$179.8
Other – Non-utility (a)	1.2	1.3
Cost of Sales – Non-utility	—	160.7
Operating and Maintenance	11.7	14.3
Depreciation and Amortization	14.7	14.3
Taxes Other than Income Taxes	1.9	1.9
Operating Loss	(12.6)	(10.1)
Interest Expense	(0.1)	(0.2)
Other Income	1.8	1.0
Loss Before Income Taxes	(10.9)	(9.3)
Income Tax Benefit	(3.0)	(4.2)
Net Loss	(7.9)	(5.1)
Net Loss Attributable to Non-Controlling Interest	(10.3)	(8.2)
Net Income Attributable to ALLETE	\$2.4	\$3.1

(a) Represents non-cash amortization of differences between contract prices and estimated market prices on assumed PSAs.

**Operating Revenue** decreased \$165.4 million compared to 2023 primarily due to the sale of ALLETE Clean Energy's Red Barn project in 2023 with no similar transaction in 2024. In addition, operating revenue in 2024 was negatively impacted by a network outage located near ALLETE Clean Energy's Caddo wind energy facility. The network outage began in the fourth quarter of 2023 resulting from a forced outage of a substation and the transmission lines feeding that substation. This forced outage increased congestion experienced by the Caddo wind energy facility resulting in lower kWh sales and pricing. The forced outage was resolved in June 2024. (See *Outlook - ALLETE Clean Energy*.) These decreases were partially offset by higher wind resources in 2024 compared to 2023.

**COMPARISON OF THE QUARTER ENDED JUNE 30, 2024 AND 2023 (Continued)**

**ALLETE Clean Energy (Continued)**

Production and Operating Revenue	Quarter Ended June 30,			
	2024		2023	
	kWh	Revenue	kWh	Revenue
<b>Millions</b>				
Wind Energy Regions				
East	53.4	\$4.7	41.8	\$4.5
Midwest	148.9	5.0	148.7	4.6
South	318.4	2.1	377.7	2.5
West	211.0	3.9	156.0	2.9
Sale of Wind Energy Facility	—	—	—	166.6
Total Production and Operating Revenue	731.7	\$15.7	724.2	\$181.1

**Cost of Sales – Non-utility** decreased \$160.7 million from 2023 reflecting the sale of ALLETE Clean Energy's Red Barn project in 2023.

**Operating and Maintenance** expense decreased \$2.6 million from 2023 primarily due to lower contract and professional services in 2024.

**Income Tax Benefit** decreased \$1.2 million from 2023 primarily due to higher non-controlling interest in 2024 compared to 2023.

**Net Loss Attributable to Non-Controlling Interest** increased \$2.1 million from 2023 reflecting a higher production tax credit rate, as determined by the Internal Revenue Service, in 2024 compared to 2023, and higher wind resources at most of ALLETE Clean Energy's tax equity financed wind energy facilities in 2024.

**Corporate and Other**

**Operating Revenue** decreased \$1.1 million, or 2 percent, from 2023 primarily due to lower revenue from sales of renewable energy projects at New Energy in 2024 compared to 2023 reflecting the timing of project closings, partially offset by higher revenue at BNI Energy, which operates under cost-plus fixed fee contracts, as a result of higher expenses in 2024 compared to 2023.

**Net Loss Attributable to ALLETE** of \$3.1 million in 2024 compared to net income of \$10.6 million in 2023. The net loss in 2024 includes transaction costs of \$14.5 million after-tax related to the Merger. (See Note 11. Agreement and Plan of Merger.) The net loss in 2024 also reflects lower earnings from Minnesota solar projects as investment tax credits were recognized in 2023 for the projects. Net income at New Energy was \$7.7 million in 2024 compared to \$7.4 million in 2023.

**Income Taxes – Consolidated**

For the quarter ended June 30, 2024, the effective tax rate was an expense of 6.6 percent (benefit of 1.0 percent for the quarter ended June 30, 2023). The effective tax rate for 2024 is an expense primarily due to lower production tax credits.

We expect our annual effective tax rate in 2024 to be lower than 2023 primarily due to lower estimated pre-tax income. The estimated annual effective tax rate can differ from what a quarterly effective tax rate would otherwise be on a standalone basis, and this may cause quarter to quarter differences in the timing of income taxes. (See Note 8. Income Tax Expense.)

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**COMPARISON OF THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023**

(See Note 10. Business Segments for financial results by segment.)

**Regulated Operations**

Six Months Ended June 30,	2024	2023
<b>Millions</b>		
Operating Revenue – Utility	\$618.1	\$604.8
Fuel, Purchased Power and Gas – Utility	241.7	226.2

Transmission Services – Utility	24.3	43.6
Operating and Maintenance	133.5	123.4
Depreciation and Amortization	93.2	89.1
Taxes Other than Income Taxes	29.4	21.5
Operating Income	96.0	101.0
Interest Expense	(32.3)	(31.7)
Equity Earnings	11.7	11.6
Other Income	11.2	5.1
Income Before Income Taxes	86.6	86.0
Income Tax Expense	8.7	7.6
Net Income Attributable to ALLETE	\$77.9	\$78.4

**Operating Revenue – Utility** increased \$13.3 million from 2023 primarily due to the implementation of interim rates on January 1, 2024, and higher fuel adjustment clause recoveries, partially offset by lower transmission revenue, gas sales, and kWh sales.

Interim retail rates for Minnesota Power, subject to refund, were approved by the MPUC and became effective January 1, 2024, resulting in revenue of \$20.7 million, net of reserves related to Minnesota Power's rate case settlement and rider revenue incorporated into base rates. (See Note 2, Regulatory Matters.)

Fuel adjustment clause revenue increased \$13.9 million due to higher fuel and purchased power costs attributable to retail and municipal customers. (See *Fuel, Purchased Power and Gas – Utility*.)

Transmission revenue decreased \$10.2 million primarily due to lower MISO-related revenue. Transmission revenue in 2024 included an accrual for the anticipated refund of MISO transmission payments that were over collected during 2023 and the first quarter of 2024, which are expected to be refunded to MISO in the third and fourth quarter of 2024 (See *Transmission Services – Utility*).

Revenue from gas sales at SWL&P decreased \$4.5 million reflecting fewer gas sales resulting from warmer winter weather and lower gas prices in 2024 compared to 2023. (See *Fuel, Purchased Power and Gas – Utility*.)

Lower revenue from kWh sales decreased revenue by \$2.9 million \$1.5 million from 2023 reflecting lower sales to industrial customers, partially offset by higher sales to residential, commercial and municipal customers as well as lower sales to other power suppliers, partially offset by higher sales to industrial customers. Sales to residential, commercial and municipal customers decreased from 2023 primarily due to milder weather in 2024 compared to 2023. Sales to other power suppliers, which are sold at market-based prices into the MISO market on a daily basis or through PSAs of various durations, decreased reflecting fewer market sales, partially offset by higher market prices in 2024 compared to 2023. Sales to industrial customers increased/decreased primarily due to higher/lower sales to taconite customers reflecting Cliff's Northshore mine operating in 2024 compared to being idled in the first quarter of 2023. customers.

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#### COMPARISON OF THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023 (Continued)

##### Regulated Operations (Continued)

Kilowatt-hours Sold		Kilowatt-hours Sold		Variance	Kilowatt-hours Sold		Variance
Six Months Ended June 30,	2024	2023	Quantity		%	Quantity	
Millions	Millions	Regulated Utility	Regulated Utility	Millions	Regulated Utility	Retail and Municipal	Millions
Regulated Utility	Regulated Utility						
Retail and Municipal	Retail and Municipal						
Residential	Residential	531	562	562	(31)	(31)	(5.5)
Commercial	Commercial	645	667	667	(22)	(22)	(3.3)
Industrial	Industrial	3,527	3,436	3,436	91	91	2.6

Municipal	Municipal	230	238	238	(8)	(8)	(3.4)	(3.4)%	Municipal	120	112	112	8	8	7.1	7.1 %
Total Retail and Municipal	Total Retail and Municipal	4,933	4,903	4,903	30	30	0.6	0.6 %	Total Retail and Municipal	2,451	2,459	2,459	(8)	(8)	(0.3)	(0.3)%
Other Power Suppliers	Other Power Suppliers	1,336	1,482	1,482	(146)	(146)	(9.9)	(9.9)%	Other Power Suppliers	616	526	526	90	90	17.1	17.1 %
Total Regulated Utility Kilowatt-hours Sold	Total Regulated Utility Kilowatt-hours Sold	6,269	6,385	6,385	(116)	(116)	(1.8)	(1.8)%	Total Regulated Utility Kilowatt-hours Sold	3,067	2,985	2,985	82	82	2.7	2.7 %

Revenue from electric sales to taconite customers accounted for 34.32 percent of regulated operating revenue in 2024 (31.34 percent in 2023). Revenue from electric sales to paper, pulp and secondary wood product customers accounted for 5 percent of regulated operating revenue in 2024 (5 percent in 2023). Revenue from electric sales to pipelines and other industrial customers accounted for 11 percent of regulated operating revenue in 2024 (11.10 percent in 2023).

Interim retail rates for Minnesota Power, subject to refund, were approved by the MPUC and became effective January 1, 2024, resulting in revenue of \$10.2 million, net of reserves related to Minnesota Power's rate case settlement and rider revenue incorporated into base rates. (See Note 2. Regulatory Matters.)

**Operating Expenses** increased \$18.3 million, decreased \$1.9 million, or 4.1 percent, from 2023.

**Fuel, Purchased Power and Gas – Utility** expense increased \$15.5 million, or 7 percent, decreased \$8.4 million from 2023 primarily due to higher purchased power prices and fuel costs. These increases were partially offset by lower kWh sales as well as lower gas sales and prices.

**Transmission Services – Utility** expense decreased \$19.3 million, or 44 percent, \$3.1 million from 2023 primarily due to lower MISO-related expense. **Transmission Services – Utility** expense in 2024 included an accrual for the anticipated refund of MISO transmission payments that were over billed during 2023, which are expected to be refunded by MISO in the third and fourth quarter of 2024 (See **Operating Revenue – Utility**).

**Operating and Maintenance** expense increased \$10.1 million \$2.2 million, or 8.4 percent, from 2023 primarily due to higher salaries and wages, benefit costs, and higher contract and professional services.

**Depreciation and Amortization** expense increased \$4.1 million \$7.3 million, or 5.16 percent, from 2023 primarily due reflecting the impact of estimated compliance costs related to the EPA's CCR Legacy Impoundment Rule finalized in May 2024 and a higher plant in service balance in 2024.

**Taxes Other than Income Taxes** increased \$7.9 million, or 37 percent, from 2023 primarily due to higher property tax expense. Property tax expense in 2023 included the favorable impact of an updated estimate for 2022 property tax expense recorded in 2023.

**Other Income** increased \$6.1 million \$1.3 million from 2023 reflecting lower pension and other postretirement benefit plan non-service costs.

**Income Tax Expense** increased \$1.1 million from 2023 primarily due to lower production tax credits.

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#### COMPARISON OF THE SIX MONTHS QUARTER ENDED JUNE SEPTEMBER 30, 2024 AND 2023 (Continued)

##### ALLETE Clean Energy

	2024	2023
	2024	2023
<b>Millions</b>	<b>Millions</b>	<b>Millions</b>
Operating Revenue		
Contracts with Customers – Non-utility		
Contracts with Customers – Non-utility		
Contracts with Customers – Non-utility		
Other – Non-utility (a)		
Cost of Sales – Non-utility		
Operating and Maintenance		
Depreciation and Amortization		

## Taxes Other than Income Taxes

Operating Loss
Interest Expense
Other Income
Loss Before Income Taxes
Income Tax Benefit
Net Loss
Income (Loss) Before Income Taxes
Income Tax Expense (Benefit)
Net Income (Loss)
Net Loss Attributable to Non-Controlling Interest
Net Income Attributable to ALLETE

(a) Represents non-cash amortization of differences between contract prices and estimated market prices on assumed PSAs.

**Operating Revenue** decreased \$347.8 million from 2023. Operating revenue in increased \$19.9 million compared to 2023 reflected primarily due to the sales sale of ALLETE Clean Energy's Northern Wind and Red Barn projects with no similar transactions Whitetail wind project in 2024. In addition, operating revenue in 2024 was negatively impacted by a network outage located near ALLETE Clean Energy's Caddo wind energy facility. The network outage began in the fourth quarter of 2023 resulting from a forced outage of a substation and the transmission lines feeding that substation. This forced outage increased congestion experienced by the Caddo wind energy facility resulting in lower kWh sales and pricing. The forced outage was resolved in June 2024. (See Outlook - ALLETE Clean Energy.)

Production and Operating Revenue	Six Months Ended June 30,						Quarter Ended September 30,			
	2024		2024		2023		2024		2023	
	Production and Operating Revenue	kWh	Revenue	kWh	Revenue	Production and Operating Revenue	kWh	Revenue	kWh	Revenue
<b>Millions</b>										
Wind Energy Regions										
Wind Energy Regions										
Wind Energy Regions										
East										
East										
East										
Midwest										
South										
West										
Sale of Wind Energy Facility										
Total Production and Operating Revenue										

**Cost of Sales – Non-utility** decreased \$342.3 million increased \$18.3 million from 2023. Cost of sales – Non-utility in 2023 reflected reflecting the sales sale of ALLETE Clean Energy's Northern Wind and Red Barn projects. Whitetail wind project in 2024.

**Operating and Maintenance** expense decreased \$3.4 million from 2023 primarily due to lower contract and professional services in 2024.

**Other Income** increased \$2.2 million \$1.7 million from 2023 primarily due to higher contract and professional services reflecting the recovery in 2023 of \$3.6 million for arbitration-related costs incurred that were awarded as part of a favorable arbitration ruling involving a subsidiary of ALLETE Clean Energy. (See Note 6. Commitments, Guarantees and Contingencies.)

**Other Income** decreased \$63.2 million from 2023 reflecting the \$58.4 million gain recognized for a favorable arbitration ruling in 2023 involving a subsidiary of ALLETE Clean Energy and higher interest income in 2024 compared related to 2023. \$5.1 million of interest awarded as part of the favorable arbitration ruling. (See Note 6. Commitments,

Guarantees, and Contingencies.)

**Income Tax Benefit** increased \$1.3 million decreased \$16.5 million from 2023 primarily due to lower net losses attributable to non-controlling interest pre-tax income.

**Net Loss Attributable to Non-Controlling Interest** decreased \$7.3 million \$4.7 million from 2023 reflecting lower availability wind resources at ALLETE Clean Energy's our tax equity financed wind energy facilities resulting from the impacts of a network outage near the Caddo wind energy facility and a transformer outage at the Diamond Spring wind energy facility. This decrease was partially offset by a higher production tax credit rate, as determined by the Internal Revenue Service, in 2024 compared to 2023.

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#### COMPARISON OF THE SIX MONTHS QUARTER ENDED JUNE/SEPTEMBER 30, 2024 AND 2023 (Continued)

##### Corporate and Other

**Operating Revenue** decreased \$6.0 million increased \$12.3 million, or 524 percent, from 2023 primarily due to lower higher revenue from sales of renewable energy projects at New Energy in 2024 compared to 2023 reflecting the timing of project closings, partially offset by higher revenue at BNI Energy, which operates under cost-plus fixed fee contracts, as a result of higher expenses in 2024 compared to 2023. closings.

**Net Loss Income Attributable to ALLETE** was \$0.4 million of \$7.1 million in 2024 compared to net income loss of \$19.7 million \$2.9 million in 2023. The net loss Net income in 2024 includes transaction costs higher sales of \$15.7 million after-tax related to the Merger (See Note 11. Agreement and Plan of Merger). The net loss renewable energy projects at New Energy in 2024 also reflects compared to 2023, partially offset by lower earnings from Minnesota solar projects as investment tax credits were recognized in 2023 for the projects. projects and transaction expenses of \$3.8 million after-tax related to the Merger. (See Note 11. Agreement and Plan of Merger). Net loss in 2023 also includes a \$3.8 million after-tax expense for the consolidated income tax impact of the gain on the favorable arbitration ruling. Net income at New Energy was 11.7 million \$11.7 million in 2024 compared to \$11.5 million \$0.5 million in 2023.

##### Income Taxes – Consolidated

For the six months quarter ended June 30, 2024 September 30, 2024, the effective tax rate was an expense of 8.78.1 percent (1.4 expense of 21.7 percent for the six months quarter ended June 30, 2023) September 30, 2023. The lower effective tax rate is primarily due to lower tax credits and higher non-deductible transaction costs, partially offset by lower pre-tax income.

We expect our annual effective tax rate in 2024 to be lower than 2023 primarily due to lower estimated pre-tax income. The estimated annual effective tax rate can differ from what a quarterly effective tax rate would otherwise be on a standalone basis, and this may cause quarter to quarter differences in the timing of income taxes. (See Note 8. Income Tax Expense.)

#### COMPARISON OF THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

(See Note 10. Business Segments for financial results by segment.)

##### Regulated Operations

Nine Months Ended September 30,	2024	2023
<b>Millions</b>		
Operating Revenue – Utility	\$928.6	\$919.1
Fuel, Purchased Power and Gas – Utility	358.9	351.8
Transmission Services – Utility	43.9	66.3
Operating and Maintenance	197.1	184.8
Depreciation and Amortization	145.4	134.0
Taxes Other than Income Taxes	41.8	33.8
Operating Income	141.5	148.4
Interest Expense	(49.0)	(47.9)
Equity Earnings	17.8	17.3
Other Income	15.3	7.9
Income Before Income Taxes	125.6	125.7
Income Tax Expense	13.7	13.3

Net Income Attributable to ALLETE	\$111.9	\$112.4
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**Operating Revenue – Utility** increased \$9.5 million from 2023 primarily due to the implementation of interim rates on January 1, 2024, and higher fuel adjustment clause recoveries. These increases were partially offset by lower transmission revenue, kWh sales, gas sales and the timing of financial incentives compared to 2023.

Interim retail rates for Minnesota Power, subject to refund, were approved by the MPUC and became effective January 1, 2024, resulting in revenue of \$30.9 million, net of reserves related to Minnesota Power's rate case settlement and rider revenue incorporated into base rates. (See Note 2. Regulatory Matters.)

Fuel adjustment clause revenue increased \$6.2 million due to higher fuel and purchased power costs attributable to retail and municipal customers. (See *Fuel, Purchased Power and Gas – Utility*.)

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#### COMPARISON OF THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023 (Continued)

##### Regulated Operations (Continued)

Transmission revenue decreased \$11.7 million primarily due to lower MISO-related revenue. Transmission revenue in 2024 included the refund of MISO transmission payments that were over collected during 2023. (See *Transmission Services – Utility*.)

Lower kWh sales decreased revenue by \$5.4 million from 2023 reflecting lower sales to residential and commercial customers as well as lower sales to other power suppliers, partially offset by higher sales to industrial customers. Sales to residential and commercial customers decreased from 2023 primarily due to milder weather in 2024 compared to 2023. Sales to other power suppliers, which are sold at market-based prices into the MISO market on a daily basis or through PSAs of various durations, decreased reflecting fewer market sales, partially offset by higher market prices in 2024 compared to 2023. Sales to industrial customers increased primarily due to higher sales to paper, pulp and secondary wood product customers and taconite customers reflecting Cliffs' Northshore mine operating in 2024 compared to being idled in the first quarter of 2023.

Kilowatt-hours Sold Nine Months Ended September 30,	Variance			
	2024	2023	Quantity	%
<b>Millions</b>				
Regulated Utility				
Retail and Municipal				
Residential	793	812	(19)	(2.3)%
Commercial	999	1,022	(23)	(2.3)%
Industrial	5,242	5,178	64	1.2 %
Municipal	350	350	—	— %
Total Retail and Municipal	7,384	7,362	22	0.3 %
Other Power Suppliers	1,952	2,008	(56)	(2.8)%
<b>Total Regulated Utility Kilowatt-hours Sold</b>	<b>9,336</b>	<b>9,370</b>	<b>(34)</b>	<b>(0.4)%</b>

Revenue from electric sales to taconite customers accounted for 33 percent of regulated operating revenue in 2024 (32 percent in 2023). Revenue from electric sales to paper, pulp and secondary wood product customers accounted for 5 percent of regulated operating revenue in 2024 (5 percent in 2023). Revenue from electric sales to pipelines and other industrial customers accounted for 11 percent of regulated operating revenue in 2024 (11 percent in 2023).

Revenue from gas sales at SWL&P decreased \$4.5 million reflecting fewer gas sales resulting from warmer winter weather and lower gas prices in 2024 compared to 2023. (See *Fuel, Purchased Power and Gas – Utility*.)

Revenue from financial incentives decreased \$2.2 million due to MPUC approval timing differences between 2024 and 2023. In 2023, a financial incentive of \$2.2 million was recognized in the third quarter. Minnesota Power submitted its 2023 ECO annual filing on April 1, 2024, requesting a \$2.2 million financial incentive which will be recognized upon approval by the MPUC.

**Operating Expenses** increased \$16.4 million, or 2 percent, from 2023.

*Fuel, Purchased Power and Gas – Utility* expense increased \$7.1 million, or 2 percent, from 2023 primarily due to higher purchased power prices and fuel costs. These increases were partially offset by lower kWh sales as well as lower gas sales and prices.

*Transmission Services – Utility* expense decreased \$22.4 million, or 34 percent, from 2023 primarily due to lower MISO-related expense. *Transmission Services – Utility* expense in 2024 included the refund of MISO transmission payments that were over billed during 2023. (See *Operating Revenue – Utility*).

*Operating and Maintenance* expense increased \$12.3 million, or 7 percent, from 2023 primarily due to higher salaries and wages, benefit costs, and contract and professional services.

#### COMPARISON OF THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023 (Continued)

##### Regulated Operations (Continued)

*Depreciation and Amortization* expense increased \$11.4 million, or 9 percent, from 2023 primarily due to the impact of estimated compliance costs related to the EPA's CCR Legacy Impoundment Rule finalized in May 2024 and a higher plant in service balance in 2024.

*Taxes Other than Income Taxes* increased \$8.0 million, or 24 percent, from 2023 primarily due to higher property tax expense. Property tax expense in 2023 included the favorable impact of an updated estimate for 2022 property tax expense recorded in 2023.

*Other Income* increased \$7.4 million from 2023 reflecting lower pension and other postretirement benefit plan non-service costs.

##### ALLETE Clean Energy

Nine Months Ended September 30,	2024	2023
<b>Millions</b>		
Operating Revenue		
Contracts with Customers – Non-utility	\$65.1	\$392.9
Other – Non-utility (a)	3.8	3.9
Cost of Sales – Non-utility	18.3	342.3
Operating and Maintenance	37.5	39.2
Depreciation and Amortization	43.2	43.1
Taxes Other than Income Taxes	6.7	7.4
Operating Loss	(36.8)	(35.2)
Interest Expense	(0.2)	(0.7)
Other Income	5.4	66.4
Income (Loss) Before Income Taxes	(31.6)	30.5
Income Tax Expense (Benefit)	(13.3)	4.5
Net Income (Loss)	(18.3)	26.0
Net Loss Attributable to Non-Controlling Interest	(28.4)	(40.4)
Net Income Attributable to ALLETE	\$10.1	\$66.4

(a) Represents non-cash amortization of differences between contract prices and estimated market prices on assumed PSAs.

*Operating Revenue* decreased \$327.9 million from 2023 primarily due to the sales of ALLETE Clean Energy's Northern Wind and Red Barn projects in 2023, partially offset by the sale of ALLETE Clean Energy's Whitetail wind project in 2024. In addition, operating revenue in 2024 was negatively impacted by a network outage located near Caddo. The network outage began in the fourth quarter of 2023 resulting from a forced outage of a substation and the transmission lines feeding that substation. This forced outage increased congestion experienced by Caddo resulting in lower kWh sales and pricing. The forced outage was resolved in June 2024. (See Outlook - ALLETE Clean Energy.)

Production and Operating Revenue	Nine Months Ended September 30,			
	2024		2023	
	kWh	Revenue	kWh	Revenue
<b>Millions</b>				
Wind Energy Regions				
East	161.3	\$14.8	152.6	\$14.8
Midwest	400.7	13.8	393.4	13.1
South	962.8	6.9	1,389.1	10.9

West	554.3	10.5	495.4	9.6
Sale of Wind Energy Facility	—	22.9	—	348.4
Total Production and Operating Revenue	2,079.1	\$68.9	2,430.5	\$396.8

**Cost of Sales – Non-utility** decreased \$324.0 million from 2023 primarily due to the sales of ALLETE Clean Energy's Northern Wind and Red Barn projects, partially offset by the sale of ALLETE Clean Energy's Whitetail wind project.

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#### COMPARISON OF THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023 (Continued)

##### ALLETE Clean Energy (Continued)

**Operating and Maintenance** expense decreased \$1.7 million from 2023 primarily due to business interruption insurance proceeds at Diamond Spring in 2024 related to a transformer outage in the first half of 2024.

**Other Income** decreased \$61.0 million from 2023 primarily due to a \$58.4 million gain recognized for a favorable arbitration ruling in 2023 involving a subsidiary of ALLETE Clean Energy and higher interest income related to \$5.1 million of interest awarded as part of the favorable arbitration ruling. (See Note 6. Commitments, Guarantees, and Contingencies.)

**Income Tax Benefit** increased \$17.8 million from 2023 primarily due to lower pre-tax income.

**Net Loss Attributable to Non-Controlling Interest** decreased \$12.0 million from 2023 reflecting lower availability at ALLETE Clean Energy's tax equity financed wind energy facilities resulting from the impacts of a network outage near Caddo and a transformer outage at Diamond Spring. This decrease was partially offset by a higher production tax credit rate, as determined by the Internal Revenue Service, in 2024 compared to 2023.

##### Corporate and Other

**Operating Revenue** increased \$6.3 million, or 4 percent, from 2023 primarily due to higher revenue at BNI Energy, which operates under cost-plus fixed fee contracts, as a result of higher expenses in 2024 compared to 2023.

**Net Income Attributable to ALLETE** was \$6.7 million in 2024 compared to net income of \$16.8 million in 2023. Net income in 2024 includes higher sales of renewable energy projects at New Energy in 2024 compared to 2023, partially offset by lower earnings from Minnesota solar projects as investment tax credits were recognized in 2023 for the projects and transaction expenses of \$19.5 million after-tax related to the Merger (See Note 11. Agreement and Plan of Merger). The net income in 2023 also reflects a \$3.8 million after tax-expense for the consolidated income tax impact of the gain on the favorable arbitration ruling. Net income at New Energy was \$23.4 million in 2024 compared to \$12.0 million in 2023.

##### Income Taxes – Consolidated

For the nine months ended September 30, 2024, the effective tax rate was an expense of 8.5 percent (12.1 percent for the nine months ended September 30, 2023). The lower effective tax rate for 2024 is primarily due to lower pre-tax income.

We expect our annual effective tax rate in 2024 to be lower than 2023 primarily due to lower estimated pre-tax income. The estimated annual effective tax rate can differ from what a quarterly effective tax rate would otherwise be on a standalone basis, and this may cause quarter to quarter differences in the timing of income taxes. (See Note 8. Income Tax Expense.)

##### CRITICAL ACCOUNTING POLICIES

Certain accounting measurements under GAAP involve management's judgment about subjective factors and estimates, the effects of which are inherently uncertain. Accounting measurements that we believe are most critical to our reported results of operations and financial condition include: regulatory accounting, pension and postretirement health and life actuarial assumptions, goodwill, impairment of long-lived assets, and taxation. These policies are reviewed with the Audit Committee of our Board of Directors on a regular basis and summarized in Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations of our 2023 Form 10-K.

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## OUTLOOK

For additional information see our 2023 Form 10-K.

On May 5, 2024, ALLETE entered into the Merger Agreement. (See Note 11. Agreement and Plan of Merger.) As a result of the Merger, transaction costs are expected to be material for the remainder of in 2024.

ALLETE is an energy company committed to earning a financial return that rewards our shareholders, allows for reinvestment in our businesses, and sustains growth. The Company has a long-term objective of achieving consolidated earnings per share growth within a range of 5 percent to 7 percent.

ALLETE is predominately a regulated utility through Minnesota Power, SWL&P, and an investment in ATC. ALLETE's strategy is to remain predominately a regulated utility while investing in ALLETE Clean Energy and New Energy and its Corporate and Other businesses to complement its regulated businesses, balance exposure to the utility's industrial customers, and provide potential long-term earnings growth. ALLETE expects net income from Regulated Operations to be approximately 75 percent of total consolidated net income in 2024. ALLETE expects its businesses to generally provide regulated, contracted or recurring revenues, and to support sustained growth in net income and cash flow.

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## OUTLOOK (Continued)

**Minnesota Carbon-Free Legislation.** On February 7, 2023, the Minnesota Governor signed into law legislation that updates the state's renewable energy standard and requires Minnesota electric utilities to source retail sales with 100 percent carbon-free energy by 2040. The law increases the renewable energy standard from 25 percent renewable by 2025 to 55 percent renewable by 2035, and requires investor-owned Minnesota utilities to provide 80 percent carbon-free energy by 2030, 90 percent carbon-free energy by 2035 and 100 percent carbon-free energy by 2040. The law utilizes renewable energy credits as the means to demonstrate compliance with both the carbon-free and renewable standards, includes an off-ramp provision that enables the MPUC to protect reliability and customer costs through modification or delay of either the renewable energy standard, the carbon-free standard, or both, and streamlines development and construction of wind energy projects and transmission in Minnesota. The Company is evaluating the law to identify challenges and opportunities it could present.

**Regulated Operations.** Minnesota Power's long-term strategy is to be the leading electric energy provider in northeastern Minnesota by providing safe, reliable and cost-competitive electric energy, while complying with environmental permit conditions and renewable energy requirements. Keeping the cost of energy production competitive enables Minnesota Power to effectively compete in the wholesale power markets and minimizes retail rate increases to help maintain customer viability. As part of maintaining cost competitiveness, Minnesota Power intends to reduce its exposure to possible future carbon and GHG legislation by reshaping its generation portfolio, over time, to reduce its reliance on coal. In 2021, Minnesota Power announced its vision of delivering 100 percent carbon-free energy by 2050. We will monitor and review proposed environmental regulations and may challenge those that add considerable cost with limited environmental benefit. Minnesota Power will continue to pursue customer growth opportunities and cost recovery rider approvals for transmission, renewable and environmental investments, as well as work with regulators to earn a fair rate of return.

**2024 Minnesota General Rate Case.** On November 1, 2023, Minnesota Power filed a retail rate increase request with the MPUC seeking an average increase of approximately 12.00 percent for retail customers, net of rider revenue incorporated into base rates. The rate filing seeks a return on equity of 10.30 percent and a 53.00 percent equity ratio. On an annualized basis, the requested final rate increase would generate approximately \$89 million in additional revenue. In separate orders dated December 19, 2023, the MPUC accepted the filing as complete and approved an annual interim rate increase of approximately \$64 million, net of rider revenue, beginning January 1, 2024, subject to refund.

On May 3, 2024, Minnesota Power entered into a settlement agreement with the Minnesota Department of Commerce, Minnesota Office of the Attorney General, Residential Utilities Division, and Large Power Intervenors to settle the retail rate increase request. The settlement agreement is subject to approval by the MPUC. As part of the settlement agreement, the parties have agreed on all issues, including an overall rate increase of \$33.97 million, net of rider revenue and amounts transferring to the fuel adjustment clause, a return on equity of 9.78 percent, all non-financial items and cost allocation. At a hearing on October 24, 2024, the MPUC approved the settlement agreement. Final rates are expected to be implemented in the first quarter of 2025; interim rates will be collected through this period with reserves recorded as necessary. As a result of the settlement, Minnesota Power recorded a reserve for an interim rate refund of \$11.0 million pre-tax as of June 30, 2024 September 30, 2024, which is subject to MPUC approval of the settlement agreement and Minnesota Power's refund calculation. We expect estimated reserves for interim rate refunds for the full year in

ALLETE, Inc. Third Quarter 2024 to be approximately \$24 million pre-tax. We cannot predict the level of final rates that may be authorized by the MPUC. Form 10-Q

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## OUTLOOK (Continued)

### Regulated Operations (Continued)

**2024 Wisconsin General Rate Case.** On March 29, 2024, SWL&P filed a rate increase request for its electric, gas and water utilities with the PSCW. The filing seeks an overall return on equity of 10.00 percent and a 55.00 percent equity ratio. On an annualized basis, the requested change would increase revenue by approximately 5.90 percent for retail

customers and generate an estimated \$7.3 million of additional revenue. The change to SWL&P customers' rates will be determined by the PSCW later this year. Any rate adjustments are anticipated to become effective in January 2025. We cannot predict the level of final rates that may be authorized by the PSCW.

**Solar Energy Request For Proposals.** On October 2, 2023, Minnesota Power filed a notice with the MPUC of its intent to issue a request for proposals for up to 300 MW of solar energy resources. Minnesota Power issued the request for proposals on November 15, 2023, which were accepted through January 17, 2024. The proposals On September 23, 2024, Minnesota Power announced plans to build an 85 MW solar project and a 119.5 MW solar project in Northern Minnesota, both of which are currently being evaluated, expected to be in service in mid-2027 subject to MPUC approval.

**Wind Energy Request For Proposals.** On December 15, 2023, Minnesota Power filed a notice with the MPUC of its intent to issue a request for proposals for up to 400 MW of wind energy resources. Minnesota Power issued the request for proposals on February 15, 2024, which were accepted through April 11, 2024. The proposals are currently being evaluated.

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## **OUTLOOK (Continued)**

### **Industrial Customers.**

**Industrial Customers.** Electric power is one of several key inputs in the taconite mining, paper, pulp and secondary wood products, pipeline and other industries. Approximately 56 percent of our regulated utility kWh sales in the **six** months ended **June 30, 2024** **September 30, 2024**, were made to our industrial customers **54** **55** percent in the **six** months ended **June 30, 2023** **September 30, 2023**.

#### Taconite.

**USS Corporation.** USS Corporation's Minntac and Keetac plants are large power industrial customers of Minnesota Power. These plants have the combined capability to produce approximately 22 million tons of iron ore pellets annually which includes 4 million tons of direct-reduced grade pellets.

On December 18, 2023, USS Corporation announced it entered into a definitive agreement in which Nippon Steel will acquire all of the shares of USS Corporation. On April 12, 2024, USS Corporation shareholders approved the proposed acquisition. USS Corporation expects the transaction to close in the second half of 2024, subject to regulatory approvals, at which time USS Corporation stated it will continue to operate under the U.S. Steel brand name and will maintain its headquarters in Pittsburgh, Pennsylvania.

#### **Paper, Pulp and Secondary Wood Products.**

**ST Paper Sofidel.** ST Paper, a former Large Power Customer of Minnesota Power, announced on January 3, 2024, that it had entered into an agreement to sell the Duluth Mill to Sofidel, a privately held Italian multinational company that is currently the seventh largest manufacturer of tissue paper in the world. Sofidel completed the acquisition of the Duluth Mill in the first quarter of 2024. In the third quarter of 2024, Sofidel announced plans to invest between \$200 million and \$250 million to add a conversion facility and automated warehouse to the tissue plant.

### **Transmission.**

**Investment in ATC.** ATC's most recent 10-year transmission assessment, which covers the years 2023 through 2032, identifies a need for between \$6.6 billion and \$8.1 billion in transmission system investments. These investments by ATC, if undertaken, are expected to be funded through a combination of internally generated cash, debt and investor contributions. As opportunities arise, we plan to make additional investments in ATC through general capital calls based upon our pro rata ownership interest in ATC.

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## **OUTLOOK (Continued)**

### **Transmission (Continued)**

**North Plains Connector Development Agreement.** In December 2023, ALLETE and Grid United LLC, an independent transmission company, signed development agreements for the North Plains Connector project. The project is a new, approximately 400-mile high-voltage direct-current (HVDC) transmission line from central North Dakota, to Colstrip, Montana that will be the first transmission connection between three regional U.S. electric energy markets: MISO, the Western Interconnection and the Southwest Power Pool. This new link, open to all sources of electric generation, would create 3,000 MW of transfer capacity between the middle of the country and the West Coast, easing congestion on the transmission system, increasing resiliency and reliability in all three energy markets, and enabling fast sharing of renewable energy across a vast area with diverse weather patterns. The project capital cost is expected to be approximately \$3.2 billion. On August 6, 2024, the U.S. Department of Energy awarded a \$700 million grant to the project.

ALLETE expects to pursue up to 35 percent ownership and would oversee the line's operation. The companies began project permitting in 2023 as they work toward a planned in-service date as early as 2029<sup>2032</sup>, pending regulatory and other necessary approvals.

**Duluth Loop Reliability Project.** In October 2021, Minnesota Power submitted an application for a certificate of need for the Duluth Loop Reliability Project. This transmission project was proposed to enhance reliability in and around Duluth, Minnesota. The project includes the construction of a new 115-kV transmission line; construction of an approximately one-mile extension of an existing 230-kV transmission line; and upgrades to several substations. A certificate of need was granted and a route permit was issued by the MPUC on April 3, 2023. The Duluth Loop Reliability Project is expected to be completed and in service by late 2026 to early 2027, with an estimated cost of \$50 million to \$70 million.

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## OUTLOOK (Continued)

### Transmission (Continued)

**HVDC Transmission System Project.** On June 1, 2023, Minnesota Power submitted an application for a certificate of need and route permit with the MPUC to replace aging critical infrastructure and modernize the terminal stations of its HVDC transmission line. On June 21, 2024, the administrative law judge issued a report containing recommendations to approve the certificate of need and route permit. A decision by On August 1, 2024, the MPUC is expected in approved the third quarter certificate of 2024. need and route permit. Minnesota Power uses the 465-mile, 250-kV HVDC transmission line that runs from Center, North Dakota, to Duluth, Minnesota, to transport wind energy from North Dakota while gradually phasing out coal-based electricity delivered to its system over this transmission line from Square Butte's lignite coal-fired generating unit. The HVDC transmission system project is expected to improve reliability of the transmission system, improve system resiliency, expand the operating capacity of the HVDC terminals, and replace critical infrastructure. Pending regulatory approvals in Minnesota and North Dakota, construction could begin as early as 2024, with an in-service date expected between 2028 and 2030. The project is estimated to cost between \$800 million and \$900 million. On October 18, 2023, the U.S. Department of Energy awarded a \$50 million grant to Minnesota Power for this project, which will be used to prepare the HVDC transmission system for future expansion and help reduce project costs to customers. In addition, this project was awarded \$15 million in state funding as part of an energy and climate budget bill passed by the Minnesota Legislature in 2023. Further, Minnesota Power's application to the Minnesota Department of Commerce (DOC) State Competitiveness Fund Match Program received notification the DOC is reserving \$10 million as a cost share for the project. In total, Minnesota Power has been awarded \$75 million in federal and state dollars in support of the project.

**Northland Reliability Project.** Minnesota Power and Great River Energy announced in July 2022 their intent to build a 150-mile, 345-kV transmission line, connecting northern Minnesota to central Minnesota to support continued reliability in the Upper Midwest. Great River Energy, a wholesale electric power cooperative, and Minnesota Power filed a Notice of Intent to Construct, Own and Maintain the transmission line with the MPUC in August 2022. This joint project is part of a portfolio of transmission projects approved in July 2022 by MISO as part of the first phase of its Long Range Transmission Plan. Planning for the approximately \$970 million to \$1,350 million transmission line is in its early stages with the route anticipated to generally follow existing rights of way in an established power line corridor. The MPUC will determine the final route as well as cost recovery for Minnesota Power's approximately 50 percent estimated share of the project. On August 4, 2023, Minnesota Power and Great River Energy submitted an application for a certificate of need and route permit with the MPUC. On May 10, 2024, the FERC approved Minnesota Power's request to recover on construction work in progress related to this project from Minnesota Power's wholesale customers. Subject to regulatory approvals, the transmission line is expected to be in service in 2030.

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## OUTLOOK (Continued)

### Transmission (Continued)

**Big Stone South Transmission Project.** Northern States Power, Great River Energy, Minnesota Power, Otter Tail Power Company, and Missouri River Energy Resources (Project Developers) announced in July 2022 their intent to build a 150-mile, 345-kV transmission line to improve reliability in North Dakota and South Dakota, and western and central Minnesota. This joint project is part of a portfolio of transmission projects approved in July 2022 by MISO as part of the first phase of its Long Range Transmission Plan. A Notice of Intent to Construct, Own and Maintain the transmission line was filed with the MPUC in October 2022. On September 29, 2023, the Project Developers submitted an application for a certificate of need and route permit with the MPUC, which was approved on October 3, 2024. The project is in its early stages and is expected to cost between \$600 million and \$700 million. The MPUC Minnesota Power has asset ownership in the Alexandria-Big Oaks portion of the project which does not require a route permit and will determine begin construction immediately following the final route October 3, 2024 Certificate of Need approval. Minnesota Power is a 16.5 percent owner of this portion of the project and will invest at this level for the Minnesota entire portion as well as cost recovery for Minnesota Power's approximately \$20 million estimated share of the project. On March 13, 2024, Minnesota Power submitted a filing with the FERC requesting to recover on construction work in progress related to this project from Minnesota Power's wholesale customers. Subject to regulatory approvals, the The Minnesota Power portion of this transmission line is expected to be in service in 2027.

ALLETE Clean Energy.

ALLETE Clean Energy will pursue growth through acquisitions or project development. ALLETE Clean Energy is targeting acquisitions of existing operating portfolios which have a mix of long-term PSAs in place and/or available for repowering and recontracting. Further, ALLETE Clean Energy will evaluate actions that will lead to the addition of complimentary clean energy products and services. At this time, ALLETE Clean Energy is focused on actions that will optimize its clean energy project portfolio of operating and development projects, which may include recontracting, repowering, entering into partnerships and divestitures along with continued acquisitions or development of new projects including wind, solar, energy storage or storage ready facilities across North America.

Starting on September 20, 2023, in September 2023, a substation and the transmission lines feeding that substation located near ALLETE Clean Energy's Caddo, wind energy facility, and operated by another party, have experienced a forced outage. This forced outage increased congestion experienced by the Caddo wind energy facility during the first half of 2024. The forced outage was resolved in June 2024.

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#### OUTLOOK (Continued)

##### Corporate and Other.

Corporate and Other includes New Energy, a renewable energy development company, BNI Energy, our coal mining operations in North Dakota and ALLETE Properties, our legacy Florida real estate investment, along with our investment in Nobles 2, South Shore Energy, our non-rate regulated, Wisconsin subsidiary developing NTEC, other business development and corporate expenditures, unallocated interest expense, a small amount of non-rate base generation, land in Minnesota, and earnings on cash and investments.

#### LIQUIDITY AND CAPITAL RESOURCES

**Liquidity Position.** ALLETE is well-positioned to meet the Company's liquidity needs. As of June 30, 2024 September 30, 2024, we had cash and cash equivalents of \$37.5 \$101.9 million, \$338.6 million in available consolidated lines of credit, 2.1 million original issue shares of common stock available for issuance through a distribution agreement with Lampert Capital Markets and a debt-to-capital ratio of 35 percent. Pursuant to the Merger Agreement, ALLETE has agreed, subject to certain exceptions, to, and to cause each of its subsidiaries to, conduct its business in the ordinary course, consistent with past practice, from the date of the Merger Agreement until the effective time of the Merger, and not to take certain actions prior to the closing of the Merger without the prior written consent of Alloy Parent (which consent shall not be unreasonably withheld, conditioned or delayed, except where ALLETE seeks Alloy Parent's consent to enter into a material new line of business or cease operations of an existing material line of business). (See Note 11. Agreement and Plan of Merger.)

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#### LIQUIDITY AND CAPITAL RESOURCES (Continued)

**Capital Structure.** ALLETE's capital structure is as follows:

	June 30, 2024		December 31, 2023	
	Millions	%	Millions	%
	September 30, 2024		December 31, 2023	
Millions	Millions		Millions	Millions
ALLETE Equity				
Non-Controlling Interest in Subsidiaries				
Short-Term and Long-Term Debt (a)				
Redeemable Non-Controlling Interest				

(a) Excludes unamortized debt issuance costs.

**Cash Flows.** Selected information from the Consolidated Statement of Cash Flows is as follows:

For the Six Months Ended June 30,	2024	2023
For the Nine Months Ended September 30,	2024	2023
Millions	Millions	Millions
Cash, Cash Equivalents and Restricted Cash at Beginning of Period		
Cash Flows provided by (used in)	Cash Flows provided by (used in)	Cash Flows provided by (used in)
Operating Activities		

Investing Activities
Financing Activities
Change in Cash, Cash Equivalents and Restricted Cash
Cash, Cash Equivalents and Restricted Cash at End of Period

**Operating Activities.** Cash provided by operating activities was lower in 2024 compared to 2023 reflecting cash proceeds from the sales of ALLETE Clean Energy's Northern Wind and Red Barn projects in 2023, higher cash contributions to defined benefit pension in 2024, and timing of recovery under Minnesota Power's fuel adjustment clause. These decreases were partially offset by proceeds from the sale of renewable tax credits in 2024.

**Investing Activities.** Cash used in investing activities was higher in 2024 compared to 2023 reflecting more payments for additions to property, plant and equipment compared to 2023, partially offset by cash grants received for our HVDC Transmission System Project in 2024. (See Outlook.)

**Financing Activities.** Cash used in financing activities in 2024 reflected lower higher repayments of long-term debt in 2024, partially offset by lower higher proceeds from the issuance of long-term debt compared to 2023.

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#### LIQUIDITY AND CAPITAL RESOURCES (Continued)

**Working Capital.** Additional working capital, if and when needed, generally is provided by consolidated bank lines of credit and the issuance of securities, including long-term debt, common stock and commercial paper. As of **June 30, 2024** **September 30, 2024**, we had consolidated bank lines of credit aggregating \$362.0 million (\$423.1 million as of December 31, 2023), the majority of which expire in January 2027. (See Note 5. Short-Term and Long-Term Debt.) We had \$23.4 million outstanding in standby letters of credit and no outstanding draws under our lines of credit as of **June 30, 2024** **September 30, 2024** (\$19.4 million in standby letters of credit and \$34.1 million outstanding draws on our lines of credit as of December 31, 2023). As of **June 30, 2024** **September 30, 2024**, we also had **\$134.8** **\$116.7** million outstanding in standby letters of credit under other credit facility agreements.

In addition, as of **June 30, 2024** **September 30, 2024**, we had 2.5 million original issue shares of our common stock available for issuance through Invest Direct, our direct stock purchase and dividend reinvestment plan, and 2.1 million original issue shares of common stock available for issuance through a distribution agreement with Lampert Capital Markets. (See **Securities**.) The amount and timing of future sales of our securities will depend upon market conditions and our specific needs.

**Securities.** During the **six nine** months ended **June 30, 2024** **September 30, 2024**, we issued **0.2** **0.3** million shares of common stock through Invest Direct, ESPP, and RSOP, resulting in net proceeds of **\$6.4** **\$9.9** million (0.2 million shares were issued for the **six nine** months ended **June 30, 2023** **September 30, 2023**, resulting in net proceeds of **\$7.7** **\$11.4** million).

**Financial Covenants.** See Note 5. Short-Term and Long-Term Debt for information regarding our financial covenants.

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#### LIQUIDITY AND CAPITAL RESOURCES (Continued)

**Pension and Other Postretirement Benefit Plans.** Management considers various factors when making funding decisions, such as regulatory requirements, actuarially determined minimum contribution requirements and contributions required to avoid benefit restrictions for the defined benefit pension plans. (See Note 9. Pension and Other Postretirement Benefit Plans.)

**Off-Balance Sheet Arrangements.** Off-balance sheet arrangements are summarized in our 2023 Form 10-K, with additional disclosure in Note 6. Commitments, Guarantees and Contingencies.

**Credit Ratings.** Access to reasonably priced capital markets is dependent in part on credit and ratings. Our securities have been rated by S&P Global Ratings and by Moody's. Rating agencies use both quantitative and qualitative measures in determining a company's credit rating. These measures include business risk, liquidity risk, competitive position, capital mix, financial condition, predictability of cash flows, management strength and future direction. Some of the quantitative measures can be analyzed through a few key financial ratios, while the qualitative ones are more subjective. Our current credit ratings are listed in the following table:

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

(a) On May 7, 2024, S&P Global Ratings revised its outlook on ALLETE to negative from stable and affirmed all of its ratings on ALLETE. S&P Global Ratings cited the possibility for higher leverage and weaker financial measures because of the Merger as its rationale for issuing the negative outlook.

(b) Not rated by S&P Global Ratings.

The disclosure of these credit ratings is not a recommendation to buy, sell or hold our securities. Ratings are subject to revision or withdrawal at any time by the assigning rating organization. Each rating should be evaluated independently of any other rating.

**Capital Requirements.** For the **six** nine months ended **June 30, 2024** **September 30, 2024**, capital expenditures totaled **\$143.7** **\$229.5** million (**\$110.6** **182.0** million for the **six** nine months ended **June 30, 2023** **September 30, 2023**). The expenditures were primarily made in the Regulated Operations segment.

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## OTHER

### Environmental Matters.

Our businesses are subject to regulation of environmental matters by various federal, state and local authorities. A number of regulatory changes to the Clean Air Act, the Clean Water Act and various waste management requirements have been promulgated by both the EPA and state authorities over the past several years. Minnesota Power's facilities are subject to additional requirements under many of these regulations. Minnesota Power is reshaping its generation portfolio, over time, to reduce its reliance on coal, has installed cost-effective emission control technology, and advocates for sound science and policy during rulemaking implementation. (See Note 6. Commitments, Guarantees and Contingencies.)

### Employees.

As of **June 30, 2024** **September 30, 2024**, ALLETE had **1,646** **1,622** employees, of which **1,567** **1,564** were full-time.

Minnesota Power and SWL&P have an aggregate of **498** **490** employees covered under collective bargaining agreements, of which most are members of International Brotherhood of Electrical Workers (IBEW) Local 31. The current labor agreements with IBEW Local 31 expire on April 30, 2026, for Minnesota Power and January 31, 2027, for SWL&P.

BNI Energy has **185** **181** employees, of which **134** **131** are subject to a labor agreement with IBEW Local 1593. The current labor agreement with IBEW Local 1593 expires on March 31, 2026.

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## NEW ACCOUNTING PRONOUNCEMENTS

New accounting pronouncements are discussed in Note 1. Operations and Significant Accounting Policies.

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

#### SECURITIES INVESTMENTS

**Available-for-Sale Securities.** As of **June 30, 2024** **September 30, 2024**, our available-for-sale securities portfolio consisted primarily of securities held in other postretirement plans to fund employee benefits.

#### COMMODITY PRICE RISK

Our regulated utility operations incur costs for power and fuel (primarily coal and related transportation) in Minnesota, and power and natural gas purchased for resale in our regulated service territory in Wisconsin. Minnesota Power's exposure to price risk for these commodities is significantly mitigated by the current ratemaking process and regulatory

framework, which allows recovery of fuel costs in excess of those included in base rates or distribution of savings in fuel costs to ratepayers. SWL&P's exposure to price risk for natural gas is significantly mitigated by the current ratemaking process and regulatory framework, which allows the commodity cost to be passed through to customers. We seek to prudently manage our customers' exposure to price risk by entering into contracts of various durations and terms for the purchase of power and coal and related transportation costs (Minnesota Power), and natural gas (SWL&P).

#### POWER MARKETING

Minnesota Power's power marketing activities consist of: (1) purchasing energy in the wholesale market to serve its regulated service territory when energy requirements exceed generation output; and (2) selling excess available energy and purchased power. From time to time, Minnesota Power may have excess energy that is temporarily not required by retail and municipal customers in our regulated service territory. Minnesota Power actively sells any excess energy to the wholesale market to optimize the value of its generating facilities.

We are exposed to credit risk primarily through our power marketing activities. We use credit policies to manage credit risk, which includes utilizing an established credit approval process and monitoring counterparty limits.

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#### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK (Continued)

##### INTEREST RATE RISK

We are exposed to risks resulting from changes in interest rates as a result of our issuance of variable rate debt. We manage our interest rate risk by varying the issuance and maturity dates of our fixed rate debt, limiting the amount of variable rate debt, and continually monitoring the effects of market changes in interest rates. We may also enter into derivative financial instruments, such as interest rate swaps, to mitigate interest rate exposure. Interest rates on variable rate long-term debt are reset on a periodic basis reflecting prevailing market conditions. Based on the variable rate debt outstanding as of **June 30, 2024** **September 30, 2024**, an increase of 100 basis points in interest rates would impact the amount of pre-tax interest expense by \$0.3 million. This amount was determined by considering the impact of a hypothetical 100 basis point increase to the average variable interest rate on the variable rate debt outstanding as of **June 30, 2024** **September 30, 2024**.

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#### ITEM 4. CONTROLS AND PROCEDURES

**Evaluation of Disclosure Controls and Procedures.** As of **June 30, 2024** **September 30, 2024**, evaluations were performed, under the supervision and with the participation of management, including our principal executive officer and principal financial officer, on the effectiveness of the design and operation of ALLETE's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 (Exchange Act)). Based upon those evaluations, our principal executive officer and principal financial officer have concluded that such disclosure controls and procedures are effective to provide assurance that information required to be disclosed in ALLETE's reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

**Changes in Internal Controls.** There has been no change in our internal control over financial reporting that occurred during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

#### PART II. OTHER INFORMATION

##### ITEM 1. LEGAL PROCEEDINGS

For information regarding material legal and regulatory proceedings, see Note 4. Regulatory Matters and Note 9. Commitments, Guarantees and Contingencies to the Consolidated Financial Statements in our 2023 Form 10-K and Note 2. Regulatory Matters and Note 6. Commitments, Guarantees and Contingencies herein. Such information is incorporated herein by reference.

##### ITEM 1A. RISK FACTORS

Our 2023 Form 10-K includes a detailed discussion of our risk factors. The information presented below updates, and should be read in conjunction with, the risk factors disclosed in Part I, Item 1A. Risk Factors of our 2023 Form 10-K.

###### Risks Relating to the Merger

On May 5, 2024, ALLETE entered into the Merger Agreement. (See Note 11. Agreement and Plan of Merger.)

#### **ITEM 1A. RISK FACTORS (Continued)**

##### ***There is no assurance when or if the Merger will be completed.***

Consummation of the Merger is subject to various closing conditions, including: (1) approval of the shareholders of ALLETE; (2) receipt of all required regulatory approvals without the imposition of a Burdensome Condition; (3) absence of any law or order prohibiting the consummation of the Merger; (4) subject to materiality qualifiers, the accuracy of each party's representations and warranties; (5) each party's compliance in all material respects with its obligations and covenants under the Merger Agreement; and (6) the absence of a material adverse effect with respect to the Company. The Merger Agreement also contains certain termination rights for both ALLETE and Alloy Parent, including if the Merger is not consummated by August 5, 2025 (subject to extension for an additional two successive three-month periods if all of the conditions to closing, other than the conditions related to obtaining regulatory approvals, have been satisfied). There can be no assurance that the conditions to completion of the Merger will be satisfied or waived or that other events will not intervene to delay or result in the failure to close the proposed Merger. The Merger Agreement also provides for certain termination rights for each of ALLETE and Alloy Parent. If the Merger Agreement is terminated, there may be various material, adverse consequences to the Company, including that the Company could be required to pay Alloy Parent a termination fee of \$116 million under certain specified circumstances.

#### **ITEM 1A. RISK FACTORS (Continued)**

##### ***The announcement and pendency of the Merger, during which the Company is subject to certain operating restrictions, could have an adverse effect on the Company's businesses, results of operations, financial condition or cash flows.***

The announcement and pendency of the Merger could disrupt the Company's businesses, and uncertainty about the effect of the Merger may have an adverse effect on the Company. These uncertainties could affect existing employee relationships, disrupt the business of the Company, and could cause suppliers, vendors, partners, lenders and others that deal with the Company to: (1) defer entering into contracts with the Company; or (2) making other decisions concerning the Company or seek to change or cancel existing business relationships with the Company.

The Merger Agreement also requires the Company to obtain Parent's consent prior to taking certain specified actions while the Merger is pending. These restrictions may prevent the Company from pursuing otherwise attractive business opportunities or making other changes to its business prior to the completion of the Merger.

##### ***The Company will incur substantial transaction fees and costs in connection with the Merger.***

The Company has incurred transaction costs of **\$15.7 million** **\$19.5 million** after-tax through **June 30, 2024** **September 30, 2024**, and expects to incur additional material expenses in connection with the Merger and completion of the transactions contemplated by the Merger Agreement. Further, even if the proposed Merger is not completed, the Company will need to pay certain costs relating to the proposed Merger incurred prior to the date the proposed Merger was abandoned, such as legal, accounting, financial advisory, filing and printing fees.

##### ***We have received demand letters and a complaint complaints related to the Merger and may become the target of securities class action and derivative lawsuits which could result in substantial costs and may delay or prevent the Merger from being completed.***

Securities class action lawsuits and derivative lawsuits are often brought against companies that have entered into merger agreements. Even if the lawsuits are without merit, defending against these claims can result in substantial costs to us and divert management time and resources. Additionally, if a plaintiff is successful in obtaining an injunction prohibiting consummation of the Merger, then that injunction may delay or prevent the Merger from being completed. We have received a number of demand letters alleging that the disclosures contained in the preliminary proxy statement, as amended, and filed with the SEC in connection with a special meeting of shareholders to consider the Merger (Preliminary Proxy), were deficient and demanding that certain corrective disclosures be made. In addition, a complaint has been filed in the **U.S. District Court for the Southern District of New York** alleging violation of Sections 14(a) and 20(a) of the Securities Exchange Act of 1934, disclosure deficiency in the Preliminary Proxy, and seeking to enjoin the transaction until certain disclosures are corrected. **The On September 3, 2024, that complaint was voluntarily dismissed without prejudice. A second complaint was filed on August 6, 2024, in the New York State Supreme Court, alleging negligent misrepresentation and negligence related to alleged deficiencies in the Preliminary Proxy. That complaint has not yet been served on any defendant.** The Company believes that the demand letters and **remaining complaint** are without merit.

#### **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

None.

#### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

#### ITEM 4. MINE SAFETY DISCLOSURES

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) requires issuers to include in periodic reports filed with the SEC certain information relating to citations or orders for violations of standards under the Federal Mine Safety and Health Act of 1977 (Mine Safety Act). Information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Act and this Item are included in Exhibit 95 to this Form 10-Q.

#### ITEM 5. OTHER INFORMATION

*Trading Plans.* During the quarter ended **June 30, 2024** **September 30, 2024**, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

*Triggering Events That Accelerate or Increase a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement.* On July 31, 2024, ALLETE issued a notice to the holders of its 2.65 percent senior notes due September 10, 2025 ("2025 Notes") regarding ALLETE's exercise of its option to prepay all of the issued and outstanding 2025 Notes, pursuant to Section 8.2 of the note purchase agreement dated September 10, 2020, between ALLETE and each of the purchasers party thereto (Note Purchase Agreement). ALLETE will prepay all \$150 million in aggregate principal amount of the 2025 Notes on September 5, 2024 (Prepayment Date). The 2025 Notes will be prepaid at 100 percent of their principal amount, plus accrued and unpaid interest thereon to, but excluding the Prepayment Date, plus any make-whole amount (as defined in the Note Purchase Agreement). A copy of the notice of prepayment is attached as Exhibit 99.1 and is incorporated herein by reference.

#### ITEM 6. EXHIBITS

Exhibit	Description
2	<a href="#">Agreement and Plan of Merger by and among ALLETE, Inc., Alloy Parent LLC and Alloy Merger Sub LLC, dated as of May 5, 2024 (filed as Exhibit 2.1 to the May 6, 2024, Form 8-K, File No. 1-3548).*</a>
410.1	<a href="#">Note Purchase Agreement, dated June 27, 2024, between ALLETE Executive Long-Term Incentive Compensation Plan Performance Share Grant Effective April 13, 2022.</a>
10.2	<a href="#">Extraordinary Compensation Award and the purchasers named therein. Opportunity Effective September 25, 2023.</a>
31(a)	<a href="#">Rule 13a-14(a)/15d-14(a) Certification by the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31(b)	<a href="#">Rule 13a-14(a)/15d-14(a) Certification by the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32	<a href="#">Section 1350 Certification of Periodic Report by the Chief Executive Officer and the Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
95	<a href="#">Mine Safety.</a>
99.1 99	<a href="#">ALLETE News Release dated August 1, 2024 October 30, 2024, announcing 2024 second third quarter earnings. (This exhibit has been furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.)</a>
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Schema
101.CAL	XBRL Calculation
101.DEF	XBRL Definition
101.LAB	XBRL Label
101.PRE	XBRL Presentation
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

\*Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. A copy of any omitted schedules will be furnished supplementally to the SEC upon request; provided, however, that the parties may request confidential treatment pursuant to Rule 24b-2 of the Exchange Act for any document so furnished.

ALLETE agrees to furnish to the SEC upon request any instrument with respect to long-term debt that ALLETE has not filed as an exhibit pursuant to the exemption provided by Item 601(b)(4)(iii)(A) of Regulation S-K.

ALLETE, Inc. Second Third Quarter 2024 Form 10-Q

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#### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ALLETE, INC.

August 1, October 30, 2024

/s/ Steven W. Morris

Steven W. Morris

Senior Vice President and Chief Financial Officer  
(Principal Financial Officer and Principal Accounting Officer)

ALLETE, Inc. Second Third Quarter 2024 Form 10-Q

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ALLETE

EXECUTIVE LONG-TERM INCENTIVE COMPENSATION PLAN  
PERFORMANCE SHARE GRANT

Exhibit 4

Jeff Scissons

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ALLETE, INC.

\$100,000,000 5.94% Senior Notes Due September 5, 2029

\$50,000,000 6.18% Senior Notes Due September 5, 2034

Note Purchase Agreement

Dated June 27, 2024

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Exhibit 1(a) — Form of 5.94% Senior Note due September 5, 2029

Exhibit 1(b) — Form of 6.18% Senior Note due September 5, 2034

Exhibit 4.4(a) — Form of Opinion of the Vice President, Chief Legal Officer and Corporate Secretary of ALLETE, Inc.

Exhibit 4.4(b) — Form of Opinion of Cohen Tauber Spievack & Wagner P.C.

Exhibit 4.4(c) — Form of Opinion of Chapman and Cutler LLP

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Allele, Inc.

30 West Superior Street

Duluth, Minnesota 55802

\$100,000,000 5.94% Senior Notes due September 5, 2029

\$50,000,000 6.18% Senior Notes due September 5, 2034

**To Each of the Purchasers Listed in  
Schedule A Hereto:**

Ladies and Gentlemen:

ALLETE, Inc., a Minnesota corporation (the “**Company**”), agrees with each of the Purchasers as follows:

**1. Authorization of Notes.**

The Company will authorize the issue and sale of (a) \$100,000,000 aggregate principal amount of its 5.94% Senior Notes due September 5, 2029 (the “**2029 Notes**”) and (b) \$50,000,000 aggregate principal amount of its 6.18% Senior Notes due September 5, 2034 (the “**2034 Notes**,” the 2029 Notes and the 2034 Notes are hereinafter collectively referred to as the “**Notes**”). The Notes shall be substantially in the form set out in Exhibit 1(a) and Exhibit 1(b), respectively, with such changes therefrom, if any, as may be approved by you and the Company. Certain capitalized and other terms used in this Agreement are defined in Schedule B and, for purposes of this Agreement, the rules of construction set forth in Section 22.4 shall govern.

**2. Sale and Purchase of Notes**

Subject below, subject to the terms and conditions of this Agreement, the Company will issue and sell to each Purchaser and each Purchaser will purchase from the Company, at the Closing provided for in Section 3, Notes in the principal amount and of the series specified opposite such Purchaser’s name in Schedule A at the purchase price of 100% of the principal amount thereof. The Purchasers’ obligations hereunder are several and not joint obligations and no Purchaser shall have any liability to any Person for the performance or non-performance of any obligation by any other Purchaser hereunder.

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**3. Closing**

The sale and purchase of the Notes to be purchased by each Purchaser shall occur at the offices of Cohen Tauber Spievack & Wagner P.C., 420 Lexington Avenue, Suite 2400, New York, New York 10170, at 10:00 a.m., New York time, at a closing (the “**Closing**”) which will occur on a Business Day no later than September 5, 2024 as may be selected by the Company pursuant to a written notice (the “**Written Notice**”) delivered to each Purchaser by the Company at least five Business Days prior to the Closing, which shall include the funding instructions set forth below. At the Closing, the Company will deliver to each Purchaser the respective Notes to be purchased by such Purchaser in the form of a single 2029 Note or 2034 Note, as the case may be (or such greater number of Notes in denominations of at least \$100,000 as such Purchaser may request) dated the date of the Closing and registered in such Purchaser’s name (or in the name of its nominee), against delivery by such Purchaser to the Company or its order or immediately available funds in the amount of the purchase price therefor by wire transfer for the account of the Company at Wells Fargo Bank, San Francisco, CA, ABA 121 000 248 for further credit to Minnesota Power Account 002-0000-364, Attn: Calla Gilbertson, 218-355-3686. If at the Closing the Company shall fail to tender such Notes to any Purchaser as provided above in this Section 3, or any of the conditions specified in Section 4 shall not have been fulfilled to such Purchaser’s satisfaction, such Purchaser shall, at its election, be relieved of all further obligations under this Agreement, without thereby waiving any rights such Purchaser may have by reason of such failure by the Company to tender such Notes or any of the conditions specified in Section 4 not having been fulfilled to such Purchaser’s satisfaction. If at the Closing any Purchaser shall fail to purchase the Notes which it is obligated to purchase under this Agreement, the Company shall have the option (i) of terminating its obligation to sell any and all of the Notes of such series to all Purchasers and be relieved of all further obligations under this Agreement with respect to such series, or (ii) of terminating its obligation to sell any Notes of such series only to any such defaulting Purchaser and be relieved of all further obligations under this Agreement only with respect to any such defaulting Purchaser.

**4. Conditions to Closing**

Each Purchaser's obligation to purchase and pay for the Notes to be sold to such Purchaser at the Closing is subject to the fulfillment to such Purchaser's satisfaction, prior to or at the Closing, of the following conditions:

**4.1. Representations and Warranties.** The representations and warranties of the Company in this Agreement shall be correct when made and at the Closing.

**4.2. Performance; No Default.** The Company shall have performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by it prior to or at the Closing and from the date of this Agreement to the Closing assuming that Sections 9 and 10 are applicable from the date of this Agreement. From the date of this Agreement until the Closing, before and after giving effect to the issue and sale of the Notes (and the application of the proceeds thereof as contemplated by Section 5.14), no Default or Event of Default shall have occurred and be continuing.

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#### **4.3. Compliance Certificates.**

**4.3.1. Officer's Certificate.** The Company shall have delivered to such Purchaser an Officer's Certificate, dated the date of the Closing, certifying that the conditions specified in Sections 4.1, 4.2 and 4.9 have been fulfilled.

**4.3.2. Secretary's Certificate.** The Company shall have delivered to such Purchaser a certificate of its Secretary or Assistant Secretary, dated the date of the Closing, certifying as to (i) the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of the Notes and this Agreement and (ii) the Company's organizational documents as then in effect.

**4.4. Opinions of Counsel.** Such Purchaser shall have received opinions in form and substance satisfactory to such Purchaser, dated the date of the Closing (a) from the Vice President, Chief Legal Officer and Corporate Secretary of ALLETE, Inc., and Cohen Tauber Spievack & Wagner P.C., counsel for the Company, covering the matters set forth in Exhibit 4.4(a) and 4.4(b), respectively, and covering such other matters incident to the transactions contemplated hereby as such Purchaser or its counsel may reasonably request (and the Company hereby instructs its counsel to deliver such opinion to the Purchasers) and (b) from Chapman and Cutler LLP, the Purchasers' special counsel in connection with such transactions, substantially in the form set forth in Exhibit 4.4(c) and covering such other matters incident to such transactions as such Purchaser may reasonably request.

**4.5. Purchase Permitted By Applicable Law, Etc this Grant, including** On the date of the Closing such Purchaser's purchase of Notes shall (a) be permitted by the laws and regulations of each jurisdiction to which such Purchaser is subject, without recourse to provisions (such as section 1405(a)(8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of the particular investment, (b) not violate any applicable law or regulation (including Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (c) not subject such Purchaser to any tax, penalty or liability under or pursuant to any applicable law or regulation, which law or regulation was not in effect on the date hereof. If requested by such Purchaser, such Purchaser shall have received an Officer's Certificate certifying as to such matters of fact as such Purchaser may reasonably specify to enable such Purchaser to determine whether such purchase is so permitted.

**4.6. Sale of Other Notes.** Contemporaneously with the Closing the Company shall sell to each other Purchaser and each other Purchaser shall purchase the Notes to be purchased by it at the Closing as specified in Schedule A.

**4.7. Payment of Special Counsel Fees.** Without limiting Section 15.1, the Company shall have paid on or before the Closing the fees, charges and disbursements of the Purchasers' special counsel referred to in Section 4.4 to the extent reflected in a statement of such counsel rendered to the Company at least one Business Day prior to the date of the Closing.

**4.8. Private Placement Number.** Annex A Private Placement Number issued by PPN CUSIP Unit of CUSIP Global Services (in cooperation with the SVO) shall have been obtained for each series of the Notes.

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**4.9. Changes in Corporate Structure.** The Company shall not have changed its jurisdiction of incorporation or organization, as applicable, or been a party to any merger or consolidation or succeeded to all or any substantial part of the liabilities of any other entity, at any time following the date of the most recent financial statements referred to in Section 5.5.

**4.10. Funding Instructions.** At least three Business Days prior to the date of the Closing, each Purchaser shall have received written instructions signed by a Responsible Officer on letterhead of the Company confirming the information specified in Section 3 including (i) the name and address of the transferee bank, (ii) such transferee bank's ABA number and (iii) the account name and number into which the purchase price for the Notes is to be deposited.

**4.11. Proceedings and Documents.** All corporate and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be satisfactory to such Purchaser and its special counsel, and such Purchaser and its special counsel shall have received all such counterpart originals or certified or other copies of such documents as such Purchaser or such special counsel may reasonably request.

**Section 4.12 Amendments or Consents under Credit Agreements.** The Company shall have delivered executed and effective amendments to, or consents under, each of the Credit Agreements in forms reasonably satisfactory to the Purchasers.

## **5. Representations and Warranties of the Company.**

The Company represents and warrants to each Purchaser that:

**5.1. Organization; Power and Authority.** The Company is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, and is duly qualified as a foreign corporation and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Company has the corporate power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver this Agreement and the Notes and to perform the provisions hereof and thereof.

**5.2. Authorization, Etc.** This Agreement and the Notes have been duly authorized by all necessary corporate action on the part of the Company, and this Agreement constitutes, and upon execution and delivery thereof each Note will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

**5.3. Disclosure.** The Company, through its public filings, has made available to each Purchaser a copy of the Company's Annual Report on Form 10-K for the year ended December 31, 2023, a copy of the Company's Quarterly Reports on Form 10-Q for the quarters ended March 31,

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2024, and a copy of each of the Company's Current Reports on Form 8-K filed with the SEC on March 20, 2024, May 6, 2024 and May 20, 2024, each of which has also been filed with the SEC under the Exchange Act (collectively, the "Disclosure Documents"). The Disclosure Documents fairly describe, in all material respects and as of their respective dates, the general nature of the business and principal properties of the Company and its Subsidiaries. The Disclosure Documents do not contain, as of their respective dates, any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made. Except as disclosed in the Disclosure Documents or on Schedule 5.3, since December 31, 2023, there has been no change in the financial condition, operations, business or properties of the Company or any Subsidiary except changes that individually or in the aggregate could not reasonably be expected to have a

Material Adverse Effect. There is no fact known to the Company that could reasonably be expected to have a Material Adverse Effect that has not been set forth herein, in the Disclosure Documents or on Schedule 5.3.

#### **5.4. Organization and Ownership of Shares of Subsidiaries; Affiliates.**

5.4.1. Schedule 5.4 contains a complete and correct legal organization chart which lists the Company's active Subsidiaries. As to each Subsidiary, all of the shares of each class of its capital stock or similar equity interests outstanding is owned, directly or indirectly, by the Company, except as noted therein.

5.4.2. All of the outstanding shares of capital stock or similar equity interests of each Subsidiary shown in Schedule 5.4 as being owned by the Company and its Subsidiaries have been validly issued, are fully paid and non-assessable and are owned by the Company or another Subsidiary free and clear of any Lien that is prohibited by this Agreement.

5.4.3. Each Subsidiary is a corporation or other legal entity duly organized, validly existing and, where applicable, in good standing under the laws of its jurisdiction of organization, and is duly qualified as a foreign corporation or other legal entity and, where applicable, is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each such Subsidiary has the corporate or other power and authority to own or hold under lease the properties it purports to own or hold under lease and to transact the business it transacts and proposes to transact.

5.4.4. No Significant Subsidiary nor Superior Water, Light and Power Company ("SWL&P") is a party to, or otherwise subject to any legal, regulatory, contractual or other restriction (other than this Agreement, the agreements listed on Schedule 5.4 and customary limitations imposed by corporate law, the Federal Power Act or similar statutes) restricting the ability of such Significant Subsidiary or SWL&P to pay dividends out of profits or make any other similar distributions of profits to the Company or any of its Subsidiaries that owns outstanding shares of capital stock or similar equity interests of such Significant Subsidiary or SWL&P.

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**5.5. Financial Statements; Material Liabilities.** The financial statements included in the Disclosure Documents (including the schedules and notes) fairly present in all material respects the consolidated financial position of the Company and its Subsidiaries as of the respective dates specified in such financial statements and the consolidated results of their operations and cash flows for the respective periods so specified and have been prepared in accordance with GAAP consistently applied throughout the periods involved except as set forth in the notes thereto (subject, in the case of any interim financial statements, to normal year-end adjustments). The Company and its Subsidiaries do not have any Material liabilities that are not disclosed on such financial statements or otherwise disclosed in the Disclosure Documents.

**5.6. Compliance with Laws, Other Instruments, Etc.** The execution, delivery and performance by the Company of this Agreement and the Notes will not (i) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of the Company or any Subsidiary under, any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, corporate charter, regulations or by-laws, shareholders agreement or any other Material agreement or instrument to which the Company or any Subsidiary is bound or by which the Company or any Subsidiary or any of their respective properties may be bound or affected, (ii) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to the Company or any Significant Subsidiary or (iii) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the Company or any Significant Subsidiary.

**5.7. Governmental Authorizations, Etc.** No consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority is required in connection with the execution, delivery or performance by the Company of this Agreement or the Notes other than such which have been obtained or made and which shall be in full force and effect at the Closing.

#### **5.8. Litigation.**

5.8.1. Except as described in the Disclosure Documents, there are no actions, suits, investigations or proceedings pending or, to the knowledge of the Company, threatened against or affecting the Company or any Subsidiary or any property of the Company or any Subsidiary

in any court or before any arbitrator of any kind or before or by any Governmental Authority which, if adversely determined, would individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

**5.8.2.** Neither the Company nor any Subsidiary is (i) in violation of any order, judgment, decree or ruling of any court, any arbitrator of any kind or any Governmental Authority or (ii) in violation of any applicable law, ordinance, rule or regulation of any Governmental Authority (including Environmental Laws, the USA Patriot Act or any of the other laws or regulations referred to in Section 5.16), which violation would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

**5.9.Taxes.** The Company and its Subsidiaries have filed all tax returns that are required to have been filed in any jurisdiction, and have paid all taxes shown to be due and payable on such

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returns and all other taxes and assessments levied upon them or their properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent, except for any taxes and assessments (i) the amount of which, individually or in the aggregate, is not Material or (ii) the amount, applicability or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which the Company or a Subsidiary, as the case may be, has established adequate reserves in accordance with GAAP.

**5.10. Title to Property; Leases.** The Company and its Subsidiaries have good and sufficient title to their respective properties that individually or in the aggregate are Material, including all such properties reflected in the most recent audited balance sheet referred to in Section 5.5 or purported to have been acquired by the Company or any Subsidiary after such date (except as sold or otherwise disposed of in the ordinary course of business), in each case free and clear of Liens prohibited by this Agreement. All leases that individually or in the aggregate are Material are valid and subsisting and are in full force and effect in all material respects.

**5.11. Licenses, Permits, Etc.** Except as set forth or contemplated in the Disclosure Documents, the Company and its Subsidiaries own or possess all licenses, permits, franchises, authorizations, patents, copyrights, proprietary software, service marks, trademarks and trade names, or rights thereto, that individually or in the aggregate are Material, without known conflict with the rights of others.

**5.12. Compliance with Employee Benefit Plans.**

**5.12.1.** The Company and each ERISA Affiliate have operated and administered each Plan in compliance with all applicable laws except for such instances of noncompliance as have not resulted in and could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any ERISA Affiliate has incurred any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans (as defined in section 3 of ERISA), and no event, transaction or condition has occurred or exists that could, individually or in the aggregate, reasonably be expected to result in the incurrence of any such liability by the Company or any ERISA Affiliate, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate, in either case pursuant to Title I or IV of ERISA or to section 430(k) of the Code or to any such penalty or excise tax provisions under the Code or federal law or section 4068 of ERISA or by the granting of a security interest in connection with the amendment of a Plan, other than such liabilities or Liens as would not be individually or in the aggregate Material.

**5.12.2.** The present value of the aggregate benefit liabilities under each of the Plans (other than Multiemployer Plans), determined as of the end of such Plan's most recently ended plan year on the basis of the actuarial assumptions specified for funding purposes in such Plan's most recent actuarial valuation report, did not exceed the aggregate current value of the assets of such Plan allocable to such benefit liabilities by more than \$73,739,519 in the case of any single Plan and by more than \$57,439,231 in the aggregate for all Plans.

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5.12.3. The Company and its ERISA Affiliates have not incurred withdrawal liabilities (and are not subject to contingent withdrawal liabilities) under section 4201 or 4204 of ERISA in respect of Multiemployer Plans that individually or in the aggregate are Material.

5.12.4. The expected postretirement benefit obligation (determined as of the last day of the Company's most recently ended fiscal year in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 715-60, without regard to liabilities attributable to continuation coverage mandated by section 4980B of the Code) of the Company and its Subsidiaries is approximately \$820,243,465. A substantial portion of the annual postretirement benefit costs recognized by the Company's regulated companies are recovered through rates filed with the Company's regulatory jurisdictions, as more fully described in Note 12 to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

5.12.5. The execution and delivery of this Agreement and the issuance and sale of the Notes hereunder will not involve any transaction that is subject to the prohibitions of section 406 of ERISA or in connection with which a tax could be imposed pursuant to section 4975(c)(1)(A)-(D) of the Code. The representation by the Company to each Purchaser in the first sentence of this Section 5.12(e) is made in reliance upon and subject to the accuracy of such Purchaser's representation in Section 6.2 as to the sources of the funds to be used to pay the purchase price of the Notes to be purchased by such Purchaser.

5.12.6. The Company and its Subsidiaries do not have any Non-U.S. Plans.

**5.13. Private Offering by the Company.** Neither the Company nor anyone acting on its behalf has offered the Notes or any similar Securities for sale to, or solicited any offer to buy the Notes or any similar Securities from, or otherwise approached or negotiated in respect thereof with, any Person other than the Purchasers and not more than 50 other Institutional Investors, each of which has been offered the Notes at a private sale for investment. Neither the Company nor anyone acting on its behalf has taken, or will take, any action that would subject the issuance or sale of the Notes to the registration requirements of section 5 of the Securities Act or to the registration requirements of any Securities or blue sky laws of any applicable jurisdiction.

**5.14. Use of Proceeds; Margin Regulations.** The Company will apply the proceeds of the sale of the Notes to refinance outstanding indebtedness and for general corporate purposes. No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221), or for the purpose of buying or carrying or trading in any securities under such circumstances as to involve the Company in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). Margin stock does not constitute more than 20% of the value of the consolidated assets of the Company and its Subsidiaries and the Company does not have any present intention that margin stock will constitute more than 20% of the value of such assets. As

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used in this Section, the terms "margin stock" and "purpose of buying or carrying" Annex C shall have the meanings assigned to them in said Regulation U.

**5.15. Existing Indebtedness; Future Liens.**

5.15.1. Except as described therein, Schedule 5.15 sets forth a complete and correct list of all outstanding Indebtedness that is Material of the Company and its Significant Subsidiaries as of March 31, 2024, since which date there has been no Material change in the amounts, interest rates, sinking funds, installment payments or maturities of the Indebtedness of the Company or its Significant Subsidiaries. Neither the Company nor any Significant Subsidiary is in default and no waiver of default is currently in effect, in the payment of any principal or interest on any such Indebtedness and no event or condition exists with respect to such Indebtedness that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Indebtedness to become due and payable before its stated maturity or before its regularly scheduled dates of payment.

**5.15.2.** Except as disclosed in Schedule 5.15, neither the Company nor any Significant Subsidiary has agreed or consented to cause or permit in the future (upon the happening of a contingency or otherwise) any of its property, whether now owned or hereafter acquired, to be subject to a Lien not permitted by Section 10.4.

**5.15.3.** Neither the Company nor any Subsidiary is a party to, or otherwise subject to any provision contained in, any instrument evidencing Indebtedness that is Material of the Company or such Subsidiary, any agreement relating thereto or any other agreement (including its charter or any other organizational document) which limits the amount of, or otherwise imposes restrictions on the incurring of, Indebtedness of the Company, except as specifically indicated in Schedule 5.15.

**5.16. Foreign Assets Control Regulations, Etc.**

**5.16.1.** Neither the Company nor any Controlled Entity (i) is a Blocked Person, (ii) has been notified that its name appears or may in the future appear on a State Sanctions List or (iii) is a target of sanctions that have been imposed by the United Nations or the European Union.

**5.16.2.** Neither the Company nor any Controlled Entity (i) has violated, been found in violation of, or been charged or convicted under, any applicable U.S. Economic Sanctions Laws, Anti-Money Laundering Laws or Anti-Corruption Laws or (ii) to the Company's knowledge, is under investigation by any Governmental Authority for possible violation of any U.S. Economic Sanctions Laws, Anti-Money Laundering Laws or Anti-Corruption Laws.

(c) No part of the proceeds from the sale of the Notes hereunder:

(i) constitutes or will constitute funds obtained on behalf of any Blocked Person or will otherwise be used by the Company or any Controlled Entity;

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directly or indirectly, (A) in connection with any investment in, or any transactions or dealings with, any Blocked Person, (B) for any purpose that would cause any Purchaser to be in violation of any U.S. Economic Sanctions Laws or (C) otherwise in violation of any U.S. Economic Sanctions Laws;

(ii) will be used, directly or indirectly, in violation of, or cause any Purchaser to be in violation of, any applicable Anti-Money Laundering Laws; or

(iii) will be used, directly or indirectly, for the purpose of making any improper payments, including bribes, to any Governmental Official or commercial counterparty in order to obtain, retain or direct business or obtain any improper advantage, in each case which would be in violation of, or cause any Purchaser to be in violation of, any applicable Anti-Corruption Laws.

(d) The Company has established procedures and controls which it reasonably believes are adequate (and otherwise comply with applicable law) to ensure that the Company and each Controlled Entity is and will continue to be in compliance with all applicable U.S. Economic Sanctions Laws, Anti-Money Laundering Laws and Anti-Corruption Laws.

**5.17. Status under Investment Company Act and ICC Termination Act.** Neither the Company nor any Subsidiary is subject to regulation under the Investment Company Act of 1940, as amended, or the ICC Termination Act of 1995, as amended.

**5.18. Environmental Matters.** Except as disclosed in the Disclosure Documents, the Company and its Subsidiaries (i) are in compliance with all Environmental Laws, (ii) have received all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses, and (iii) are in compliance with all terms and conditions of any such permit, license or approval; except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect.

**6. Representations of the Purchasers.**

**6.1.Purchase for Investment.** Each Purchaser severally represents that it is purchasing the Notes for its own account or for one or more separate accounts maintained by such Purchaser or for the account of one or more pension or trust funds and not with a view to the distribution thereof, *provided that the disposition of such Purchaser's or their property shall at all times be within such Purchaser's or their control.* Each Purchaser understands that the Notes have not been registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law, and that the Company is not required to register the Notes.

**6.2.Source of Funds.** Each Purchaser severally represents that at least one of the following statements is an accurate representation as to each source of funds (a "Source") to be used by such Purchaser to pay the purchase price of the Notes to be purchased by such Purchaser hereunder:

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6.2.1. the Source is an "insurance company general account" (as the term is defined in the United States Department of Labor's Prohibited Transaction Exemption ("PTE") 95-60) in respect of which the reserves and liabilities (as defined by the annual statement for life insurance companies approved by the NAIC (the "NAIC Annual Statement")) for the general account contract(s) held by or on behalf of any employee benefit plan together with the amount of the reserves and liabilities for the general account contract(s) held by or on behalf of any other employee benefit plans maintained by the same employer (or affiliate thereof as defined in PTE 95-60) or by the same employee organization in the general account do not exceed 10% of the total reserves and liabilities of the general account (exclusive of separate account liabilities) plus surplus as set forth in the NAIC Annual Statement filed with such Purchaser's state of domicile; or

6.2.2. the Source is a separate account that is maintained solely in connection with such Purchaser's fixed contractual obligations under which the amounts payable, or credited, to any employee benefit plan (or its related trust) that has any interest in such separate account (or to any participant or beneficiary of such plan (including any annuitant)) are not affected in any manner by the investment performance of the separate account; or

6.2.3. the Source is either (i) an insurance company pooled separate account, within the meaning of PTE 90-1 or (ii) a bank collective investment fund, within the meaning of the PTE 91-38 and, except as disclosed by such Purchaser to the Company in writing pursuant to this clause (c), no employee benefit plan or group of plans maintained by the same employer or employee organization beneficially owns more than 10% of all assets allocated to such pooled separate account or collective investment fund; or

6.2.4. the Source constitutes assets of an "investment fund" (within the meaning of Part VI of PTE 84-14 (the "QPAM Exemption")) managed by a "qualified professional asset manager" or "QPAM" (within the meaning of Part VI of the QPAM Exemption), no employee benefit plan's assets that are managed by the QPAM in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Part VI(c)(1) of the QPAM Exemption) of such employer or by the same employee organization and managed by such QPAM, represent more than 20% of the total client assets managed by such QPAM, the conditions of Part I(c) and (g) of the QPAM Exemption are satisfied, neither the QPAM nor a person controlling or controlled by the QPAM maintains an ownership interest in the Company that would cause the QPAM and the Company to be "related" within the meaning of Part VI(h) of the QPAM Exemption and (i) the identity of such QPAM and (ii) the names of any employee benefit plans whose assets in the investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by any affiliate (within the meaning of Part VI(c)(1) of the QPAM Exemption) of such employer or by the same employee organization, represent 10% or more of the assets of such investment fund, have been disclosed to the Company in writing pursuant to this clause (d); or

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6.2.5. the Source constitutes assets of a "plan(s)" (within the meaning of Part IV(h) of PTE 96-23 (the "INHAM Exemption")) managed by an "in-house asset manager" or "INHAM" (within the meaning of Part IV(a) of the INHAM Exemption), the conditions of Part I(a), (g) and (h) of the INHAM Exemption are satisfied, neither the INHAM nor a person controlling or controlled by the INHAM (applying the definition of "control" in Part IV(d)(3) of the INHAM Exemption) owns a 10% or more interest in the Company and (i) the identity of such INHAM and (ii) the name(s) of the employee benefit plan(s) whose assets constitute the Source have been disclosed to the Company in writing pursuant to this clause (e); or

6.2.6. the Source is a governmental plan; or

6.2.7. the Source is one or more employee benefit plans, or a separate account or trust fund comprised of one or more employee benefit plans, each of which has been identified to the Company in writing pursuant to this clause (g); or

6.2.8. the Source does not include assets of any employee benefit plan, other than a plan exempt from the coverage of ERISA.

As used in this Section 6.2, the terms "employee benefit plan," "governmental plan," and "separate account" shall have the respective meanings assigned to such terms in section 3 of ERISA.

## 7. Information as to Company

**7.1. Financial and Business Information.** The Company shall deliver to each Purchaser and each holder of a Note that is an Institutional Investor:

7.1.1. *Quarterly Statements* — within 60 days (or such shorter period as is the earlier of (x) 15 days greater than the period applicable to the filing of the Company's Quarterly Report on Form 10-Q (the "Form 10-Q") with the SEC regardless of whether the Company is subject to the filing requirements thereof and (y) the date by which such financial statements are required to be delivered under any Material Credit Facility) after the end of each quarterly fiscal period in each fiscal year of the Company (other than the last quarterly fiscal period of each such fiscal year), duplicate copies of,

7.1.1.1.a consolidated balance sheet of the Company and its Subsidiaries as at the end of such quarter, and

7.1.1.2.consolidated statements of income, changes in shareholders' equity and cash flows of the Company and its Subsidiaries, for such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter,

setting forth in each case in comparative form the figures for the corresponding periods in the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally, and certified by a Senior Financial Officer as fairly presenting, in all material respects, the financial position of the

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companies being reported on and their results of operations and cash flows, subject to changes resulting from year-end adjustments;

7.1.2. *Annual Statements* — within 120 days (or such shorter period as is the earlier of (x) 15 days greater than the period applicable to the filing of the Company's Annual Report on Form 10-K (the "Form 10-K") with the SEC regardless of whether the Company is subject to the filing requirements thereof and (y) the date by which such financial statements are required to be delivered under any Material Credit Facility) after the end of each fiscal year of the Company, duplicate copies of,

7.1.2.1.a consolidated balance sheet of the Company and its Subsidiaries as at the end of such year, and

7.1.2.2.consolidated statements of income, changes in shareholders' equity and cash flows of the Company and its Subsidiaries for such year,

setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP, and accompanied by an opinion thereon (without a "going concern" or similar qualification or exception and without any qualification or exception as to the scope of the audit on which such opinion is based) of independent public accountants of recognized national standing, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been prepared in conformity with GAAP, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances;

**7.1.3. SEC and Other Reports** — promptly upon their becoming available, one copy of (i) each financial statement, report, notice, proxy statement or similar document sent by the Company or any Subsidiary (x) to its creditors under any Material Credit Facility (excluding information sent to such creditors in the ordinary course of administration of a credit facility, such as information relating to pricing and borrowing availability) or (y) to its public Securities holders generally, and (ii) each regular or periodic report, each registration statement (without exhibits except as expressly requested by such Purchaser or holder), and each prospectus and all amendments thereto filed by the Company or any Subsidiary with the SEC;

**7.1.4. Notice of Default or Event of Default** — promptly, and in any event within five days after a Responsible Officer becoming aware of the existence of any Default or Event of Default or that any Person has given any notice or taken any action with respect to a claimed default hereunder or that any Person has given any notice or taken any action with respect to a claimed default of the type referred to in Section 11(f), a written notice specifying the nature and period of existence thereof and what action the Company is taking or proposes to take with respect thereto, provided, however, that the Company

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shall not be required to comply with the provisions of this Section 7.1(d) for so long as the Company is subject to the public reporting requirements of the Exchange Act;

**7.1.5. Employee Benefits Matters** — promptly, and in any event within five days after a Responsible Officer becoming aware of any of the following, a written notice setting forth the nature thereof and the action, if any, that the Company or an ERISA Affiliate proposes to take with respect thereto:

7.1.5.1. with respect to any Plan, any reportable event, as defined in section 4043(c) of ERISA and the regulations thereunder, for which notice thereof has not been waived pursuant to such regulations as in effect on the date hereof; or

7.1.5.2. the taking by the PBGC of steps to institute, or the threatening by the PBGC of the institution of, proceedings under section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by the Company or any ERISA Affiliate of a notice from a Multiemployer Plan that such action has been taken by the PBGC with respect to such Multiemployer Plan; or

7.1.5.3. any event, transaction or condition that could result in the incurrence of any liability by the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or such penalty or excise tax provisions, if such liability or Lien, taken together with any other such liabilities or Liens then existing, could reasonably be expected to have a Material Adverse Effect; or

7.1.5.4. receipt of notice of the imposition of a Material financial penalty (which for this purpose shall mean any tax, penalty or other liability, whether by way of indemnity or otherwise) with respect to one or more Non-U.S Plans;

**7.1.6. Resignation or Replacement of Auditors** — within 10 days following the date on which the Company's auditors resign or the Company elects to change auditors, as the case may be, notification hereof, together with such further information as the Required Holders may request; and

**7.1.7. Requested Information** — with reasonable promptness, such other data and information relating to the business, operations, affairs, financial condition, assets or properties of the Company or any of its Subsidiaries (including actual copies of the Company's Form 10-Q and Form 10-K, if the Company files such forms with the SEC) or relating to the ability of the Company to perform its obligations hereunder and under the Notes as from time to time may be reasonably requested by any such Purchaser or holder of a Note.

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**7.2. Officer's Certificate.** Each set of financial statements delivered to a Purchaser or holder of a Note pursuant to Section 7.1(a) or Section 7.1(b) shall be accompanied by a certificate of a Senior Financial Officer:

**7.2.1. Covenant Compliance** — setting forth the information from such financial statements that is required in order to establish whether the Company was in compliance with the requirements of Section 10.4 or Section 10.5 during the quarterly or annual period covered by the financial statements then being furnished (including with respect to each such provision that involves mathematical calculations, the information from such financial statements that is required to perform such calculations) and detailed calculations of the maximum or minimum amount, ratio or percentage, as the case may be, permissible under the terms of such Section, and the calculation of the amount, ratio or percentage then in existence. In the event that the Company or any Subsidiary has made an election to measure any financial liability using fair value (which election is being disregarded for purposes of determining compliance with this Agreement pursuant to Section 22.2) as to the period covered by any such financial statement, such Senior Financial Officer's certificate as to such period shall include a reconciliation from GAAP with respect to such election;

**7.2.2. Event of Default** — certifying that such Senior Financial Officer has reviewed the relevant terms hereof and has made, or caused to be made, under his or her supervision, a review of the transactions and conditions of the Company and its Subsidiaries from the beginning of the quarterly or annual period covered by the statements then being furnished to the date of the certificate and that such review shall not have disclosed the existence during such period of any condition or event that constitutes a Default or an Event of Default or, if any such condition or event existed or exists, specifying the nature and period of existence thereof and what action the Company shall have taken or proposes to take with respect thereto; and

(c) **Subsidiary Guarantors** — setting forth a list of all Subsidiaries that are Subsidiary Guarantors and certifying that each Subsidiary that is required to be a Subsidiary Guarantor pursuant to Section 9.7 is a Subsidiary Guarantor, in each case, as of the date of such certificate of Senior Financial Officer.

**7.3. Visitation.** The Company shall permit the representatives of each Purchaser or holder of Notes that is an Institutional Investor:

**7.3.1. No Default** — if no Default or Event of Default then exists, the Company shall permit the representatives of each Purchaser or holder of Notes that is an Institutional Investor, at the expense of such Purchaser or holder and upon reasonable prior notice to the Company, to visit the principal executive office of the Company, to discuss the affairs, finances and accounts of the Company and its Subsidiaries with the Company's officers, and (with the consent of the Company, which consent will not be unreasonably withheld) to visit the other offices and properties of the Company and each Subsidiary, all at such reasonable times and as often as may be reasonably requested in writing; and

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**7.3.2. Default** — if a Default or Event of Default then exists, at the expense of the Company to visit and inspect any of the offices or properties of the Company or any Subsidiary, to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers and independent

public accountants (and by this provision the Company authorizes said accountants to discuss the affairs, finances and accounts of the Company and its Subsidiaries), all at such times and as often as may be requested.

**7.4. Electronic Delivery.** Financial statements, opinions of independent certified public accountants, other information and Officer's Certificates that are required to be delivered by the Company pursuant to Sections 7.1(a), (b) or (c) and Section 7.2 shall be deemed to have been delivered if the Company satisfies any of the following requirements with respect thereto:

- (a) such financial statements satisfying the requirements of Section 7.1(a) or (b) and related Officer's Certificate satisfying the requirements of Section 7.2 and any other information required under Section 7.1(c) are delivered to each Purchaser or holder of a Note by e-mail at the e-mail address set forth in Schedule A or as communicated from time to time in a separate writing delivered to the Company;
- (b) the Company shall have timely filed such Form 10-Q or Form 10-K, satisfying the requirements of Section 7.1(a) or Section 7.1(b), as the case may be, with the SEC on EDGAR and shall have (i) made such form available on its home page on the internet, which is located at <http://www.allte.com> as of the date of this Agreement and (ii) delivered the related Officer's Certificate satisfying the requirements of Section 7.2 by e-mail in accordance with Section 7.4(a);
- (c) such financial statements satisfying the requirements of Section 7.1(a) or Section 7.1(b) and related Officer's Certificate(s) satisfying the requirements of Section 7.2 and any other information required under Section 7.1(c) are timely posted by or on behalf of the Company on IntraLinks or on any other similar website to which each Purchaser or holder of Notes has free access; or
- (d) the Company shall have timely filed any of the items referred to in Section 7.1(c) with the SEC on EDGAR and shall have made such items available on its home page on the internet or on IntraLinks or on any other similar website to which each Purchaser or holder of Notes has free access;

*provided however, that in no case shall access to such financial statements, other information and Officer's Certificates be conditioned upon any waiver or other agreement or consent (other than confidentiality provisions consistent with Section 20 of this Agreement); provided further, that in the case of any of clauses (b), (c) or (d), the Company shall have given each Purchaser or holder of a Note prior written notice, which may be by e-mail or in accordance with Section 18, of such posting or filing in connection with each delivery, provided further, that upon request of any Purchaser or holder to receive paper copies of such forms, financial statements, other information*

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and Officer's Certificates or to receive them by e-mail, the Company will promptly e-mail them or deliver such paper copies, as the case may be, to such Purchaser or holder.

## 8. Payment and Prepayment of the Notes.

**8.1. Maturity.** As provided therein, the entire unpaid principal balance of each Note shall be due and payable on the stated maturity date thereof.

**8.2. Optional Prepayments with Make-Whole Amount.** At any time prior to August 5, 2029 with respect to the 2029 Notes, and June 5, 2034 with respect to the 2034 Notes, the Company may, at its option, upon notice as provided below, prepay at any time all, or from time to time any part of, the Notes, in an amount not less than 10% of the aggregate principal amount of the Notes then outstanding in the case of a partial prepayment, at 100% of the principal amount so prepaid, together with interest accrued thereon to the date of such prepayment, and the Make-Whole Amount determined for the prepayment date with respect to such principal amount. The Company will give each holder of Notes written notice of each optional prepayment under this Section 8.2 not less than 30 days and not more than 60 days prior to the date fixed for such prepayment unless the Company and the Required Holders agree to another time period pursuant to Section 17. Each such notice shall specify such date (which shall be a Business Day), the aggregate principal amount of the Notes to be prepaid on such date, the principal amount of each Note held by such holder to be prepaid (determined in accordance with Section 8.4), and the interest to be paid on the prepayment date with respect to such principal amount being prepaid, and shall be accompanied by a certificate of a Senior Financial Officer as to the estimated Make-Whole Amount due in connection with such prepayment (calculated as if the date of such notice were the date of the prepayment), setting forth the details of such computation. Two Business

Days prior to such prepayment, the Company shall deliver to each holder of Notes a certificate of a Senior Financial Officer specifying the calculation of such Make-Whole Amount as of the specified prepayment date.

### 8.3. Change in Control.

8.3.1. *Notice of Change in Control.* The Company will, within five Business Days after any Responsible Officer has knowledge of the occurrence of any Change in Control, give written notice of such Change in Control to each holder of Notes. Such notice shall contain and constitute an offer to prepay Notes as described in subparagraph (b) of this Section 8.3 and shall be accompanied by the certificate described in subparagraph (e) of this Section 8.3.

8.3.2. *Offer to Prepay Notes.* The offer to prepay the Notes contemplated by subparagraph (a) of this Section 8.3 shall be an offer to prepay, in accordance with and subject to this Section 8.3, all, but not less than all, of the Notes held by each holder (in this case only, "holder" in respect of any Note registered in the name of a nominee for a disclosed beneficial owner shall mean such beneficial owner) on a date specified in such offer (the "Proposed Prepayment Date"). Such date shall be not less than 30 days and not more than 60 days after the date of such offer.

8.3.3. *Acceptance.* A holder of Notes may accept the offer to prepay made pursuant to this Section 8.3 by causing a notice of such acceptance to be delivered to the

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Company not later than 15 days prior to the Proposed Prepayment Date. A failure by a holder of Notes to respond to the offer to prepay made pursuant to this Section 8.3 shall be deemed to constitute a rejection of such offer by such holder.

8.3.4. *Prepayment.* Prepayment of the Notes to be prepaid pursuant to this Section 8.3 shall be at 100% of the principal amount of such Notes, together with interest on such Notes accrued to the date of prepayment and without any Make-Whole Amount. The Prepayment shall be made on the Proposed Prepayment Date.

8.3.5. *Officer's Certificate.* Each offer to prepay the Notes pursuant to this Section 8.3 shall be accompanied by a certificate, executed by a Senior Financial Officer of the Company and dated the date of such offer, specifying: (i) the Proposed Prepayment Date; (ii) that such offer is made pursuant to this Section 8.3; (iii) the interest that would be due on each Note offered to be prepaid, accrued to the Proposed Prepayment Date; (iv) that the conditions of this Section 8.3 have been fulfilled; (v) in reasonable detail, the nature of the Change in Control; and (vi) any written response from the relevant rating agency.

### 8.3.6. *"Change in Control" Definition.*

**"Change in Control"** means the occurrence of any of the following: (a) after the consummation of the Merger (which shall be permitted by this Agreement and shall not be deemed a Change of Control for purposes of this Section 8) and prior to an initial public offering of the Company (or any parent that owns, directly or indirectly, 100% of the Equity Interests of the Company (other than any Equity Interests owned by or issued in connection with a management equity plan or vehicle)), Permitted Holders fail to be the "beneficial owners" (as such term is defined in Rule 13d-3 under the Exchange Act) of more than 50% of the total voting power in the aggregate of the Voting Securities (as defined below) of the Company then outstanding; *provided*, that if none of the Equity Interests of the Company or the applicable parent holding company constitute Voting Securities, no "Change in Control" shall occur pursuant to this subclause (a) if Permitted Holders otherwise have the right (pursuant to contract, proxy or otherwise), directly or indirectly, to designate, nominate or appoint (and do so designate, nominate or appoint) persons holding a majority of voting power of the board of directors (or similar governing body) of the Company (or any parent that owns, directly or indirectly, 100% of the Equity Interests of the Company (other than any Equity Interests owned by or issued in connection with a management equity plan or vehicle)) and which parent, directly or indirectly, controls the Company, or (b) if the Merger does not occur or after the occurrence of an initial public offering of the Company (or any parent that owns, directly or indirectly, 100% of the Equity Interests of the Company (other than any Equity Interests owned by or issued in connection with a management equity plan or vehicle)), the consummation of any transaction the result of which is that any "person" or "group" (within the meaning of Section 13(d)(3) of the Exchange Act but excluding any employee benefit plan of the Company or its Subsidiaries, and any Person acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) (other than one or more Permitted Holders or any direct or indirect

wholly-owned (excluding any Equity Interests owned by or issued in connection with a management equity plan or vehicle) parent company of the Company) becomes the "beneficial owner" of more than 30%

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of the total voting power in the aggregate of the Voting Securities of the Company then outstanding; provided, that if none of the Equity Interests of the Company or the applicable parent holding company constitute Voting Securities, no "Change in Control" shall occur pursuant to this subclause (b) if Permitted Holders otherwise have the right (pursuant to contract, proxy or otherwise), directly or indirectly, to designate, nominate or appoint (and do so designate, nominate or appoint) persons holding a majority of the voting power of the board of directors (or similar governing body) of the Company (or any parent that owns, directly or indirectly, 100% of the Equity Interests of the Company (other than any Equity Interests owned by or issued in connection with a management equity plan or vehicle) and which parent, directly or indirectly, controls the Company).

Notwithstanding the foregoing, (i) a reorganization of any direct or indirect parent company of the Company will not be deemed to be a Change in Control so long as, after giving effect to such reorganization, no "Change in Control" would be triggered based on the indirect beneficial ownership of the Company, (ii) a Permitted Change in Control shall be deemed not to be a Change in Control and (iii) for the avoidance of doubt, limited partners of investment funds, partnerships and other co-investment vehicles and accounts directly or indirectly managed, advised or controlled by GIP or CPPIB or any of their respective affiliates that have interests in upper tier entities directly or indirectly managed, advised or controlled by GIP or CPPIB or any of their respective affiliates, respectively, shall be deemed not to directly or indirectly own the foregoing Voting Securities (or right to appoint persons holding a majority of the voting power of such governing body(ies)) in the Company (or any such parent) for purposes of this definition.

**8.3.7. Assumptions.** All calculations contemplated in this Section 8.3 involving the capital stock or other equity interest of any Person shall be made with the assumption that all convertible securities of such Person then outstanding and all convertible securities issuable upon the exercise of any warrants, options and other rights outstanding at such time were converted at such time and that all options, warrants and similar rights to acquire shares of capital stock or other equity interest of such Person were exercised at such time.

**8.4. Allocation of Partial Prepayments.** In the case of each partial prepayment of the Notes pursuant to Section 8.2, the principal amount of the Notes to be prepaid shall be allocated among all of the Notes at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof not theretofore called for prepayment. All prepayments pursuant to Section 8.3 shall be applied as therein provided.

**8.5. Maturity; Surrender, Etc.** In the case of each prepayment of Notes pursuant to this Section 8, the principal amount of each Note to be prepaid shall mature and become due and payable on the date fixed for such prepayment, together with interest on such principal amount accrued to such date and the applicable Make-Whole Amount, if any. From and after such date, unless the Company shall fail to pay such principal amount when so due and payable, together with the interest and Make-Whole Amount, if any, as aforesaid, interest on such principal amount shall cease to accrue. Any Note paid or prepaid in full shall be surrendered to the Company and cancelled and shall not be reissued, and no Note shall be issued in lieu of any prepaid principal amount of any Note.

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**8.6. Purchase of Notes.** The Company will not and will not permit any Affiliate to purchase, redeem, prepay or otherwise acquire, directly or indirectly, any of the outstanding Notes except (a) upon the payment or prepayment of the Notes in accordance with the terms of this Agreement and the Notes or (b) pursuant to an offer to purchase made by the Company or an Affiliate pro rata to the holders of all Notes at the time outstanding upon the same terms and conditions. Any such offer shall provide each holder with sufficient information to enable it to make an informed decision with respect to such offer, and shall remain open for at least 10 Business Days. If the holders of more than 25% of the principal amount of the Notes then

outstanding accept such offer, the Company shall promptly notify the remaining holders of such fact and the expiration date for the acceptance by holders of Notes of such offer shall be extended by the number of days necessary to give each such remaining holder at least 10 Business Days from its receipt of such notice to accept such offer. The Company will promptly cancel all Notes acquired by it or any Affiliate pursuant to any payment, prepayment or purchase of Notes pursuant to any provision of this Agreement and no Notes may be issued in substitution or exchange for any such Notes.

#### **8.7. Make-Whole Amount.**

The term "**Make-Whole Amount**" means, with respect to any Note, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Note over the amount of such Called Principal, *provided* that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make-Whole Amount, the following terms have the following meanings:

"**Called Principal**" means, with respect to any Note, the principal of such Note that is to be prepaid pursuant to Section 8.2 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

"**Discounted Value**" means, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Notes is payable) equal to the Reinvestment Yield with respect to such Called Principal.

"**Reinvestment Yield**" means, with respect to the Called Principal of any Note, the sum of (a) 0.50% plus (b) the yield to maturity implied by the "Ask Yield(s)" reported as of 10:00 a.m. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as "Page PX1" (or such other display as may replace Page PX1) on Bloomberg Financial Markets for the most recently issued actively traded on-the-run U.S. Treasury securities ("**Reported**") having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. If there are no such U.S. Treasury securities Reported having a maturity equal to such Remaining Average Life, then such implied yield to maturity will be determined by (i) converting U.S. Treasury bill quotations to bond equivalent yields in accordance with accepted financial practice and (ii) interpolating linearly between the "Ask Yields" Reported for the applicable most recently issued actively traded on-the-run U.S. Treasury securities with the maturities (1) closest to and greater

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than such Remaining Average Life and (2) closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Note.

If such yields are not Reported or the yields Reported as of such time are not ascertainable (including by way of interpolation), then "**Reinvestment Yield**" means, with respect to the Called Principal of any Note, the sum of (x) 0.50% plus (y) the yield to maturity implied by the U.S. Treasury constant maturity yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (or any comparable successor publication) for the U.S. Treasury constant maturity having a term equal to the Remaining Average Life of such Called Principal as of such Settlement Date. If there is no such U.S. Treasury constant maturity having a term equal to such Remaining Average Life, such implied yield to maturity will be determined by interpolating linearly between (1) the U.S. Treasury constant maturity so reported with the term closest to and greater than such Remaining Average Life and (2) the U.S. Treasury constant maturity so reported with the term closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Note.

"**Remaining Average Life**" means, with respect to any Called Principal, the number of years obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (b) the number of years, computed on the basis of a 360-day year comprised of twelve 30-day months and calculated to two decimal places, that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

**"Remaining Scheduled Payments"** means, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, *provided that if such Settlement Date is not a date on which interest payments are due to be made under the Notes, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to Section 8.2 or Section 12.1.*

**"Settlement Date"** means, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid pursuant to Section 8.2 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

**8.8. Payments Due on Non-Business Days.** Anything in this Agreement or the Notes to the contrary notwithstanding, (x) except as set forth in clause (y), any payment of interest on any Note that is due on a date that is not a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day; and (y) any payment of principal or of Make-Whole Amount on any Note (including principal due on the Maturity Date of such Note) that is due on a date that is not a

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Business Day shall be made on the next succeeding Business Day and shall include the additional days elapsed in the computation of interest payable on such next succeeding Business Day.

## **9. Affirmative Covenants.**

From the date of this Agreement until the Closing and thereafter, as long as any of the Notes are outstanding, the Company covenants that:

**9.1. Compliance with Law.** Without limiting Section 10.3, the Company will, and will cause each of its Subsidiaries to, comply with all laws, ordinances or governmental rules or regulations to which each of them is subject (including ERISA, the USA Patriot Act, Environmental Laws and the other laws and regulations that are referred to in Section 5.16) and will obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of their respective properties or to the conduct of their respective businesses, in each case to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

**9.2. Insurance.** The Company will, and will cause each of its Subsidiaries to, maintain, with financially sound and reputable insurers, insurance with respect to their respective properties and businesses against such casualties and contingencies, of such types, on such terms and in such amounts (including deductibles, co-insurance and self-insurance, if adequate reserves are maintained with respect thereto) as is customary in the case of entities of established reputations engaged in the same or a similar business and similarly situated, except in each case to the extent that any non-compliance with the terms of this Section 9.2 could not reasonably be expected to have a Material Adverse Effect.

**9.3. Maintenance of Properties.** The Company will, and will cause each of its Subsidiaries to, maintain and keep, or cause to be maintained and kept, their respective properties in good repair, working order and condition (other than ordinary wear and tear), so that the business carried on in connection therewith may be properly conducted at all times, *provided that this Section shall not prevent the Company or any Subsidiary from discontinuing the operation and the maintenance of any of its properties if such discontinuance is desirable in the conduct of its business and the Company has concluded that such discontinuance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.*

**9.4. Payment of Taxes and Claims.** The Company will, and will cause each of its Subsidiaries to, file all tax returns required to be filed in any jurisdiction and to pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges, or levies imposed on them or any of their properties, assets, income or franchises, to the extent the same have become due and payable and before they have become delinquent and all claims for which sums have become due and payable that have or might become a Lien on properties or assets of the Company or any Subsidiary, *provided that neither the Company nor any Subsidiary need pay any such tax, assessment, charge, levy or claim if (i) the amount, applicability or validity thereof is contested by the Company or such Subsidiary on a timely basis in good faith and in appropriate proceedings, and the Company or a Subsidiary has established adequate reserves therefor*

in accordance with GAAP on the books of the Company or such Subsidiary or (ii) the non-filing of all such returns and/or nonpayment of all such taxes, assessments, charges, levies and claims (as the case may be) in the aggregate could not reasonably be expected to have a Material Adverse Effect.

**9.5. Corporate Existence, Etc.** Subject to Section 10.2, the Company will at all times preserve and keep its corporate existence in full force and effect; provided that all parties agree that the Company shall be permitted to consummate the Merger transactions, including a potential subsequent conversion of the Company into a Minnesota limited liability company. Subject to Section 10.2, the Company will at all times preserve and keep in full force and effect the corporate existence of each of its Subsidiaries (unless merged into the Company or a Wholly-Owned Subsidiary) and all Material rights and franchises of the Company and its Subsidiaries unless, in the good faith judgment of the Company, the termination of or failure to preserve and keep in full force and effect such corporate existence, right or franchise could not, individually or in the aggregate, have a Material Adverse Effect. For purposes of this Section 9.5, corporate existence includes existence of an entity as a limited liability company.

#### 9.6. Books and Records

. The Company will, and will cause each of its Subsidiaries to, maintain proper books of record and account in conformity with GAAP and all applicable requirements of any Governmental Authority having legal or regulatory jurisdiction over the Company or such Subsidiary, as the case may be. The Company will, and will cause each of its Subsidiaries to, keep books, records and accounts which, in reasonable detail, accurately reflect all transactions and dispositions of assets. The Company and its Subsidiaries have devised a system of internal accounting controls sufficient to provide reasonable assurances that their respective books, records, and accounts accurately reflect all transactions and dispositions of assets and the Company will, and will cause each of its Subsidiaries to, continue to maintain such system.

#### 9.7. Subsidiary Guarantors.

(a) The Company will cause each of its Subsidiaries that guarantees or otherwise becomes liable at any time, whether as a borrower or an additional or co-borrower or otherwise, for or in respect of any Indebtedness under any Material Credit Facility to concurrently therewith:

(i) enter into an agreement in form and substance satisfactory to the Required Holders providing for the guaranty by such Subsidiary, on a joint and several basis with all other such Subsidiaries, of (x) the prompt payment in full when due of all amounts payable by the Company pursuant to the Notes (whether for principal, interest, Make-Whole Amount or otherwise) and this Agreement, including all indemnities, fees and expenses payable by the Company thereunder and (y) the prompt, full and faithful performance, observance and discharge by the Company of each and every covenant, agreement, undertaking and provision required pursuant to the Notes or this Agreement to be performed, observed or discharged by it (a "Subsidiary Guaranty"); and

(ii) deliver the following to each holder of a Note:

(A) an executed counterpart of such Subsidiary Guaranty;

(B) a certificate signed by an authorized responsible officer of such Subsidiary containing representations and warranties on behalf of such Subsidiary to the same effect, *mutatis mutandis*, as those contained in Sections 5.1, 5.2, 5.6 and 5.7 of this Agreement (but with respect to such Subsidiary and such Subsidiary Guaranty rather than the Company);

- (C) all documents as may be reasonably requested by the Required Holders to evidence the due organization, continuing existence and, where applicable, good standing of such Subsidiary and the due authorization by all requisite action on the part of such Subsidiary of the execution and delivery of such Subsidiary Guaranty and the performance by such Subsidiary of its obligations thereunder; and
- (D) an opinion of counsel reasonably satisfactory to the Required Holders covering such matters relating to such Subsidiary and such Subsidiary Guaranty as the Required Holders may reasonably request.

(b) At the election of the Company and by written notice to each holder of Notes, any Subsidiary Guarantor that has provided a Subsidiary Guaranty under subparagraph (a) of this Section 9.7 may be discharged from all of its obligations and liabilities under its Subsidiary Guaranty and shall be automatically released from its obligations thereunder without the need for the execution or delivery of any other document by the holders, *provided* that (i) if such Subsidiary Guarantor is a guarantor or is otherwise liable for or in respect of any Material Credit Facility, then such Subsidiary Guarantor has been released and discharged (or will be released and discharged concurrently with the release of such Subsidiary Guarantor under its Subsidiary Guaranty) under such Material Credit Facility, (ii) at the time of, and after giving effect to, such release and discharge, no Default or Event of Default shall be existing, (iii) no amount is then due and payable under such Subsidiary Guaranty, (iv) if in connection with such Subsidiary Guarantor being released and discharged under any Material Credit Facility, any fee or other form of consideration is given to any holder of Indebtedness under such Material Credit Facility for such release, the holders of the Notes shall receive equivalent consideration substantially concurrently therewith and (v) each holder shall have received a certificate of a Responsible Officer certifying as to the matters set forth in clauses (i) through (iv).

Although it will not be a Default or an Event of Default if the Company fails to comply with any provision of Section 9 on or after the date of this Agreement and prior to the Closing, if such a failure occurs, then any of the Purchasers may elect not to purchase the Notes on the date of Closing specified in Section 3.

## 10. Negative Covenants.

From the date of this Agreement until the Closing and thereafter, so long as any of the Notes are outstanding, the Company covenants that:

**10.1. Transactions with Affiliates.** The Company will not, and will not permit any Significant Subsidiary to, enter into directly or indirectly any Material transaction or Material group

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of related transactions (including the purchase, lease, sale or exchange of properties of any kind or the rendering of any service) with any Affiliate (other than the Company or another Subsidiary), except pursuant to the reasonable requirements of the Company's or such Significant Subsidiary's business and upon fair and reasonable terms no less favorable to the Company or such Significant Subsidiary than would be obtainable in a comparable arm's-length transaction with a Person not an Affiliate, *provided* that this Section 10.1 shall not apply to (i) any transaction that is in compliance with applicable laws and regulations of the Federal Energy Regulatory Commission, the Public Service Commission of Wisconsin or the Minnesota Public Utilities Commission, or any Governmental Authority succeeding to the functions of any of these commissions, pertaining to affiliate transactions or is authorized by a tariff or rate schedule which has been approved by a Governmental Authority or performed in accordance with its orders, (ii) any transaction that is otherwise permitted under Section 10.2, (iii) transactions pursuant to any contract in effect on the date of this Agreement, as such contract may be amended, extended or replaced from time to time so long as (x) such contract as so amended, extended or replaced is, taken as a whole, not materially less favorable to the Company and its Subsidiaries than under those contracts in effect on the date of this Agreement and (y) any such amendment, extension or replacement would not result in a transaction that would violate any other provision of this Agreement, and (iv) any transaction consisting of payments of dividends and distributions on, and repurchases of, the Equity Interests of the Company and its Subsidiaries.

**10.2. Merger, Consolidation, Etc.** Subject to the consummation of the Merger and all transactions contemplated by the Merger Agreement, which shall be permitted pursuant to this Section 10.2 and by all other provisions of this Agreement, the Company will not, and will not permit any Subsidiary Guarantor to, consolidate with or merge with any other Person or convey, transfer or lease all or substantially all of its assets in a single transaction or series of transactions to any Person unless)

10.2.1. in the case of any transaction involving the Company, the successor formed by such consolidation or the survivor of such merger or the Person that acquires by conveyance, transfer or lease all or substantially all of the assets of the Company as an entirety, as the case may be, shall be a solvent corporation or limited liability company organized and existing under the laws of the United States or Canada or any jurisdiction thereof (including the District of Columbia), and, if the Company is not such corporation or limited liability company, (i) such corporation or limited liability company shall, immediately after giving effect to such transaction, have an Investment Grade Rating, (ii) such corporation or limited liability company shall have executed and delivered to each holder of any Notes its assumption of the due and punctual performance and observance of each covenant and condition of this Agreement and the Notes and (iii) such corporation or limited liability company shall have caused to be delivered to each holder of any Notes an opinion of nationally recognized independent counsel, or other independent counsel reasonably satisfactory to the Required Holders, to the effect that all agreements or instruments effecting such assumption are enforceable in accordance with their terms and comply with the terms hereof;

(b) in the case of any such transaction involving a Subsidiary Guarantor, the successor formed by such consolidation or the survivor of such merger or the Person that acquires by conveyance, transfer or lease all or substantially all of the assets of such

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Subsidiary Guarantor as an entirety, as the case may be, shall be (1) the Company, such Subsidiary Guarantor or another Subsidiary Guarantor; or (2) a solvent corporation or limited liability company (other than the Company or another Subsidiary Guarantor) that is organized and existing under the laws of the United States or any state thereof (including the District of Columbia) and, if such Subsidiary Guarantor is not such corporation or limited liability company, (A) such corporation or limited liability company shall, immediately after giving effect to such transaction, have an Investment Grade Rating, (B) such corporation or limited liability company shall have executed and delivered to each holder of Notes its assumption of the due and punctual performance and observance of each covenant and condition of the Subsidiary Guaranty of such Subsidiary Guarantor and (C) the Company shall have caused to be delivered to each holder of Notes an opinion of nationally recognized independent counsel, or other independent counsel reasonably satisfactory to the Required Holders, to the effect that all agreements or instruments effecting such assumption are enforceable in accordance with their terms and comply with the terms hereof;

(c) each Subsidiary Guarantor under any Subsidiary Guaranty that is outstanding at the time such transaction or each transaction in such a series of transactions occurs reaffirms its obligations under such Subsidiary Guaranty in writing at such time pursuant to documentation that is reasonably acceptable to the Required Holders; and

(d) immediately before and immediately after giving effect to such transaction or each transaction in any such series of transactions, no Default or Event of Default shall have occurred and be continuing and the Company would be able to incur at least \$1.00 of additional Indebtedness.

No such conveyance, transfer or lease of substantially all of the assets of the Company or any Subsidiary Guarantor shall have the effect of releasing the Company or such Subsidiary Guarantor, as the case may be, or any successor corporation or limited liability company that shall theretofore have become such in the manner prescribed in this Section 10.2, from its liability under (x) this Agreement or the Notes (in the case of the Company) or (y) the Subsidiary Guaranty (in the case of any Subsidiary Guarantor), unless, in the case of the conveyance, transfer or lease of substantially all of the assets of a Subsidiary Guarantor, such Subsidiary Guarantor is released from its Subsidiary Guaranty in accordance with Section 9.7(b) in connection with or immediately following such conveyance, transfer or lease.

**10.3. Economic Sanctions, Etc.** The Company will not and will not permit any Controlled Entity to (a) become (including by virtue of being owned or controlled by a Blocked Person), own or control a Blocked Person or (b) directly or indirectly have any investment in or engage in any dealing or transaction (including any investment, dealing or transaction involving the proceeds of the Notes) with any Person if such investment, dealing or transaction (i) would cause any Purchaser or holder or any affiliate of such Purchaser or holder to be in violation of, or subject to sanctions under, any law or regulation applicable to such Purchaser or holder, or (ii) is prohibited by or subject to sanctions under any U.S. Economic Sanctions Laws.

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**10.4.** **Liens.** The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly create, incur, assume or permit to exist (upon the happening of a contingency or otherwise) any Lien on or with respect to any property or asset (including any document or instrument in respect of goods or accounts receivable) of the Company or any such Subsidiary, whether now owned or held or hereafter acquired, or any income or profits therefrom or assign or otherwise convey any right to receive income or profits, except:

10.4.1. Liens existing on the date of this Agreement;

10.4.2. Liens on any Utility Property securing Indebtedness incurred in the ordinary course of the Company's utility business;

10.4.3. Liens for taxes, assessments or other governmental charges which are not yet due and payable or the payment of which is not at the time required by Section 9.4;

10.4.4. statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, materialmen and other similar Liens including Liens incident to construction, in each case, incurred in the ordinary course of business for sums not yet due and payable or the payment of which is not at the time required by Section 9.4;

10.4.5. Liens (other than any Lien imposed by ERISA) incurred or deposits made in the ordinary course of business (i) for salary or wages earned, but not yet payable, or (ii) in connection with workers' compensation, unemployment insurance and other types of social security or retirement benefits, or (iii) to secure (or to obtain letters of credit that secure) the performance of tenders, statutory obligations, surety, reclamations or appeal bonds, bids, leases (other than Capital Lease Obligations), obligations, or (iv) to secure (or to obtain letters of credit that secure) obligations to public utilities, municipalities, governmental or other public authorities in connection with the supply of services or utilities to the Company or a Subsidiary, in each case not incurred or made in connection with the borrowing of money, the obtaining of advances or credit or the payment of the deferred purchase price of property;

10.4.6. any attachment or judgment Lien, unless the judgment it secures shall not, within 60 days after the entry thereof, have been discharged or execution thereof stayed pending appeal, or shall not have been discharged within 60 days after the expiration of any such stay;

10.4.7. leases or subleases granted to others, easements, rights-of-way, title irregularities, restrictions, encroachments and other charges or encumbrances, in each case incidental to the ownership of property or assets or the ordinary course of business of the Company or any of its Subsidiaries, *provided* that such Liens do not, in the aggregate, materially detract from the value of such property;

10.4.8. minor survey exceptions and the like which do not, in the aggregate, materially detract from the value of such property;

10.4.9. Liens on property or assets of any Subsidiary securing Indebtedness owing to the Company or to another Wholly-Owned Subsidiary;

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10.4.10. any Lien created to secure all or any part of the purchase price, or to secure Indebtedness incurred or assumed to pay all or any part of the purchase price or cost of construction, of property (or any improvement thereof) acquired or constructed by the Company or a Subsidiary after the date of the Closing, *provided* that

10.4.10.1. any such Lien shall extend solely to the item or items of such property (or improvement thereon) so acquired or constructed and, if required by the terms of the instrument originally creating such Lien, other property (or improvements thereon) which is an improvement to or is acquired for specific use in connection with such acquired or constructed property (or improvement thereof) or which is real property being improved by such acquired or constructed property (or improvement thereon),

10.4.10.2. the principal amount of the Indebtedness secured by such Lien shall at no time exceed an amount equal to 100% of the lesser of (A) the cost to the Company or such Subsidiary of the property (or improvement thereon) so acquired or constructed and (B) the fair market value (as determined in good faith by the board of directors of the Company) of such property (or improvement thereon) at the time of such acquisition or construction; and

10.4.10.3. any such Lien shall be created contemporaneously with, or within 365 days after, the acquisition or construction of such property;

10.4.11. any Lien existing on property of a Person immediately prior to its being consolidated with or merged into the Company or a Subsidiary or its becoming a Subsidiary, or any Lien existing on any property acquired by the Company or any Subsidiary at the time such property is so acquired (whether or not the Indebtedness secured thereby shall have been assumed), provided that (i) no such Lien shall have been created or assumed in contemplation of such consolidation or merger or such Person's becoming a Subsidiary or such acquisition of property, and, (ii) each such Lien shall extend solely to the item or items of property so acquired and, if required by the terms of the instrument originally creating such Lien, other property which is an improvement to or is acquired for specific use in connection with such acquired property;

10.4.12. controls, restrictions, obligations, duties and/or other burdens imposed by federal, state, municipal or other law, or by rules, regulations or orders of Governmental Authorities, upon any property of the Company or its Subsidiaries or the ownership, operation or use thereof or upon the Company with respect to any of its property or the operation or use thereof or with respect to any franchise, grant, license, permit or public purpose requirement, or any rights reserved to or otherwise vested in Governmental Authorities to impose any such controls, restrictions, obligations, duties and/or other burdens;

10.4.13. rights reserved to or vested in others to take or receive any part of any coal, ore, gas, oil and other minerals, any timber and/or any electric capacity or energy, gas, water, steam and any other products developed, produced, manufactured,

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generated, purchased or otherwise acquired by the Company or by others on property of the Company or any of its Subsidiaries;

10.4.14. (i) rights and interests of Persons other than the Company or its Subsidiaries arising out of contracts, agreements and other instruments to which the Company or any of its Subsidiaries is a party and which relate to the common ownership or joint use of property; and (ii) all Liens on the interests of Persons other than the Company or its Subsidiaries in property owned in common by such Persons and the Company or any of its Subsidiaries if and to the extent that the enforcement of such Liens would not adversely affect the interests of the Company or its Subsidiaries in such property in any material respect;

10.4.15. any Liens which have been bonded for the full amount in dispute or for the payment of which other adequate security arrangement have been made;

10.4.16. grants by the Company or any of its Subsidiaries of easements, ground leases or rights-of-way in, upon, over and/or across the property or rights-of-way of the Company or its Subsidiaries for the purpose of roads, pipelines, transmission lines, distribution lines, communication lines, railways, removal of coal or other minerals or timber, and other like purposes, or for the joint or common use of real property, rights-of-way, facilities and/or equipment; provided, however, that no such grant shall materially impair the use of the property or rights-of-way for the purposes for which such property or rights-of-way are held by the Company or its Subsidiaries;

10.4.17. Liens on property of the Company or its Subsidiaries which secure indebtedness for borrowed money less than one year from the date of the issuance or incurrence thereof and is not extendible at the option of the issuer;

10.4.18. Liens created or assumed by the Company or its Subsidiaries in connection with the issuance of debt securities the interest on which is not included in gross income for purposes of federal income taxation pursuant to Section 103 of the Code (or any successor provision of law), for the purpose of financing or refinancing, in whole or in part, costs of acquisition or construction in connection with the issuance of such debt securities either by applicable law or by the issuer of such debt securities or is otherwise necessary in order to establish or maintain such exclusion from gross income;

10.4.19. Liens securing Project Finance Indebtedness;

10.4.20. Liens created by the Mortgage and Deed of Trust dated September 1, 1945 between the Company and Irving Trust Company (now The Bank of New York Mellon) and Richard H. West (Sherma Thomas, successor), as Trustees, as heretofore and hereafter supplemented and amended (the "Mortgage"); Liens created by any other indenture hereafter executed by the Company pursuant to which bonds issued under the Mortgage are or are to be delivered to the trustee(s) under such indenture in a principal amount at least equal to the principal amount of debt securities to be secured by such indenture; and Liens created by the Mortgage and Deed of Trust, dated as of March 1, 1943, between Superior Water, Light and Power Company and U.S. Bank National

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Association (successor to First Bank (N.A.) as successor to Chemical Bank and Trust Company as Corporate Trustee and Howard B. Smith as Co-Trustee) as Trustee.

10.4.21. any mortgage, pledge, security interest, Lien or encumbrance upon any shares of capital stock of majority owned subsidiaries of the Company to the extent such capital stock is directly owned by the Company, created at the time of the acquisition of such capital stock by the Company, or within 365 days after such time, to secure all or a portion of the purchase price for such capital stock;

10.4.22. any mortgage, pledge, security interest, Lien or encumbrance upon any such capital stock existing thereon at the time of the acquisition thereof by the Company (whether or not the obligations secured thereby are assumed by the Company and whether or not such mortgage, pledge, security interest, Lien or encumbrance was created in contemplation of such acquisition);

10.4.23. any extension, renewal or replacement of any mortgage, pledge, security interest, Lien or encumbrance permitted by subsection (u) or (v) of this Section 10.4, or of any indebtedness for borrowed money secured thereby; provided that the principal amount of indebtedness so secured immediately following the time of such extension, renewal or replacement shall not exceed the principal amount of indebtedness so secured immediately preceding the time of such extension, renewal or replacement, and that such extension, renewal or replacement mortgage, pledge, security interest, Lien or encumbrance shall be limited to no more than the same proportion of all shares of capital stock as were covered by the mortgage, pledge, security interest, Lien or encumbrance that was extended, renewed or replaced;

10.4.24. any Lien renewing, extending or replacing Liens permitted by subsections (a), (b), (j), (k), (q), (r) and (s) of this Section 10.4, provided that, (i) the principal amount of Indebtedness secured by such Lien immediately prior to such extension, renewal or refunding is not increased (or if increased, the increased principal amount of Indebtedness so secured does not exceed the fair market value of the secured property, as determined in good faith by the board of directors of the Company or the Subsidiary, as the case may be), or the maturity thereof reduced, (ii) such Lien is not extended to any other property, and (iii) immediately after such extension, renewal or refunding, no Default or Event of Default would exist;

10.4.25. CoBank ACB's statutory Lien in the CoBank Equities; and

10.4.26. any Lien, other than a Lien described in any of the foregoing subsections (a) through (y), inclusive, to the extent that it secures Indebtedness, or guarantees thereof, the outstanding principal amount of which at the time of creation of such Lien, when added to (i) the outstanding principal balance of all Indebtedness secured by Liens incurred under this subsection (z) then outstanding and (ii) the outstanding principal amount of all unsecured Indebtedness of all Subsidiaries (excluding (1) Project Finance Indebtedness and (2) any unsecured Indebtedness of any Subsidiary guaranteeing the Notes), does not exceed 20% of Consolidated Assets, provided that notwithstanding the foregoing, the Company shall not secure pursuant to this Section

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10.4(z) any Indebtedness outstanding under or pursuant to any Material Credit Facility unless and until the Notes (and any guaranty delivered therewith) shall concurrently be secured equally and ratably with such Indebtedness pursuant to documentation reasonably acceptable to the Required Holders in substance and in form, including an intercreditor agreement and opinions of counsel to the Company, from counsel that is reasonably acceptable to the Required Holders.

**10.5. Maximum Ratio of Total Indebtedness to Total Capitalization.** The Company will not permit Total Indebtedness to be greater than 65% of Total Capitalization as of the end of any fiscal quarter.

**11. Events of Default.**

An "Event of Default" shall exist if any of the following conditions or events shall occur and be continuing:

11.1.1. the Company defaults in the payment of any principal or Make-Whole Amount, if any, on any Note when the same becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise; or

11.1.2. the Company defaults in the payment of any interest on any Note for more than five Business Days after the same becomes due and payable; or

11.1.3. the Company defaults in the performance of or compliance with any term contained in Section 7.1(d), Section 10.2 or Section 10.5; or

11.1.4. the Company or any Subsidiary Guarantor defaults in the performance of or compliance with any term contained herein (other than those referred to in Sections 11(a), (b) and (c) or in any Subsidiary Guaranty and such default is not remedied within 30 days after the earlier of (i) a Responsible Officer obtaining actual knowledge of such default and (ii) the Company receiving written notice of such default from any holder of a Note (any such written notice to be identified as a "notice of default" and to refer specifically to this Section 11(d)); or

11.1.5. (i) any representation or warranty made in writing by or on behalf of the Company or by any officer of the Company in this Agreement or any writing furnished in connection with the transactions contemplated hereby proves to have been false or incorrect in any material respect on the date as of which made, or (ii) any representation or warranty made in writing by or on behalf of any Subsidiary Guarantor or by any officer of such Subsidiary Guarantor in any Subsidiary Guaranty or any writing furnished in connection with such Subsidiary Guaranty proves to have been false or incorrect in any material respect on the date as of which made; or

11.1.6. (i) the Company or any Subsidiary is in default (as principal or as guarantor or other surety) in the payment of any principal of or premium or make-whole amount or interest on any Indebtedness (other than any Project Finance Indebtedness which does not individually or in the aggregate exceed \$200,000,000) that is outstanding in an aggregate principal amount in excess of the lesser of (x) the lowest dollar amount

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figure in the corresponding event of default provision in any Material Credit Facility, and (y) 2% of Consolidated Assets beyond any period of grace provided with respect thereto, or (ii) the Company or any Subsidiary is in default in the performance of or compliance with any term of any evidence of any Indebtedness (other than any Project Finance Indebtedness which does not individually or in the aggregate exceed \$200,000,000) in an aggregate outstanding principal amount in excess of 2% of Consolidated Assets or of any mortgage, indenture or other agreement relating thereto or any other condition exists, and as a consequence of such default or condition such Indebtedness has become, or has been declared (or one or more Persons are entitled to declare such Indebtedness to be), due and payable before its stated maturity or before its regularly scheduled dates of payment, or (iii) as a consequence of the occurrence or continuation of any event or condition (other than the passage of time or the right of the holder of Indebtedness (other than any Project Finance Indebtedness which does not individually or in the aggregate exceed \$200,000,000) to convert such Indebtedness into equity interests), (x) the Company or any Subsidiary has become obligated to purchase or repay Indebtedness (other than any Project Finance Indebtedness which does not individually or in the aggregate exceed \$200,000,000) before its regular maturity or before its regularly scheduled dates of payment in an aggregate outstanding principal amount in excess of 2% of Consolidated Assets, or (y) one or more Persons have the right to require the Company or any Subsidiary so to

purchase or repay such Indebtedness (other than any Project Finance Indebtedness which does not individually or in the aggregate exceed \$200,000,000); or

11.1.7. the Company or any Significant Subsidiary (i) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, (v) is adjudicated as insolvent or to be liquidated, or (vi) takes corporate action for the purpose of any of the foregoing; or

11.1.8. a court or other Governmental Authority of competent jurisdiction enters an order appointing, without consent by the Company or any of its Significant Subsidiaries, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Company or any of its Significant Subsidiaries, or any such petition shall be filed against the Company or any of its Significant Subsidiaries and such petition shall not be dismissed within 60 days; or

11.1.9. any event occurs with respect to the Company or any Subsidiary which under the laws of any jurisdiction is analogous to any of the events described in Section 11(g) or Section 11(h), provided that the applicable grace period, if any, which shall

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apply shall be the one applicable to the relevant proceeding which most closely corresponds to the proceeding described in Section 11(g) or Section 11(h); or

11.1.10. one or more final judgments or orders for the payment of money aggregating in excess of 2% of Consolidated Assets, including any such final order enforcing a binding arbitration decision, are rendered against one or more of the Company and its Significant Subsidiaries and which judgments are not, within 60 days after entry thereof, bonded, discharged or stayed pending appeal, or are not discharged within 60 days after the expiration of such stay; or

11.1.11. if (i) any Plan shall fail to satisfy the minimum funding standards of ERISA or the Code for any plan year or part thereof or a waiver of such standards or extension of any amortization period is sought or granted under section 412 of the Code, (ii) a notice of intent to terminate any Plan shall have been or is reasonably expected to be filed with the PBGC or the PBGC shall have instituted proceedings under ERISA section 4042 to terminate or appoint a trustee to administer any Plan or the PBGC shall have notified the Company or any ERISA Affiliate that a Plan may become a subject of any such proceedings, (iii) there is any "amount of unfunded benefit liabilities" (within the meaning of section 4001(a)(18) of ERISA) under one or more Plans, determined in accordance with Title IV of ERISA, (iv) the aggregate present value of accrued benefit liabilities under all funded Non-U.S. Plans exceeds the aggregate current value of the assets of such Non-U.S. Plans allocable to such liabilities, (v) the Company or any ERISA Affiliate shall have incurred or is reasonably expected to incur any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, (vi) the Company or any ERISA Affiliate withdraws from any Multiemployer Plan, (vii) the Company or any Subsidiary establishes or amends any employee welfare benefit plan that provides post-employment welfare benefits in a manner that would increase the liability of the Company or any Subsidiary thereunder, (viii) the Company or any Subsidiary fails to administer or maintain a Non-U.S. Plan in compliance with the requirements of any and all applicable laws, statutes, rules, regulations or court orders or any Non-U.S. Plan is involuntarily terminated or wound up, or (ix) the Company or any Subsidiary becomes subject to the imposition of a financial penalty (which for this purpose shall mean any tax, penalty or other liability, whether by way of indemnity or otherwise) with respect to one or more Non-U.S. Plans; and any such event or events described in clauses (i) through (ix) above, either individually or together with any other such event or events, could reasonably be expected to have a Material Adverse Effect. As used in this Section 11(k), the terms "employee benefit plan" and "employee welfare benefit plan" shall have the respective meanings assigned to such terms in section 3 of ERISA;

(I) the Company or any Subsidiary shall fail to own, directly or indirectly, substantially all of the assets of Minnesota Power, a division of the Company; or

(m) any Subsidiary Guaranty shall cease to be in full force and effect, any Subsidiary Guarantor or any Person acting on behalf of any Subsidiary Guarantor shall contest in any manner the validity, binding nature or enforceability of any Subsidiary Guaranty, or the obligations of any Subsidiary Guarantor under any Subsidiary Guaranty

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are not or cease to be legal, valid, binding and enforceable in accordance with the terms of such Subsidiary Guaranty.

## **12. Remedies on Default, Etc.**

**12.1. Acceleration.** (a) If an Event of Default with respect to the Company described in Section 11(g), (h) or (i) (other than an Event of Default described in clause (i) of Section 11(g) or described in clause (vi) of Section 11(g) by virtue of the fact that such clause encompasses clause (i) of Section 11(g)) has occurred, all the Notes then outstanding shall automatically become immediately due and payable.

12.1.1. If any other Event of Default has occurred and is continuing, the Required Holders may at any time at its or their option, by notice or notices to the Company, declare all the Notes then outstanding to be immediately due and payable.

12.1.2. If any Event of Default described in Section 11(a) or (b) has occurred and is continuing, any holder or holders of Notes at the time outstanding affected by such Event of Default may at any time, at its or their option, by notice or notices to the Company, declare all the Notes held by it or them to be immediately due and payable.

Upon any Notes becoming due and payable under this Section 12.1, whether automatically or by declaration, such Notes will forthwith mature and the entire unpaid principal amount of such Notes, plus (x) all accrued and unpaid interest thereon (including interest accrued thereon at the applicable Default Rate) and (y) the Make-Whole Amount determined in respect of such principal amount, shall all be immediately due and payable, in each and every case without presentment, demand, protest or further notice, all of which are hereby waived. The Company acknowledges, and the parties hereto agree, that each holder of a Note has the right to maintain its investment in the Notes free from repayment by the Company (except as herein specifically provided for) and that the provision for payment of a Make-Whole Amount by the Company in the event that the Notes are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

**12.2. Other Remedies.** If any Default or Event of Default has occurred and is continuing, and irrespective of whether any Notes have become or have been declared immediately due and payable under Section 12.1, the holder of any Note at the time outstanding may proceed to protect and enforce the rights of such holder by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement contained herein or in any Note or Subsidiary Guaranty, or for an injunction against a violation of any of the terms hereof or thereof, or in aid of the exercise of any power granted hereby or thereby or by law or otherwise.

**12.3. Rescission.** At any time after any Notes have been declared due and payable pursuant to Section 12.1(b) or (c), the Required Holders, by written notice to the Company, may rescind and annul any such declaration and its consequences if (a) the Company has paid all overdue interest on the Notes, all principal of and Make-Whole Amount, if any, on any Notes that are due and payable and are unpaid other than by reason of such declaration, and all interest on such overdue principal and Make-Whole Amount, if any, and (to the extent permitted by applicable law) any

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overdue interest in respect of the Notes, at the applicable Default Rate, (b) neither the Company nor any other Person shall have paid any amounts which have become due solely by reason of such declaration, (c) all Events of Default and Defaults, other than non-payment of amounts that have

become due solely by reason of such declaration, have been cured or have been waived pursuant to Section 17, and (d) no judgment or decree has been entered for the payment of any monies due pursuant hereto or to the Notes. No rescission and annulment under this Section 12.3 will extend to or affect any subsequent Event of Default or Default or impair any right consequent thereon.

**12.4. No Waivers or Election of Remedies, Expenses, Etc.** No course of dealing and no delay on the part of any holder of any Note in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such holder's rights, powers or remedies. No right, power or remedy conferred by this Agreement, any Subsidiary Guaranty or any Note upon any holder thereof shall be exclusive of any other right, power or remedy referred to herein or therein or now or hereafter available at law, in equity, by statute or otherwise. Without limiting the obligations of the Company under Section 15, the Company will pay to the holder of each Note on demand such further amount as shall be sufficient to cover all costs and expenses of such holder incurred in any enforcement or collection under this Section 12, including reasonable attorneys' fees, expenses and disbursements.

**13. Registration; Exchange; Substitution of Notes.**

**13.1. Registration of Notes.** The Company shall keep at the principal office of U.S. Bank in St. Paul, Minnesota a register for the registration and registration of transfers of Notes. The name and address of each holder of one or more Notes, each transfer thereof and the name and address of each transferee of one or more Notes shall be registered in such register. If any holder of one or more Notes is a nominee, then (a) the name and address of the beneficial owner of such Note or Notes shall also be registered in such register as an owner and holder thereof and (b) at any such beneficial owner's option, either such beneficial owner or its nominee may execute any amendment, waiver or consent pursuant to this Agreement. Prior to due presentment for registration of transfer, the Person in whose name any Note shall be registered shall be deemed and treated as the owner and holder thereof for all purposes hereof, and U.S. Bank shall not be affected by any notice or knowledge to the contrary. The Company shall give to any holder of a Note that is an Institutional Investor promptly upon request therefor, a complete and correct copy of the names and addresses of all registered holders of Notes.

**13.2. Transfer and Exchange of Notes.** Upon surrender of any Note to U.S. Bank at the address and to the attention of the designated officer (all as specified in Section 18(iv)), for registration of transfer or exchange (and in the case of a surrender for registration of transfer accompanied by a written instrument of transfer duly executed by the registered holder of such Note or such holder's attorney duly authorized in writing and accompanied by the relevant name, address and other information for notices of each transferee of such Note or part thereof), within 10 Business Days thereafter, the Company shall execute and deliver, at the Company's expense (except as provided below), one or more new Notes of the same series (as requested by the holder thereof) in exchange therefor, in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Each such new Note shall be payable to such Person as such holder may request and shall be substantially in the form of Exhibit 1(a), in the case of a 2029 Note, and (ii) Exhibit 1(b), in the case of a 2034 Note. Each such new Note shall be dated and bear interest from the date

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to which interest shall have been paid on the surrendered Note or dated the date of the surrendered Note if no interest shall have been paid thereon. U.S. Bank may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Notes. Notes shall not be transferred in denominations of less than \$100,000, provided that if necessary to enable the registration of transfer by a holder of its entire holding of Notes of a series, one Note of such series may be in a denomination of less than \$100,000. Any transferee, by its acceptance of a Note registered in its name (or the name of its nominee), shall be deemed to have made the representation set forth in Section 6.2.

**13.3. Replacement of Notes.** Upon receipt by U.S. Bank at the address and to the attention of the designated officer (all as specified in Section 18(iv)) of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note (which evidence shall be, in the case of an Institutional Investor, notice from such Institutional Investor of such ownership and such loss, theft, destruction or mutilation), and

- (1) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to the Company (provided that if the holder of such Note is, or is a nominee for, an original Purchaser or another holder of a Note with a minimum net worth of at least \$100,000,000 or a Qualified Institutional Buyer, such Person's own unsecured agreement of indemnity shall be deemed to be satisfactory), or

(2) in the case of mutilation, upon surrender and cancellation thereof, within 10 Business Days thereafter, the Company at its own expense, shall execute and deliver, in lieu thereof, a new Note of the same series, dated and bearing interest from the date to which interest shall have been paid on such lost, stolen, destroyed or mutilated Note or dated the date of such lost, stolen, destroyed or mutilated Note if no interest shall have been paid thereon.

## 14. Payments on Notes.

**14.1. Place of Payment.** Subject to Section 14.2, payments of principal, Make-Whole Amount, if any, and interest becoming due and payable on the Notes shall be made in New York, New York at the principal office of U.S. Bank in such jurisdiction. The Company may at any time, by notice to each holder of a Note, change the place of payment of the Notes so long as such place of payment shall be either the principal office of the Company in such jurisdiction or the principal office of a bank or trust company in such jurisdiction.

**14.2. Payment by Wire Transfer.** So long as any Purchaser or its nominee shall be the holder of any Note, and notwithstanding anything contained in Section 14.1 or in such Note to the contrary, the Company will pay all sums becoming due on such Note for principal, Make-Whole Amount, if any, interest and all other amounts becoming due hereunder by the method and at the address specified for such purpose below such Purchaser's name in Schedule A, or by such other method or at such other address as such Purchaser shall have from time to time specified to the Company in writing for such purpose, without the presentation or surrender of such Note or the making of any notation thereon, except that upon written request of the Company made concurrently with or reasonably promptly after payment or prepayment in full of any Note, such Purchaser shall surrender such Note for cancellation, reasonably promptly after any such request, to the Company at

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its principal executive office or at the place of payment most recently designated by the Company pursuant to Section 14.1. Prior to any sale or other disposition of any Note held by a Purchaser or its nominee, such Purchaser will, at its election, either endorse thereon the amount of principal paid thereon and the last date to which interest has been paid thereon or surrender such Note to the Company in exchange for a new Note or Notes of the same series pursuant to Section 13.2. The Company will afford the benefits of this Section 14.2 to any Institutional Investor that is the direct or indirect transferee of any Note purchased by a Purchaser under this Agreement and that has made the same agreement relating to such Note as the Purchasers have made in this Section 14.2.

**14.3. FATCA Information.** By acceptance of any Note, the holder of such Note agrees that such holder will with reasonable promptness duly complete and deliver to the Company, or to such other Person as may be reasonably requested by the Company, from time to time (a) in the case of any such holder that is a United States Person, such holder's United States tax identification number or other forms reasonably requested by the Company necessary to establish such holder's status as a United States Person under FATCA and as may otherwise be necessary for the Company to comply with its obligations under FATCA and (b) in the case of any such holder that is not a United States Person, such documentation prescribed by applicable law (including as prescribed by section 1471(b)(3)(C)(i) of the Code) and such additional documentation as may be necessary for the Company to comply with its obligations under FATCA and to determine that such holder has complied with such holder's obligations under FATCA or to determine the amount (if any) to deduct and withhold from any such payment made to such holder. Nothing in this Section 14.3 shall require any holder to provide information that is confidential or proprietary to such holder unless the Company is required to obtain such information under FATCA and, in such event, the Company shall treat any such information it receives as confidential.

## 15. Expenses, Etc.

**15.1. Transaction Expenses.** Whether or not the transactions contemplated hereby are consummated, the Company will pay all costs and expenses (including reasonable attorneys' fees of a special counsel and, if reasonably required by the Required Holders, local or other counsel) incurred by the Purchasers and each other holder of a Note in connection with such transactions and in connection with any amendments, waivers or consents under or in respect of this Agreement, any Subsidiary Guaranty or the Notes (whether or not such amendment, waiver or consent becomes effective), including: (a) the costs and expenses incurred in enforcing or defending (or determining whether or how to enforce or defend) any rights under this Agreement, any Subsidiary Guaranty or the Notes or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Agreement, any Subsidiary Guaranty or the Notes, or by reason of being a holder of any Note, (b) the costs and expenses, including financial advisors' fees, incurred in connection with the insolvency or bankruptcy of the Company or any Subsidiary or in

connection with any work-out or restructuring of the transactions contemplated hereby and by the Notes and any Subsidiary Guaranty and (c) the costs and expenses incurred in connection with the initial filing of this Agreement and all related documents and financial information with the SVO provided, that such costs and expenses under this clause (c) shall not exceed \$3,500 per series of Notes. If required by the NAIC, the Company shall obtain and maintain at its own cost and expense a Legal Entity Identifier (LEI).

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The Company will pay, and will save each Purchaser and each other holder of a Note harmless from, (i) all claims in respect of any fees, costs or expenses, if any, of brokers and finders (other than those, if any, retained by a Purchaser or other holder in connection with its purchase of the Notes), (ii) any and all wire transfer fees that any bank or other financial institution deducts from any payment under such Note to such holder or otherwise charges to a holder of a Note with respect to a payment under such Note and (iii) any judgment, liability, claim, order, decree, fine, penalty, cost, fee, expense (including reasonable attorneys' fees and expenses) or obligation resulting from the consummation of the transactions contemplated hereby, including the use of the proceeds of the Notes by the Company.

**15.2. Certain Taxes.** The Company agrees to pay all stamp, documentary or similar taxes or fees which may be payable in respect of the execution and delivery or the enforcement of this Agreement or any Subsidiary Guaranty or the execution and delivery (but not the transfer) or the enforcement of any of the Notes in the United States or any other jurisdiction where the Company or any Subsidiary Guarantor has assets or of any amendment of, or waiver or consent under or with respect to, this Agreement or any Subsidiary Guaranty or of any of the Notes, and to pay any value added tax due and payable in respect of reimbursement of costs and expenses by the Company pursuant to this Section 15, and will save each holder of a Note to the extent permitted by applicable law harmless against any loss or liability resulting from nonpayment or delay in payment of any such tax or fee required to be paid by the Company hereunder.

**Section 15.3 Survival.** The obligations of the Company under this Section 15 will survive the payment or transfer of any Note, the enforcement, amendment or waiver of any provision of this Agreement, any Subsidiary Guaranty or the Notes, and the termination of this Agreement.

**16. Survival of Representations and Warranties; Entire Agreement.**

All representations and warranties contained herein shall survive the execution and delivery of this Agreement and the Notes, the purchase or transfer by any Purchaser of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any subsequent holder of a Note, regardless of any investigation made at any time by or on behalf of such Purchaser or any other holder of a Note. All statements contained in any certificate or other instrument delivered by or on behalf of the Company pursuant to this Agreement shall be deemed representations and warranties of the Company under this Agreement. Subject to the preceding sentence, this Agreement, the Notes and any Subsidiary Guarantees embody the entire agreement and understanding between each Purchaser and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

**17. Amendment and Waiver.**

**17.1. Requirements.** This Agreement and the Notes may be amended, and the observance of any term hereof or of the Notes may be waived (either retroactively or prospectively), only with the written consent of the Company and the Required Holders, except that:

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(a) no amendment or waiver of any of Sections 1, 2, 3, 4, 5, 6 or 21 hereof, or any defined term (as it is used therein), will be effective as to any Purchaser unless consented to by such Purchaser in writing; and

(b) no amendment or waiver may, without the written consent of each Purchaser and the holder of each Note at the time outstanding, (i) subject to Section 12 relating to acceleration or rescission, change the amount or time of any prepayment or payment of principal of, or reduce the rate or change the time of payment or method of computation of (x) interest on the Notes or (y) the Make-Whole Amount, (ii) change the percentage of the principal amount of the Notes the holders of which are required to consent to any amendment or waiver or the principal amount of the Notes that the Purchasers are to purchase pursuant to Section 2 upon the satisfaction of the conditions to Closing that appear in Section 4, or (iii) amend any of Sections 8 (except as set forth in the second sentence of Section 8.2), 11(a), 11(b), 12, 17 or 20.

## **17.2.     Solicitation of Holders of Notes.**

**17.2.1. *Solicitation.*** The Company will provide each Purchaser and each holder of a Note with sufficient information, sufficiently far in advance of the date a decision is required, to enable such Purchaser and such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof or of the Notes or any Subsidiary Guaranty. The Company will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to this Section 17 or any Subsidiary Guaranty to each Purchaser and each holder of a Note promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite Purchasers or holders of Notes.

**17.2.2. *Offer of Payment.*** The Company will not offer to pay any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security or provide other credit support, to any Purchaser or holder of a Note as consideration for or as an inducement to the entering into by such Purchaser or holder of any waiver or amendment of any of the terms and provisions hereof or of any Subsidiary Guaranty or any Note unless such remuneration is concurrently offered or security is concurrently granted or other credit support concurrently provided, on the same terms, ratably to each Purchaser and each holder of a Note then outstanding.

**17.2.3. *Consent in Contemplation of Transfer.*** Any consent given pursuant to this Section 17 or any Subsidiary Guaranty by a holder of a Note that has transferred or has agreed to transfer its Note to (i) the Company, (ii) any Subsidiary or any other Affiliate or (iii) any other Person in connection with, or in anticipation of, such other Person acquiring, making a tender offer for or merging with the Company and/or any of its Affiliates, in each case in connection with such consent, shall be void and of no force or effect except solely as to such holder, and any amendments effected or waivers granted or to be effected or granted that would not have been or would not be so effected or granted but for such consent (and the consents of all other holders of Notes that were acquired under the same or similar conditions) shall be void and of no force or effect except solely as to such holder.

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**17.3.     Binding Effect, Etc.** Any amendment or waiver consented to as provided in this Section 17 or any Subsidiary Guaranty applies equally to all Purchasers and holders of Notes and is binding upon them and upon each future holder of any Note and upon the Company without regard to whether such Note has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant, agreement, Default or Event of Default not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Company and any Purchaser or holder of a Note and no delay in exercising any rights hereunder or under any Note or Subsidiary Guaranty shall operate as a waiver of any rights of any Purchaser or holder of such Note.

**17.4.     Notes Held by Company, Etc.** Solely for the purpose of determining whether the holders of the requisite percentage of the aggregate principal amount of Notes then outstanding approved or consented to any amendment, waiver or consent to be given under this Agreement, any Subsidiary Guaranty or the Notes, or have directed the taking of any action provided herein or in any Subsidiary Guaranty or in the Notes to be taken upon the direction of the holders of a specified percentage of the aggregate principal amount of Notes then outstanding, Notes directly or indirectly owned by the Company or any of its Affiliates shall be deemed not to be outstanding.

## **18.     Notices.**

Except to the extent otherwise provided in Section 7.4, all notices and communications provided for hereunder shall be in writing and sent (a) by telecopy if the sender on the same day sends a confirming copy of such notice by an internationally recognized overnight delivery service (charges

prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid), (c) by an internationally recognized overnight delivery service (with charges prepaid) or (d) by electronic communication (including e-mail) to those Purchasers who include an e-mail address in Schedule A specifically for such purpose. Any such notice must be sent:

- (1) if to any Purchaser or its nominee, to such Purchaser or nominee at the address or e-mail address specified for such communications in Schedule A, or at such other address as such Purchaser or nominee shall have specified to U.S. Bank in writing;
- (2) if to any other holder of any Note, to such holder at such address or e-mail address as such other holder shall have specified to U.S. Bank in writing;
- (3) if to the Company, to the Company at its address set forth at the beginning hereof to the attention of its General Counsel or to Treasury@allete.com, or at such other address or e-mail address as the Company shall have specified to the holder of each Note in writing, or
- (4) if to U.S. Bank, to U.S. Bank at its address set forth below, or at such other address as U.S. Bank shall have specified to the holder of each Note in writing.

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U.S. Bank  
West Side Flats St. Paul  
111 Filmore Avenue  
St. Paul, Minnesota 55107  
Attn: Benjamin Krueger – Vice President

Notices under this Section 18 will be deemed given only when actually received.

#### 19. **Reproduction of Documents.**

This Agreement and all documents relating thereto, including (a) consents, waivers and modifications that may hereafter be executed, (b) documents received incorporated herein by any Purchaser at the Closing (except the Notes themselves), and (c) financial statements, certificates and other information previously or hereafter furnished to any Purchaser, may be reproduced by such Purchaser by any photographic, photostatic, electronic, digital, or other similar process and such Purchaser may destroy any original document so reproduced. The Company agrees and stipulates that, to the extent permitted by applicable law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by such Purchaser in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This Section 19 shall not prohibit the Company or any other holder of Notes from contesting any such reproduction to the same extent that it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction.

#### 20. **reference:** **Confidential Information.**

For the purposes of this Section 20, "Confidential Information" means information delivered to any Purchaser of any holder of Notes by or on behalf of the Company or any Subsidiary in connection with the transactions contemplated by or otherwise pursuant to this Agreement that is proprietary in nature and that was clearly marked or labeled or otherwise adequately identified when received by such Purchaser or any holder of Notes as being confidential information of the Company or such Subsidiary, provided that such term does not include information that (a) was publicly known or otherwise known to such Purchaser or such holder of Notes prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by such Purchaser or such holder of Notes or any Person acting on such Purchaser's or such holder's behalf, (c) otherwise becomes known to such Purchaser or such holder of Notes other than through disclosure by the Company or any Subsidiary or (d) constitutes financial statements delivered to such Purchaser or such holder of Notes under Section 7.1 that are otherwise publicly available. Each Purchaser and

each holder of Notes will maintain the confidentiality of such Confidential Information in accordance with procedures adopted by such Purchaser or such holder of Notes in good faith to protect confidential information of third parties delivered to such Purchaser or such holder of Notes, provided that such Purchaser or such holder of Notes may deliver or disclose Confidential Information to (i) its directors, officers, employees, agents, attorneys, trustees and affiliates (to the extent such

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disclosure reasonably relates to the administration of the investment represented by its Notes), (ii) its auditors, financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with this Section 20, (iii) any other holder of any Note, (iv) any Institutional Investor to which it sells or offers to sell such Note or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by this Section 20), (v) any Person from which it offers to purchase any security of the Company (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by this Section 20), (vi) any federal or state regulatory authority having jurisdiction over such Purchaser or such holder of Notes, (vii) the NAIC or the SVO or, in each case, any similar organization, or any nationally recognized rating agency that requires access to information about such Purchaser's or such holder's investment portfolio, or (viii) any other Person to which such delivery or disclosure may be necessary or appropriate (w) to effect compliance with any law, rule, regulation or order applicable to such Purchaser or such holder of Notes, (x) in response to any subpoena or other legal process, (y) in connection with any litigation to which such Purchaser or such holder of Notes is a party or (z) if an Event of Default has occurred and is continuing, to the extent such Purchaser or such holder of Notes may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under such Purchaser's or such holder's Notes, this Agreement or any Subsidiary Guaranty. Each holder of a Note, by its acceptance of a Note, will be deemed to have agreed to be bound by and to be entitled to the benefits of this Section 20 as though it were a party to this Agreement. On reasonable request by the Company in connection with the delivery to any holder of a Note of information required to be delivered to such holder under this Agreement or requested by such holder (other than a holder that is a party to this Agreement or its nominee), such holder will enter into an agreement with the Company embodying this Section 20.

In the event that as a condition to receiving access to information relating to the Company or its Subsidiaries in connection with the transactions contemplated by or otherwise pursuant to this Agreement, any Purchaser or holder of a Note is required to agree to a confidentiality undertaking (whether through IntraLinks, another secure website, a secure virtual workspace or otherwise) which is different from this Section 20, this Section 20 shall not be amended thereby and, as between such Purchaser or such holder and the Company, this Section 20 shall supersede any such other confidentiality undertaking.

## 21. **Substitution of Purchaser.**

Each Purchaser shall have the right to substitute any one of its Affiliates or another Purchaser or any one of such other Purchaser's Affiliates (a "Substitute Purchaser") as the purchaser of the Notes that it has agreed to purchase hereunder, by written notice to the Company, which notice shall be signed by both such Purchaser and such Substitute Purchaser, shall contain such Substitute Purchaser's agreement to be bound by this Agreement and shall contain a confirmation by such Substitute Purchaser of the accuracy with respect to it of the representations set forth in Section 6. Upon receipt of such notice, any reference to such Purchaser in this Agreement (other than in this Section 21), shall be deemed to refer to such Substitute Purchaser in lieu of such original Purchaser. In the event that such Substitute

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Purchaser is so substituted as a Purchaser hereunder and such Substitute Purchaser thereafter transfers to such original Purchaser all of the Notes then held by such Substitute Purchaser, upon receipt by the Company of notice of such transfer, any reference to such Substitute Purchaser as a

"Purchaser" in this Agreement (other than in this Section 21), shall no longer be deemed to refer to such Substitute Purchaser, but shall refer to such original Purchaser, and such original Purchaser shall again have all the rights of an original holder of the Notes under this Agreement.

**22. Miscellaneous.**

**22.1. Successors and Assigns.** All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including any subsequent holder of a Note) whether so expressed or not, except that, subject to Section 10.2, the Company may not assign or otherwise transfer any of its rights or obligations hereunder or under the Notes without the prior written consent of each holder. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto and their respective successors and assigns permitted hereby) any legal or equitable right, remedy or claim under or by reason of this Agreement.

**22.2. Accounting Terms.** All accounting terms used herein which are not expressly defined in this Agreement have the meanings respectively given to them in accordance with GAAP. Except as otherwise specifically provided herein, (i) all computations made pursuant to this Agreement shall be made in accordance with GAAP, and (ii) all financial statements shall be prepared in accordance with GAAP. For purposes of determining compliance with this Agreement (including Section 9, Section 10 and the definition of "Indebtedness"), any election by the Company to measure any financial liability using fair value (as permitted by Financial Accounting Standards Board Accounting Standards Codification Topic No. 825-10-25 – *Fair Value Option*, International Accounting Standard 39 – *Financial Instruments: Recognition and Measurement* or any similar accounting standard) shall be disregarded and such determination shall be made as if such election had not been made.

**22.3. Severability.** Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

**22.4. Construction, Etc.** Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

Defined terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to

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have the same meaning and effect as the word "shall." Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein) and, for purposes of the Notes, shall also include any such notes issued in substitution therefor pursuant to Section 13, (b) subject to Section 22.1, any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein," "hereof" and "hereunder," and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Sections, Schedules and Exhibits shall be construed to refer to Sections of, and Schedules and Exhibits to, this Agreement, and (e) any reference to any law or regulation herein shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time.

**22.5. Counterparts; Electronic Contracting.** This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto. The parties agree to electronic contracting and signatures with respect to this Agreement and the other related documents (other than the Notes). Delivery of an electronic signature to, or a signed copy of, this Agreement and such other related

documents (other than the Notes) by facsimile, email or other electronic transmission shall be fully binding on the parties to the same extent as the delivery of the signed originals and shall be admissible into evidence for all purposes.

**22.6. Governing Law.** This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

**22.7. Jurisdiction and Process; Waiver of Jury Trial.** (a) The Company irrevocably submits to the non-exclusive jurisdiction of any New York State or federal court sitting in the Borough of Manhattan, The City of New York, over any suit, action or proceeding arising out of or relating to this Agreement or the Notes. To the fullest extent permitted by applicable law, the Company irrevocably waives and agrees not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to the jurisdiction of any such court, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

(b) The Company agrees, to the fullest extent permitted by applicable law, that a final judgment in any suit, action or proceeding of the nature referred to in Section 22.7(a) brought in any such court shall be conclusive and binding upon it subject to rights of appeal, as the case may be, and may be enforced in the courts of the United States of America or the State of New York (or any other courts to the jurisdiction of which it or any of its assets is or may be subject) by a suit upon such judgment.

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(c) The Company consents to process being served by or on behalf of any holder of Notes in any suit, action or proceeding of the nature referred to in Section 22.7(a) by mailing a copy thereof by registered, certified, priority or express mail (or any substantially similar form of mail), postage prepaid, return receipt or delivery confirmation requested, to it at its address specified in Section 18 or at such other address of which such holder shall then have been notified pursuant to said Section. The Company agrees that such service upon receipt (i) shall be deemed in every respect effective service of process upon it in any such suit, action or proceeding and (ii) shall, to the fullest extent permitted by applicable law, be taken and held to be valid personal service upon and personal delivery to it. Notices hereunder shall be conclusively presumed received as evidenced by a delivery receipt furnished by the United States Postal Service or any reputable commercial delivery service.

(d) Nothing in this Section 22.7 shall affect the right of any holder of a Note to serve process in any manner permitted by law, or limit any right that the holders of any of the Notes may have to bring proceedings against the Company in the courts of any appropriate jurisdiction or to enforce in any lawful manner a judgment obtained in one jurisdiction in any other jurisdiction.

(e) The parties hereto hereby waive trial by jury in any action brought on or with respect to this Agreement, the Notes or any other document executed in connection herewith or therewith.

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If you are in agreement with the foregoing, please sign the form of agreement on a counterpart of this Agreement and return it to the Company, whereupon this Agreement shall become a binding agreement between you and the Company.

Very truly yours,

ALLETE, INC.

By:

Name: Patrick L. Cutshall

Title: Vice President and Corporate Treasurer

- I -

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This Agreement is hereby accepted and agreed to as of the date hereof.

CoBank, ACB

By:

Name:

Title:

- II -

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This Agreement is hereby accepted and agreed to as of the date hereof.

State of Wisconsin Investment Board

By:

Name:

Title:

- III -

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This Agreement is hereby accepted and agreed to as of the date hereof.

The Guardian Life Insurance Company of America

By: Park Avenue Institutional Advisers LLC, its Investment Manager

By:

Name: Amy Carroll

Title: Authorized Signatory

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This Agreement is hereby accepted and agreed to as of the date hereof.

Ensign Peak Advisors, Inc.

Clifton Park Capital Management, LLC

By:

Name: Matthew D. Dall

Title: Head of Credit Research

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This Agreement is hereby accepted and agreed to as of the date hereof.

Continental Casualty Company

By:

Name:

Title:

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This Agreement is hereby accepted and agreed to as of the date hereof.

American Family Life Insurance Company

By: American Family Investments, Inc., Its Investment Manager

By:

Name: David L. Voge

Title: Director Private Markets

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This Agreement is hereby accepted and agreed to as of the date hereof.

Southern Farm Bureau Life Insurance Company

By:

Name: Bradley Blakney

Title: Senior Portfolio Manager

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#### Information Related to Purchasers

Name and Address of Purchaser	Series of Notes to be Purchased	Principal Amount of Notes to be Purchased
<b>CoBank, ACB</b> 6340 S. Fiddlers Green Circle Greenwood Village, Colorado 80111	5.94%	\$60,000,000

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Name and Address of Purchaser	Series of Notes to be Purchased	Principal Amount of Notes to be Purchased
<b>State of Wisconsin Investment Board</b> 4703 Madison Yards Way Suite 700 Madison, WI 53705	5.94%	\$25,000,000

**Schedule A**  
**(to Note Purchase Agreement)**

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Name and Address of Purchaser	Series of Notes to be Purchased	Principal Amount of Notes to be Purchased
<b>The Guardian Life Insurance Company of America</b>	6.18%	\$22,000,000

**Schedule A**  
**(to Note Purchase Agreement)**

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Name and Address of Purchaser	Series of Notes to be Purchased	Principal Amount of Notes to be Purchased
<b>The Guardian Life Insurance Company of America</b>	6.18%	\$3,000,000

**Schedule A**  
**(to Note Purchase Agreement)**

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Number of Performance Shares Granted: 396

Name and Address Date of Purchaser Grant: April 13, 2022  
Performance Period: January 1, 2022 through December 31, 2024

Series of Notes to be Purchased

Principal Amount  
of Notes to be Purchased

\$5,000,000  
\$4,000,000  
\$1,500,000

Ensign Peak Advisors, Inc.  
50 East North Temple Street  
Salt Lake City, Utah 84150 Performance Goals: See [Annex C](#)

This Grant is made in accordance with the Plan.

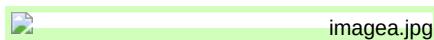
Further terms and conditions of the Grant are set forth in [Annex A](#) hereto and Performance Goals are set forth in [Annex C](#) hereto, both of which are integral parts of this Grant.

Any term, provision or condition applicable to the Performance Shares set forth in the Plan and not set forth herein is hereby incorporated by reference. To the extent any provision hereof is inconsistent with a Plan provision, the Plan provision will govern.

**YOU SHOULD CAREFULLY READ AND REVIEW THE TERMS AND CONDITIONS SET FORTH IN THIS GRANT, INCLUDING ANNEX A HERETO, WHICH CONTAINS IMPORTANT INFORMATION, INCLUDING MANDATORY CLAIMS AND ARBITRATION PROCEDURES.**

You will be deemed to have accepted this Grant on the Date of Grant and all its associated terms and conditions, including the mandatory claims and arbitration procedures set forth in Annex A, unless you notify the Company of your non-acceptance of the Grant by contacting the Director – Human Resources, in writing, within sixty (60) days of the Date of Grant.

IN WITNESS WHEREOF, ALLETE has caused this Grant to be executed by its Chair, President and Chief Executive Officer as of the date and year first above written.



Attachments: [Annex A](#) and [Annex C](#)

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**ANNEX A**

TO

ALLETE

**EXECUTIVE LONG-TERM INCENTIVE COMPENSATION PLAN  
PERFORMANCE SHARE GRANT**

The Performance Share Grant to which this is annexed is subject to the following additional terms and conditions:

**Schedule A**

( 1. Dividend Equivalents. You will receive Dividend Equivalents with respect to Note Purchase Agreement) Performance Shares that are earned and payable. Dividend Equivalents are calculated and credited to you after the Performance Period has ended. The Dividend Equivalents will be in the form of additional Performance Shares, which will be added to the number of Performance Shares earned, and will equal the number of Shares (including fractional Shares) that could have been purchased on applicable dividend payment dates, based on the closing ALLETE common stock price as reported in the consolidated transaction reporting system on that date, with cash dividends that would have been paid on underlying Performance Shares, if such Performance Shares were Shares. Dividend Equivalents will only become payable if and to the extent the underlying Performance Shares are earned and become payable.

2. Satisfaction of Goals. Performance Shares remain unearned unless and until Performance Goals are achieved. After the Performance Period has ended, ALLETE's Chair, President, and CEO will determine the extent to which the Performance Goals have been met. You will not earn any Performance Shares if the threshold performance level has not been met. Subject to the provisions of Section 4 below and to provisions in the Plan for change in control, Performance Shares will be earned as follows: If the threshold level has been met, you will have earned 50% of the Performance Shares (as increased by the Dividend Equivalents). If the target level has been met, you will have earned 100% of the Performance Shares (as increased by the Dividend Equivalents). Straight line interpolation will be used to determine earned awards based on achievement of goals between the threshold and target levels.

3. Payment. Subject to the provisions of Section 4 below and to provisions in the Plan for Change in Control, Performance Shares (as increased by the Dividend Equivalents) shall be paid in full after ALLETE's Chair, President, and CEO has determined the extent to which Performance Goals have been met and within two and one half months after the end of the Performance Period. Payment shall be made, after withholding Performance Shares in an amount equal in value to the minimum amount of tax required to be withheld by law, by depositing ALLETE common stock into your Invest Direct account. Performance Share awards shall not vest until paid.

#### 4. Payment Upon Death, Retirement or Disability; Forfeiture of Unvested

##### Performance Shares Upon Demotion, Unsatisfactory Job Performance,

<u>Default on Certain Agreements or Other Separation from Service, Name and Address of Purchaser</u>	<u>Series of Notes to be Purchased</u>	<u>Principal Amount of Notes to be Purchased</u>
<b>Clifton Park Capital Management, LLC</b>	5.94%	\$3,500,000
50 East North Temple Street		\$1,000,000
Salt Lake City, Utah 84150		

4.1 If during a Performance Period you (i) Retire, (ii) die while employed by a Related Company, or (iii) become Disabled, you (or your beneficiary or estate) will receive a payment of any Performance Shares (as increased by the Dividend Equivalents) after the end of the Performance Period in accordance with Section 3 above. The payment shall be prorated based upon the number of whole calendar months within the Performance Period which had elapsed as of the date of death, Retirement or Disability in relation to the number of calendar months in the full Performance Period. A whole month is counted in the calculation if you were in the position as of the 15<sup>th</sup> of the month.

#### Schedule A

(4.2 If after the end of a Performance Period, but before any or all Performance Shares have been paid, you Retire, die or become Disabled, you (or your beneficiary or estate) will be entitled to Note Purchase Agreement full payout of all earned Performance Shares (as increased by the Dividend Equivalents) in accordance with Section 3 above.

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4.3 If, prior to payment of all Performance Shares, you are demoted, you default on any written agreement with a Related Company related to a restrictive employment covenant (such as confidentiality, non-disclosure, non-competition, non-solicitation, or the like) or ALLETE determines, in its sole discretion, that your job performance is unsatisfactory, ALLETE reserves the right to cancel or amend your grant relating to any unpaid Performance Shares, with the result that some portion or all of your unpaid Performance Shares (and related Dividend Equivalents) will be forfeited.

4.4 If you have a Separation from Service for any reason other than those specified in subsection 4.1 above, all Performance Shares (and related Dividend Equivalents), to the extent not yet paid, shall be forfeited on the date of such Separation from Service, except as otherwise provided by ALLETE's Chair, President, and CEO.

5. Compensation Recovery Policy. The Grant is subject to the terms of any compensation recovery policy or policies established by ALLETE as may be amended from time to time ("Compensation Recovery Policy"). ALLETE hereby incorporates into the Grant the terms of the

Compensation Recovery Policy.

6. Section 409A Compliance. This Grant is intended to comply with Section 409A of the Code ("Section 409A") or an exemption thereunder, and, accordingly, to the maximum extent permitted, the Plan and the Grant shall be interpreted and administered in compliance therewith. Notwithstanding any other provision of the Grant, payments provided pursuant to the Grant may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments pursuant to the Grant that may be excluded from Section 409A as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. To the extent that any provision of the Grant would cause a conflict with the requirements of Section 409A or would cause the administration of the Grant to fail to satisfy Section 409A, such provision shall be deemed null and void to the extent permitted by applicable law. Nothing herein shall be construed as a guarantee of any particular tax treatment. ALLETE makes no representation that the Grant complies with Section 409A and in no event shall ALLETE be liable for the payment of any taxes and penalties that you may incur under Section 409A.

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7. Claims Procedure and Arbitration. The Grant is subject to the following claims procedures:

Name and Address of Purchaser	Series of Notes to be Purchased	Principal Amount of Notes to be Purchased
<b>Continental Casualty Company</b>	6.18%	\$13,000,000

7.1 Mandatory Claims Procedures. If you or any person acting on your behalf (the "Claimant") has any claim or dispute related in any way to the Grant or to the Plan, the Claimant must follow these claims procedures. All claims must be brought no later than one year following the date on which the claim first arose and any claim not submitted within such time limit will be waived.

7.2 Claim Submission. Any claim must be made in writing to the Claims Administrator. The Claims Administrator, or its delegate, shall notify the Claimant of the resolution of the claim within 90 days after receipt of the claim; provided, however, if the Claims Administrator determines that an extension is necessary, the 90-day period shall be extended to up to 180 days upon notice to that effect to the Claimant.

7.3 Notice of Denial. If a claim is wholly or partially denied, the denial notice shall contain (i) the reason or reasons for denial of the claim, and (ii) references to the pertinent Plan provisions upon which the denial is based. Unless the claim is submitted for arbitration as provided below and in the Plan, the Claims Administrator's decision or action shall be final, conclusive and binding on all persons having any interest in the Plan.

7.4 Arbitration. If, after exhausting the procedures set forth above, a Claimant wishes to pursue legal action, any action by the Claimant with respect to a claim, must be resolved by arbitration in the manner described herein.

a) Time Limits. A Claimant seeking arbitration of any determination by the Claims Administrator must, within six (6) months of the date of the Claims Administrator's final decision, file a demand for arbitration with the American Arbitration Association submitting the claim to resolution by arbitration. A Claimant waives any claim not filed timely in accordance with this Section.

b) Rules Applicable to Arbitration. The arbitration process shall be conducted in accordance with the Commercial Law Rules of the American Arbitration Association.

c) Venue. The arbitration shall be conducted in Minneapolis, Minnesota.

d) Binding Effect. The decision of the arbitrator with respect to the claim will be final and binding upon the Company and the Claimant. BY PARTICIPATING IN THE PLAN, AND ACCEPTING THE GRANT, YOU, ON BEHALF OF YOURSELF AND ANY PERSON WITH A CLAIM RELATING TO YOUR GRANT, AGREE TO WAIVE ANY RIGHT TO SUE IN COURT OR TO PURSUE ANY OTHER LEGAL RIGHT OR REMEDY THAT MIGHT OTHERWISE BE AVAILABLE IN CONNECTION WITH THE RESOLUTION OF THE CLAIM.

e) **Enforceability.** Judgment upon any award entered by an arbitrator may be entered in any court having jurisdiction over the parties.

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f) **Waiver of Class, Collective, and Representative Actions.** Any claim shall be heard without consolidation of such claims with any other person or entity. To the fullest extent permitted by law, whether in court or in arbitration, by participating in the Plan, you waive any right to commence, be a party to in any way, or be an actual or putative class member of any class, collective, or representative action arising out of or relating to any claim, and you agree that any claim may only be initiated or maintained and decided on an individual basis.

g) **Standard of Review.** Any decision of an arbitrator on a claim shall be limited to determining whether the Claims Administrator's decision or action was arbitrary or capricious or was unlawful. The arbitrator shall adhere to and apply the deferential standard of review set out in *Conkright v. Frommert*, 130 S. Ct. 1640 (2010), *Metropolitan Life Insurance Co. v. Glenn*, 554 U.S. 105 (2008), and *Firestone Tire and Rubber Company v. Bruch*, 489 U.S. 101 (1989), and shall accord due deference to the determinations, interpretations, and construction of the Plan document by the Claims Administrator.

h) **General Procedures.**

- i. **Arbitration Rules.** The arbitration hearing will be conducted under the AAA Commercial Arbitration Rules (as amended or revised from time to time by AAA) (hereinafter the "AAA Rules"), before one AAA arbitrator who is from the Large, Complex Case Panel and who has experience with matters involving executive compensation and equity compensation plans. The AAA Rules and the terms and procedures set forth here may conflict on certain issues. To the extent that the procedures set forth here conflict with the AAA Rules, the procedures set forth here shall control and be applied by the arbitrator. Notwithstanding the amount of the claim, the Procedures for Large, Complex Commercial Disputes shall not apply.
- ii. **Substantive Law.** The arbitrator shall apply the substantive law (and the laws of remedies, if applicable), of Minnesota or federal law, or both, depending upon the claim. Except to the extent required by applicable law, the Claimant shall keep any arbitration decision or award strictly confidential and not disclose to anyone other than his or her spouse, attorney, or tax advisor.
- iii. **Authority.** The arbitrator shall have jurisdiction to hear and rule on prehearing disputes and is authorized to hold prehearing conferences by telephone or in person as the arbitrator deems necessary. The arbitrator will have the authority to hear a motion to dismiss and/or a motion for summary judgment by any party and in doing so shall apply the standards governing such motions under the Federal Rules of Civil Procedure.
- iv. **Pre-Hearing Procedures.** Each party may take the deposition of not more than one individual and the expert witness, if any, designated by another party. Each party will have the right to subpoena witnesses in accordance with the Federal Arbitration Act, Title 9 of the United States Code. Additional discovery may be had only if the arbitrator so orders, upon a showing of substantial need.
- v. **Fees and Costs.** Administrative arbitration fees and arbitrator compensation shall be borne equally by the parties, and each party shall be responsible for its own attorney's fees, if any; provided, however, that ALLETE's Chair, President, and CEO will authorize payment by the Company of all administrative arbitration fees, arbitrator compensation and attorney's fees if ALLETE's Chair, President, and CEO concludes that a Claimant has substantially prevailed on his or her claims.

Unless prohibited by statute, the arbitrator shall assess attorney's fees against a party upon a showing that such party's claim, defense or position is frivolous, or unreasonable, or factually groundless. If either party pursues a claim by any means other than those set forth in this Article, the responding party shall be entitled to dismissal of such action, and the recovery of all costs and attorney's fees and losses related to such action, unless prohibited by statute.

i) Interstate Commerce and the Federal Arbitration Act. The Company is involved in transactions involving interstate commerce, and the employee's employment with the Company involves such commerce. Therefore, the Federal Arbitration Act, Title 9 of the United States Code, will govern the interpretation, enforcement, and all judicial proceedings regarding the arbitration procedures in this Section.

8. Ratification of Actions. By receiving the Grant or other benefit under the Plan, you and each person claiming under or through you shall be conclusively deemed to have indicated your acceptance and ratification of, and consent to, any action taken under the Plan or the Grant by ALLETE, the Board or the Executive Compensation Committee.

9. No Impact on Other Benefits. The Grant or payment on account thereof shall not be taken into account in determining any benefits under any severance, retirement, welfare, insurance or other benefit plan of ALLETE or any affiliate except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

10. Notices. Any notice hereunder to ALLETE shall be addressed to ALLETE, 30 West Superior Street, Duluth, Minnesota 55802, Attention: Director – Human Resources, and any notice hereunder to you shall be directed to your address as indicated by ALLETE's records, subject to the right of either party to designate at any time hereafter in writing some other address.

11. Governing Law and Severability. To the extent not preempted by the Federal law, the Grant will be governed by and construed in accordance with the laws of the State of Minnesota, without regard to its conflicts of law provisions. In the event any provision of the Grant shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Grant, and the Grant shall be construed and enforced as if the illegal or invalid provision had not been included.

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12. Definitions. Capitalized terms not otherwise defined herein shall have the meanings given them in the Plan. The following definitions apply to the Grant and this Annex A:

12.1 **"Claims Administrator"** means ALLETE's Chief Executive Officer, unless the claimant is (or is acting on behalf of) an ALLETE executive officer (within the meaning of Exchange Act Rule 3b-7), in which case the Claims Administrator is the Executive Compensation Committee of the Board of Directors.

12.2 **"Code"** means the Internal Revenue Code of 1986, as it may be amended from time to time.

12.3 **"Disability"** or **"Disabled"** means a physical or mental condition in which the Participant is:

- (a) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months;
- (b) by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under the Employer's accident and health plan;
- (c) determined to be totally disabled by the Social Security Administration; or
- (d) disabled pursuant to an Employer-sponsored disability insurance arrangement provided that the definition of disability applied under such disability insurance program complies with the foregoing definition of Disability.

12.4 **"Related Company"** means ALLETE, Inc. and all persons with whom the ALLETE, Inc. would be considered a single employer under Code section 414(b) (employees of controlled group of corporations), and all persons with whom such person would be

considered a single employer under Code section 414(c) (employees of partnerships, proprietorships, etc., under common control); provided that in applying Code sections 1563(a)(1), (2), and (3) for purposes of determining a controlled group of corporations under Code section 414(b), the language "at least 50 percent" is used instead of "at least 80 percent" each place it appears in Code sections 1563(a)(1), (2), and (3), and in applying Treasury Regulations section 1.414(c)-2 for purposes of determining trades or businesses (whether or not incorporated) that are under common control for purposes of Code section 414(c), "at least 50 percent" is used instead of "at least 80 percent" each place it appears in Treasury Regulations section 1.414(c)-2.

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**12.5 "Retirement" or "Retires"** means Separation from Service, for reasons other than death or Disability, on or after attaining normal retirement age or early retirement age as defined in the most applicable qualified retirement plan sponsored by the Related Company that employed the Participant immediately preceding the Separation from Service, without regard to whether the Participant is a participant in such plan, or if the employer Related Company does not sponsor such retirement plan, on or after attaining Normal Retirement Age or Early Retirement Age as defined in the ALLETE and Affiliated Companies Retirement Plan A, without regard to whether the Participant is a participant under the ALLETE and Affiliated Companies Retirement Plan A.

**12.6 "Separation from Service"** means that the Participant terminates employment within the meaning of Treasury Regulations section 1.409A-1(h) and other applicable guidance with all Related Companies. Whether a termination of employment has occurred is determined under the facts and circumstances, and a termination of employment shall occur if all Related Companies and the Participant reasonably anticipate that no further services shall be performed after a certain date or that the level of bona fide services the Participant shall perform after such date (as an employee or an independent contractor) shall permanently decrease to no more than 20 percent of the average level of bona fide services performed (whether as an employee or an independent contractor) over the immediately preceding 36-month period (or the full period of services to the Related Companies if the Participant has been providing services to the Related Companies less than 36 months). A Participant shall not be considered to separate from service during a bona fide leave of absence for less than six (6) months or longer if the Participant retains a right to reemployment with any Related Company by contract or statute. With respect to disability leave, a Participant shall not be considered to separate from service for 29 months unless the Participant otherwise terminates employment or is terminated by all Related Companies.

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Effective April 13, 2022

ANNEX C

TO

ALLETE

EXECUTIVE LONG TERM INCENTIVE COMPENSATION PLAN

PERFORMANCE SHARE GRANT

Financial Measure and Calculation:

In order for Employee to be eligible to receive any of the Performance Shares the Company<sup>1</sup> shall achieve 90% of the Budgeted Cumulative Gross Profit ("Threshold Performance") as of December 31, 2024. If Threshold Performance is achieved, Employee is eligible to receive 50% of the Performance Shares. In order for Employee to be eligible to receive 100% of the Performance Shares, the Company shall achieve at least 100% of the Budgeted Cumulative Gross Profit as of December 31, 2024. If the Company's performance falls between Threshold and Budgeted Cumulative Gross Profit, the Employee will be eligible to receive the percentage of the Performance Shares calculated using straight-line interpolation (between 50%-100%) for determining payout. In addition, unless otherwise approved by the Company (acting with the express approval of its Board of Directors or parent company), for 2022, the SG&A line item set forth on the ALLETE Corporate model shall be within a band of +/- 20% and for 2023 and 2024, the SG&A line item the ALLETE Corporate model shall be within a band of +/- 10% in each of those years. For purposes hereof, "**Budgeted Cumulative Gross Profit**" is defined as the cumulative gross profit of the Company over the entire three-year time period using the ALLETE Corporate model.

Performance Level	Budgeted Cumulative Gross Profit	Payout Percentage (% of Target Award)
Target	100%	100%
Threshold	90%	50%

<sup>1</sup> For purposes of this Annex C to the ALLETE Executive Long Term Incentive Plan Performance Share Grant, each references to the "Company" means New Energy Equity LLC.

**Schedule A**  
(to Note Purchase Agreement)

-lxiv-

Name and Address of Purchaser	Series of Notes to be Purchased	Principal Amount of Notes to be Purchased
<b>American Family Life Insurance Company</b> 6000 American Parkway Madison, Wisconsin 53783-0001	6.18%	\$6,000,000

**Schedule A**  
(to Note Purchase Agreement)

-lxv-

Name and Address of Purchaser	Series of Notes to be Purchased	Principal Amount of Notes to be Purchased
<b>American Family Life Insurance Company</b> 6000 American Parkway Madison, Wisconsin 53783-0001	6.18%	\$1,000,000

**Schedule A**  
(to Note Purchase Agreement)

-lxvi-

Name and Address of Purchaser	Series of Notes to be Purchased	Principal Amount of Notes to be Purchased
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**American Family Life Insurance Company**  
6000 American Parkway  
Madison, Wisconsin 53783-0001

6.18%

\$500,000

**Schedule A**  
(to Note Purchase Agreement)  
-lxvii-

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Name and Address of Purchaser  
**American Family Life Insurance Company**  
6000 American Parkway  
Madison, Wisconsin 53783-0001

Series of Notes to be  
Purchased  
6.18%

Principal Amount  
of Notes to be Purchased  
\$500,000

**Schedule A**  
(to Note Purchase Agreement)  
-lxviii-

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Name and Address of Purchaser  
**Southern Farm Bureau Life Insurance  
Company**

Series of Notes to be  
Purchased  
6.18%

Principal Amount  
of Notes to be Purchased  
\$4,000,000

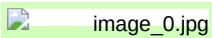
**Schedule A**  
(to Note Purchase Agreement)  
-lxix-

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**Schedule A**

**Schedule A**  
(to Note Purchase Agreement)

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#### Defined Terms

As used herein, the following terms have the respective meanings set forth below or set forth in the Section hereof following such term:

**“2029 Notes”** is defined in Section 1.

**“2034 Notes”** is defined in Section 1.

**“Affiliate”** means, at any time, Extraordinary Compensation Award and with respect to any Person, any other Person that at such time directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, such first Person, and, with respect to the Company, shall include any Person beneficially owning or holding, directly or indirectly, 10% or more of any class of voting or equity interests of the Company or any Subsidiary or any Person of which the Company and its Subsidiaries beneficially own or hold, in the aggregate, directly or indirectly, 10% or more of any class of voting or equity interests. Unless the context otherwise clearly requires, any reference to an “Affiliate” is a reference to an Affiliate of the Company.

**“Agreement”** means this Note Purchase Agreement, including all Schedules and Exhibits attached to this Agreement.

**“Amended and Restated Credit Agreement”** means the Amended and Restated Credit Agreement, dated as of January 10, 2019 among the Company, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent.

**“Anti-Corruption Laws”** means any law or regulation in a U.S. or any non-U.S. jurisdiction regarding bribery or any other corrupt activity, including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act 2010.

**“Anti-Money Laundering Laws”** means any law or regulation in a U.S. or any non-U.S. jurisdiction regarding money laundering, drug trafficking, terrorist-related activities or other money laundering predicate crimes, including the Currency and Foreign Transactions Reporting Act of 1970 (otherwise known as the Bank Secrecy Act) and the USA PATRIOT Act.

**“Blocked Person”** means (a) a Person whose name appears on the list of Specially Designated Nationals and Blocked Persons published by OFAC, (b) a Person, entity, organization, country or regime that is blocked or a target of sanctions that have been imposed under U.S. Economic Sanctions Laws or (c) a Person that is an agent, department or instrumentality of, or is otherwise beneficially owned by, controlled by or acting on behalf of, directly or indirectly, any Person, entity, organization, country or regime described in clause (a) or (b).

**“Business Day”** means (a) for the purposes of Section 8.7 only, any day other than a Saturday, a Sunday or a day on which commercial banks in New York City are required or authorized to be closed, and (b) for the purposes of any other provision of this Agreement, any day other than a Saturday, a Sunday or a day on which commercial banks in New York, New York or Duluth, Minnesota are required or authorized to be closed.

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Jeff Scissons

**“Capital Lease Obligations”** means with respect to any Person, obligations of such Person to pay rent or other amounts under any lease (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified

The following Extraordinary Compensation award and accounted opportunity is made for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP, provided that no power purchase agreement shall constitute a Capital Lease Obligation.

**“Change in Control”** is defined in Section 8.3(f).

**“Closing”** is defined in Section 3.

**“CoBank Equities”** means the Company’s cash patronage, stock and other equities in CoBank ACB acquired Jeff Scissons in connection with its patronage loan from CoBank ACB, its affiliates or its participants.

**“CoBank Letter of Credit Agreement”** means

Milestone Based Bonus Opportunity.

This describes the Letter of Credit Agreement, dated as of June 11, 2020, among the Company, the lenders party thereto bonus opportunities you will be eligible to earn based on your performance through transaction closing (anticipated to be late 2024/early 2025).

The first milestone bonus opportunity is based on a merger agreement being signed with a counterparty and CoBank, ACB, as administrative agent.

**“Code”** means the Internal Revenue Code of 1986, and the rules and regulations promulgated thereunder from time to time.

**“Company”** is defined in the first paragraph of this Agreement.

**“Confidential Information”** is defined in Section 20.

**“Consolidated Assets”** means the total amount of assets shown on the consolidated balance sheet will be 25% of the Company and its Subsidiaries, determined in accordance with GAAP and prepared as award opportunity. The remaining 75% is earned upon successfully closing of the end of the fiscal quarter then most recently ended.transaction.

**“Control”** means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise; and the terms **“Controlled”** and **“Controlling”** shall have meanings correlative to the foregoing.

**“Controlled Entity”** means (a) any of the Subsidiaries of the Company and any of their or the Company's respective Controlled Affiliates and (b) if the Company has a parent company, such parent company and its Controlled Affiliates.

**“CPPIB”** has the meaning assigned to it under the definition of Sponsor.

**“Credit Agreements”** means (a) the Amended and Restated Credit Agreement, (b) the CoBank Letter of Credit Agreement, and (c) the Standby Letter of Credit Agreement, dated June 15, 2020, between the Company and Wells Fargo Bank, National Association, each as amended and supplemented.

**“Default”** means an event or condition the occurrence or existence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

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**“Default Rate”** means that rate of interest per annum that is the greater of (a) 2.00% above the rate of interest stated in clause (a) of the first paragraph of the Notes or (b) 2.00% over the rate of interest publicly announced by U.S. Bank in New York, New York as its “base” or “prime” rate.

**“Disclosure Documents”** is defined in Section 5.3.

**“Disqualified Stock”** means any Equity Interest that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder thereof), or upon the happening of any event, matures (excluding any maturity as a result of an optional redemption by the issuer thereof) or is mandatorily redeemable, pursuant Earned awards will be determined and paid to a sinking fund obligation or otherwise, or is redeemable at the unconditional sole option of the holder thereof (other than solely for Equity Interests that do not constitute Disqualified Stock), in whole or in part, on or prior to the date that is 180 you within 45 days after the Maturity Date.applicable milestone date. In order to receive the full award opportunity, you must accomplish the entire goal; senior leadership has discretionary authority to approve prorated awards if deemed appropriate.

**“EDGAR”** means the SEC's Electronic Data Gathering, Analysis and Retrieval System or any successor SEC electronic filing system for such purposes.

**“Environmental Laws”** means any and all federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to Hazardous Materials.

**“Equity Interest”** means (a) shares of corporate stock, partnership interests, limited liability company membership interests, and any other interest that confers on a Person the right You will not be entitled to receive a share of the profits and losses of, or distribution of assets of, the issuing Person, and (b) all warrants, options or other rights to acquire any Equity Interest set forth in the foregoing clause (a).

**"ERISA"** means the Employee Retirement Income Security Act of 1974, and the rules and regulations promulgated thereunder from time to time in effect.

**"ERISA Affiliate"** means any trade or business (whether or not incorporated) that bonus if your job performance is treated as a single employer together with the Company under section 414 of the Code.

**"Event of Default"** is defined in Section 11.

**"Exchange Act"** means the Securities Exchange Act of 1934, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

**"FATCA"** means (a) sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), together with any current or future regulations or official interpretations thereof, (b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the United States of America and any other jurisdiction, which (in either case) facilitates the implementation of the foregoing clause (a), and (c) any agreements entered into pursuant to section 1471(b)(1) of the Code.

**"Fitch"** means Fitch Ratings Inc., or any successor thereto.

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**"Form 10-K"** is defined in Section 7.1(b).

**"Form 10-Q"** is defined in Section 7.1(a).

**"GAAP"** means (a) generally accepted accounting principles as in effect from time to time in the United States of America and (b) for purposes of Section 9.6, with respect to any Subsidiary, generally accepted accounting principles (including International Financial Reporting Standards, as applicable) as in effect from time to time in the jurisdiction of organization of such Subsidiary.

**"GIP"** has the meaning assigned to it under the definition of Sponsor.

**"Governmental Authority"** means

(a) the government of

(i) the United States of America or any state or other political subdivision thereof, or

(ii) any other jurisdiction in which the Company or any Subsidiary conducts all or any part of its business, or which asserts jurisdiction over any properties of the Company or any Subsidiary, or

(b) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government.

**"Governmental Official"** means any governmental official or employee, employee of any government-owned or government-controlled entity, political party, any official of a political party, candidate for political office, official of any public international organization or anyone else acting in an official capacity.

**"Guarantee"** of or by any Person (the "guarantor") means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation, provided that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guaranteed" has a meaning correlative thereto.

The amount of any Guarantee of a Person shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee is made (or, if less, the maximum amount of such primary obligation for which such Person may be liable pursuant to the terms of the instrument evidencing such Guarantee) or, if not stated or determinable, the maximum reasonably

anticipated liability in respect thereof as determined by such Person in good faith, provided that, notwithstanding anything in this definition to the contrary, the amount of any Guarantee of a Person in respect of any Permitted Hedge Agreement by any other Person with a counterparty shall be deemed to be the maximum reasonably anticipated liability of such other Person, as determined in good faith by such Person, net of any obligation or liability of such counterparty in respect of any Permitted Hedge Agreement with such Person, provided further that the obligations of such other Person under such Permitted Hedge Agreement with such counterparty shall be terminable at the election of such other Person in the event of a default by such counterparty in its obligations to such other Person.

**"Hazardous Materials"** means any and all pollutants, toxic or hazardous wastes or other substances that might pose a hazard to health and safety, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge, spillage, seepage or filtration of which is or shall be restricted, prohibited or penalized by any applicable law, including asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum, petroleum products, lead based paint, radon gas or similar restricted, prohibited or penalized substances.

**"Hedge Agreement"** means any interest rate protection agreement, foreign currency exchange agreement, commodity price protection agreement or other interest rate, currency exchange rate or commodity price hedge, future, forward, swap, option, cap, floor, collar or similar agreement or arrangement (including both physical and financial settlement transactions).

**"holder"** means, with respect to any Note, the Person in whose name such Notes is registered in the register maintained by U.S. Bank on behalf of the Company pursuant to Section 13.1, except as otherwise defined in Section 8.3(b) for purposes of Section 8.3 only, and provided, however, that if such Person is a nominee, then for the purposes of Sections 7, 12, 17.2 and 18 and any related definitions in this Schedule B, "holder" shall mean the beneficial owner of such Note whose name and address appears in such register.

**"Indebtedness"** means as to any Person, at a particular time, all items which constitute, without duplication, (a) indebtedness for borrowed money or the deferred purchase price of property (excluding trade payables incurred in the ordinary course of business and excluding any such obligations payable solely through the Company's issuance of Equity Interests (other than the Disqualified Stock and Equity Interests convertible into Disqualified Stock)), (b) indebtedness evidenced by notes, bonds, debentures or similar instruments, (c) obligations with respect to any conditional sale or title retention agreement, (d) indebtedness arising under acceptance facilities and the amount available to be drawn under all letters of credit issued for the account of such Person and, without duplication, all drafts drawn thereunder to the extent such Person shall not have reimbursed the issuer in respect of the issuer's payment of such drafts, (e) all liabilities secured by any Lien on any property owned by such Person even though such Person has not assumed or otherwise become liable for the payment thereof, provided that the amount of such liabilities included for purposes of this definition will be the amount equal to the lesser of the fair market value of such property and the amount of the liabilities so secured, (f) indebtedness in respect of Disqualified Stock valued at the greater of its voluntary or involuntary maximum fixed repurchase price plus accrued dividends, (g) liabilities in respect of any obligation (contingent or otherwise) to purchase, redeem, retire, acquire or make any other payment in respect of any shares of equity securities or any option, warrant or other right to

acquire any shares of equity securities, (h) obligations under Capital Lease Obligations, (i) Guarantees of such Person in respect of Indebtedness of others, and (j) to the extent not otherwise included, all net obligations of such Person under Permitted Hedge Agreements.

For the avoidance of doubt, Indebtedness shall include all Indebtedness secured by any Liens permitted under Section 10.4 of this Agreement.

**"INHAM Exemption"** is defined in Section 6.2(e).

**"Institutional Investor"** means (a) any Purchaser of a Note, (b) any holder of a Note holding (together with one or more of its affiliates) more than 5% of the aggregate principal amount of the Notes then outstanding, (c) any bank, trust company, savings and loan association or other financial institution, any pension plan, any investment company, any insurance company, any broker or dealer, or any other similar financial institution or entity, regardless of legal form, and (d) any Related Fund of any holder of any Note.

**"Investment Grade Rating"** means a Senior Debt Rating from at least two Rating Agencies equal to (a) for any transaction where the surviving entity has a Senior Debt Rating, a rating for such surviving entity of BBB- or higher from S&P or Fitch or Baa3 or higher from Moody's and (b) for any transaction where the surviving entity is an indirect or direct holding company for a public utility that does not have a Senior Debt Rating, a rating for such surviving entity's primary utility Subsidiary of BBB- or higher from S&P or Fitch or Baa3 or higher from Moody's.

**"Lien"** means, with respect to any Person, any mortgage, lien, pledge, charge, security interest or other encumbrance, or any interest or title of any vendor, lessor, lender or other secured party to or of such Person under any conditional sale or other title retention agreement or Capital Lease Obligations, upon or with respect to any property or asset of such Person (including in the case of stock, stockholder agreements, voting trust agreements and all similar arrangements).

**"Make-Whole Amount"** is defined in Section 8.7.

**"Material"** means material in relation to the business, operations, affairs, financial condition, assets or properties of the Company and its Subsidiaries taken as a whole.

**"Material Adverse Effect"** means a material adverse effect on (a) the business, operations, affairs, financial condition, assets or properties of the Company and its Subsidiaries taken as a whole, (b) the ability of the Company to perform its obligations under this Agreement and the Notes, (c) the ability of any Subsidiary Guarantor to perform its obligations under its Subsidiary Guaranty, or (d) the validity or enforceability of this Agreement, the Notes or any Subsidiary Guaranty.

**"Material Credit Facility"** means, as to the Company,

22.7.1. (1) the Amended and Restated Credit Agreement, (2) the CoBank Letter of Credit Agreement, (3) the Note Purchase Agreement, dated September 10, 2020, among the Company and the purchasers thereunder, and (4) the Note Purchase Agreement, dated December 8, 2016, among the Company and the purchasers thereunder, in each case

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including any renewals, extensions, amendments, supplements, restatements, replacements or refinancing thereof; and

22.7.2. any other credit agreement(s), loan agreement(s) or similar agreement(s) with one or more lenders creating or evidencing indebtedness for borrowed money entered into on or after the date of Closing unsatisfactory by the Company or in respect of which the Company is an obligor or otherwise provides a guarantee or other credit support ("Credit Facility"), in a principal amount outstanding or available if you leave service for borrowing equal to or greater than \$115,000,000 (or the equivalent of such amount in the relevant currency of payment, determined as of the date of the closing of such facility based on the exchange rate of such other currency).

**"Maturity Date"** is defined in the first paragraph of each Note.

**"Merger"** means the merger of Alloy Merger Sub LLC into the Company, with the Company surviving, and a potential subsequent conversion of the Company into a Minnesota limited liability company.

**"Merger Agreement"** means that certain Agreement and Plan of Merger dated as of May 5, 2024, by and among the Company, Alloy Parent LLC, a Delaware limited liability company and Alloy Merger Sub LLC, a Delaware limited liability company.

**"Moody's"** means Moody's Investors Service, Inc., or any successor thereto.

**"Multiemployer Plan"** means any Plan that is a "multiemployer plan" (as such term is defined in section 4001(a)(3) of ERISA).

**"NAIC"** means the National Association of Insurance Commissioners.

**"Non-U.S. Plan"** means any plan, fund or other similar program that (a) is established or maintained outside the United States of America by the Company or any Subsidiary primarily for the benefit of employees of the Company or one or more Subsidiaries residing outside the United States of America, which plan, fund or other similar program provides, or results in, retirement income, a deferral of income in contemplation of retirement or payments to be made upon termination of employment, and (b) is not subject to ERISA or the Code.

**"Notes"** is defined in Section 1.

**"OFAC"** means the Office of Foreign Assets Control of the United States Department of the Treasury.

**"OFAC Sanctions Program"** means any economic or trade sanction that OFAC is responsible for administering and enforcing. A list of OFAC Sanctions Programs may be found at <http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx>.

**"Officer's Certificate"** means a certificate of a Senior Financial Officer or of any other officer of the Company whose responsibilities extend to the subject matter of such certificate.

**"PBGC"** means the Pension Benefit Guaranty Corporation referred to and defined in ERISA.

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**"Permitted Change in Control"** means any transaction or series of related transactions which otherwise may constitute a Change in Control in which either, after giving effect to such transaction, Permitted Holders own or otherwise have (as applicable), either directly or indirectly, through one or more holding companies, (i) shall be "beneficial owners" (as such term is defined in Rule 13d-3 of the Exchange Act) of more than (x) at any time after the consummation of the Merger and prior to an initial public offering described in clause (a) of the definition of "Change in Control," 50%, and (y) at any time after the occurrence of an initial public offering described in clause (b) of the definition of "Change in Control," 30%, in the case of each of clause (a) and (b), of the total voting power in aggregate of the Voting Securities in the Company (or any parent that owns, directly or indirectly, 100% of the Equity Interests of the Company (other than any Equity Interests owned by or issued in connection with a management equity plan or vehicle) and which parent, directly or indirectly, controls the Company) or (ii) the right (pursuant to contract, proxy or otherwise), to designate, nominate or appoint (and do so designate, nominate or appoint) persons holding a majority of the voting power of the board of directors (or similar governing body) of the Company (or any parent that owns, directly or indirectly, 100% of the Equity Interests of the Company (other than any Equity Interests owned by or issued in connection with a management equity plan or vehicle) and which parent, directly or indirectly, controls the Company), in the case of this clause (ii), if the Company or the applicable parent holding company has not issued any Voting Securities.

**"Permitted Hedge Agreement"** means any Hedge Agreement engaged in by a Person as part of its normal business operations with the purpose and effect of hedging and protecting such Person against fluctuations or adverse changes in the prices of electricity, gas, fuel or other commodities, interest rates or currency exchange rates, which Hedge Agreement is part of a risk management strategy and not for purposes of speculation and not intended primarily as a borrowing of funds.

**"Permitted Holders"** means the Sponsor and so long as the Company retains its Investment Grade Rating, any person or entity that (a) (x) is a past or present direct or indirect owner or operator of one or more utility companies or federal or state regulated infrastructure businesses or (y) has (or has contracted with a third-party operator that has) substantial experience operating regulated and unregulated electric utility companies or federal or state regulated infrastructure businesses, (b) has, or is a direct or indirect Subsidiary of a Person, or comprises a fund or account or other investment vehicle managed, advised or controlled by a Person, that has, or has its obligations in respect of its direct or indirect ownership interests in the Company guaranteed by a Person that has, in each case, (x) an Investment Grade Rating or (y) a tangible net worth or assets under management (in the aggregate) of at least the lesser of (i) \$10 billion or (ii) 10 times the value of the Equity Interests in the Company owned or to be owned by such Person.

**"Person"** means an individual, partnership, corporation, limited liability company, joint venture, association, trust, unincorporated organization, business entity, Governmental Authority or other entity.

**"Plan"** means an "employee benefit plan" (as defined in section 3(3) of ERISA) subject to Title I of ERISA that is or, within the preceding five years, has been established or maintained, or to which contributions are or, within the preceding five years, have been made or

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required to be made, by the Company or any ERISA Affiliate or with respect to which the Company or any ERISA Affiliate may have any liability.

**“Project Finance Indebtedness”** means any indebtedness or lease obligations incurred by a special purpose subsidiary with no material assets or operations other than the project being financed (i) which are related to the construction or acquisition of property not previously owned by the Company or its Subsidiaries or (ii) which are related to the financing of a project involving the development or expansion of property of the Company or any of its Subsidiaries and (iii), in either case, the obligee in respect of which has no recourse to the Company or its Subsidiaries or any property of the Company or its Subsidiaries other than the property constructed or acquired with the proceeds of such transaction or the project financed with the proceeds of such transaction (or the proceeds thereof).

**“property” or “properties”** means, unless otherwise specifically limited, real or personal property of any kind, tangible or intangible, choate or inchoate.

**“Proposed Prepayment Date”** is defined in Section 8.3(b).

**“PTE”** is defined in Section 6.2(a).

**“Purchaser” or “Purchasers”** means each of the purchasers that has executed and delivered this Agreement to the Company and such Purchaser's successors and assigns (so long as any such assignment complies with Section 13.2), *provided, however, that any Purchaser of a Note that ceases to be the registered holder or a beneficial owner (through a nominee) of such Note as the result of a transfer thereof pursuant to Section 13.2 shall cease to be included within the meaning of “Purchaser” of such Note for the purposes of this Agreement upon such transfer.*

**“Qualified Institutional Buyer”** means any Person who is a “qualified institutional buyer” within the meaning of such term as set forth in Rule 144A(a)(1) under the Securities Act.

**“QPAM Exemption”** is defined in Section 6.2(d).

**“Rating Agencies”** means Fitch, Moody's and S&P (or, if any of the foregoing ceases to provide Senior Debt Ratings as contemplated hereby, such other nationally recognized rating agency as shall be agreed upon by the Company and the Required Holders).

**“Related Fund”** means, with respect to any holder of any Note, any fund or entity that (i) invests in Securities or bank loans, and (ii) is advised or managed by such holder, the same investment advisor as such holder or by an affiliate of such holder or such investment advisor.

**“Required Holders”** means at any time, (i) ~~reason~~ prior to the ~~Closing~~, the Purchasers, and (ii) on or after the ~~Closing~~, the holders of at least 51% in principal amount ~~achievement~~ of the ~~Notes at~~ ~~milestone~~. Payments are vested immediately upon meeting the time outstanding (exclusive of Notes then owned by the Company or any of its Affiliates).

**“Responsible Officer”** means any Senior Financial Officer and any other officer of the Company with responsibility for the administration of the relevant portion of this Agreement.

**“S&P”** means Standard & Poor's Rating Services, a Standard & Poor's Financial Services LLC business, or any successor thereto.

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**“SEC”** means the Securities and Exchange Commission of the United States of America.

**“Securities” or “Security”** shall have the meaning specified in section 2(1) of the Securities Act.

**“Securities Act”** means the Securities Act of 1933 and the rules and regulations promulgated thereunder from time ~~milestone~~. All awards are subject to time in effect.

**"Senior Debt Rating"** means, at any date, the credit rating identified by a Rating Agency as the credit rating that (i) it has assigned to long term unsecured senior debt of such Person or (ii) would assign to long term unsecured senior debt of such Person were such Person to issue or have outstanding any long term unsecured senior debt on such date.

**"Senior Financial Officer"** means the chief financial officer, principal accounting officer, treasurer or comptroller of the Company.

**"Significant Subsidiary"** has the meaning set forth in Item 1.02(w) of Regulation S-X under the Securities Act.

**"Source"** is defined in Section 6.2.

**"Sponsor"** means, individually or collectively, Global Infrastructure Management, LLC and their respective Affiliates and any investment funds or vehicles that are advised or managed by Global Infrastructure Management, LLC or any of the foregoing (other than any portfolio operating companies of the foregoing) ("GIP") and CPP Investment Board Private Holdings (6) Inc. and its respective Affiliates and any investment funds or vehicles that are advised or managed by CPP Investment Board Private Holdings (6) Inc. or any of the foregoing (other than any portfolio operating companies of the foregoing) ("CPPIB").

**"State Sanctions List"** means a list that is adopted by any state Governmental Authority within the United States of America pertaining to Persons that engage in investment or other commercial activities in Iran or any other country that is a target of economic sanctions imposed under U.S. Economic Sanctions Laws.

**"Subsidiary"** means, as to any Person, any other Person in which such first Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries owns sufficient equity or voting interests to enable it or them (as a group) ordinarily, in the absence of contingencies, to elect a majority of the directors (or Persons performing similar functions) of such second Person, and any partnership or joint venture if more than a 50% interest in the profits or capital thereof is owned by such first Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries (unless such partnership or joint venture can and does ordinarily take major business actions without the prior approval of such Person or one or more of its Subsidiaries). Unless the context otherwise clearly requires, any reference to a "Subsidiary" is a reference to a Subsidiary of the Company.

**"Subsidiary Guarantor"** means each Subsidiary that has executed and delivered a Subsidiary Guaranty.

**"Subsidiary Guaranty"** is defined in Section 9.7(a).

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**"Substitute Purchaser"** is defined in Section 21.

**"SVO"** means the Securities Valuation Office of the NAIC.

**"SWL&P"** is defined in Section 5.4(d).

**"Total Capitalization"** means, at any time, the difference between (a) the sum of each of the following at such time with respect to the Company and the Subsidiaries, determined on a consolidated basis in accordance with GAAP: (i) preferred Equity Interests, plus (ii) common Equity Interests and any premium on Equity Interests thereon (as such term is used in the Disclosure Documents), excluding accumulated other comprehensive income or loss, plus (iii) retained earnings, plus (iv) Total Indebtedness, and (b) the sum of (i) stock of the Company acquired by the Company plus (ii) stock of any Subsidiary acquired by such Subsidiary, in each case at such time, as applicable determined on a consolidated basis in accordance with GAAP.

**"Total Indebtedness"** means at any time, all Indebtedness (net of unamortized premium and discount (as such term is used in the Disclosure Documents)) at such time of the Company and the Subsidiaries, determined on a consolidated basis in accordance with GAAP; provided that with respect to Indebtedness under clause (d) of such definition, only acceptances or letters of credit that have been drawn and not reimbursed shall constitute Indebtedness for purposes of this definition.

**"United States Person"** has the meaning set forth in Section 7701(a)(30) of the Code.

**"USA Patriot Act"** means United States Public Law 107-56, Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001 and the rules and regulations promulgated thereunder from time to time in effect.

**"U.S. Bank"** means U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America.

**"U.S. Economic Sanctions Laws"** means those laws, executive orders, enabling legislation or regulations administered and enforced by the United States pursuant to which economic sanctions have been imposed on any Person, entity, organization, country or regime, including the Trading with the Enemy Act, the International Emergency Economic Powers Act, the Iran Sanctions Act, the Sudan Accountability and Divestment Act and any other OFAC Sanctions Program.

**"Utility Property"** means all property and assets of the Company and its Subsidiaries used principally in the electric, natural gas and water operations that are regulated by applicable Governmental Authorities.

**"Voting Security"** means an Equity Interest which ordinarily has voting power for the election of the board of directors (or other governing body), whether at all times or only so long as no senior class of Equity Interests has such voting power by reason of any contingency.

**"Wholly-Owned Subsidiary"** means, at any time, any Subsidiary all of the equity interests (except directors' qualifying shares) and voting interests of which are owned by any one or more of the Company and the Company's other Wholly-Owned Subsidiaries at such time.

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**SCHEDULE 5.3**  
Disclosure Materials

None

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**SCHEDULE 5.4**  
Subsidiaries of the Company and Ownership of Subsidiary Stock

5.4(a)

[Legal Organization Chart to be inserted here in final execution copy PDF]

5.4(d)

None

**SCHEDULE 5.15**  
**Existing Indebtedness**

**5.15(a) taxes.**

ALLETE, Inc.

<b>Long Term Debt</b>	<b>Award Amount</b> (net)
<b>1<sup>st</sup> Millions Milestone: Polaris Merger Agreement Signed</b>	<b>3/31/2024 \$43,750</b>
<b>2<sup>nd</sup> Milestone: Polaris transaction closed</b>	<b>\$131,250</b>
<b>First Mortgage Bonds</b>	
5.10 % Series due 2025	\$30.0
4.90 % Series due 2025	30.0
3.20% Series due 2026	75.0
5.99% Series due 2027	60.0
3.30% Series due 2028	40.0
4.08% Series due 2029	70.0
3.74% Series due 2029	50.0
3.86% Series due 2030	60.0
2.50% Series due 2030	46.0
2.79% Series due 2032	100.0
4.54% Series due 2032	75.0
<b>4.98% Series due 2033</b>	

125.0

5.69% Series due 2036

50.0

5.72% Series due 2039

100.0

6.00% Series due 2040

35.0

5.82% Series due 2040

45.0

4.08% Series due 2042

85.0

4.21% Series due 2043

60.0

4.95% Series due 2044

40.0

5.05% Series due 2044

40.0

4.39% Series due 2044

50.0

4.07% Series due 2048

60.0

4.47% Series due 2049

30.0

3.30% Series due 2050

94.0

### Net Milestone Opportunity

#### Variable Demand Bonds

Collier County Variable Series due 2025 27.8

#### Other MP Long-Term Debt

3.11% Series due 2027 - Senior Unsecured 80.0

2.65% Series due 2025 – Senior Unsecured 150.0

Capital Lease 7.6

Total Long-Term Debt 1,715.4

Less due Within One Year 1.2 \$175,000

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Notice: This Extraordinary Compensation award and opportunity is not intended as a guarantee of future employment; nor is it intended to alter your at-will employment status; nor does this opportunity entitle you to any future Extraordinary Compensation bonus opportunities or payments; nor does it create or limit your participation in other Company incentive programs.

Acknowledgment Signature:

5.15(b)

None The signature below indicates that this has been reviewed and there is a clear understanding of the award offering.

5.15(c) /s/Jeff Scissons 9/25/23

The Mortgage and Deed of Trust dated September 1, 1945, between the Company and Irving Trust Company (now The Bank of New York Mellon) and Richard H. West (Sherma Thomas, successor), as Trustees, as supplemented and amended.

Note Purchase Agreement dated December 8, 2016, among the Company and the Purchasers named therein.

Amended and Restated Letter of Credit Agreement entered into as of June 3, 2011, as thereafter amended, among the Company and Wells Fargo Bank, National Association, as Administrative Agent and Issuing Bank.

Amended and Restated Credit Agreement dated as of January 10, 2019, as thereafter amended, among the Company and JPMorgan Chase Bank, N.A., as Agent for the Lenders thereunder.

CoBank Letter of Credit Agreement entered into as of June 11, 2020, as thereafter amended, among the Company and CoBank, ACB as Administrative Agent and Issuing Bank.

Jeff Scissons Date

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EXHIBIT 1(a)

[Form of Note]

Allete, Inc.

5.94% Senior Note Due September 5, 2029

No. R-[ ] [ ] 20  
\$[ ] PPN 018522 P\*71

For Value Received, the undersigned, Allete, Inc. (herein called the "Company"), a corporation organized and existing under the laws of the State of Minnesota, hereby promises to pay to [ ], or registered assigns, the principal sum of [ ] Dollars (or so much thereof as shall not have been prepaid) on September 5, 2029, with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance hereof at the rate of 5.94% per annum from the date hereof, payable semiannually, on the 5th day of March and September in each year, commencing with the March or September next succeeding the date hereof, and on the Maturity Date, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, on any overdue payment of interest and, during the continuance of an Event of Default, on such unpaid balance and on any overdue payment of any Make-Whole Amount, at a rate per annum from time to time equal to the greater of (i) 7.94% or (ii) 2.00% over the rate of interest publicly announced by U.S. Bank from time to time in New York, New York as its "base" or "prime" rate, payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand). The initial interest payment date shall be March 5, 2025.

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at U.S. Bank or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of a series of Senior Notes (herein called the "Notes") issued pursuant to the Note Purchase Agreement, dated June 27, 2024 (as from time to time amended, the "Note Purchase Agreement"), between the Company and the respective Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, to have (i) agreed to the confidentiality provisions set forth in Section 20 of the Note Purchase Agreement and (ii) made the representation set forth in Section 6.2 of the Note Purchase Agreement. Unless otherwise indicated, capitalized terms used in this Note shall have the respective meanings ascribed to such terms in the Note Purchase Agreement.

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of,

Exhibit 1(a)  
(to Note Purchase Agreement)

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the transferee. Prior to due presentment for registration of transfer, the Company may treat the Person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

This Note is subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement, but not otherwise.

If an Event of Default occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreement.

This Note shall be construed and enforced in accordance with, and the rights of the Company and the holder of this Note shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

ALLETE, INC.

By:  
Name:  
Title:

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EXHIBIT 1(b)

Allete, Inc.

6.18% Senior Note Due September 5, 2034

No. R-[ ] [ ] , 20 [ ]  
\$[ ] PPN 018522 P@5

For Value Received, the undersigned, Allete, Inc. (herein called the "Company"), a corporation organized and existing under the laws of the State of Minnesota, hereby promises to pay to [ ], or registered assigns, the principal sum of [ ] Dollars (or so much thereof as shall not have been prepaid) on September 5, 2034, with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance hereof at the rate of 6.18% per annum from the date hereof, payable semiannually, on the 5th day of March and September in each year, commencing with the March or September next succeeding the date hereof, and on the Maturity Date, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, on any overdue payment of interest and, during the continuance of an Event of Default, on such unpaid balance and on any overdue payment of any Make-Whole Amount, at a rate per annum from time to time equal to the greater of (i) 8.18% or (ii) 2.00% over the rate of interest publicly announced by U.S. Bank from time to time in New York, New York as its "base" or "prime" rate, payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand). The initial interest payment date shall be March 5, 2025.

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at U.S. Bank or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of a series of Senior Notes (herein called the "Notes") issued pursuant to the Note Purchase Agreement, dated June 27, 2024 (as from time to time amended, the "Note Purchase Agreement"), between the Company and the respective Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, to have (i) agreed to the confidentiality provisions set forth in Section 20 of the Note Purchase Agreement and (ii) made the representation set forth in Section 6.2 of the Note Purchase Agreement. Unless otherwise indicated, capitalized terms used in this Note shall have the respective meanings ascribed to such terms in the Note Purchase Agreement.

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of,

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the transferee. Prior to due presentment for registration of transfer, the Company may treat the Person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

This Note is subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement, but not otherwise.

If an Event of Default occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreement.

This Note shall be construed and enforced in accordance with, and the rights of the Company and the holder of this Note shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

ALLETE, INC.

By:  
Name:  
Title:

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EXHIBIT 4.4(a)

FORM OF OPINION OF  
Vice President, Chief Legal Officer and Corporate Secretary of ALLETE, Inc.

[ALLETE, INC. LETTERHEAD]

\_\_\_\_\_, 2024

To Each of the Purchasers Listed  
on Schedule A to the Note Purchase Agreement  
dated June 27, 2024

Re: \$100,000,000 5.94% Senior Notes due September 5, 2029  
\$50,000,000 6.18% Senior Notes due September 5, 2034  
Issued by ALLETE, Inc.

Ladies and Gentlemen:

Reference is made to the sale by ALLETE, Inc., a Minnesota corporation ("Company") of (a) \$100,000,000 aggregate principal amount of its 5.94% Senior Notes due September 5, 2029 (the "2029 Notes") and (b) \$50,000,000 aggregate principal amount of its 6.18% Senior Notes due September 5, 2034 (the "2034 Notes," the 2029 Notes and the 2034 Notes are hereinafter collectively referred to as the "Notes"). The Notes will be issued under the Note Purchase Agreement, dated June 27, 2024 (the "Agreement"). I advise you that I am Vice President, Chief Legal Officer and Corporate Secretary of the Company and have acted in that capacity in connection with such issuance and sale and I (or attorneys in the Company's legal department with whom I have consulted) have participated in the preparation of (i) the Agreement; and (ii) the petition filed by the Company with the Minnesota Public Utilities Commission seeking authorization to issue the Notes. In addition, I have reviewed the order issued by said Commission in response to said petition.

All capitalized terms used herein without definition shall have the respective meanings set forth in the Agreement.

In furnishing this opinion, I have examined the Amended and Restated Articles of Incorporation, as amended (the "Charter"), and the Bylaws, as amended, of the Company and the Agreement, and have made such further investigation and examined such further documents and records of the Company and certificates of public officials as I have deemed necessary or appropriate for purposes of this opinion.

Exhibit 4.4(a)  
(To Note Purchase Agreement)

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I have also reviewed all corporate proceedings taken by the Company in respect of the authorization of the Agreement and the issuance and sale of the Notes thereunder and I have examined the Notes.

For purposes of the opinions expressed below, I have assumed (i) the authenticity of all documents submitted to me as originals, (ii) the conformity to the originals of all documents submitted to me as certified or photostatic copies and the authenticity of the originals of such copies, (iii) the genuineness of all signatures other than on behalf of the Company, (iv) the legal capacity of natural persons, (v) the power, corporate or otherwise, of all parties other than the Company to enter into and to perform all of its obligations under such documents, (vi) the due authorization, execution and delivery of all documents by all parties other than the Company, and (vii) that the consideration contemplated by the Agreement for the purchase of the Notes has been paid.

For purposes of the opinions contained herein, I have made no independent investigation of the facts referred to herein, and with respect to such facts have relied, for the purpose of rendering this opinion and except as otherwise stated herein, exclusively on the statements contained and matters provided for in the Agreement and such other documents relating to the Agreement as I have deemed advisable, including the factual representations, warranties and covenants contained therein as made by the respective parties thereto and assumed that any such statement or representation that was given or dated on or prior to the date hereof continues to remain accurate and complete, insofar as relevant to my opinion, from such earlier date through and including the date of this opinion.

Based on such examinations and investigation, it is my opinion that:

1. The Company is a validly organized and existing corporation and in good standing under the laws of the State of Minnesota and is duly qualified as a foreign corporation in each jurisdiction in which the character of the properties owned or leased by it or the nature of the business transacted by it makes such qualification necessary, except where the failure to be so qualified would not result in a Material Adverse Effect.
2. The Company is a corporation duly authorized by its Charter to conduct the business which it is now conducting as set forth in the Disclosure Documents and the Company holds valid and subsisting franchises, licenses and permits authorizing it to carry on the business in which it is engaged.
3. The Company has all requisite corporate power and authority to execute and deliver, and to perform all of its obligations under, the Agreement and the Notes.
4. The Agreement has been duly and validly authorized by all necessary corporate action, has been duly and validly executed and delivered, and is a valid and binding obligation of the Company enforceable in accordance with its terms, except as (i) the enforceability thereof may be limited by

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bankruptcy, insolvency or similar laws affecting enforcement of creditors' rights generally and (ii) rights of acceleration and the availability of equitable remedies may be limited by equitable principles of general applicability.

5. The Notes have been duly and validly authorized by all necessary corporate action and have been executed in accordance with the provisions of the Agreement and delivered and are entitled to the benefits of the Agreement and are valid and binding obligations of the Company enforceable in accordance with their terms, except as (i) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting enforcement of creditors' rights generally and (ii) rights of acceleration and the availability of equitable remedies may be limited by equitable principles of general applicability.

6. An order has been issued by the Minnesota Public Utilities Commission certifying the Company's capital structure and authorizing the issuance and sale of the Notes, and to the best of my knowledge after such inquiry as I deem reasonable, said order is still in full force and effect; and no further approval, authorization, consent or order of any public board or body (other than in connection or in compliance with the provisions of the securities or "blue sky" laws of any jurisdiction) is legally required for the authorization of the issuance and sale of the Notes or, as of the date hereof, the performance of the Notes or the Agreement.
7. Neither the execution by the Company of the Agreement nor the issue and sale by the Company of the Notes as contemplated by the Agreement nor the consummation by the Company of the other transactions contemplated by the Agreement or, as of the date hereof, the performance of the Notes or the Agreement conflicts with, or results in a breach of, the Charter or Bylaws of the Company or any material agreement or instrument to which the Company is a party or by which the Company is bound, any law or regulation or, so far as is known to me after such inquiry as I deem reasonable, any order or regulation of any court, governmental instrumentality or arbitrator, and which conflict or breach is material to the Company and its subsidiaries, taken as a whole.
8. The execution, delivery and performance by the Company of the Agreement and the Notes do not and will not violate any provision of Regulations T, U or X of the Board of Governors of the Federal Reserve System.
9. It is not necessary, in connection with the sale of the Notes to the Purchasers by the Company, in the manner contemplated by the Agreement, to register the Notes under the Securities Act of 1933, as

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amended, or to qualify the Agreement under the Trust Indenture Act of 1939, as amended.

10. Except as disclosed in the Disclosure Documents, there are no actions, suits, or proceedings pending or, to the best of my knowledge after due inquiry, threatened against the Company before any court or arbitrator or by or before any administrative agency or governmental authority, which, if adversely determined, would prevent or have a material adverse effect on the ability of the Company to perform its obligations under the Agreement or the Notes.
11. The Company is not an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

I am a member of the Minnesota Bar and do not hold myself out as an expert on the laws of any other jurisdiction. As to all matters of Minnesota law, Cohen Tauber Spievack & Wagner P.C. is hereby authorized to rely upon this opinion to the same extent as if this opinion had been addressed to them.

The opinions expressed above are limited to the laws and facts in effect on the date hereof. I disclaim any obligation to advise you of facts, circumstances, events or developments which hereafter may be brought to my attention, and which might alter, affect or modify the opinions expressed herein.

The opinion is rendered to you in connection with the above-described transaction. This opinion may not be relied upon by you for any other purpose, or relied upon or furnished to any other Person, without my prior written consent, except that (i) this opinion may be reviewed by, but not relied upon by, applicable legal or regulatory bodies and proposed transferees of the Notes, and (ii) this opinion may be relied upon by transferees of the Notes as of the date of original delivery hereof.

Very truly yours,

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EXHIBIT 4.4(b)

FORM OF OPINION OF  
COHEN TAUBER SPIEVACK & WAGNER P.C.

[CTSW LETTERHEAD]

\_\_\_\_\_, 2024

To Each of the Purchasers Listed  
on Schedule A to the Note Purchase Agreement  
dated June 27, 2024

Re: \$100,000,000 5.94% Senior Notes due September 5, 2029  
\$50,000,000 6.18% Senior Notes due September 5, 2034  
Issued by ALLETE, Inc.

Ladies and Gentlemen:

Reference is made to the sale by ALLETE, Inc., a Minnesota corporation ("Company") of (a) \$100,000,000 aggregate principal amount of its 5.94% Senior Notes due September 5, 2029 (the "2029 Notes") and (b) \$50,000,000 aggregate principal amount of its 6.18% Senior Notes due September 5, 2034 (the "2034 Notes," the 2029 Notes and the 2034 Notes are hereinafter collectively referred to as the "Notes"). The Notes will be issued under the Note Purchase Agreement, dated June 27, 2024 (the "Agreement"). We advise you that we have acted as counsel to the Company in connection with such issuance and sale and have participated in the preparation of the Agreement. In addition, we have reviewed the petition filed by the Company with the Minnesota Public Utilities Commission seeking authorization to issue the Notes, and the order issued by said Commission in response to said petition.

All capitalized terms used herein without definition shall have the respective meanings set forth in the Agreement.

In furnishing this opinion, we have examined the Amended and Restated Articles of Incorporation, as amended, and the Bylaws, as amended, of the Company, and the Agreement, and have made such further investigation and examined such further documents and records of the Company and certificates of public officials as we have deemed necessary or appropriate for purposes of this opinion.

We have also reviewed all corporate proceedings taken by the Company in respect of the authorization of the Agreement and the issuance and sale of the Notes thereunder and we have examined the Notes.

Exhibit 4.4(b)  
(To Note Purchase Agreement)

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For purposes of the opinions expressed below, we have assumed (i) the authenticity of all documents submitted to us as originals, (ii) the conformity to the originals of all documents submitted to us as certified or photostatic copies and the authenticity of the originals of such copies, (iii) the genuineness of all signatures other than on behalf of the Company, (iv) the legal capacity of natural persons, (v) the power, corporate or otherwise, of all parties other than the Company to enter into and to perform all of its obligations under such documents, (vi) the due authorization, execution and delivery of all documents by all parties other than the Company, and (vii) that the consideration contemplated by the Agreement for the purchase of the Notes has been paid.

For purposes of the opinions contained herein, we have made no independent investigation of the facts referred to herein, and with respect to such facts have relied, for the purpose of rendering this opinion and except as otherwise stated herein, exclusively on the statements contained and matters provided for in the Agreement and such other documents relating to the Agreement as we have deemed advisable, including the factual representations, warranties and covenants contained therein as made by the respective parties thereto and assumed that any such statement or representation that was given or dated on or prior to the date hereof continues to remain accurate and complete, insofar as relevant to our opinion, from such earlier date through and including the date of this opinion.

Based on such examinations and investigation, it is our opinion that:

1. The Company has all requisite corporate power and authority to execute and deliver, and to perform all of its obligations under, the Agreement and the Notes.
2. The Agreement has been duly and validly authorized by all necessary corporate action, has been duly and validly executed and delivered, and is a valid and binding obligation of the Company enforceable in accordance with its terms, except as (i) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting enforcement of creditors' rights generally and (ii) rights of acceleration and the availability of equitable remedies may be limited by equitable principles of general applicability.
3. The Notes have been duly and validly authorized by all necessary corporate action and have been executed and authenticated in accordance with the provisions of the Agreement and delivered and are entitled to the benefits of the Agreement and are valid and binding obligations of the Company enforceable in accordance with their terms, except as (i) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting enforcement of creditors' rights generally and (ii) rights of acceleration and the availability of equitable remedies may be limited by equitable principles of general applicability.
4. An order has been issued by the Minnesota Public Utilities Commission certifying the Company's capital structure and authorizing the issuance

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and sale of the Notes, and to the best of our knowledge after such inquiry as we deem reasonable, said order is still in full force and effect; and no further approval, authorization, consent or order of any public board or body (other than in connection or in compliance with the provisions of the securities or "blue sky" laws of any jurisdiction) is legally required for the authorization of the issuance and sale of the Notes or, as of the date hereof, the performance of the Notes or the Agreement.

5. The execution, delivery and performance by the Company of the Agreement and the Notes do not and will not violate any provision of Regulations T, U or X of the Board of Governors of the Federal Reserve System.
6. It is not necessary, in connection with the sale of the Notes to the Purchasers by the Company, in the manner contemplated by the Agreement, to register the Notes under the Securities Act of 1933, as amended, or to qualify the Agreement under the Trust Indenture Act of 1939, as amended.
7. The Company is not an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

This opinion is limited to the laws of the States of Minnesota and New York and the federal laws of the United States of America. As to all matters of Minnesota law, we have relied with your consent upon an opinion of even date herewith addressed to you by [REDACTED], Esq., Vice President, Chief Legal Officer and Corporate Secretary of the Company.

The opinions expressed above are limited to the laws and facts in effect on the date hereof. We disclaim any obligation to advise you of facts, circumstances, events or developments which hereafter may be brought to our attention, and which might alter, affect or modify the opinions expressed herein.

The opinion is rendered to you in connection with the above-described transaction. This opinion may not be relied upon by you for any other purpose, or relied upon or furnished to any other Person, without our prior written consent, except that (i) this opinion may be reviewed by, but not relied upon by, applicable legal or regulatory bodies and proposed transferees of the Notes, and (ii) this opinion may be relied upon by transferees of the Notes as of the date of original delivery hereof.

Very truly yours,

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COHEN TAUBER SPIEVACK & WAGNER P.C.

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EXHIBIT 4.4(c)

FORM OF OPINION OF  
CHAPMAN AND CUTLER LLP

The closing opinion of Chapman and Cutler LLP, special counsel to the Purchasers, called for by Section 4.4(b) of the Note Purchase Agreement, shall be dated the date of Closing and addressed to each purchaser, shall be satisfactory in form and substance to the Purchasers and shall be to the effect that:

1. The Note Purchase Agreement and the Notes are enforceable in accordance with their respective terms (subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and laws of general applicability relating to or affecting creditors' rights and to general equity principles).
2. The issuance, sale and delivery of the Notes under the circumstances contemplated by the Note Purchase Agreement do not, under existing law, require the registration of the Notes under the Securities Act of 1933, as amended, or the qualification of an indenture under the Trust Indenture Act of 1939, as amended.

**Exhibit 4.4(c)**  
(To Note Purchase Agreement)

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Exhibit 31(a)

**Rule 13a-14(a)/15d-14(a) Certification by the Chief Executive Officer**  
**Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Bethany M. Owen, of ALLETE, Inc. (ALLETE), certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended **June 30, 2024** **September 30, 2024**, of ALLETE;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 1, **October 30, 2024**

/s/ Bethany M. Owen

Bethany M. Owen  
Chair, President and Chief Executive Officer

Exhibit 31(b)

**Rule 13a-14(a)/15d-14(a) Certification by the Chief Financial Officer**

Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Steven W. Morris, of ALLETE, Inc. (ALLETE), certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended **June 30, 2024** **September 30, 2024**, of ALLETE;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

**August 1, October 30, 2024**

*/s/* Steven W. Morris

Steven W. Morris

Senior Vice President and Chief Financial Officer

Exhibit 32

Section 1350 Certification of Periodic Report  
By the Chief Executive Officer and Chief Financial Officer  
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, each of the undersigned officers of ALLETE, Inc. (ALLETE), does hereby certify that:

1. The Quarterly Report on Form 10-Q of ALLETE for the period ended **June 30, 2024** **September 30, 2024**, (Report) fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of ALLETE.

August 1, October 30, 2024

/s/ Bethany M. Owen

Bethany M. Owen

Chair, President and Chief Executive Officer

August 1, October 30, 2024

/s/ Steven W. Morris

Steven W. Morris

Senior Vice President and Chief Financial Officer

This certification shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to liability pursuant to that section. Such certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that ALLETE specifically incorporates it by reference.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to ALLETE and will be retained by ALLETE and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 95

Mine Safety Disclosure

Mine or Operating Name/MSHA Identification Number	Section 104 S&S Citations (#)	Section 104(b) Orders (#)	Section 104(d) Citations and Orders (#)	Section 110(b) (2) Violations (#)	Section 107(a) Orders (#)	Total Dollar Value of MSHA Assessments Proposed (\$)	Total Number of Mining Related Fatalities (#)	Received Notice of Pattern of Violation Under Section 104(e) (yes/no)	Received Notice of Potential to Have Pattern Under Section 104(e) (yes/no)	Legal Actions Pending as of Last Day of Period (#)	Legal Actions Initiated During Period (#)	Legal / Resc During (#)
Center Mine / 3200218	—	—	—	—	—	—	—	No	No	—	—	—

For the quarter ended June 30, 2024 September 30, 2024, BNI Energy, owner of Center Mine, received no citations one citation under Section 104(a) of the Mine Safety Act. For the quarter ended June 30, 2024 September 30, 2024, BNI Energy paid no penalties for citations closed during the period. For the quarter ended June 30, 2024 September 30, 2024, there were no citations, orders, violations or notices under Sections 104(b), 104(d), 107(a), 104(e) or 110(b)(2) of the Mine Safety Act and there were no fatalities.

For Release:

August 1, October 30, 2024



Investor Contact:

Vince Meyer 218-723-3952

218-723-

3952 shareholder@allelete.com

vmeyer@allelete.com

# NEWS

## ALLETE, Inc. reports second third quarter 2024 earnings

DULUTH, Minn. - ALLETE, Inc. (NYSE: ALE) today reported second third quarter 2024 earnings of **57.78** cents per share on net income of **\$33.0 million** **\$45.0 million**. Last year's second third quarter results were **90 cents** **\$1.49** per share on net income of **\$51.5 million**, **\$85.9 million**. Net income for the second same quarter in 2023 included approximately 71 cents per share for the favorable arbitration ruling involving a subsidiary of ALLETE Clean Energy. Net income for the third quarter this year includes 25 included approximately 7 cents per share of transaction expenses related to the merger agreement entered into on May 5, 2024, with Canada Pension Plan Investment Board and Global Infrastructure Partners, and a 4 cent per share negative impact due to mild weather. Net income for the same quarter in 2023 included approximately 8 cents per share for the favorable impact of an updated estimate for property taxes, and ALLETE Clean Energy recorded a 7 cent per share gain on the Red Barn wind generation facility. Partners.

"It has been a busy year thus far, and I am proud couldn't be prouder of our entire ALLETE team, working diligently on many fronts to execute our Sustainability in Action strategy in tandem with initiatives as part of the exciting announcement of the merger agreement with Canada Pension Plan Investment Board and Global Infrastructure Partners. We are pleased that key regulatory filings with the Federal Energy Regulatory Commission, the Minnesota Public Utilities Commission Partners," said ALLETE Chair, President, and the Public Service Commission of Wisconsin were filed in support of the transaction and the Definitive Proxy Statement has been filed with the SEC. The Chief Executive Officer Bethany Owen. "The merger is progressing as planned, and we remain on track for a mid-2025 closing, subject to all necessary approvals, approvals. One very significant milestone was met in the third quarter with ALLETE's shareholders' approval of the merger in August," said ALLETE Chair, President, Owen continued. "At Minnesota Power, several key milestones have been met. Last week, we were pleased that the Minnesota Public Utilities Commission approved the 2023 rate case settlement agreement with final rates expected to be implemented in the first quarter of 2025. Also in October, the Minnesota Public Utilities Commission approved the Big Stone South Transmission project to boost reliability and Chief Executive Officer Bethany Owen. "In increase access to renewable energy, and in September, Minnesota Power announced plans to build two large solar projects in northern Minnesota as part of our continued transition towards a cleaner energy future. These two projects will make up approximately two-thirds of the solar generation called for in our Integrated Resource Plan approved in 2023. In addition, Minnesota Power's requests request for proposals proposal for 400 megawatts of new solar and wind projects are progressing continues to progress as planned, planned. ALLETE Clean Energy has begun taking advantage of the Inflation Reduction Act with closed on the sale of production tax credits in the second quarter, its 68-megawatt Whitetail project, and New Energy Equity is executing had a very strong quarter as the team continues to execute on its strategy and robust pipeline of projects."

ALLETE's Regulated Operations segment, which includes Minnesota Power, Superior Water, Light and Power and the Company's investment in the American Transmission Company, recorded second third quarter 2024 net income of **\$33.7 million** **\$34.0 million**, compared to **\$37.8 million** **equaling** earnings in the second third quarter a year ago. Net income at Minnesota Power was lower reflecting milder weather, as well as reflects the implementation of interim rates, net of reserves, partially offset by higher operating and maintenance and depreciation expenses in the second third quarter of 2024 compared to 2023, partially offset by the implementation of interim rates, net of reserves, and higher transmission margins. 2023.

ALLETE Clean Energy recorded second third quarter 2024 net income of **\$2.4 million** **\$3.9 million** compared to **\$3.1 million** **\$54.8 million** in 2023. Earnings in 2024 reflect impacts from a forced network outage near its Caddo wind energy facility as well as a transformer outage at its Diamond Springs wind energy facility; both outages were resolved during 2023 included the second gain recognized for the favorable arbitration award. Positively impacting the third quarter of 2024. These decreases were partially offset by lower operating and maintenance expense. Net income in 2023 also included a gain on 2024 was the Red Barn wind generation facility.

sale of the Whitetail project.

Corporate and Other businesses, which include New Energy Equity, BNI Energy, ALLETE Properties and our investments in renewable energy facilities, recorded a net loss income of \$3.1 million \$7.1 million in the second third quarter of 2024, compared to a net income loss of \$10.6 million \$2.9 million in 2023. Net income in the third quarter of 2024 included increased earnings at New Energy Equity on project sales. These increases were partially offset by transaction expenses of \$14.3 million after-tax, or approximately 7 cents per share, related to the merger agreement entered into in the second quarter May of 2024. The net loss in 2024 2023 also reflects lower earnings from Minnesota solar projects as investment reflected increased tax credits were recognized in 2023 for expense related to the projects arbitration award.

"Similar to this year's first Results for the third quarter the second quarter results reflect items not included in our original of 2024 exceeded internal expectations, including merger related transaction expenses, milder weather negatively impacting sales to residential and commercial customers, and the implementation of interim rate reserves as a result of the rate case settlement," said ALLETE Senior Vice President and Chief Financial Officer Steve Morris. "Excluding these items, results for our Regulated Operations segment year to date were on track with our internal expectations, New Energy's New Energy Equity's financial results were as expected, exceeded expectations due to timing of project closings with attractive margins, and ALLETE Clean Energy's results were lower higher than our expectations primarily due to a third-party network outage and a transformer outage at ALLETE Clean Energy's wind energy facilities in Oklahoma which have since been resolved. the sale of the Whitetail project. These increases were partially offset by merger related expenses."

ALLETE is an energy company headquartered in Duluth, Minn. In addition to its electric utilities, Minnesota Power and Superior Water, Light and Power of Wisconsin, ALLETE owns ALLETE Clean Energy, based in Duluth, BNI Energy in Bismarck, N.D., New Energy Equity in Annapolis, MD, and has an eight percent equity interest in the American Transmission Co. More information about ALLETE is available at [www.allete.com](http://www.allete.com). ALE-CORP

*The statements contained in this release and statements that ALLETE may make orally in connection with this release 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 with the Securities and Exchange Commission.*

ALLETE's press releases 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 include presentations of earnings (loss) per share. 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.

Page 2 of 4

ALLETE - 30 West Superior Street, Duluth, Minnesota 55802

ALLETE, Inc.  
Consolidated Statement of Income  
Millions Except Per Share Amounts - Unaudited

Operating Revenue	Operating Revenue	Quarter Ended		Six Months Ended		Quarter Ended	
		June 30,					
		2024	2023	2024	2023	2024	2023
Contracts with Customers – Utility	Contracts with Customers – Utility	\$279.8	\$292.2	\$618.1	\$604.8	\$310.5	\$303.7

Contracts with Customers – Non-utility	Contracts with Customers – Non-utility	73.5	239.9	137.2	490.9	Contracts with Customers – Non-utility	95.4
Other – Non-utility	Other – Non-utility	1.2	1.3	2.5	2.6	Other – Non-utility	1.3
Total Operating Revenue	Total Operating Revenue	354.5	533.4	757.8	1,098.3	Total Operating Revenue	407.2
<b>Operating Expenses</b>	<b>Operating Expenses</b>					<b>Operating Expenses</b>	
Fuel, Purchased Power and Gas – Utility	Fuel, Purchased Power and Gas – Utility	107.3	107.3	240.8	225.9	Purchased Power and Gas – Utility	116.5
Transmission Services – Utility	Transmission Services – Utility	1.6	23.5	24.3	43.6	Transmission Services – Utility	19.6
Cost of Sales – Non-utility	Cost of Sales – Non-utility	31.8	193.2	56.2	403.7	Cost of Sales – Non-utility	47.0
Operating and Maintenance	Operating and Maintenance	102.1	84.9	193.8	170.6	Operating and Maintenance	92.7
Depreciation and Amortization	Depreciation and Amortization	66.0	62.8	131.0	125.1	Depreciation and Amortization	70.8
Taxes Other than Income Taxes	Taxes Other than Income Taxes	16.3	8.2	35.0	27.6	Taxes Other than Income Taxes	15.3
Total Operating Expenses	Total Operating Expenses	325.1	479.9	681.1	996.5	Total Operating Expenses	361.9
<b>Operating Income</b>	<b>Operating Income</b>	29.4	53.5	76.7	101.8	<b>Operating Income</b>	45.3
<b>Other Income (Expense)</b>	<b>Other Income (Expense)</b>					<b>Other Income (Expense)</b>	
Interest Expense	Interest Expense	(20.1)	(21.1)	(40.5)	(40.4)	Interest Expense	(20.3)
Equity Earnings	Equity Earnings	5.9	5.4	11.4	11.4	Equity Earnings	5.1
Other	Other	5.9	2.5	14.5	6.6	Other	5.5
<b>Total Other Expense</b>		(8.3)	(13.2)	(14.6)	(22.4)	<b>Total Other Income (Expense)</b>	(9.7)
<b>Income Before Income Taxes</b>	<b>Income Before Income Taxes</b>	21.1	40.3	62.1	79.4	<b>Income Before Income Taxes</b>	35.6
<b>Income Tax Expense (Benefit)</b>		1.4	(0.4)	5.4	1.1	<b>Income Tax Expense</b>	2.9
<b>Net Income</b>	<b>Net Income</b>	19.7	40.7	56.7	78.3	<b>Net Income</b>	32.7
Net Loss Attributable to Non-Controlling Interest	Net Loss Attributable to Non-Controlling Interest	(13.3)	(10.8)	(27.0)	(31.4)	Net Loss Attributable to Non-Controlling Interest	(12.3)
<b>Net Income Attributable to ALLETE</b>	<b>Net Income Attributable to ALLETE</b>	\$33.0	\$51.5	\$83.7	\$109.7	<b>Net Income Attributable to ALLETE</b>	\$45.0
<b>Average Shares of Common Stock</b>	<b>Average Shares of Common Stock</b>					<b>Average Shares of Common Stock</b>	
Basic	Basic	57.7	57.3	57.7	57.3	Basic	57.8
Diluted	Diluted	57.8	57.4	57.7	57.4	Diluted	57.9
<b>Basic Earnings Per Share of Common Stock</b>	<b>Basic Earnings Per Share of Common Stock</b>	\$0.57	\$0.90	\$1.45	\$1.91	<b>Basic Earnings Per Share of Common Stock</b>	\$0.78
<b>Diluted Earnings Per Share of Common Stock</b>	<b>Diluted Earnings Per Share of Common Stock</b>	\$0.57	\$0.90	\$1.45	\$1.91	<b>Diluted Earnings Per Share of Common Stock</b>	\$0.78
<b>Dividends Per Share of Common Stock</b>	<b>Dividends Per Share of Common Stock</b>	\$0.705	\$0.6775	\$1.41	\$1.355	<b>Dividends Per Share of Common Stock</b>	\$0.705

**Consolidated Balance Sheet**  
Millions - Unaudited

		Jun. 30,	Dec. 31,	Jun. 30,	Dec. 31,	Sept. 30, 2024
		2024	2023	2024	2023	
		<b>Liabilities and Equity</b>				
<b>Assets</b>	<b>Assets</b>					<b>Assets</b>
Cash and Cash Equivalents	Cash and Cash Equivalents	\$37.5	\$71.9	Current Liabilities	\$297.6	\$377.6
Other Current Assets	Other Current Assets	394.7	396.2	Long-Term Debt	1,746.0	1,679.9
Property, Plant and Equipment – Net	Property, Plant and Equipment – Net	5,079.5	5,013.4	Deferred Income Taxes	215.6	192.7
Regulatory Assets	Regulatory Assets	394.7	425.4	Regulatory Liabilities	561.0	574.0
Equity Investments	Equity Investments	336.0	331.2	Defined Benefit Pension and Other Postretirement Benefit Plans	135.0	160.8
Goodwill and Intangibles – Net	Goodwill and Intangibles – Net		155.4	Other Non-Current Liabilities	310.5	264.3
Other Non-Current Assets	Other Non-Current Assets	263.5	262.9	Redeemable Non-Controlling Interest	0.9	0.5
				Equity	3,394.7	3,406.6
<b>Total Assets</b>	<b>Total Assets</b>	\$6,661.3	\$6,656.4	<b>Total Liabilities, Redeemable Non-Controlling Interest and Equity</b>	\$6,661.3	\$6,656.4
						<b>Total Assets</b>
						\$6,737.2

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ALLETE - 30 West Superior Street, Duluth, Minnesota 55802

ALLETE, Inc.	Income (Loss)	Quarter Ended		Six Months Ended		ALLETE, Inc. Income (Loss)	Quarter Ended		Nir Sept. 30, 2024
		2024	2023	2024	2023		2024	2023	
Regulated Operations	Millions	Regulated Operations	\$33.7	\$37.8	\$77.9	\$78.4	Millions	Regulated Operations	\$34.0
ALLETE Clean Energy		ALLETE Clean Energy	2.4	3.1	6.2	11.6		ALLETE Clean Energy	3.9
Corporate and Other		Corporate and Other	(3.1)	10.6	(0.4)	19.7		Corporate and Other	7.1
Net Income Attributable to ALLETE	Net Income Attributable to ALLETE		\$33.0	\$51.5	\$83.7	\$109.7	Net Income Attributable to ALLETE	\$45.0	\$85.9
<b>Diluted Earnings Per Share</b>	<b>Diluted Earnings Per Share</b>		\$0.57	\$0.90	\$1.45	\$1.91	<b>Diluted Earnings Per Share</b>	\$0.78	\$1.49

Statistical Data	Statistical Data	Statistical Data
Corporate	Corporate	Corporate

Common Stock	Common Stock					Common Stock				
High	High	\$65.86	\$66.69	\$65.86	\$66.69	High	\$64.90	\$59.22	\$65.86	\$66.69
Low	Low	\$56.66	\$56.68	\$55.86	\$56.68	Low	\$61.51	\$52.30	\$55.86	\$52.30
Close	Close	\$62.35	\$57.97	\$62.35	\$57.97	Close	\$64.19	\$52.80	\$64.19	\$52.80
Book Value	Book Value	\$48.86	\$47.63	\$48.86	\$47.63	Book Value	\$48.97	\$48.48	\$48.97	\$48.48

Kilowatt-hours Sold		Kilowatt-hours Sold					Kilowatt-hours Sold				
Millions	Regulated Utility	Regulated Utility				Regulated Utility				Millions	Regulated Utility
Retail and Municipal	Retail and Municipal	Retail and Municipal	Retail and Municipal	Retail and Municipal	Retail and Municipal	Retail and Municipal	Retail and Municipal	Retail and Municipal	Retail and Municipal	Retail and Municipal	Retail and Municipal
Residential	Residential	225	241	531	562	Residential	262	250	793	812	
Commercial	Commercial	307	320	645	667	Commercial	354	355	999	1,022	
Industrial	Industrial	1,729	1,778	3,527	3,436	Industrial	1,715	1,742	5,242	5,178	
Municipal	Municipal	105	110	230	238	Municipal	120	112		350	
Total Retail and Municipal	Total Retail and Municipal	2,366	2,449	4,933	4,903	Total Retail and Municipal	2,451	2,459	7,384	7,362	
Other Power Suppliers	Other Power Suppliers	579	786	1,336	1,482	Other Power Suppliers	616	526	1,952	2,008	
Total Regulated Utility Kilowatt-hours Sold	Total Regulated Utility Kilowatt-hours Sold	2,945	3,235	6,269	6,385	Total Regulated Utility Kilowatt-hours Sold	3,067	2,985	9,336	9,370	

Regulated Utility Revenue		Regulated Utility Revenue					Regulated Utility Revenue				
Millions	Regulated Utility Revenue	Regulated Utility Revenue				Regulated Utility Revenue				Millions	Regulated Utility Revenue
Regulated Utility Revenue	Regulated Utility Revenue	Regulated Utility Revenue	Regulated Utility Revenue	Regulated Utility Revenue	Regulated Utility Revenue	Regulated Utility Revenue	Regulated Utility Revenue	Regulated Utility Revenue	Regulated Utility Revenue	Regulated Utility Revenue	Regulated Utility Revenue
Retail and Municipal Electric Revenue	Retail and Municipal Electric Revenue	Retail and Municipal Electric Revenue	Retail and Municipal Electric Revenue	Retail and Municipal Electric Revenue	Retail and Municipal Electric Revenue	Retail and Municipal Electric Revenue	Retail and Municipal Electric Revenue	Retail and Municipal Electric Revenue	Retail and Municipal Electric Revenue	Retail and Municipal Electric Revenue	Retail and Municipal Electric Revenue
Residential	Residential	\$34.4	\$33.2	\$81.1	\$75.6	Residential	\$40.0	\$36.0	\$121.1	\$111.6	
Commercial	Commercial		42.9	90.3	86.9	Commercial	48.8	48.6	139.1	135.5	
Industrial	Industrial	146.3	139.7	304.8	283.1	Industrial	149.2	153.8	454.0	436.9	
Municipal	Municipal	7.4	7.6	16.4	16.5	Municipal	9.2	8.7	25.6	25.2	
Total Retail and Municipal Electric Revenue	Total Retail and Municipal Electric Revenue	231.0	223.4	492.6	462.1	Total Retail and Municipal Electric Revenue	247.2	247.1	739.8	709.2	
Other Power Suppliers	Other Power Suppliers	30.4	36.3	70.4	72.2	Other Power Suppliers	32.0	31.0	102.4	103.2	
Other (Includes Water and Gas Revenue)	Other (Includes Water and Gas Revenue)	18.4	32.5	55.1	70.5	Other (Includes Water and Gas Revenue)	31.3	36.2	86.4	106.7	
Total Regulated Utility Revenue	Total Regulated Utility Revenue	\$279.8	\$292.2	\$618.1	\$604.8	Total Regulated Utility Revenue	\$310.5	\$314.3	\$928.6	\$919.1	

This exhibit has been furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

Exhibit 99.2

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ALLETE · 30 West Superior Street, Duluth, Minnesota 55802

**NOTICE OF PREPAYMENT TO THE HOLDERS OF THE**

**2.65% Senior Notes due September 10, 2025  
of ALLETE, Inc.**

Prepayment Date: September 5, 2024

NOTICE IS HEREBY GIVEN, pursuant to Section 8.2 of the Note Purchase Agreement dated as of September 10, 2020 (the "Note Purchase Agreement"), between ALLETE, Inc., a Minnesota corporation (the "Company"), and the Purchasers listed in the Purchasers Schedule thereto, that the Company is electing to exercise its option to prepay, in full, the 2.65% Senior Notes due September 10, 2025 (the "Notes"). The Company will prepay all of the issued and outstanding Notes (\$150,000,000 in aggregate principal amount) in full on September 5, 2024 (the "Prepayment Date"). The prepayment price for the Notes will be 100% of the aggregate principal amount, plus accrued and unpaid interest thereon to, but excluding, the Prepayment Date, plus the Make-Whole Amount determined for September 5, 2024 (the "Prepayment Amount"). The aggregate accrued interest on the Notes payable on the Prepayment Date will be approximately \$44,166.67. The Make-Whole Amount determined for the Prepayment Date is \$0. For further detail on the Make-Whole Amount, please contact U.S. Bank Bondholder Services at 1-800-934-6802.

On the Prepayment Date, the Prepayment Amount will become due and payable to the holders of the Notes. Interest on the \$150,000,000 in principal amount of Notes being prepaid will cease to accrue on and after the Prepayment Date. Unless the Company defaults in paying the Prepayment Amount with respect to such Notes, the only remaining right of the holders with respect to such Notes will be to receive payment of the Prepayment Amount. The Company requests that the holders surrender such Notes to US Bank.

Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Note Purchase Agreement.

Questions relating to this notice of prepayment should be directed to US Bank. Payment of the Prepayment Amount to the holders will be made by US Bank as the Company's paying agent. The Company requests that the holders surrender the Notes in the following manner:

If by Mail, Hand or Overnight Mail:

**US BANK**  
**111 Fillmore Ave E.**  
**St. Paul, MN 55107**  
Attention: Payments  
(2.65% Senior Notes Due September 10, 2025)

Exhibit 99.2

#### NOTICE

Under U.S. federal income tax law, the Company or other withholding agent may be required to withhold twenty-four percent (24%) of any gross payment to a holder who fails to provide a taxpayer identification number and other required certifications. To avoid backup withholding, please complete a Form W-9 or an appropriate Form W-8, as applicable, which should be furnished in connection with the presentment and surrender of the Notes called for prepayment. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against a holder's U.S. federal income tax liability provided the required information is furnished to the Internal Revenue Service. Holders should consult their tax advisors regarding the withholding and other tax consequences of the prepayment.

*ALLETE, Inc.*

Dated: July 31, 2024

By: **Steven W. Morris**  
Title: **Sr. Vice President and Chief Financial Officer**

Exhibit 99.2

**Exhibit A**

**Senior Financial Officer's Certificate**

Pursuant to Section 8.2 of the Note Purchase Agreement, dated as of September 10, 2020 (the "Note Purchase Agreement"), between ALLETE, Inc. (the "Company") and the Purchasers listed in the Purchasers Schedule thereto, I, Steven W. Morris, Sr. Vice President and Chief Financial Officer of the Company, hereby certify as follows:

The Make-Whole Amount due in connection with the prepayment to take place on September 5, 2024 is zero dollars (\$0.00) pursuant to Section 8.7 of the Note Purchase Agreement.

Capitalized terms that are used herein but not defined shall have the meanings set forth in the Note Purchase Agreement.

*[Remainder of Page Intentionally Blank]*

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**Exhibit 99.2**

**IN WITNESS WHEREOF**, the undersigned has duly executed this Senior Financial Officer's Certificate, in his capacity as an officer of the Company.

Date: July 31, 2024

By: \_\_\_\_\_  
Name: Steven W. Morris  
Title: Sr.Vice President and Chief Financial  
Officer

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