

United States
Securities and Exchange Commission
Washington, D.C. 20549

Form 10-K

(Mark One)

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

For the year ended **December 31, 2024**

☐ 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)

(I.R.S. Employer Identification No.)

30 West Superior Street, Duluth, Minnesota 55802-2093

(Address of principal executive offices, including 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 |
|--|----------------|---|
| Common Stock, without par value | ALE | New York Stock Exchange |

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of voting stock held by nonaffiliates on June 28, 2024, was \$ 3,591,830,978 .

As of February 1, 2025, there were 57,901,153 shares of ALLETE Common Stock, without par value, outstanding.

Documents Incorporated By Reference

Portions of the Proxy Statement for the 2025 Annual Meeting of Shareholders are incorporated by reference in Part III.

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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 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. |
| ArcelorMittal | ArcelorMittal USA LLC |
| 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 |
| ARO | Asset Retirement Obligation |
| ASU | Accounting Standards Update |
| ATC | American Transmission Company LLC |
| Basin | Basin Electric Power Cooperative |
| Bison | Bison Wind Energy Center |
| BNI Energy | BNI Energy, Inc. and its subsidiary |
| Boswell | Boswell Energy Center |
| C&I | Commercial and Industrial |
| Caddo | ALLETE Clean Energy's Caddo Wind Energy Facility |
| Camp Ripley | Camp Ripley Solar Array |
| CCR | Coal Combustion Residuals from Electric Utilities |
| Cenovus Energy | Cenovus Energy Inc. |
| Cliffs | Cleveland-Cliffs Inc. |
| Company | ALLETE, Inc. and its subsidiaries |
| COVID-19 | 2019 novel coronavirus |
| CSAPR | Cross-State Air Pollution Rule |
| CTO | Chief Technology Officer |
| DC | Direct Current |
| D.C. Circuit | District of Columbia Circuit Court of Appeals |
| Diamond Spring | ALLETE Clean Energy's Diamond Spring Wind Energy Facility |
| DOC | U.S. Department of Commerce |
| ECO | Energy Conservation and Optimization |
| EPA | United States Environmental Protection Agency |
| ELG | Effluent Limitation Guidelines |
| ESOP | Employee Stock Ownership Plan |
| Executive Officers of ALLETE | Chair, President and Chief Executive Officer; Vice President and President of ALLETE Clean Energy; Senior Vice President and Chief Financial Officer; Vice President, Chief Legal Officer and Corporate Secretary; Vice President and Corporate Treasurer; and Vice President and Chief Operating Officer of Minnesota Power |
| FASB | Financial Accounting Standards Board |

| <u>Abbreviation or Acronym</u> | <u>Term</u> |
|---------------------------------------|--|
| FERC | Federal Energy Regulatory Commission |
| FGD | Flue Gas Desulphurization |
| FIP | Federal Implementation Plan |
| Form 8-K | ALLETE Current Report on Form 8-K |
| 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 |
| GNTL | Great Northern Transmission Line |
| Hibbing Taconite | Hibbing Taconite Co. |
| HSR Act | Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder |
| HLBV | Hypothetical Liquidation at Book Value |
| Husky Energy | Husky Energy Inc. |
| HVDC | High-Voltage Direct-Current |
| IBEW | International Brotherhood of Electrical Workers |
| Invest Direct | ALLETE's Direct Stock Purchase and Dividend Reinvestment Plan |
| IRP | Integrated Resource Plan |
| Item ____ | Item ____ of this Form 10-K |
| kV | Kilovolt(s) |
| kW / kWh | Kilowatt(s) / Kilowatt-hour(s) |
| Lampert Capital Markets | Lampert Capital Markets, Inc. |
| Laskin | Laskin Energy Center |
| LLC | Limited Liability Company |
| MACT | Maximum Achievable Control Technology |
| MATS | Mercury and Air Toxics Standards |
| Manitoba Hydro | Manitoba Hydro-Electric Board |
| MBtu | Million British thermal units |
| 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 |
| Merger Agreement | Agreement and Plan of Merger, dated as of May 5, 2024, by and among ALLETE, Alloy Parent, and Alloy Merger Sub |
| 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 |
| MRO | Midwest Reliability Organization |
| MW / MWh | Megawatt(s) / Megawatt-hour(s) |
| NAAQS | National Ambient Air Quality Standards |
| NDPSC | North Dakota Public Service Commission |
| NERC | North American Electric Reliability Corporation |
| New Energy | New Energy Equity LLC |
| Nippon Steel | Nippon Steel Corporation |

| <u>Abbreviation or Acronym</u> | <u>Term</u> |
|---------------------------------------|---|
| NIST | National Institute of Standards and Technology |
| Nobles 2 | Nobles 2 Power Partners, LLC |
| NOL | Net Operating Loss |
| NO ₂ | Nitrogen Dioxide |
| NO _x | Nitrogen Oxides |
| Northern States Power | Northern States Power Company, a subsidiary of Xcel Energy Inc. |
| Northshore Mining | Northshore Mining Company, a wholly-owned subsidiary of Cliffs |
| Note ____ | Note ____ to the consolidated financial statements in this Form 10-K |
| NPDES | National Pollutant Discharge Elimination System |
| NTEC | Nemadji Trail Energy Center |
| NYSE | New York Stock Exchange |
| Oliver Wind I | Oliver Wind I Energy Center |
| Oliver Wind II | Oliver Wind II Energy Center |
| Palm Coast Park District | Palm Coast Park Community Development District in Florida |
| PPA / PSA | Power Purchase Agreement / Power Sales Agreement |
| PPACA | Patient Protection and Affordable Care Act of 2010 |
| PSCW | Public Service Commission of Wisconsin |
| PV | Photovoltaic |
| RFP | Request for Proposals |
| RSOP | Retirement Savings and Stock Ownership Plan |
| RTO | Regional Transmission Organization |
| SEC | Securities and Exchange Commission |
| Silver Bay Power | Silver Bay Power Company, a wholly-owned subsidiary of Cliffs |
| SIP | State Implementation Plan |
| SO ₂ | Sulfur Dioxide |
| SOC | System and Organizational Controls |
| Sofidel | The Sofidel Group |
| South Shore Energy | South Shore Energy, LLC |
| Square Butte | Square Butte Electric Cooperative, a North Dakota cooperative corporation |
| Standard & Poor's / S&P | S&P Global Ratings |
| ST Paper | ST Paper LLC |
| SWL&P | Superior Water, Light and Power Company |
| Taconite Harbor | Taconite Harbor Energy Center |
| Taconite Ridge | Taconite Ridge Energy Center |
| Town Center District | Town Center at Palm Coast Community Development District in Florida |
| United Taconite | United Taconite LLC, a wholly-owned subsidiary of Cliffs |
| UPM Blandin | UPM, Blandin paper mill owned by UPM-Kymmene Corporation |
| U.S. | United States of America |
| USS Corporation | United States Steel Corporation |
| VEBA | Voluntary Employee Benefit Association |
| VIE | Variable Interest Entities |
| WTG | Wind Turbine Generator |

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-K, 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, the direct and indirect effects of new or changes in existing tariffs, or changes in tax rates or policies;
- changes in rates of inflation or availability of key materials and suppliers;
- 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 timing and costs incurred to consummate 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

Forward Looking Statements (Continued)

- 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.

Additional disclosures regarding factors that could cause our results or performance to differ from those anticipated by this report are discussed in Part 1, Item 1A under the heading “Risk Factors” of this Form 10-K. 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-K and in other reports filed with the SEC that attempt to identify the risks and

uncertainties that may affect ALLETE's business.

Part I

Item 1. Business

Overview.

ALLETE is a leader in the nation's clean-energy transformation. Our businesses and dedicated employees deliver sustainable energy solutions that mitigate climate change, build thriving communities, help customers reach their sustainability goals and drive value for shareholders. In 2020, ALLETE's largest business, Minnesota Power, reached a milestone of providing 50 percent renewable energy to its retail and municipal customers in Minnesota, and in 2024 delivered 55 percent renewable energy to those customers. Minnesota Power is making significant progress toward 100 percent carbon-free energy supply—a vision grounded in a steadfast commitment to climate, customers and community through its *EnergyForward* strategy. ALLETE Clean Energy, our second-largest business, is positioned at the heart of society's clean-energy transformation and owns, operates and has developed for others more than 1,600 megawatts of wind energy generation across eight states—helping some of the largest companies in the country reduce their carbon footprint. Our newest business, New Energy, is a leading developer of community, commercial and industrial, and small utility-scale renewable energy projects that has completed more than 575 MW in its history.

Minnesota Power's latest IRP, approved by the MPUC in an order dated January 9, 2023, outlines its clean-energy transition plans through 2035. These plans include expanding its renewable energy supply to 70 percent by 2030, achieving coal-free operations at its facilities by 2035, and investing in a resilient and flexible transmission and distribution grid. Minnesota Power has also set a target to achieve an 80 percent reduction in carbon emissions by 2035 compared to 2005 levels. As part of these plans, Minnesota Power anticipates adding up to 700 MW of new wind and solar energy resources, and ceasing coal operations at Boswell Units 3 and 4 by 2030 and 2035, respectively. Minnesota Power's plans recognize that advances in technology will play a significant role in completing its transition to carbon-free energy supply, reliably and affordably.

In recent years, Minnesota Power has transformed its company-owned energy supply from more than a 95 percent reliance on coal to become a leader in the nation's clean-energy transformation. Since 2013, the company has closed or converted seven of its nine coal-fired units and added nearly 900 megawatts of renewable energy sources. Additionally, Minnesota Power has been a leader in energy conservation, surpassing the state's conservation goals each year for the past decade.

On February 7, 2023, the Minnesota Governor signed a law 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. Ongoing progress towards compliance with Minnesota's carbon-free standard is evaluated in IRP proceedings at the MPUC. Minnesota Power's next IRP will be filed in March 2025 and address progress towards compliance with the 2040 law. Minnesota Power is also working with various stakeholders and participating in the regulatory process to implement this law. (See *Regulated Operations – Minnesota Legislation*.)

On May 5, 2024, ALLETE entered into the Merger Agreement. The Merger Agreement provides that, on 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. (See Note 15. Agreement and Plan of Merger.)

For more information regarding the terms of the Merger, including a copy of the Merger Agreement, see ALLETE's Current Report on Form 8-K filed with the SEC on May 5, 2024, and ALLETE's definitive proxy statement relating to the special meeting of shareholders filed with the SEC on July 10, 2024.

ALLETE is committed to earning a financial return that rewards our shareholders, allows for reinvestment in our businesses, and sustains growth. 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, 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.

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 4. Regulatory Matters.)

Overview (Continued)

ALLETE Clean Energy focuses on developing, acquiring, and operating clean and renewable energy projects. ALLETE Clean Energy currently owns, operates, or has developed more than 1,600 megawatts of wind energy generation in five major energy markets and eight states across the U.S. with a majority contracted under PSAs of various durations. In addition, ALLETE Clean Energy 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 December 31, 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.

| Year Ended December 31 | 2024 | 2023 | 2022 |
|---|-----------|-----------|-----------|
| Consolidated Operating Revenue – Millions (a) | \$1,529.8 | \$1,879.8 | \$1,570.7 |
| Percentage of Consolidated Operating Revenue | | | |
| Regulated Operations | 81 % | 66 % | 80 % |
| ALLETE Clean Energy (a) | 6 % | 22 % | 8 % |
| Corporate and Other | 13 % | 12 % | 12 % |
| | 100 % | 100 % | 100 % |

(a) Consolidated operating revenue for 2023 includes the sales of ALLETE Clean Energy's Northern Wind and Red Barn projects.

For a detailed discussion of results of operations and trends, see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations. For business segment information, see Note 1. Operations and Significant Accounting Policies and Note 14. Business Segments.

REGULATED OPERATIONS

Electric Sales / Customers

Regulated Utility Kilowatt-hours Sold

| Year Ended December 31 | 2024 | % | 2023 | % | 2022 | % |
|---|--------|-----|--------|-----|--------|-----|
| Millions | | | | | | |
| Retail and Municipal | | | | | | |
| Residential | 1,069 | 8 | 1,089 | 8 | 1,148 | 9 |
| Commercial | 1,322 | 11 | 1,347 | 11 | 1,359 | 11 |
| Industrial | 7,022 | 56 | 7,044 | 55 | 6,745 | 52 |
| Municipal | 469 | 4 | 466 | 4 | 540 | 4 |
| Total Retail and Municipal | 9,882 | 79 | 9,946 | 78 | 9,792 | 76 |
| Other Power Suppliers | 2,680 | 21 | 2,819 | 22 | 3,149 | 24 |
| Total Regulated Utility Kilowatt-hours Sold | 12,562 | 100 | 12,765 | 100 | 12,941 | 100 |

Industrial Customers. In 2024, industrial customers represented 56 percent of total regulated utility kWh sales. Our industrial customers are primarily in the taconite mining, paper, pulp and secondary wood products, and pipeline industries. Cliffs idled all production at its Northshore mine in 2022 and resumed partial pellet plant production in April 2023. (See Outlook – Regulated Operations – Industrial Customers – Taconite.)

Industrial Customer Kilowatt-hours Sold

| Year Ended December 31 | 2024 | % | 2023 | % | 2022 | % |
|---|-------|-----|-------|-----|-------|-----|
| Millions | | | | | | |
| Taconite | 4,897 | 70 | 4,935 | 70 | 4,713 | 70 |
| Paper, Pulp and Secondary Wood Products | 714 | 10 | 669 | 10 | 735 | 11 |
| Pipelines and Other Industrial | 1,411 | 20 | 1,440 | 20 | 1,297 | 19 |
| Total Industrial Customer Kilowatt-hours Sold | 7,022 | 100 | 7,044 | 100 | 6,745 | 100 |

Six taconite facilities served by Minnesota Power made up approximately 80 percent of 2023 iron ore pellet production in the U.S. according to data from the Minnesota Department of Revenue 2024 Mining Tax Guide. These taconite facilities are owned by Cliffs and USS Corporation. (See *Large Power Customer Contracts*.) Sales to taconite customers represented 4,897 million kWh, or 70 percent, of total industrial customer kWh sales in 2024. Taconite, an iron bearing rock of relatively low iron content, is abundantly available in northern Minnesota and an important domestic source of raw material for the steel industry. Taconite processing plants use large quantities of electric power to grind the iron-bearing rock, and agglomerate and pelletize the iron particles into taconite pellets.

Minnesota Power's taconite customers are capable of producing approximately 41 million tons of taconite pellets annually. Taconite pellets produced in Minnesota are primarily shipped to North American steelmaking facilities that are part of the integrated steel industry, which continue to lead the world in environmental performance among steelmaking countries. According to the U.S. Department of Energy, steel production in the U.S. is the most energy efficient of any major steel producing country. Steel produced from these North American facilities is used primarily in the manufacture of automobiles, appliances, tubular applications for all industries, and in the construction industry. Steel is also a critical component of the clean energy transformation underway today. The demand for more renewable energy and the need for additional infrastructure to transport green energy from the point of generation to the end user both require steel. Historically, approximately 10 percent of Minnesota taconite production has been exported outside of North America.

There has been a general historical correlation between U.S. steel production and Minnesota taconite production. The American Iron and Steel Institute, an association of North American steel producers, reported that U.S. raw steel production operated at approximately 76 percent of capacity in 2024 (75 percent in 2023 and 78 percent in 2022). The World Steel Association, an association of steel producers, national and regional steel industry associations, and steel research institutes representing approximately 85 percent of world steel production, projected U.S. steel consumption in 2025 will increase by approximately 2 percent compared to 2024.

REGULATED OPERATIONS (Continued)
Industrial Customers (Continued)

The following table reflects Minnesota Power's taconite customers' production levels for the past ten years:

| <u>Minnesota Power Taconite Customer Production</u> | |
|---|------------------------|
| Year | Tons (Millions) |
| 2024* | 34 |
| 2023 | 35 |
| 2022 | 32 |
| 2021 | 39 |
| 2020 | 30 |
| 2019 | 37 |
| 2018 | 39 |
| 2017 | 38 |
| 2016 | 28 |
| 2015 | 31 |
| <i>Source: Minnesota Department of Revenue 2024 Mining Tax Guide for years 2015 - 2023.</i> | |
| <i>* Preliminary data from the Minnesota Department of Revenue.</i> | |

Minnesota Power's taconite customers may experience annual variations in production levels due to such factors as economic conditions, short-term demand changes or maintenance outages. We estimate that a one million ton change in Minnesota Power's taconite customers' production would impact our annual earnings per share by approximately \$0.07, net of expected power marketing sales at current prices. Changes in wholesale electric prices or customer contractual demand nominations could impact this estimate. Minnesota Power proactively sells power in the wholesale power markets that is temporarily not required by industrial customers to optimize the value of its generating facilities. Long-term reductions in taconite production or a permanent shut down of a taconite customer may lead Minnesota Power to file a general rate case to recover lost revenue.

In addition to serving the taconite industry, Minnesota Power serves a number of customers in the paper, pulp and secondary wood products industry, which represented 714 million kWh, or 10 percent of total industrial customer kWh sales in 2024. Minnesota Power also has an agreement to provide steam for one paper and pulp customer for use in the customer's operations. The major paper and pulp mills we serve reported operating at similar levels in 2024 compared to 2023. Sofidel completed the acquisition of the Duluth Mill from ST Paper 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. (See Outlook – Regulated Operations – Industrial Customers – Paper, Pulp and Secondary Wood Products – Sofidel.)

Large Power Customer Contracts. Minnesota Power had eight Large Power Customer contracts as of December 31, 2024, each serving requirements of 10 MW or more of customer load. Certain facilities with common ownership are served under combined contracts. The customers as of December 31, 2024, consisted of six taconite facilities owned by Cliffs and USS Corporation as well as four paper and pulp mills. Minnesota Power also serves Northshore Mining through a PSA with its affiliate Silver Bay Power, in addition to the load served through its Large Power Customer contract with United Taconite and Northshore Mining. (See *Silver Bay Power PSA*.)

REGULATED OPERATIONS (Continued)**Large Power Customer Contracts (Continued)**

Large Power Customer contracts require Minnesota Power to have a certain amount of generating capacity available. In turn, each Large Power Customer is required to pay a minimum monthly demand charge that covers the fixed costs associated with having this capacity available to serve the customer, including a return on common equity. Most contracts allow customers to establish the level of megawatts subject to a demand charge on a three- to four-month basis and require that a portion of their megawatt needs be committed on a take-or-pay basis for at least a portion of the term of the agreement. In addition to the demand charge, each Large Power Customer is billed an energy charge for each kWh used that recovers the variable costs incurred in generating electricity. Five of the Large Power Customer contracts have interruptible service which provides a discounted demand rate in exchange for the ability to interrupt the customers during system emergencies. Minnesota Power also provides incremental production service for customer demand levels above the contractual take-or-pay levels. There is no demand charge for this service and energy is priced at an increment above Minnesota Power's cost. Incremental production service is interruptible.

All contracts with Large Power Customers continue past the contract termination date unless the required advance notice of cancellation has been given. The required advance notice of cancellation varies from two to four years. Such contracts reduce the impact on earnings that otherwise would result from significant reductions in kWh sales to such customers. Large Power Customers are required to take all of their purchased electric service requirements from Minnesota Power for the duration of their contracts. The rates and corresponding revenue associated with capacity and energy provided under these contracts are subject to change through the same regulatory process governing all retail electric rates. (See *Regulatory Matters – Electric Rates*.)

Minnesota Power, as permitted by the MPUC, requires its taconite-producing Large Power Customers to pay weekly for electric usage based on monthly energy usage estimates. These customers receive estimated bills or make weekly prepayments based on Minnesota Power's estimate of the customer's energy usage, forecasted energy prices and fuel adjustment clause estimates. Minnesota Power's taconite producing Large Power Customers have generally predictable energy usage on a week-to-week basis and any differences that occur are trued-up the following month.

Contract Status for Minnesota Power Large Power Customers**As of December 31, 2024**

| Customer | Industry | Location | Ownership | Earliest Termination Date |
|---|----------------|-----------------------------------|---------------------------------------|---------------------------|
| Cliffs – Minorca Mine (a) | Taconite | Virginia, MN | Cliffs | December 31, 2028 |
| Hibbing Taconite (a)(d) | Taconite | Hibbing, MN | 85.3% Cliffs 14.7% USS Corporation | December 31, 2028 |
| United Taconite and Northshore Mining (a) | Taconite | Eveleth, MN and Babbitt, MN | Cliffs | December 31, 2028 |
| USS Corporation (USS – Minnesota Ore) (b)(d) | Taconite | Mtn. Iron, MN and Keewatin, MN | USS Corporation | (e) |
| Boise, Inc. (a) | Paper | International Falls, MN | Packaging Corporation of America | December 31, 2028 |
| UPM Blandin | Paper | Grand Rapids, MN | UPM-Kymmene Corporation | December 31, 2029 |
| Sappi Cloquet LLC (a) | Paper and Pulp | Cloquet, MN | Sappi Limited | December 31, 2028 |
| Sofidel (c) | Paper | Duluth, MN | Sofidel | February 28, 2029 |

(a) The contract will terminate four years from the date of written notice from either Minnesota Power or the customer. No notice of contract cancellation has been given by either party. Thus, the earliest date of cancellation is December 31, 2028.

(b) USS Corporation owns both the Minntac Plant in Mountain Iron, MN, and the Keewatin Taconite Plant in Keewatin, MN.

(c) Sofidel completed the acquisition of the Duluth Mill from ST Paper in the first quarter of 2024. (See *Outlook – Regulated Operations – Industrial Customers– Paper, Pulp and Secondary Wood Products*.)

(d) In December 2023, USS Corporation announced it entered into a definitive agreement in which Nippon Steel will acquire all of USS Corporation's stock. (See *Outlook – Regulated Operations – Industrial Customers – Taconite*.)

(e) On January 27, 2025, USS Corporation exercised its rights under its electric service agreement with Minnesota Power to provide a four-year notice of termination. Minnesota Power and USS Corporation are working together to meet USS Corporation's evolving energy needs. Absent any other action by the parties, the termination of the current electric service agreement would be effective January 27, 2029, and USS Corporation would become a non-contract large power customer of Minnesota Power.

REGULATED OPERATIONS (Continued)

Silver Bay Power PSA. Minnesota Power has a PSA with Silver Bay Power through 2031 to supply its full energy requirements. Silver Bay Power supplies approximately 90 MW of load to Northshore Mining, an affiliate of Silver Bay Power.

Residential and Commercial Customers. In 2024, residential and commercial customers represented 19 percent of total regulated utility kWh sales.

Municipal Customers. In 2024, municipal customers represented 4 percent of total regulated utility kWh sales.

Minnesota Power's wholesale electric contracts with 14 non-affiliated municipal customers in Minnesota have termination dates ranging from 2029 through 2037, with a majority of contracts expiring in 2029. One of these wholesale contracts includes a termination clause requiring a 3-year notice to terminate. (See Note 4. Regulatory Matters.)

Other Power Suppliers. The Company also enters into off-system sales with Other Power Suppliers. These sales are at market based prices into the MISO market on a daily basis or through bilateral agreements of various durations.

Our PSAs are detailed in Note 9. Commitments, Guarantees and Contingencies, with additional disclosure provided in the following paragraphs.

Minnkota Power PSA. Minnesota Power has a PSA with Minnkota Power where 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, it sold approximately 41 percent to Minnkota Power in 2024 (37 percent in 2023 and 32 percent in 2022). Minnkota Power's net entitlement increases to approximately 46 percent in 2025 and 50 percent in 2026. (See *Power Supply – Long-Term Purchased Power.*)

Hibbing Public Utilities. Minnesota Power has a long-term power contract with Hibbing Public Utilities for the period of June 1, 2022, through May 31, 2027.

Seasonality

The operations of our industrial customers, which make up a large portion of our electric sales, are not typically subject to significant seasonal variations. (See *Electric Sales / Customers.*) As a result, Minnesota Power is generally not subject to significant seasonal fluctuations in electric sales; however, Minnesota Power and SWL&P electric and natural gas sales to other customers may be affected by seasonal differences in weather. In general, peak electric sales occur in the winter and summer months with fewer electric sales in the spring and fall months. Peak sales of natural gas generally occur in the winter months. Additionally, our regulated utilities have historically generated fewer sales and less revenue when weather conditions are milder in the winter and summer.

Power Supply

In order to meet its customers' electric requirements, Minnesota Power utilizes a mix of its own generation and purchased power. In 2024, 55 percent of Minnesota Power's power supply for its retail and municipal customers in Minnesota has been provided by renewable energy sources. This was enabled by the completion of the 250 MW Nobles 2 wind energy facility in December 2020 and the GNTL in June 2020, which is used to deliver 250 MW of hydroelectric energy from Manitoba Hydro. Minnesota Power's remaining operating coal-fired facilities are Boswell Units 3 and 4, which Minnesota Power plans to cease coal operations at by 2030 and 2035, respectively. (See *Regulatory Matters.*) Renewable energy percentages may vary year to year based on weather, system demand and transmission constraints.

The following table reflects Minnesota Power's generating capabilities as of December 31, 2024, and total electrical supply for 2024. Minnesota Power had an annual net peak load of 1,532 MW on January 19, 2024.

REGULATED OPERATIONS (Continued)
Power Supply (Continued)

| | | | | Year Ended | |
|--|----------|------------|------------|--------------------------|-------|
| | Unit | Year | Net | December 31, 2024 | |
| Regulated Utility Power Supply | No. | Installed | Capability | Generation and Purchases | |
| | | | MW | MWh | % |
| Coal-Fired | | | | | |
| Boswell Energy Center (a) | 3 | 1973 | 352 | | |
| in Cohasset, MN | 4 | 1980 | 468 (b) | | |
| | | | 820 | 3,794,254 | 29.2 |
| Total Coal-Fired | | | 820 | 3,794,254 | 29.2 |
| Biomass Co-Fired / Natural Gas | | | | | |
| Hibbard Renewable Energy Center in Duluth, MN | 3 & 4 | 1949, 1951 | 60 | 66,884 | 0.5 |
| Laskin Energy Center in Hoyt Lakes, MN | 1 & 2 | 1953 | 98 | 172,011 | 1.3 |
| Total Biomass Co-Fired / Natural Gas | | | 158 | 238,895 | 1.8 |
| Hydro (c) | | | | | |
| Group consisting of ten stations in MN | Multiple | Multiple | 120 | 504,384 | 3.9 |
| Wind (d) | | | | | |
| Taconite Ridge Energy Center in Mtn. Iron, MN | Multiple | 2008 | 25 | 47,389 | 0.4 |
| Bison Wind Energy Center in Oliver and Morton Counties, ND | Multiple | 2010-2014 | 497 | 1,232,079 | 9.5 |
| Total Wind | | | 522 | 1,279,468 | 9.9 |
| Solar (e) | | | | | |
| Group consisting of two solar arrays in MN | Multiple | Multiple | 10 | 15,104 | 0.1 |
| Total Generation | | | 1,630 | 5,832,105 | 44.9 |
| | | | | | |
| Long-Term Purchased Power | | | | | |
| Lignite Coal - Square Butte near Center, ND (f) | | | | 1,508,295 | 11.6 |
| Wind - Oliver Wind I and II in Oliver County, ND | | | | 357,727 | 2.8 |
| Wind - Nobles 2 in Nobles County, MN (g) | | | | 978,793 | 7.5 |
| Hydro - Manitoba Hydro in Manitoba, Canada | | | | 1,463,184 | 11.3 |
| Solar - Purchases from five solar arrays in MN | | | | 40,791 | 0.3 |
| Total Long-Term Purchased Power | | | | 4,348,790 | 33.5 |
| Other Purchased Power (h) | | | | 2,798,454 | 21.6 |
| Total Purchased Power | | | | 7,147,244 | 55.1 |
| Total Regulated Utility Power Supply | | | | 12,979,349 | 100.0 |

(a) Minnesota Power anticipates ceasing coal operations at Boswell Units 3 and 4 by 2030 and 2035, respectively. (See Regulatory Matters.)

(b) Boswell Unit 4 net capability shown above reflects Minnesota Power's ownership percentage of 80 percent. WPPI Energy owns 20 percent of Boswell Unit 4. (See Note 3. Jointly-Owned Facilities and Assets.)

(c) Hydro consists of 10 stations with 34 generating units.

(d) Taconite Ridge consists of 10 WTGs and Bison consists of 165 WTGs.

(e) Solar includes the 10 MW Camp Ripley Solar Array near Little Falls, MN, and a 40 kW community solar garden in Duluth, MN.

(f) Minnesota Power has a PSA with Minnkota Power whereby Minnesota Power is selling a portion of its entitlement from Square Butte to Minnkota Power. (See Electric Sales / Customers – Minnkota Power PSA.)

(g) See Item 1. Business – Corporate and Other – Investment in Nobles 2.

(h) Includes short-term market purchases in the MISO market and from Other Power Suppliers.

REGULATED OPERATIONS (Continued)**Power Supply (Continued)**

Fuel. Minnesota Power purchases low-sulfur, sub-bituminous coal from the Powder River Basin region located in Montana and Wyoming. Coal consumption in 2024 for electric generation at Minnesota Power's coal-fired generating stations was 2.3 million tons (2.7 million tons in 2023; 2.7 million tons in 2022). As of December 31, 2024, Minnesota Power had coal inventories of 0.6 million tons (0.7 million tons as of December 31, 2023). Minnesota Power has coal supply agreements providing for the purchase of a significant portion of its coal requirements through December 2025. In 2025, Minnesota Power expects to obtain coal under these coal supply agreements and in the spot market. Minnesota Power continues to explore other future coal supply options and believes that adequate supplies of low-sulfur, sub-bituminous coal will continue to be available.

Minnesota Power also has coal transportation agreements in place for the delivery of a significant portion of its coal requirements through December 2027. 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.

Coal Delivered to Minnesota Power

| Year Ended December 31 | 2024 | 2023 | 2022 |
|-------------------------------|-------------|-------------|-------------|
| Average Price per Ton | \$40.20 | \$41.23 | \$39.98 |
| Average Price per MBtu | \$2.20 | \$2.30 | \$2.25 |

Long-Term Purchased Power. Minnesota Power has contracts to purchase capacity and energy from various entities, including output from certain coal, wind, hydro and solar generating facilities.

Our PPAs are detailed in Note 9. Commitments, Guarantees and Contingencies, with additional disclosure provided in the following paragraph.

Square Butte PPA. Under the PPA with Square Butte that extends through 2026, Minnesota Power is entitled to 50 percent of the output of Square Butte's 455 MW coal-fired generating unit. (See Note 9. Commitments, Guarantees and Contingencies.) BNI Energy mines and sells lignite coal to Square Butte. This lignite supply is sufficient to provide fuel for the anticipated useful life of the generating unit. Square Butte's cost of lignite consumed in 2024 was approximately \$2.25 per MBtu (\$2.36 per MBtu in 2023; \$2.05 per MBtu in 2022). (See *Electric Sales / Customers – Minnkota Power PSA*.)

Manitoba Hydro. Minnesota Power has two long-term PPAs with Manitoba Hydro. The first PPA provides for Minnesota Power to purchase 250 MW of capacity and energy from Manitoba Hydro through May 2035. The second PPA provides for Minnesota Power to purchase up to 133 MW of energy from Manitoba Hydro through June 2040. A third PPA, which expired in April 2022 was an energy-only agreement, which primarily consisted of surplus hydro energy on Manitoba Hydro's system that was delivered to Minnesota Power on a non-firm basis.

Wind Energy. Minnesota Power has a long-term PPA with Nobles 2 that provides for Minnesota Power to purchase the energy and associated capacity from a 250 MW wind energy facility in southwestern Minnesota through 2040. The agreement provides for the purchase of output from the facility at fixed energy prices. There are no fixed capacity charges, and Minnesota Power will only pay for energy as it is delivered. (See *Corporate and Other – Investment in Nobles 2*.) Minnesota Power also has two long-term wind energy PPAs with an affiliate of NextEra Energy, Inc. to purchase the output from Oliver Wind I (50 MW) and Oliver Wind II (48 MW) located in North Dakota.

Solar Energy. Minnesota Power purchases solar energy from approximately 20 MW of solar energy facilities located in Minnesota that are owned by an ALLETE subsidiary, and a one MW community solar garden in northeastern Minnesota, which is owned and operated by a third party.

REGULATED OPERATIONS (Continued)

Transmission and Distribution

We have electric transmission and distribution lines of 500 kV (232 miles), 345 kV (241 miles), 250 kV (466 miles), 230 kV (715 miles), 161 kV (43 miles), 115 kV (1,387 miles) and less than 115 kV (6,685 miles). We own and operate 154 substations with a total capacity of 10,647 megavolt-amperes. Some of our transmission and distribution lines interconnect with other utilities, and we own some of our transmission lines jointly with other utilities. (See Note 3. Jointly-Owned Facilities and Assets and Outlook – Regulated Operations – Transmission.)

Great Northern Transmission Line. As a condition of the 250 MW long-term PPA entered into with Manitoba Hydro, construction of additional transmission capacity was required. As a result, Minnesota Power constructed the GNTL, an approximately 220-mile 500-kV transmission line between Manitoba and Minnesota's Iron Range that was proposed by Minnesota Power and Manitoba Hydro in order to strengthen the electric grid, enhance regional reliability and promote a greater exchange of sustainable energy. In June 2020, Minnesota Power placed the GNTL into service with project costs of approximately \$310 million incurred by Minnesota Power. Total project costs, including those costs contributed by a subsidiary of Manitoba Hydro, totaled approximately \$660 million. The 250 MW PPA with Manitoba Hydro commenced when the GNTL was placed into service.

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. As of December 31, 2024, our equity investment in ATC was \$194.4 million (\$179.7 million as of December 31, 2023). (See Note 6. Equity Investments.)

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, 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. On August 9, 2022, the U.S. Court of Appeals for the District of Columbia Circuit vacated and remanded the 2020 FERC order back to the FERC. On October 17, 2024, FERC ordered a return on equity of 9.98 percent, or 10.48 percent including an incentive adder for participation in a RTO, effective September 28, 2016.

In addition, the FERC issued a Notice of Proposed Rulemaking in April 2021 to limit the 50 basis point 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.

ATC's most recent 10-year transmission assessment, which covers the years 2024 through 2033, identifies a need for between \$8.9 billion and \$10.9 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.

Properties

Our Regulated Operations businesses own office and service buildings, an energy control center, repair shops, electric plants, transmission and distribution facilities and storerooms in various localities in Minnesota, Wisconsin and North Dakota. All of the electric plants are subject to mortgages, which collateralize the outstanding first mortgage bonds of Minnesota Power and SWL&P. Most of the generating plants and substations are located on real property owned by Minnesota Power or SWL&P, subject to the lien of a mortgage, whereas most of the transmission and distribution lines are located on real property owned by others with appropriate easement rights or necessary permits from governmental authorities. WPPI Energy owns 20 percent of Boswell Unit 4. WPPI Energy has the right to use our transmission line facilities to transport its share of Boswell generation. (See Note 3. Jointly-Owned Facilities and Assets.)

REGULATED OPERATIONS (Continued)

Regulatory Matters

We are subject to the jurisdiction of various regulatory authorities and other organizations. Regulatory matters and proceedings are detailed in Note 4. Regulatory Matters, with a summary included in the following paragraphs.

Electric Rates. All rates and contract terms in our Regulated Operations are subject to approval by applicable regulatory authorities. Minnesota Power and SWL&P design their retail electric service rates based on cost of service studies under which allocations are made to the various classes of customers as approved by the MPUC or the PSCW. Nearly all retail sales include billing adjustment clauses, which may adjust electric service rates for changes in the cost of fuel and purchased energy, recovery of current and deferred conservation improvement program expenditures and recovery of certain transmission, renewable and environmental investments.

Minnesota Public Utilities Commission. The MPUC has regulatory authority over Minnesota Power's retail service area in Minnesota, retail rates, retail services, capital structure, issuance of securities and other matters. Minnesota Power's retail base rates through 2022 were based on a 2018 MPUC retail rate order that allowed for a 9.25 percent return on common equity and a 53.81 percent equity ratio. Interim rates were implemented in Minnesota Power's 2022 general rate case beginning in January 2022, and the resolution of Minnesota Power's 2022 general rate case changed the allowed return on equity to 9.65 percent and the equity ratio to 52.50 percent beginning October 1, 2023. (See *2022 Minnesota General Rate Case*.) Minnesota Power expects to implement updated rates based on the 2024 MPUC retail rate order in the first quarter of 2025. This order allows for a return on equity of 9.78 percent and an equity ratio of 53.00 percent. As authorized by the MPUC, Minnesota Power also recognizes revenue under cost recovery riders for transmission and renewable investments.

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 sought 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 have generated 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 Intervenor to settle the retail rate increase request. As part of the settlement agreement, the parties 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, an equity ratio of 53.00 percent, all non-financial items and cost allocation. In an order dated November 25, 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 \$23.0 million pre-tax as of December 31, 2024, which is subject to MPUC approval of Minnesota Power's refund calculation.

2022 Minnesota General Rate Case. In an order dated February 28, 2023, the MPUC made determinations regarding Minnesota Power's general rate case including allowing a return on common equity of 9.65 percent and a 52.50 percent equity ratio. In March 2023, Minnesota Power filed a petition for reconsideration with the MPUC requesting reconsideration and clarification of certain decisions in the MPUC's order. The MPUC denied the requests for reconsideration in an order dated May 15, 2023.

In an order dated September 29, 2023, the MPUC approved Minnesota Power's final rates, which were implemented beginning on October 1, 2023. The MPUC order also approved Minnesota Power's interim rate refund plan. Interim rates were collected through the third quarter of 2023 with reserves recorded as necessary. Minnesota Power recorded a reserve for an interim rate refund of approximately \$39 million pre-tax as of September 30, 2023 (approximately \$18 million as of December 31, 2022), which was refunded to customers during the fourth quarter of 2023.

Minnesota Power 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. On September 9, 2024, 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 next procedural steps in implementing the Court's decision.

REGULATED OPERATIONS (Continued)

Regulatory Matters (Continued)

Minnesota Power Land Sales. In August 2020, Minnesota Power filed a petition with the MPUC for approval to sell land that surrounds several reservoirs on its hydroelectric system and is no longer required to maintain its operations. The land had an estimated value of approximately \$100 million, and Minnesota Power proposed to credit ratepayers the net proceeds from the sales in a future rate case or through its renewable resources rider to mitigate future rate increases. In a November 2021 order, the MPUC authorized the land sales and directed the net proceeds to be refunded to ratepayers subject to certain conditions and required compliance filings. As of December 31, 2024, we have a regulatory liability recorded of \$59.7 million related to these sales.

2021 Integrated Resource Plan. On February 1, 2021, Minnesota Power filed its latest IRP, which was approved by the MPUC in an order dated January 9, 2023. The approved IRP, which reflects a joint agreement reached with various stakeholders, outlines Minnesota Power's clean-energy transition plans through 2035. These plans include expanding its renewable energy supply, achieving coal-free operations at its facilities by 2035, and investing in a resilient and flexible transmission and distribution grid. As part of these plans, Minnesota Power anticipates adding up to 700 MW of new wind and solar energy resources, and ceasing coal operations at Boswell Units 3 and 4 by 2030 and 2035, respectively. Minnesota Power's plans recognize that advances in technology will play a significant role in completing its transition to carbon-free energy supply, reliably and affordably. Minnesota Power is expected to file its next IRP in March 2025.

Minnesota Power is making significant progress toward 100 percent carbon-free energy supply, continuing its commitment to climate, customers and communities through its *EnergyForward* strategy. This vision builds on Minnesota Power's achievement, in 2020, of providing 50 percent renewable energy to its customers.

Public Service Commission of Wisconsin. The PSCW has regulatory authority over SWL&P's retail sales of electricity, natural gas and water, issuances of securities and other matters. SWL&P's retail rates through 2022 were based on a December 2018 order by the PSCW that allowed for a return on equity of 10.40 percent and a 55.00 percent equity ratio. The resolution of SWL&P's 2022 general rate case changed the allowed return on equity to 10.00 percent and maintained an equity ratio of 55.00 percent. (See *2022 Wisconsin General Rate Case*.) The resolution of SWL&P's 2024 general rate case further changed the allowed return on equity to 9.80 percent and continued to maintain an equity ratio of 55.00 percent beginning January 1, 2025. (See *2024 Wisconsin General Rate Case*.)

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 sought an overall return on equity of 10.00 percent and a 55.00 percent equity ratio. On an annualized basis, the requested change would have increased rates by approximately 5.90 percent for retail customers and generate an estimated \$7.3 million of additional revenue. In an order dated December 12, 2024, the PSCW approved an annual increase of approximately \$5.5 million reflecting a return on equity of 9.80 percent and a 55.00 percent equity ratio. Final rates went into effect January 1, 2025.

2022 Wisconsin General Rate Case. In an order dated December 20, 2022, the PSCW approved an annual increase of \$3.3 million reflecting a return on equity of 10.00 percent and a 55.00 percent equity ratio. Final rates went into effect January 1, 2023.

North Dakota Public Service Commission. The NDPSC has jurisdiction over site and route permitting of generation and transmission facilities in North Dakota.

Federal Energy Regulatory Commission. The FERC has jurisdiction over the licensing of hydroelectric projects, the establishment of rates and charges for transmission of electricity in interstate commerce, electricity sold at wholesale (including the rates for Minnesota Power's municipal and wholesale customers), natural gas transportation, certain accounting and recordkeeping practices, certain activities of our regulated utilities and the operations of ATC. FERC jurisdiction also includes enforcement of NERC mandatory electric reliability standards. Violations of FERC rules are subject to enforcement action by the FERC including financial penalties up to \$1 million per day per violation.

Regional Organizations

Midcontinent Independent System Operator, Inc. Minnesota Power, SWL&P and ATC are members of MISO, a regional transmission organization. While Minnesota Power and SWL&P retain ownership of their respective transmission assets, their transmission networks are under the regional operational control of MISO. Minnesota Power and SWL&P take and provide transmission service under the MISO open access transmission tariff. In cooperation with stakeholders, MISO manages the delivery of electric power across 15 states and the Canadian province of Manitoba.

North American Electric Reliability Corporation. The NERC has been certified by the FERC as the national electric reliability organization. The NERC ensures the reliability of the North American bulk power system. The NERC oversees six regional entities that establish requirements, approved by the FERC, for reliable operation and maintenance of power generation facilities and transmission systems. Minnesota Power is subject to these reliability requirements and can incur significant penalties for noncompliance.

Midwest Reliability Organization (MRO). Minnesota Power and ATC are members of the MRO, one of the six regional entities overseen by the NERC. The MRO's primary responsibilities are to: ensure compliance with mandatory reliability standards by entities which own, operate or use the interconnected, international bulk power system; conduct assessments of the grid's ability to meet electricity demand in the region; and analyze regional system events. The MRO region spans the Canadian provinces of Saskatchewan and Manitoba, and all or parts of 16 states.

Minnesota Legislation

Renewable and Carbon-Free Energy Requirements. 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 energy 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. Ongoing progress towards compliance with Minnesota's Carbon Free Standard is evaluated in the IRP proceedings at the MPUC. Minnesota Power's next IRP will be filed in March 2025 and discuss progress towards compliance with the 2040 law. Minnesota Power is also working with various stakeholders and participating in the regulatory process to implement this legislation.

In 2024, 55 percent of Minnesota Power's power supply for its retail and municipal customers in Minnesota has been provided by renewable energy sources. Minnesota Power's plans include expanding its renewable energy supply to 70 percent renewable energy by 2030. Minnesota Power has also set a target to achieve an 80 percent reduction in carbon emissions by 2035 compared to 2005 levels. (See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Outlook – EnergyForward.)

Minnesota Solar Energy Standard. Minnesota law requires at least 1.5 percent of total retail electric sales, excluding sales to certain customers, to be generated by solar energy. At least 10 percent of the 1.5 percent mandate must be met by solar energy generated by or procured from solar photovoltaic devices with a nameplate capacity of 40 kW or less and community solar garden subscriptions. Minnesota Power has met both parts of the solar mandate to date.

REGULATED OPERATIONS (Continued)

Competition

Retail electric energy sales in Minnesota and Wisconsin are made to customers in assigned service territories. As a result, most retail electric customers in Minnesota do not have the ability to choose their electric supplier. Large energy users of 2 MW and above that are located outside of a municipality are allowed to choose a supplier upon MPUC approval. Minnesota Power served eight Large Power Customers under contracts of at least 10 MW in 2024, none of which have engaged in a competitive rate process. (See *Electric Sales / Customers*.) No other large commercial or small industrial customers in Minnesota Power's service territory have sought a provider outside Minnesota Power's service territory. Retail electric and natural gas customers in Wisconsin do not have the ability to choose their energy supplier. In both states, however, electricity may compete with other forms of energy. Customers may also choose to generate their own electricity, or substitute other forms of energy for their manufacturing processes.

In 2024, 4 percent of total regulated utility kWh sales were to municipal customers in Minnesota. These customers have the right to seek an energy supply from any wholesale electric service provider upon contract expiration. Minnesota Power's wholesale electric contract with the Nashwauk Public Utilities Commission is effective through 2037. Minnesota Power's wholesale electric contracts with 13 other non-affiliated municipal customers are effective through 2029. (See *Electric Sales / Customers*.)

The FERC has continued with its efforts to promote a competitive wholesale market through open-access electric transmission and other means. As a result, our electric sales to Other Power Suppliers and our purchases to supply our retail and wholesale load are made in a competitive market.

Franchises

Minnesota Power holds franchises to construct and maintain an electric distribution and transmission system in certain cities within its service territory. The remaining cities, villages and towns served by Minnesota Power do not require a franchise to operate. SWL&P serves customers under electric, natural gas or water franchises in one city and 14 villages and towns.

ALLETE CLEAN ENERGY

ALLETE Clean Energy focuses on developing, acquiring, and operating clean and renewable energy projects. ALLETE Clean Energy currently owns, operates, or has developed more than 1,600 megawatts of wind energy generation in five major energy markets and eight states across the U.S. with a majority contracted under PSAs of various durations. In addition, ALLETE Clean Energy engages in the development of wind energy facilities to operate under long-term PSAs or for sale to others upon completion. (See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Outlook – ALLETE Clean Energy.)

ALLETE Clean Energy believes the market for renewable energy in North America is robust, driven by several factors including environmental regulation, tax incentives such as the extension of production tax credit and investment tax credits, societal expectations and continual technology advances. State renewable portfolio standards, state or federal regulations to limit GHG emissions and the extension of production tax credit and investment tax credits are examples of environmental regulation or public policy that we believe will drive renewable energy development.

ALLETE Clean Energy's strategy includes the safe, reliable, optimal and profitable operation of its existing facilities. This includes a strong safety culture, the continuous pursuit of operational efficiencies at existing facilities and cost controls. ALLETE Clean Energy generally acquires facilities in liquid power markets and its strategy includes the exploration of PSA extensions upon expiration of existing contracts, production tax credit requalification of existing facilities or the sale of facilities.

ALLETE CLEAN ENERGY (Continued)

ALLETE Clean Energy manages risk by having a diverse portfolio of assets, which includes PSA expiration, technology and geographic diversity. The current operating portfolio is subject to typical variations in seasonal wind with higher wind resources typically available in the winter months. The majority of its planned maintenance leverages this seasonality and is performed during lower wind periods. ALLETE Clean Energy's current operating portfolio is as follows:

| Region | Wind Energy Facility | Capacity MW | MW | PSA Expiration |
|---------|----------------------|-------------|------|----------------|
| East | Armenia Mountain | 101 | | |
| | PSA 1 | | 50% | 2031 |
| | PSA 2 | | 50% | 2031 |
| Midwest | Lake Benton | 104 | 100% | 2028 |
| | Storm Lake I | 108 | 100% | 2027 |
| | Storm Lake II | 77 | | |
| | Merchant | | 90% | n/a |
| | PSA | | 10% | 2032 |
| | Other | 17 | 100% | 2028 |
| South | Caddo | 303 | | |
| | Merchant | | 27% | n/a |
| | PSA 1 | | 66% | 2034 |
| | PSA 2 | | 7% | 2034 |
| | Diamond Spring | 303 | | |
| | PSA 1 | | 58% | 2035 |
| | PSA 2 | | 25% | 2032 |
| | PSA 3 | | 17% | 2035 |
| | | | | |
| West | Condon | 50 | 100% | 2028 |
| | Glen Ullin | 106 | 100% | 2039 |
| | South Peak | 80 | 100% | 2035 |

The majority of ALLETE Clean Energy's wind operations are located on real property owned by others with easement rights or necessary consents of governmental authorities. ALLETE Clean Energy's Glen Ullin, South Peak, Diamond Spring and Caddo wind energy facilities are subject to tax equity financing structures. (See Note 1. Operations and Significant Accounting Policies.)

CORPORATE AND OTHER**New Energy**

In April 2022, a wholly-owned subsidiary of ALLETE acquired 100 percent of the membership interests of New Energy for a purchase price of \$165.5 million. New Energy, which is headquartered in Annapolis, Maryland, is a renewable energy development company with a primary focus on solar and storage facilities while also offering comprehensive operations, maintenance and asset management services. New Energy is a leading developer of community, commercial and industrial, and small utility-scale renewable energy projects that has completed more than 575 MW in its history, totaling more than \$1.4 billion of capital. New Energy currently has a robust project pipeline with greater than 2,000 MW of renewable projects in development across over 20 different states. New Energy is involved in greenfield development as well as acquiring and completing mid-stage and late-stage renewable energy projects. New Energy will continue its current strategy of developing, owning and operating renewable energy projects.

Investment in Nobles 2

Our subsidiary, ALLETE South Wind, owns a 49 percent equity interest in 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. As of December 31, 2024, our equity investment in Nobles 2 was \$145.7 million (\$151.5 million at December 31, 2023). (See Note 6. Equity Investments.)

CORPORATE AND OTHER (Continued)

South Shore Energy

South Shore Energy, ALLETE's non-rate regulated, Wisconsin subsidiary, is developing NTEC, an approximately 600 MW proposed combined-cycle natural gas-fired generating facility to be built in Superior, Wisconsin, which will be jointly owned by Dairyland Power Cooperative, Basin and South Shore Energy. Minnesota Power is expected to purchase approximately 20 percent of the facility's output starting upon the completion of the facility pursuant to a capacity dedication agreement. Construction of NTEC is subject to obtaining additional permits from local, state and federal authorities. The total project cost is estimated to be approximately \$700 million, of which South Shore Energy will be responsible for approximately 20 percent. South Shore Energy's portion of NTEC project costs incurred through December 31, 2024, is approximately \$10 million.

BNI Energy

BNI Energy is a supplier of lignite coal in North Dakota, producing approximately 4 million tons annually and has an estimated 650 million tons of lignite coal reserves. Two electric generating cooperatives, Minnkota Power and Square Butte, consume virtually all of BNI Energy's production of lignite under cost-plus fixed fee coal supply agreements extending through December 31, 2037. (See Item 1. Business – Regulated Operations – Power Supply – Long-Term Purchased Power and Note 9. Commitments, Guarantees and Contingencies.) The mining process disturbs and reclaims between 200 and 250 acres per year. Laws require that the reclaimed land be at least as productive as it was prior to mining. As of December 31, 2024, BNI Energy's total reclamation liability is estimated at \$82.1 million, which is included in Other Non-Current Liabilities on the Consolidated Balance Sheet at its present value. These costs are included in the cost-plus fixed fee contract, for which an asset reclamation cost receivable was included in Other Non-Current Assets on the Consolidated Balance Sheet. The asset reclamation obligation is guaranteed by surety bonds and a letter of credit. (See Note 9. Commitments, Guarantees and Contingencies.)

ALLETE Properties

ALLETE Properties represents our legacy Florida real estate investment. ALLETE Properties' major project in Florida is Town Center at Palm Coast, which consists of approximately 200 acres of land as well as various residential units and non-residential square footage. In addition to the Town Center at Palm Coast project, ALLETE Properties has approximately 500 acres of other land available for sale. (See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Outlook – Corporate and Other – ALLETE Properties.)

Seller Financing. ALLETE Properties occasionally provides seller financing to qualified buyers. As of December 31, 2024, outstanding finance receivables were \$3.5 million, net of reserves, with maturities through 2029. These finance receivables accrue interest at market-based rates and are collateralized by the financed properties.

Regulation. A substantial portion of our development properties in Florida are subject to federal, state and local regulations, and restrictions that may impose significant costs or limitations on our ability to develop the properties. Much of our property is vacant land and some is located in areas where development may affect the natural habitats of various protected wildlife species or in sensitive environmental areas such as wetlands.

Non-Rate Base Generation and Miscellaneous

Corporate and Other also includes 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.

As of December 31, 2024, non-rate base generation consists of 29 MW of natural gas and hydro generation at Rapids Energy Center in Grand Rapids, Minnesota, which is primarily dedicated to the needs of one customer, UPM Blandin, and approximately 20 MW of solar energy facilities located in Sylvan, Hoyt Lakes, and Duluth, Minnesota, which sell energy generated to Minnesota Power.

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. (See Note 9. Commitments, Guarantees and Contingencies.)

HUMAN CAPITAL MANAGEMENT

The Company's key human capital management objectives are to attract, recognize and retain high quality talent, align with strategic business objectives and support the Company's values. To support these objectives, the Company's programs are designed to develop talent; reward and support employees through competitive compensation programs and benefit plans; enhance the Company's culture through efforts aimed at making the workplace more engaging, safe and inclusive; and recruit talent and leverage internal opportunities to create a high-performing, diverse workforce. Our management, the ALLETE Board of Directors Executive Compensation and Human Capital Committee, and our Board of Directors as a whole play key roles in reviewing and overseeing our human capital practices.

As of December 31, 2024, ALLETE had 1,616 employees, of which 1,564 were full-time. We also respect employees' freedom of association and their right to collectively organize. As of December 31, 2024, Minnesota Power and SWL&P have an aggregate of 490 employees covered under collective bargaining agreements, of which most are members of the 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 129 employees that are members of IBEW Local 1593. The current labor agreement with IBEW Local 1593 expires on March 31, 2026.

ALLETE's Human Rights Policy confirms our commitment to the advancement and protection of human rights, consistent with U.S. human rights laws and the general principles in the International Labour Organization Convention.

Integrity. Integrity is a foundational, shared value at ALLETE, is important to ALLETE's business and operations, and enables our success. The Company has a written Code of Business Conduct that applies to all our employees, directors of ALLETE, contractors, vendors, and others who do business with or on behalf of ALLETE.

Health and Safety. The success of our business is fundamentally connected to the well-being of our people. Our journey to zero injury starts with a culture that is open and transparent. We encourage all employees to report injuries, near misses, and good catches, so that we can learn and share with others throughout the Company to improve safety performance. Leaders have regular safety conversations with employees, where hazard identification and controls are discussed to ensure we have defenses in depth and the capability to work safely. To monitor progress, the Company uses both leading and lagging indicators to analyze safety performance, injury trends, program participation and other data, such as data from our Company-wide safety perception survey to make informed decisions on safety practices aligned with direct input from our valued employees.

HUMAN CAPITAL MANAGEMENT (Continued)

Talent Attraction, Retention and Development. For more than a century, ALLETE has been successful because of our ability to attract and retain high-quality people who demonstrate our shared values. We engage in workforce planning, and succession planning, while building a robust talent pathways and monitoring turnover.

We recognize and support the growth and development of our employees and offer opportunities to participate in internal and external learning programs, supervisory and leadership development programs, and mentoring. Our internal talent development programs provide employees with the resources they need to develop proficiency in their role, help achieve their career goals and build leadership skills. We are focusing initiatives on programs to expand the diversity of new hires and updating on-the-job training—including apprenticeships and scholarships aimed at bridging opportunity gaps—as we recognize the importance of a strong talent pathway. Our internship program and our partnerships and participation in outreach programs with local schools and colleges attract students to careers in the energy industry.

Compensation and Benefits. Our competitive compensation package gives employees flexibility, choices and opportunities. Competitive compensation is important for the Company to attract and retain a qualified workforce to successfully manage our business and achieve our business objectives. We also strive to ensure pay equity among diverse employees performing equal or substantially similar work. Periodically, we review the median pay of our male and female employees as well as employees from diverse backgrounds.

Living Our People Value. We care for people – our employees, our customers, the communities in which we serve, and our investors. We demonstrate this care by respecting and embracing differences and creating an environment where everyone feels included and can thrive. We believe that a workforce comprised of diverse backgrounds and experiences, where everyone is welcome and treated equitably, leads to stronger outcomes for all stakeholders.

The Company has a Respect in the Workplace initiative, which includes education as well as ongoing discussions focused on building respectful relationships and managing bias. We strive to ensure our People value is demonstrated in the areas of workforce, supply chain, communications, customer relations, and community citizenship at ALLETE. ALLETE continues to take tangible steps toward advancing efforts by continuing to raise awareness and furthering intentional external relationships and partnerships.

Yellow Ribbon Program. ALLETE and its subsidiaries are dedicated to supporting veterans, military members and their families. An employee effort grew out of that spirit of commitment to veterans and led the State of Minnesota to designate ALLETE/Minnesota Power and ALLETE Clean Energy as Yellow Ribbon Companies. The mission of ALLETE's Yellow Ribbon Program is to contribute to the Company's unique culture by proactively recruiting and retaining the best and supporting an environment in which military-connected employees can thrive.

AVAILABILITY OF INFORMATION

ALLETE makes its SEC filings, including its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports filed or furnished pursuant to Section 13(e) or 15(d) of the Securities Exchange Act of 1934, available free of charge on ALLETE's website, www.allete.com, as soon as reasonably practicable after they are electronically filed with or furnished to the SEC.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

As of February 13, 2025, these are the executive officers of ALLETE:

| Executive Officers | Initial Effective Date |
|---|------------------------|
| Bethany M. Owen, Age 59 | |
| Chair, President and Chief Executive Officer | May 11, 2021 |
| President and Chief Executive Officer | February 3, 2020 |
| Nicole R. Johnson, Age 50 | |
| Vice President and President of ALLETE Clean Energy | August 22, 2022 |
| Vice President and Chief Administrative Officer | June 28, 2019 |
| Steven W. Morris, Age 63 (a) | |
| Senior Vice President and Chief Financial Officer | February 9, 2022 |
| Vice President and Chief Accounting Officer | October 28, 2021 |
| Vice President, Controller and Chief Accounting Officer | December 24, 2016 |
| Julie L. Padilla, Age 49 | |
| Vice President, Chief Legal Officer and Corporate Secretary | June 1, 2024 |
| Jeffrey J. Scissons, Age 48 | |
| Vice President and Corporate Treasurer | September 19, 2024 |
| Joshua J. Skelton, Age 45 | |
| Vice President and Chief Operating Officer of Minnesota Power | August 22, 2022 |

(a) On January 24, 2025, ALLETE announced the planned retirement of Steven W. Morris. As part of an orderly transition, Mr. Morris will remain at the Company through his retirement date of July 18, 2025.

All of the executive officers have been employed by us for more than five years in executive or management positions except for Ms. Padilla. Prior to election to the positions listed above, the following executives held other positions with the Company during the past five years.

- Mr. Skelton was Chief Operating Officer of Minnesota Power from November 2020 to August 2022; and Vice President Generation Operations and ALLETE Safety from May 2019 to November 2020.
- Mr. Scissons was ALLETE Corporate Development and ALLETE Clean Energy Strategy Officer from September 2023 to September 2024; ALLETE Clean Energy Chief Financial and Strategy Officer from January 2022 to September 2023; Director Corporate Development from January 2021 to January 2022; and Assistant Treasurer from January 2017 to January 2021.

During the past five years, Ms. Padilla held positions as Chief Regulatory Officer at Twin Metals Minnesota from April 2019 to July 2022 and an attorney at Fryberger Law Firm from November 2022 to April 2024.

There are no family relationships between any of the executive officers. All officers and directors are elected or appointed annually.

The present term of office of the executive officers listed in the preceding table extends to the first meeting of our Board of Directors after the next annual meeting of shareholders. Both meetings are scheduled for May 13, 2025.

Item 1A. Risk Factors

The risks and uncertainties discussed below could materially affect our business operations, financial position, results of operations and cash flows, and should be carefully considered by stakeholders. The risks and uncertainties in this section are not the only ones we face; additional risks and uncertainties that we are not presently aware of, or that we currently consider immaterial, may also affect our business operations, financial position, results of operations and cash flows. Accordingly, the risks described below should be carefully considered together with other information set forth in this report and in future reports that we file with the SEC.

Regulated Operations Risks

Our results of operations could be negatively impacted if our taconite, paper and pipeline customers experience an economic downturn, incur work stoppages, fail to compete effectively, experience decreased demand, fail to economically obtain raw materials, fail to renew or obtain necessary permits, or experience a decline in prices for their product.

Minnesota Power's Large Power Customers (see Item 1. Business – Regulated Operations – Electric Sales / Customers) and Silver Bay Power accounted for 31 percent of our 2024 consolidated operating revenue (24 percent in 2023 and 29 percent in 2022) and 38 percent of Regulated Operations operating revenue (36 percent in 2023 and 36 percent in 2022). Minnesota Power's taconite customers, which are currently owned by only two entities at the end of 2024, accounted for approximately 27 percent of consolidated operating revenue and 33 percent of Regulated Operations operating revenue in 2024. This concentrated ownership presents customer concentration risk for the Company, and could lead to further capacity consolidation for both steel blast furnaces and related Minnesota iron ore production. These customers are also involved in cyclical industries that by their nature are adversely impacted by economic downturns and are subject to strong competition in the marketplace. The North American paper and pulp industry also faces declining demand due to the impact of electronic substitution for print and changing customer needs. As a result, certain paper and pulp customers have reduced their existing operations or idled facilities in recent years and have pursued or are pursuing product changes in response to declining demand. Additionally, the taconite industry could be impacted by changing technology in the steel industry such as the adoption of electric arc furnaces for steelmaking, which could result in declining demand for taconite and the electricity used during its production.

Minnesota Power also serves two pipeline customers that accounted for 2 percent of our 2024 consolidated operating revenue (2 percent in 2023 and in 2022) and 2 percent of Regulated Operations revenue in 2024 (3 percent in 2023 and 2 percent in 2022). These customers are involved in an industry that is seeing increased environmental pressure for construction of new or expanded pipeline infrastructure for the transportation of fossil fuels. Changes in regulatory rulings or permit proceedings could result in changes to operations of the pipeline network in our service territory.

Accordingly, if our industrial customers experience an economic downturn, incur a work stoppage (including strikes, lock-outs or other events), fail to compete effectively, experience decreased demand, fail to economically obtain raw materials or operate their facilities, fail to renew or obtain necessary permits, or experience a decline in demand or prices for their product, there could be adverse effects on their operations and, consequently, this could have a negative impact on our results of operations as we are unable to remarket at similar prices the energy that would otherwise have been sold to such customers.

We may not be able to successfully implement our strategic objectives of growing load at our utilities if current or potential industrial or municipal customers are unable to successfully implement expansion plans, including the inability to obtain necessary governmental permits and approvals.

As part of our long-term strategy, we pursue new wholesale and retail loads in and around our service territories. Currently, there are several companies in northeastern Minnesota that are in the process of developing natural resource-based projects that represent long-term growth potential and load diversity for our Regulated Operations businesses. These projects may include construction of new facilities and restarts of old facilities, both of which require permitting and approvals to be obtained before the projects can be successfully implemented. If a project does not obtain any necessary governmental (including environmental) permits and approvals or if these customers are unable to successfully implement expansion plans, our long-term strategy and thus our results of operations could be adversely impacted.

Item 1A. Risk Factors (Continued)

Regulated Operations Risks (Continued)

Our businesses, investments and customers are subject to an extensive legal and regulatory framework under federal and state laws as well as regulations imposed by other organizations that may have a negative impact on our business and results of operations.

Our businesses, investments and customers are subject to an extensive legal and regulatory framework imposed under federal and state law including regulations administered by the FERC, MPUC, MPCA, PSCW, NDPSC and EPA as well as regulations administered by other organizations including the NERC. These laws and regulations relate to allowed rates of return, capital structure, financings, rate and cost structure, acquisition and disposal of assets and facilities, construction and operation of generation, transmission and distribution facilities (including the ongoing maintenance and reliable operation of such facilities), recovery of purchased power costs and capital investments, approval of integrated resource plans and present or prospective wholesale and retail competition, renewable portfolio standards that require utilities to obtain specified percentages of electric supply from eligible renewable generation sources, among other things. Energy policy initiatives at the state or federal level could increase or accelerate renewable and carbon-free energy standards or incentives for distributed generation, municipal utility ownership, or local initiatives could introduce generation or distribution requirements that could change the current integrated utility model. (See Item 1. Business – Regulated Operations – Minnesota Legislation.) Our transmission systems and electric generation facilities are subject to the NERC mandatory reliability standards, including cybersecurity standards. Compliance with these standards may lead to increased operating costs and capital expenditures which are subject to regulatory approval for recovery. If it was determined that we were not in compliance with these mandatory reliability standards or other statutes, rules and orders, we could incur substantial monetary penalties and other sanctions, which could adversely affect our results of operations.

These laws and regulations significantly influence our operations and may affect our ability to recover costs from our customers. We are required to have numerous permits, licenses, approvals and certificates from the agencies and other organizations that regulate our business. We believe we have obtained the necessary permits, licenses, approvals and certificates for our existing operations and that our business is conducted in accordance with applicable laws; however, we are unable to predict the impact on our operating results from the future regulatory activities of any of these agencies and other organizations. Changes in regulations, timing of approvals, the adoption of new regulations or the expansion of jurisdiction by these agencies and other organizations could have an adverse impact on our business and results of operations. In addition, our ability to manage changing regulations could be impacted by our rights and obligations under joint ownership agreements.

Our ability to obtain rate adjustments to maintain reasonable rates of return depends upon regulatory action under applicable statutes and regulations, and we cannot provide assurance that rate adjustments will be obtained or reasonable authorized rates of return on capital will be earned. Minnesota Power and SWL&P, from time to time, file general rate cases with, or otherwise seek cost recovery authorization from, federal and state regulatory authorities. If Minnesota Power and SWL&P do not receive an adequate amount of rate relief in general rate cases, including if rates are reduced, if increased rates are not approved or recovered on a timely basis, if fuel adjustment clause recoveries or cost recovery for other items are not granted at the requested level, or costs are otherwise unable to be recovered through rates, we may experience an adverse impact on our financial position, results of operations and cash flows. We are unable to predict the impact on our business and results of operations from future legislation or regulatory activities of any of these agencies or organizations.

Our regulated operations present certain environmental risks that could adversely affect our financial position and results of operations, including effects of environmental laws and regulations, physical risks associated with climate change and initiatives designed to reduce the impact of GHG emissions.

We are subject to extensive environmental laws and regulations affecting many aspects of our past, present and future operations, including air quality, water quality and usage, waste management, reclamation, hazardous wastes, avian mortality and natural resources. These laws and regulations, or new laws and regulations that may be passed, can result in increased capital expenditures and increased operating and other costs as a result of compliance, remediation, containment and monitoring obligations, particularly with regard to laws relating to emissions, coal ash and water discharge at generating facilities.

These laws and regulations could restrict the output of some existing facilities, limit the use of some fuels in the production of electricity, require the installation of additional pollution control equipment, require participation in environmental emission allowance trading, and lead to other environmental considerations and costs, which could have an adverse impact on our business, operations and results of operations.

Item 1A. Risk Factors (Continued)**Regulated Operations Risks (Continued)**

These laws and regulations generally require us to obtain and comply with a wide variety of environmental licenses, permits, inspections and other approvals. Violations of these laws and regulations could expose us to regulatory and legal proceedings, disputes with, and legal challenges by, governmental authorities and private parties, as well as potential significant civil fines criminal penalties and other sanctions. On August 12, 2024, Minnesota Power received a Notice of Violation (NOV) from the MPCA, related to the spill at Boswell from a pipeline carrying ash wastewater from an inactive onsite storage pond to Blackwater Creek, which the Company reported on July 16, 2024. Minnesota Power continues to work with state and federal agencies 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. (See Note 9. Commitments, Guarantees and Contingencies.)

Existing environmental regulations may be revised and new environmental regulations may be adopted or become applicable to us. Revised or additional regulations which result in increased compliance costs or additional operating restrictions, particularly if those costs are not fully recoverable from customers, could have an adverse effect on our results of operations.

There is significant uncertainty regarding if and when new laws, regulations or administrative policies will be adopted to reduce or limit GHG and the impact any such laws or regulations would have on us. In 2024, our operating coal-fired generating facilities consisted of the 352 MW Boswell Unit 3 and the 468 MW Boswell Unit 4. (See Item 7. Management Discussion and Analysis of Financial Condition and Results of Operation – Outlook – EnergyForward.) Any future limits on GHG emissions at the federal or state level, or action taken by regulators, before these facilities are retired or become coal-free may require us to incur significant capital expenditures and increases in operating costs, or could result in early closure of coal-fired generating facilities, stranded assets, an impairment of assets, denial of full recovery of decommissioning costs in excess of amounts previously collected, or otherwise adversely affect our results of operations, particularly if resulting expenditures and costs are not fully recoverable from customers.

Our regulated operations may be adversely impacted by the physical and financial risks associated with climate change. See *Entity-wide Risks* for additional discussion of risks related to GHG and climate change.

We cannot predict the amount or timing of all future expenditures related to environmental matters because of uncertainty as to applicable regulations or requirements. There is also uncertainty in quantifying liabilities under environmental laws that impose joint and several liability on all potentially responsible parties. Violations of certain environmental statutes, rules and regulations could expose ALLETE to third party disputes and potentially significant monetary penalties, as well as other sanctions for noncompliance.

The operation and maintenance of our regulated electric generation, transmission and distribution facilities are subject to operational risks that could adversely affect our financial position, results of operations and cash flows.

The operation of generating facilities involves many risks, including start-up operational risks, breakdown or failure of facilities, the dependence on a specific fuel source, inadequate fuel supply, availability of fuel transportation, and the impact of unusual or adverse weather conditions or other natural events, as well as the risk of performance below expected levels of output or efficiency. A significant portion of our facilities contain older generating equipment, which, even if maintained in accordance with good engineering practices, may require significant capital expenditures to continue operating at peak efficiency. Generation, transmission and distribution facilities and equipment are also likely to require periodic upgrades and improvements due to changing environmental standards and technological advances. Our ability to manage and operate certain facilities could also be impacted by our rights and obligations under the joint ownership agreements. We could be subject to costs associated with any unexpected failure to produce or deliver power, including failure caused by breakdown, forced outage or limited availability of fuel or fuel transportation, as well as the repair of damage to facilities due to breakdown, storms, natural disasters, wars, sabotage, terrorist acts and other catastrophic events. This could also lead to requiring additional purchased power to meet requirements of serving our retail load, which for Minnesota Power is subject to recovery under the fuel adjustment clause. Should these costs be denied or are otherwise unable to be recovered, our financial position, results of operations and cash flows could be adversely impacted.

Item 1A. Risk Factors (Continued)

Regulated Operations Risks (Continued)

Our ability to successfully and timely complete capital repairs or improvements to existing regulated facilities or in the development of new electric generation and transmission facilities or other capital projects is contingent upon many variables.

We expect to incur significant capital expenditures in making capital repairs or improvements to our existing electric generation and transmission facilities and in the development and construction of new electric generation and transmission facilities. Should any such efforts be unsuccessful, not completed in a timely manner, if we are unable to obtain the necessary permits, land rights and regulatory approvals, or if there are increases in the costs for or limited availability of key materials, supplies, labor and services, we could be subject to additional costs or impairments, and projects may be delayed or canceled which could have an adverse impact on our financial position, results of operation and cash flows.

Our regulated electric operations may not have access to adequate and reliable transmission and distribution facilities necessary to deliver electricity to our customers.

We depend on our own transmission and distribution facilities, as well as facilities owned by other utilities, to deliver the electricity sold to our customers, and to other energy suppliers. If transmission capacity is inadequate or transmission and distribution facilities we rely on are damaged, our ability to sell and deliver electricity may be limited. We may have to forgo sales or may have to buy more expensive wholesale electricity that is available in a capacity-constrained area. The ability to restore adequate capacity or repair damaged infrastructure may be impacted by the availability of key materials, supplies, labor and services, which if unavailable may prolong the impact of capacity constraints or damaged facilities. In addition, any infrastructure failure or damage that interrupts or impairs delivery of electricity to our customers could negatively impact the satisfaction of our customers, which could have an adverse impact on our business and results of operations.

The price of electricity may be volatile and fuel may be volatile and availability may be limited.

Volatility in market prices for electricity and volatility and limited availability of fuel could adversely impact our financial position and results of operations and may result from:

- severe or unexpected weather conditions and natural disasters;
- seasonality;
- changes in electricity usage;
- transmission or transportation constraints, inoperability or inefficiencies;
- availability of competitively priced alternative energy sources;
- changes in supply and demand for energy;
- changes in power production capacity;
- outages at our generating facilities or those of our competitors;
- availability of fuel and transportation of fuel;
- changes in production and storage levels of natural gas, lignite, coal, crude oil and refined products;
- wars, sabotage, terrorist acts, cybersecurity attacks or other catastrophic events; and
- federal, state, local and foreign energy, environmental, or other regulation and legislation, including the direct and indirect effects of new or changes in tariffs.

Volatility in market prices for our fuel and purchased power costs impacts our sales to retail, municipal and Other Power Suppliers. Fluctuations in our fuel and purchased power costs related to our retail and municipal customers are passed on to customers through the fuel adjustment clause; however, our results of operations and cash flows may be adversely impacted if increased fuel adjustment clause rates are not approved or recovered on a timely basis, if cost recovery is not granted at the requested level, or costs are otherwise unable to be recovered through the fuel adjustment clause.

Wholesale prices for electricity have also declined in recent years primarily due to the extension of renewable tax credits and additional renewable generation commencing operations. If there are reductions in demand from current customers, we lose retail customers, or we lose municipal customers that do not renew existing contracts, we will market any available power to Other Power Suppliers in an effort to mitigate any earnings impact. Sales to Other Power Suppliers are sold at market-based prices into the MISO market on a daily basis or through bilateral agreements of various durations. Due to wholesale prices for electricity being below our rates for retail and municipal customers, we do not expect that our power marketing efforts would fully offset the reduction in earnings resulting from the lower demand from existing customers or the loss of customers. (See Item 1. Business – Regulated Operations – Electric Sales / Customers.)

Item 1A. Risk Factors (Continued)**Regulated Operations Risks (Continued)****Demand for energy may decrease.**

Our results of operations are impacted by the demand for energy in our service territories, our municipal customers and other power suppliers. There could be lower demand for energy due to a loss of customers as a result of economic conditions, customers constructing or installing their own generation facilities, higher costs and rates charged to customers, eligible municipal and other power suppliers choosing an alternative energy provider, or loss of service territory or franchises. Further, energy conservation and technological advances that increased energy efficiency may temporarily or permanently reduce the demand for energy products. In addition, we are impacted by state and federal regulations requiring mandatory conservation measures, which reduce the demand for energy products. Continuing technology improvements and regulatory developments may make customer and third party-owned generation technologies such as rooftop solar systems, WTGs, microturbines and battery storage systems more cost effective and feasible for certain customers. If customers utilize their own generation, demand for energy from us would decline. There may not be future economic growth opportunities that would enable us to replace the lost energy demand from these customers. Therefore, a decrease in demand for energy could adversely impact our financial position, results of operations and cash flows.

ALLETE Clean Energy / Corporate and Other Risks**The inability to successfully manage and grow our businesses could adversely affect our results of operations.**

The Company's strategy includes adding customers, new geographies, and growth through acquisitions or project development with long-term PSAs in place for the output or to be sold upon completion. This strategy depends, in part, on the Company's ability to successfully identify and evaluate acquisition or development opportunities and consummate acquisitions on acceptable terms and obtain all required permits and approvals. The Company may compete with other companies for these acquisition and development opportunities, which may increase the Company's cost of making acquisitions and the Company may be unsuccessful in pursuing these acquisition opportunities. Other companies may be able to pay more for acquisitions and may be able to identify, evaluate, bid for and purchase a greater number of assets than the Company's financial or human resources permit. New laws and regulations promoting renewable energy generation may result in increased competition. Our ALLETE Clean Energy business is experiencing return pressures from increased competition, and lower forward price curves, as a growing amount of investment capital is being directed into wind energy generation opportunities. In addition, current and potential new project developments at our businesses can be negatively affected by a lower ALLETE stock price, which may result in such projects not being accretive, or otherwise unable to satisfy our financial objectives criteria to proceed. Additionally, tax law changes may adversely impact the economic characteristics of potential acquisitions or investments. If the Company is unable to execute its strategy of growth through acquisitions, project development for others, or the addition of new customers and geographies, it may impede our long-term objectives and business strategy.

Acquisitions and operations of recently acquired entities are subject to uncertainties. If we are unable to successfully integrate and manage future acquisitions and strategic investments, this could have an adverse impact on our results of operations. Our actual results may also differ from our expectations due to factors such as the ability to obtain timely regulatory or governmental approvals, integration and operational issues and the ability to retain management and other key personnel.

The generation of electricity from wind and solar energy facilities depends heavily on suitable meteorological conditions.

Although our electric generation facilities are located in diverse geographic regions to reduce the potential impact that may be caused by unfavorable weather in a particular region, suitable meteorological conditions are variable and difficult to predict. If wind or solar conditions are unfavorable or meteorological conditions are unsuitable, electricity generation and revenue from wind and solar energy facilities may be substantially below our expectations. The electricity produced, production tax credits received, and revenues generated by a wind or solar energy facility are highly dependent on suitable wind conditions and associated weather conditions, which are variable and beyond our control. We base our decisions about which wind and solar projects to build or acquire as well as our electricity generation estimates, in part, on the findings of long-term wind and other meteorological studies conducted on the project site and its region; however, the unpredictable nature of wind and solar conditions, weather and meteorological conditions can result in material deviations from these studies and our expectations. Furthermore, components of our systems could be damaged by severe weather, such as hailstorms, lightning or tornadoes. In addition, replacement and spare parts for key components may be difficult or costly to acquire or may be unavailable. Unfavorable wind and solar conditions, weather or changes to meteorological patterns could impair the effectiveness of our electric generation facility assets, reduce their output beneath their rated capacity or require shutdown of key equipment, impeding operation of our wind energy facilities or lead to an impairment of assets.

Item 1A. Risk Factors (Continued)**ALLETE Clean Energy / Corporate and Other Risks (Continued)**

The construction, operation and maintenance of our electric generation facilities or investment in facilities are subject to operational risks that could adversely affect our financial position, results of operations and cash flows.

The construction and operation of generating facilities involves many risks, including the performance by key contracted suppliers and maintenance providers; increases in the costs for or limited availability of key materials, supplies, labor and services; start-up operations risks; breakdown or failure of facilities; curtailment of facilities by counterparties or due to inadequate transmission capacity; the dependence on the availability of wind resources; or the impact of unusual, adverse weather conditions or other natural events, as well as the risk of performance below expected levels of output or efficiency. Some of our facilities contain older generating equipment, which even if maintained in accordance with good engineering practices, may require significant capital expenditures to continue operating at peak efficiency. We could be subject to costs associated with any unexpected failure to produce and deliver power, including failure caused by breakdown or forced outage, as well as the repair of damage to facilities due to storms, natural disasters, wars, sabotage, terrorist acts and other catastrophic events.

The price of electricity may be volatile, which may impact results of operations at ALLETE Clean Energy wind energy facilities under contracts with commercial and industrial (C&I) customers.

Unusual, adverse weather conditions or other natural events and different settlement prices between hub and node can cause volatility in market prices for electricity and adversely affect our financial position, results of operations and cash flows. ALLETE Clean Energy's power sales agreements with C&I customers at its Diamond Spring and Caddo wind energy facilities are contracts for differences where power is delivered to the market, a fixed price is paid by the customers to ALLETE Clean Energy, and differences between the market price and the fixed price are paid to or received from the customers. Certain contracts also settle with the market at the hub price whereas ALLETE Clean Energy settles with the customer at the node price which can vary significantly based on multiple factors. These settlement provisions can result in an adverse impact on our financial position, results of operations and cash flows when market prices are volatile, or lead to potential impairment of property, plant and equipment if these conditions persist for an extended period of time.

As contracts with counterparties expire, we may not be able to replace them with agreements on similar terms or divest the related assets at a profit.

ALLETE Clean Energy is party to PSAs that expire in various years between 2027 and 2039. These PSA expirations are prior to the end of the estimated useful lives of the respective wind energy facilities. If, for any reason, ALLETE Clean Energy is unable to enter into new agreements with existing or new counterparties on similar terms once the current agreements expire, sell energy in the wholesale market resulting in similar revenue, or enter into a contract to sell the facility at a profit, our financial position, results of operations and cash flows could be adversely affected, which includes potential impairment of property, plant and equipment.

Counterparties to turbine and other generation supply, service and maintenance, or power sale agreements may not fulfill their obligations.

Our businesses are party to turbine and other generation supply agreements, service and maintenance agreements, and PSAs under various durations with a limited number of creditworthy counterparties. If, for any reason, any of the counterparties under these agreements do not fulfill their related contractual obligations, and we are unable to mitigate non-performance by a key supplier or maintenance provider or remarket PSA energy resulting in similar revenue, our financial position, results of operations and cash flows could be adversely affected.

ALLETE has a significant amount of goodwill. A determination that goodwill has been impaired could result in a significant non-cash charge to earnings.

We had approximately \$155 million of goodwill recorded on our Consolidated Balance Sheet as of December 31, 2024, related to New Energy. If we change our business strategy, fail to deliver on our projected results or if market or other conditions adversely affect the operations of New Energy, we may be required to record an impairment charge. Declines in projected operating cash flows at New Energy could also result in an impairment charge. An impairment charge would result in a non-cash charge to earnings that could have an adverse effect on our results of operations.

Item 1A. Risk Factors (Continued)

ALLETE Clean Energy / Corporate and Other Risks (Continued)

BNI Energy may be adversely impacted by its exposure to customer concentration, and environmental laws and regulations.

BNI Energy sells lignite coal to two electric generating cooperatives, Minnkota Power and Square Butte, and could be adversely impacted if these customers were unable or unwilling to fulfill their related contractual obligations, or change the way in which they operate their generating facilities. In addition, BNI Energy and its customers may be adversely impacted by existing or new environmental laws and regulations which could have an adverse effect on our financial position, results of operations and cash flows. In addition, insurance companies have decreased the available coverage for policy holders in the mining industry, impacting the availability of coverage, and leading to higher deductibles and premiums.

Real estate market conditions where our legacy Florida real estate investment is located may deteriorate.

The Company's strategy related to the real estate assets of ALLETE Properties incorporates the possibility of a bulk sale of its entire portfolio, in addition to sales over time, however, adverse market conditions could impact the timing of land sales, which could result in little to no sales, while still incurring operating expenses such as community development district assessments and property taxes, resulting in net operating losses at ALLETE Properties. Furthermore, weak market conditions could put the properties at risk for an impairment charge. An impairment charge would result in a non-cash charge to earnings that could have an adverse effect on our results of operations.

Entity-wide Risks

We could be materially adversely affected by health epidemics, pandemics and other outbreaks.

Health epidemics, pandemics and other outbreaks, as well as the related federal and state government responses, can have widespread impacts on the economy and on our employees, customers, contractors and suppliers, such as those experienced from the COVID-19 pandemic. There may be uncertainty regarding the length of time an epidemic, pandemic or other outbreak will last, how they will evolve, or the extent and duration of any measures attempted to try and contain them.

A disruption of economic activity or an extended disruption of economic activity may lead to adverse impacts on our taconite, paper, pulp and secondary wood products, and pipeline customers' operations including reduced production or the temporary idling or indefinite shutdown of facilities, which would result in lower sales and revenue from these customers. A disruption in capital markets could lead to increased borrowing costs or adversely impact our ability to access capital markets or other financing sources, which would adversely affect our ability to maintain our businesses or to implement our business plans. An epidemic, pandemic or other outbreak may also result in a disruption to our supply chains which could adversely impact our operations and capital projects resulting in project and operational delays, project cancellations, lower returns on projects and cost increases.

Despite any efforts made to mitigate the impacts on the Company of an epidemic, pandemic or other outbreak, their ultimate impact also depends on factors beyond our control, including their duration and severity as well as governmental and third-party actions taken to contain their spread and mitigate their public health effects. As a result, we cannot predict the ultimate impact of an epidemic, pandemic or other outbreak, such as the COVID-19 pandemic and whether it will have a material impact on our liquidity, financial position, results of operations and cash flows.

We rely on access to financing sources and capital markets. If we do not have access to capital on acceptable terms or are unable to obtain capital when needed, our ability to execute our business plans, make capital expenditures or pursue other strategic actions that we may otherwise rely on for future growth would be adversely affected.

We rely on access to financing sources and the capital markets, on acceptable terms and at reasonable costs, as sources of liquidity for capital requirements not satisfied by our cash flows from operations. Rising interest rates, inflation and market disruptions or a downgrade of our credit ratings may increase the cost of borrowing or adversely affect our ability to access and finance in the capital markets or to access other financing sources such as tax equity financing. Such disruptions or causes of a downgrade could include but are not limited to: weakening of the Company's cash flow metrics; a loss of, or a reduction in sales to, our taconite, paper and pipeline customers if we are unable to offset the related lost margins; weaker operating performance; adverse regulatory outcomes; disproportionate increase in the contribution to net income from ALLETE Clean Energy and our Corporate and Other businesses as compared to that from our Regulated Operations; deteriorating economic or capital market conditions; or volatility in commodity prices.

Item 1A. Risk Factors (Continued)

Entity-wide Risks (Continued)

If we are not able to access capital on acceptable terms in sufficient amounts and when needed, or at all, the ability to maintain our businesses or to implement our business plans would be adversely affected. This would include our ability to make the significant capital expenditures planned in order to achieve Minnesota Power's clean-energy transition plans. (See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Capital Requirements.)

A deterioration in general economic conditions, an inflationary environment or supply chain disruptions may have adverse impacts on our financial position, results of operations and cash flows.

If economic conditions deteriorate, we experience an inflationary environment or supply chains are disrupted on a national, regional or global level, it may have a negative impact on our customers and the Company's financial position, results of operations and cash flows. This impact may include volatility and unpredictability in the demand for the products and services offered by our businesses, the loss of existing customers, tempered growth strategies, customer production cutbacks, customer bankruptcies and increases in costs for or limited availability of key materials, supplies, labor and services for our operations and capital projects. An uncertain economy could also adversely affect expenses including pension costs, interest costs, and uncollectible accounts, or lead to reductions in the value of certain real estate and other investments.

Our utility infrastructure and generating facilities, ongoing and future capital and development projects, and other operations require components, supplies, materials, labor and services sourced from suppliers or providers who, in turn, may source components from their suppliers. A shortage of key components, supplies, materials, labor or services in which an alternative supplier or provider is not identified could significantly impact project plans or our operations. Such impacts could include project delays, including potential for project cancellation, lower project returns, increased costs or the inability to provide service to customers, which could adversely impact our results of operations, financial condition or cash flows.

Our results of operations could be adversely affected by changes in governmental incentives or policies that support renewable energy or changes in taxes, tariffs, duties or other assessments on renewable energy or the equipment necessary to generate and deliver it.

Any reductions or modifications to, or the elimination of, governmental incentives or policies that support renewable energy, or the imposition of additional or increased sourcing of components subject to taxes, tariffs, duties or other assessments on renewable energy or the equipment necessary to generate and deliver it, could result in, among other items, the lack of a satisfactory market for the development or financing of new renewable energy projects and reduced project returns on current or future projects.

The U.S. government currently imposes anti-dumping and countervailing duties on certain imported photovoltaic (PV) cells and modules from China and Taiwan. Such duties can change over time pursuant to annual reviews conducted by the U.S. Department of Commerce (DOC). On August 18, 2023, the U.S. DOC issued a final affirmative determination that imports of certain PV cells and modules assembled and completed in Cambodia, Malaysia, Thailand, and Vietnam are circumventing anti-dumping and countervailing duties. Duties were not collected on imports before June 2024 as a result of a temporary duty suspension ordered by the U.S. President. Our operating results could be adversely impacted if this U.S. DOC circumvention determination results in duties assessed on future purchases made by our businesses after the current moratorium ends, or if additional anti-dumping and countervailing duties are imposed by the U.S. government on products purchased by our businesses.

Item 1A. Risk Factors (Continued)

Entity-wide Risks (Continued)

Our results of operations could be adversely affected by changes in governmental policy related to taxes, tariffs and duties, as well as grants and other incentives.

Our business, investments and customers could be adversely affected by the direct and indirect effects of recently proposed and new tariffs, or changes in existing tariffs, on purchases from suppliers located outside of the U.S. or suppliers with products sourced from outside of the U.S.

Minnesota Power has PPAs that provide for the purchase of capacity and energy from Manitoba Hydro in Canada and also purchases other energy and capacity through MISO or under bilateral contracts with other power suppliers that may be sourced from outside of the U.S. A portion of SWL&P's natural gas purchases for resale in its regulated service territory is also sourced from Canada. In addition, the Company has various other agreements for the purchase of equipment and other components for use in our operations or capital projects that may be sourced from outside the U.S. We are evaluating the impact of proposed tariffs on our operations, capital projects and purchases from and agreements with suppliers.

The U.S. Department of Energy (DOE) previously awarded grants on two transmission projects that are currently under various stages of development. (See Outlook – Transmission – North Plains Connector Development Agreement and HVDC Transmission System Project.) These projects could be materially affected by changes in DOE's funding policies.

Our businesses, investments and customers are subject to extensive state and federal legislation and regulation, compliance with which could have an adverse effect on our businesses.

Our businesses, investments and customers are subject to, and affected by, extensive state and federal legislation and regulation. If it was determined that our businesses failed to comply with applicable laws and regulations, we could become subject to fines or penalties or be required to implement additional compliance measures or actions, the cost of which could be material. If we are unable to obtain all required permits and approvals for our development projects, it could negatively impact our ability to execute on our *EnergyForward* strategy. Adoption of new laws, rules, regulations, principles, public policy positions or practices and their interpretations by federal and state agencies, or changes to or a failure to comply with current laws, rules, regulations, principles, public policy positions or practices and their interpretations, could have an adverse effect on our financial position, results of operations and cash flows.

The inability to attract and retain a qualified workforce including, but not limited to, executive officers, key employees and employees with specialized skills, could have an adverse effect on our operations.

The success of our business heavily depends on the leadership of our executive officers and key employees to implement our business strategy. The inability to maintain a qualified workforce, including, but not limited to, executive officers, key employees and employees with specialized skills, may negatively affect our ability to service our existing or new customers, or successfully manage our business or achieve our business objectives. Personnel costs may increase due to competitive pressures, inflation or terms of collective bargaining agreements with union employees.

Market performance and other changes could decrease the value of pension and other postretirement benefit plan assets, which may result in significant additional funding requirements and increased annual expenses.

The performance of the capital markets impacts the values of the assets that are held in trust to satisfy future obligations under our pension and other postretirement benefit plans. We have significant obligations to these plans and the trusts hold significant assets. These assets are subject to market fluctuations and will yield uncertain returns, which may fall below our projected rates of return. A decline in the market value of the pension and other postretirement benefit plan assets would increase the funding requirements under our benefit plans if asset returns do not recover. Additionally, our pension and other postretirement benefit plan liabilities are sensitive to changes in interest rates. As interest rates decrease, the liabilities increase, potentially increasing benefit expense and funding requirements. Our pension and other postretirement benefit plan costs are generally recoverable in our electric rates as allowed by our regulators or through our cost-plus fixed fee coal supply agreements at BNI Energy; however, there is no certainty that regulators will continue to allow recovery of these rising costs in the future.

Item 1A. Risk Factors (Continued)**Entity-wide Risks (Continued)****We are exposed to significant reputational risk.**

The Company could suffer negative impacts to its reputation as a result of operational incidents, violations of corporate compliance policies, such as our code of business conduct, by employees, directors of ALLETE, contractors, vendors and others who do business with or on behalf of ALLETE, regulatory violations, operations that produce or enable the production of GHG emissions or other events which may result in negative customer perception, increased regulatory oversight, and negative consequences to our credit ratings and ability to access capital, each of which could have an adverse effect on our financial position, results of operations and cash flows.

We are subject to physical and financial risks associated with climate change and other catastrophic events, such as natural disasters and acts of war.

Catastrophic events at or near Company facilities and equipment on which the Company depends upon or that otherwise impact the Company such as fires, wildfires, including the impact to Company facilities and operations or potential liability if caused by Company equipment, earthquakes, explosions, and floods, severe weather, such as ice storms, hailstorms, or tornadoes or similar occurrences, as well as acts of war, could adversely affect the Company's facilities, operations, financial position, results of operations and cash flows. Although the Company has contingency plans and employs crisis management to respond and recover operations in the event of a severe disruption resulting from a catastrophic event, these measures may not be successful. Furthermore, despite these measures, if a catastrophic event were to occur, our financial position, results of operations and cash flows could be adversely affected.

The scientific community generally accepts that emissions of GHG are linked to global climate change. Physical risks of climate change, such as more frequent, longer duration or more extreme weather events, changes in temperature and precipitation patterns, increased risk of wildfires, changes to ground and surface water availability, and other related phenomena, could affect some, or all, of our operations. Severe weather or other natural disasters could be destructive, which could result in increased costs or limit the availability of key materials, supplies, labor and services used in our operations or to respond to damaged facilities. An extreme weather event can also directly affect our capital assets, causing disruption in service to customers due to facility outages, downed wires and poles or damage to other operating equipment.

Climate-related risks that could adversely affect our financial position and results of operations include effects of environmental- or economic-based laws, regulations, incentives or initiatives designed to reduce the quantity or impact of GHG emissions, the ability of our regulated businesses to obtain rate adjustments to recover costs and investments to implement clean-energy transition plans, or disruptions to the economy or energy markets caused by climate change. This includes the risk of laws or regulations that create mandates that do not allow for a transition that protects the safety, reliability or affordability of energy for our customers, are implemented before cost-effective technology is developed and regulatory policy is established, or require the electric sector to decarbonize faster than other sectors. Additionally, restrictions on land use, wildlife impacts, and other environmental regulations could affect the siting, construction and operation of new or existing generation and transmission facilities needed to transition to lower-carbon generation sources.

These all have the potential to adversely affect our business and operations.

We are vulnerable to acts of terrorism or cybersecurity attacks.

Our operations may be targets of terrorist activities or cybersecurity attacks, which could disrupt our ability to provide utility service at our regulated utilities, develop or operate our renewable energy projects at ALLETE Clean Energy, or operate our other businesses. The impacts may also impair the fulfillment of critical business functions, negatively impact our reputation, subject us to litigation or increased regulation, or compromise sensitive, confidential and other data.

There have been cybersecurity attacks on U.S. energy infrastructure in the past and there may be such attacks in the future. Our generation, transmission and distribution facilities, information technology systems and other infrastructure facilities and systems could be direct targets of, or otherwise be materially adversely affected by such activities. Hacking, computer viruses, terrorism, theft and sabotage could impact our systems and facilities, or those of third parties on which we rely, which may disrupt our operations.

Item 1A. Risk Factors (Continued)**Entity-wide Risks (Continued)**

Our businesses require the continued operation of sophisticated custom-developed, purchased, and leased information technology systems and network infrastructure as well as the collection and retention of personally identifiable information of our customers, shareholders and employees. Although we maintain security measures designed to prevent cybersecurity incidents and protect our information technology and control systems, network infrastructure and other assets, our technology systems, or those of third parties on which we rely, may be vulnerable to disability, failures or unauthorized access due to hacking, viruses, acts of war or terrorism as well as other causes. If those technology systems fail or are breached and not recovered in a timely manner, we may be unable to perform critical business functions including effectively maintaining certain internal controls over financial reporting, our reputation may be negatively impacted, we may become subject to litigation or increased regulation, and sensitive, confidential and other data could be compromised. If our business were impacted by terrorist activities or cybersecurity attacks, such impacts could have an adverse effect on our financial position, results of operations and cash flows.

We maintain insurance against some, but not all, of the risks and uncertainties we face.

We maintain insurance against some, but not all, of the risks and uncertainties we face. The occurrence of these risks and uncertainties, if not fully covered by insurance, could have a material effect on our financial position, results of operations and cash flows.

Government challenges to our tax positions, as well as tax law changes and the inherent difficulty in quantifying potential tax effects of our operations and business decisions, could adversely affect our results of operations and liquidity.

We are required to make judgments regarding the potential tax effects of various financial transactions and our ongoing operations in order to estimate our obligations to taxing authorities. The obligations, which include income taxes and taxes other than income taxes, involve complex matters that ultimately could be litigated. We also estimate our ability to use tax benefits, including those in the form of carryforwards and tax credits that are recorded as deferred tax assets on our Consolidated Balance Sheet. A disallowance of some or all of these tax benefits could have an adverse impact on our financial position, results of operations and cash flows.

We are currently utilizing, and plan to utilize in the future, our carryforwards and tax credits to reduce our income tax obligations. If we cannot generate enough taxable income in the future to utilize all of our carryforwards and tax credits before they expire, we may incur adverse charges to earnings.

If federal or state tax authorities deny any deductions or tax credits, negatively change existing tax laws or policies, or fail to extend or renew policies beneficial to the Company, such as those for renewable energy production tax credits, our financial position, results of operations and cash flows may be adversely impacted.

Our business, financial position, results of operations, and cash flows could be materially affected by adverse results of litigation.

We are involved in litigation arising in the normal course of business. Unfavorable resolution of legal or administrative proceedings in which we are involved or other future legal or administrative proceedings may have an adverse effect on our business, financial position, results of operations and cash flows.

Item 1A. Risk Factors (Continued)

Risks Relating to the Merger

On May 5, 2024, ALLETE entered into the Merger Agreement. (See Note 15. Agreement and Plan of Merger.)

There is no assurance when or if the Merger will be completed, and there could be an adverse effect on the Company's business, results of operations, financial condition or cash flows if the Merger is not completed or is delayed.

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 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). While the shareholders of ALLETE voted to approve and adopt the Merger Agreement and approve the transactions contemplated thereby, including the Merger, at a special meeting of the shareholders that was held on August 21, 2024, there can be no assurance that the other 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. If the Merger is not completed or delayed, there may be negative reactions from the financial markets, including declines in the price of ALLETE's common stock due to the fact that the current price may reflect a market assumption that the Merger will be completed.

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) make 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 \$22.6 million after-tax through December 31, 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.

Item 1A. Risk Factors (Continued)**Risks Relating to the Merger (Continued)**

Pending litigation related to the Merger 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. 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. On September 3, 2024, that complaint was voluntarily dismissed without prejudice. Two additional complaints were filed on August 6, 2024, and August 7, 2024, in New York State Supreme Court, alleging negligent misrepresentation and negligence related to alleged deficiencies in the Preliminary Proxy. Those complaints have not been served on any defendant. The Company believes that the complaints are without merit.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

ALLETE employs a multilayer approach to addressing cybersecurity risk based on the NIST framework. It has established a dedicated cybersecurity team that utilizes internal and external assessments, automated monitoring tools, and input from public and private partners to identify potential cyber threats. External third-party security firms are engaged to assist with cybersecurity risk assessments, penetration testing and system security analysis. ALLETE's cybersecurity team works in conjunction with the risk management, legal, finance, accounting, operations, and information technology areas to assess the risk these identified cybersecurity threats present to the organization. To ensure consistency, these cybersecurity risk assessments are incorporated into ALLETE's Enterprise Risk Management process. ALLETE's information technology leadership reviews the company's enterprise risk management-level cybersecurity risks on a quarterly basis, and key cybersecurity risks are incorporated into ALLETE's enterprise risk management framework. Cybersecurity risks are managed and controlled through multiple overlapping layers of cybersecurity defenses that include:

- expert input from both public and private partnerships;
- the implementation of a comprehensive cybersecurity policy that encompasses but is not limited to social media, acceptable use (devices, wireless, remote access, internet use), information governance, monitoring, authentication, encryption, vulnerability management, third-party management, and recovery;
- required annual cybersecurity training for all employees with additional supplemental cybersecurity training required based on role;
- random employee phish testing and follow-up;
- procedural and automated cyber controls in conjunction with robust detection, mitigation, and recovery capabilities;
- the integration of multiple threat intelligence sources into our cybersecurity tools and processes;
- the retention of external cybersecurity threat response resources;
- the formation of a multidisciplinary cybersecurity incident response team; and
- multiple cyber event simulation and tabletop exercises per year to hone the cybersecurity incident response team preparedness.

Item 1C. Cybersecurity (Continued)

The ALLETE board of directors provides enterprise-level oversight of risks associated with cybersecurity threats through the Audit Committee, which assists the Board in fulfilling its oversight responsibilities regarding the Company's policies and processes with respect to risk assessment and risk management, including any significant non-financial risk exposures; reviewing and discussing the Company's information security policies and internal controls regarding information security; and reviewing the Company's annual disclosures concerning the role of the Board in the risk oversight of the Company. The Audit Committee performs an annual review of the Company's cybersecurity program and receives quarterly updates on key cybersecurity risks, the cybersecurity risk management plan, and cyber incident event trends.

ALLETE's Chief Technology Officer (CTO) has primary responsibility for the development and oversight of ALLETE's cybersecurity team and the development and maintenance of the company's related cybersecurity policies and procedures. The CTO has over 25 years' experience working in the information and operational technology field and is a registered professional engineer in the State of Minnesota. The company's cybersecurity team continuously assesses the evolving cyber threat landscape based on their expertise and that of our third-party partners. They then work with all parts of ALLETE to protect against, detect, identify, respond to, and recover from the risks that cybersecurity threats present. The cybersecurity team views and responds to cybersecurity risks in a holistic manner, applying a comprehensive multilayered strategy to prevent, detect, and mitigate them. They have identified ALLETE's critical cyber assets and taken appropriate steps to protect them. External expertise is regularly engaged to assess ALLETE's cybersecurity program and help the cybersecurity team to strengthen the organization's monitoring, alerting, prevention, mitigation, and recovery capabilities. Tabletop simulations, third-party cyber vulnerability assessments, maturity assessments, and partnerships are used to assess and refine all elements of our cybersecurity program.

In addition to managing our own cybersecurity preparedness, we also consider and evaluate cybersecurity risks associated with the use of third-party service providers. Risk assessments are performed against third-party service providers with a specific focus on any sensitive data that is to be shared with them. The internal business owners of ALLETE's applications are required to document user access reviews regularly. We request a System and Organizational Controls (SOC) 2 report from the vendors of our enterprise cloud applications. If they do not provide us with a SOC 2, we seek additional compensating risk assurance in our contract language with them. Risks associated with the use of third-party service providers are managed as part of our overall cybersecurity risk management framework.

To continually manage and control the material risks that cybersecurity threats present to the organization, ALLETE invests significantly in the cybersecurity elements outlined above. In addition, the Company has made significant investments to fulfill the operational and financial regulatory requirements laid out by the North American Electric Reliability Corporation Critical Infrastructure Protection Standards and Sarbanes-Oxley Act of 2002.

ALLETE faces a number of cybersecurity risks in connection with its business. Although we believe such risks have not materially affected us, including our business strategy, results of operations, and financial conditions, we have, from time to time, experienced threats to and breaches of our data systems, including malware, phishing and computer virus attacks. See Item 1A. Risk Factors for additional information regarding our organization's cybersecurity risks, which should be read together with this Item 1C. Cybersecurity.

Item 2. Properties

A discussion of our properties is included in Item 1. Business and is incorporated by reference herein.

Item 3. Legal Proceedings

Discussions of material regulatory and environmental proceedings are included in Note 4. Regulatory Matters and Note 9. Commitments, Guarantees and Contingencies, and are incorporated by reference herein.

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.

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-K.

Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is listed on the NYSE under the symbol ALE. We have paid dividends, without interruption, on our common stock since 1948. A quarterly dividend of \$0.73 per share on our common stock is payable on March 1, 2025, to the shareholders of record on February 14, 2025. The timing and amount of future dividends will depend upon earnings, cash requirements, the financial condition of the Company, applicable government regulations and other factors deemed relevant by the ALLETE Board of Directors. As of February 1, 2025, there were approximately 17,000 common stock shareholders of record. On May 5, 2024, ALLETE entered into the Merger Agreement. (See Note 15. Agreement and Plan of Merger.)

We do not have a publicly announced stock repurchase program and we did not repurchase any equity securities during the quarter ended December 31, 2024. Under the Merger Agreement, the Company cannot repurchase shares of common stock, subject to limited exceptions, without the prior written consent of Alloy Parent. (See Note 15. Agreement and Plan of Merger).

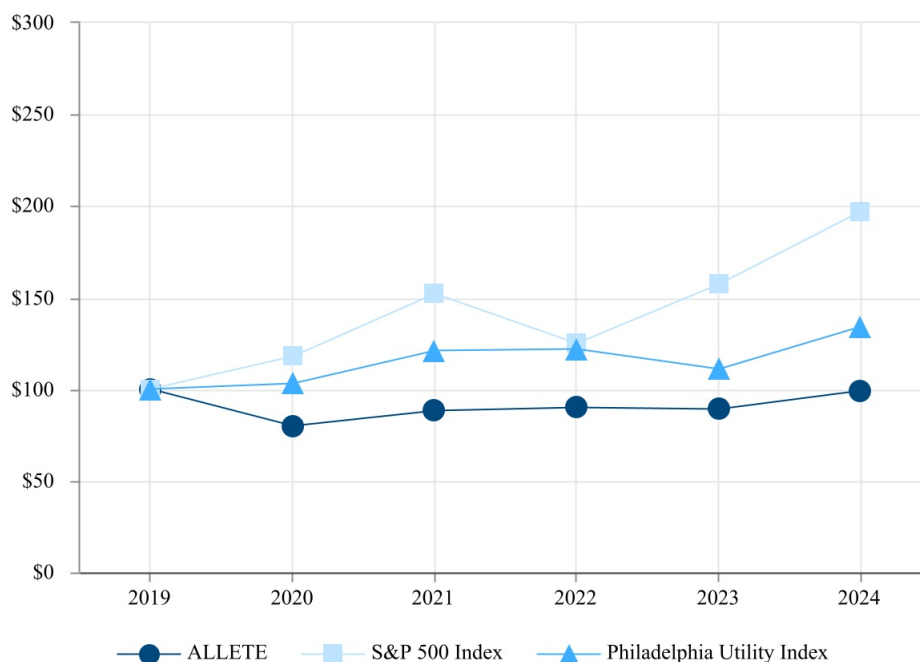
Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities (Continued)

Performance Graph.

The following graph compares ALLETE's cumulative Total Shareholder Return on its common stock with the cumulative return of the S&P 500 Index and the Philadelphia Utility Index. The S&P 500 Index is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. Because this composite index has a broad industry base, its performance may not closely track that of a composite index comprised solely of electric utilities. The Philadelphia Utility Index is a capitalization-weighted index of 20 utility companies involved in the generation of electricity.

The calculations assume a \$100 investment on December 31, 2019, and reinvestment of dividends.

Total Shareholder Return for the Five Years Ending December 31, 2024



| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|----------------------------|-------|-------|-------|-------|-------|-------|
| ALLETE | \$100 | \$80 | \$88 | \$90 | \$89 | \$99 |
| S&P 500 Index | \$100 | \$118 | \$152 | \$125 | \$157 | \$197 |
| Philadelphia Utility Index | \$100 | \$103 | \$121 | \$122 | \$111 | \$134 |

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our Consolidated Financial Statements and notes to those statements 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-K 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-K under the headings: "Forward-Looking Statements" located on page 7 and "Risk Factors" located in Item 1A. The risks and uncertainties described in this 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.

Overview

Basis of Presentation. We present two reportable segments: Regulated Operations and ALLETE Clean Energy. Our segments were determined in accordance with the guidance on segment reporting. We measure performance of our operations through budgeting and monitoring of contributions to consolidated net income by each business segment.

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 4. Regulatory Matters.)

ALLETE Clean Energy focuses on developing, acquiring, and operating clean and renewable energy projects. ALLETE Clean Energy currently owns, operates, or has developed more than 1,600 megawatts of wind energy generation in five major energy markets and eight states across the U.S. with a majority contracted under PSAs of various durations. In addition, ALLETE Clean Energy 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 December 31, 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.

On May 5, 2024, ALLETE entered into the Merger Agreement. The Merger Agreement provides that, on 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. (See Note 15. Agreement and Plan of Merger.)

2024 Financial Overview

The following net income discussion summarizes a comparison of the year ended December 31, 2024, to the year ended December 31, 2023.

Net income attributable to ALLETE in 2024 was \$179.3 million, or \$3.10 per diluted share, compared to \$247.1 million, or \$4.30 per diluted share, in 2023. Net income in 2024 includes transaction expenses of \$22.6 million after-tax, or \$0.39 per share, related to the Merger. (See Note 15. Agreement and Plan of Merger.) Net income in 2023 included transaction expenses of \$3.6 million after-tax, or \$0.06 per share, related to the Merger and a \$40.5 million, or \$0.71 per share, after-tax gain recognized for a favorable arbitration ruling involving a subsidiary of ALLETE Clean Energy. (See Note 9. Commitments, Guarantees and Contingencies.) Earnings per share dilution in 2024 was \$0.02 due to additional shares of common stock outstanding in 2024 compared to 2023.

Regulated Operations net income attributable to ALLETE was \$160.9 million in 2024, compared to \$147.2 million in 2023. Net income at Minnesota Power was higher compared 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 4. Regulatory Matters), and higher transmission margins, which were partially offset by higher depreciation and property tax expenses as well as lower margins from industrial customers. 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 higher than 2023 reflecting period over period changes in ATC's estimate of a refund liability related to the FERC decision on MISO return on equity complaints in 2024. (See Note 6. Equity Investments.)

ALLETE Clean Energy net income attributable to ALLETE was \$17.8 million in 2024 compared to \$71.7 million in 2023. Net income in 2024 includes a \$3.5 million after-tax gain on the sale of the Whitetail wind project. Net income in 2023 reflected a \$44.3 million after-tax gain recognized for a favorable arbitration ruling involving a subsidiary of ALLETE Clean Energy. Net income in 2023 also included the gain on sale of the Red Barn project in 2023 of \$4.3 million after-tax and higher interest income related to interest awarded as part of the arbitration ruling. Net income in 2024 and 2023 reflected a forced outage located near its Caddo wind energy facility beginning in the fourth quarter of 2023 through the second quarter of 2024 resulting in lower earnings.

Corporate and Other net income attributable to ALLETE was \$0.6 million in 2024 compared to \$28.2 million in 2023. Net income in 2024 includes transaction expenses of \$22.6 million after-tax related to the Merger (See Note 15. Agreement and Plan of Merger), and also reflects lower earnings from Minnesota solar projects as investment tax credits were recognized in 2023 for the projects and lower earnings from ALLETE Properties reflecting fewer land sales in 2024 compared to 2023. Net income in 2023 reflects a \$3.8 million after-tax expense for the consolidated income tax impact resulting from the gain on the favorable arbitration ruling. Net income at New Energy was \$20.2 million in 2024 compared to \$17.6 million in 2023.

2024 Compared to 2023

(See Note 14. Business Segments for financial results by segment.)

Regulated Operations

| Year Ended December 31 | 2024 | 2023 |
|---|-----------|-----------|
| Millions | | |
| Operating Revenue – Utility | \$1,242.7 | \$1,238.3 |
| Fuel, Purchased Power and Gas – Utility | 479.7 | 484.3 |
| Transmission Services – Utility | 64.6 | 88.2 |
| Operating and Maintenance | 250.0 | 247.1 |
| Depreciation and Amortization | 196.3 | 179.2 |
| Taxes Other than Income Taxes | 52.5 | 44.5 |
| Operating Income | 199.6 | 195.0 |
| Interest Expense | (66.1) | (63.9) |
| Equity Earnings | 26.5 | 23.1 |
| Other Income | 18.5 | 15.4 |
| Income Before Income Taxes | 178.5 | 169.6 |
| Income Tax Expense (Benefit) | 17.6 | 22.4 |
| Net Income Attributable to ALLETE | \$160.9 | \$147.2 |

2024 Compared to 2023 (Continued)
Regulated Operations (Continued)

Operating Revenue – Utility increased \$4.4 million from 2023 primarily due to the implementation of interim rates, net of reserves, in 2024, and higher fuel adjustment clause recoveries. These increases were partially offset by lower transmission revenue, kWh sales and gas sales as well as a reduction related to the expected utilization of North Dakota investment tax credits.

Interim retail rates for Minnesota Power, subject to refund, were approved by the MPUC and became effective January 1, 2024, resulting in revenue of \$41.1 million, net of reserves related to Minnesota Power's rate case settlement and rider revenue incorporated into base rates. (See Note 4. Regulatory Matters.)

Fuel adjustment clause revenue increased \$3.4 million due to higher fuel and purchased power costs attributable to retail and municipal customers. (See *Fuel, Purchased Power and Gas – Utility*.)

Lower kWh sales decreased revenue by \$15.3 million from 2023 reflecting lower sales to residential, commercial and industrial customers as well as lower sales to other power suppliers. Sales to residential and commercial 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 and pipeline customers, partially offset by higher sales to paper, pulp and secondary wood product 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 reflecting fewer market sales, partially offset by higher market prices in 2024 compared to 2023.

| Kilowatt-hours Sold | 2024 | 2023 | Quantity Variance | % Variance |
|--|---------------|---------------|----------------------|---------------|
| Millions | | | | |
| Regulated Utility | | | | |
| Retail and Municipal | | | | |
| Residential | 1,069 | 1,089 | (20) | (1.8) |
| Commercial | 1,322 | 1,347 | (25) | (1.9) |
| Industrial | 7,022 | 7,044 | (22) | (0.3) |
| Municipal | 469 | 466 | 3 | 0.6 |
| Total Retail and Municipal | 9,882 | 9,946 | (64) | (0.6) |
| Other Power Suppliers | 2,680 | 2,819 | (139) | (4.9) |
| Total Regulated Utility Kilowatt-hours Sold | 12,562 | 12,765 | (203) | (1.6) |

Revenue from electric sales to taconite and mining customers accounted for 32 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).

Transmission revenue decreased \$13.8 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*).

Cost recovery rider revenue decreased by \$8.1 million from 2023 due to period over period changes in the estimate of North Dakota investment tax credits expected to be utilized by Minnesota Power. If the estimate of North Dakota investment tax credits expected to be utilized by Minnesota Power increases, an income tax benefit is recognized and a corresponding decrease in revenue is recognized to offset the impact of higher North Dakota investment tax credits on income tax expense.

Revenue from gas sales at SWL&P decreased \$3.7 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*.)

2024 Compared to 2023 (Continued)
Regulated Operations (Continued)

Operating Expenses decreased \$0.2 million from 2023.

Fuel, Purchased Power and Gas – Utility expense decreased \$4.6 million, or 1 percent, from 2023 primarily due to lower kWh sales as well as lower gas sales and prices. These decreases were partially offset by less company-owned generation in 2024 compared to 2023 resulting in more sales being supplied through higher cost purchased power.

Transmission Services – Utility expense decreased \$23.6 million, or 27 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 \$2.9 million, or 1 percent, from 2023 primarily due to higher salaries and wages, benefit costs, and contract and professional services. These increases were partially offset by a reduction to expense for liquidated damages related to contractor underperformance under a maintenance agreement.

Depreciation and Amortization expense increased \$17.1 million, or 10 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 18 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.

Interest Expense increased \$2.2 million, or 3 percent, from 2023 primarily due to higher interest rates and interest on Minnesota Power's reserve for interim rate refunds in 2024.

Equity Earnings increased \$3.4 million, or 15 percent, from 2023 primarily due to period over period changes in ATC's estimate of a refund liability related to the FERC decision on MISO return on equity complaints in 2024. (See Note 6. Equity Investments.)

Other Income increased \$3.1 million from 2023 reflecting lower pension and other postretirement benefit plan non-service costs.

Income Tax Expense decreased \$4.8 million from 2023. This is primarily due to the updated expected future use of North Dakota investment tax credits.

2024 Compared to 2023 (Continued)
ALLETE Clean Energy

| Year Ended December 31 | 2024 | 2023 |
|---|-------------|-------------|
| Millions | | |
| Operating Revenue | | |
| Contracts with Customers – Non-utility | \$79.3 | \$413.4 |
| Other – Non-utility (a) | 5.0 | 5.1 |
| Cost of Sales – Non-utility | 18.3 | 342.2 |
| Operating and Maintenance | 46.5 | 52.1 |
| Depreciation and Amortization | 57.5 | 57.5 |
| Taxes Other than Income Taxes | 10.4 | 10.0 |
| Operating Loss | (48.4) | (43.3) |
| Interest Expense | (0.3) | (0.8) |
| Other Income (b) | 7.5 | 68.0 |
| Income (Loss) Before Income Taxes | (41.2) | 23.9 |
| Income Tax Expense (Benefit) | (15.6) | 2.7 |
| Net Income (Loss) | (25.6) | 21.2 |
| Net Loss Attributable to Non-Controlling Interest (b) | (43.4) | (50.5) |
| Net Income Attributable to ALLETE | \$17.8 | \$71.7 |

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

(b) See Note 1. Operations and Significant Accounting Policies.

Operating Revenue decreased \$334.2 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 | Year Ended December 31, | | | |
|---|--------------------------------|----------------|-------------|----------------|
| | 2024 | | 2023 | |
| | kWh | Revenue | kWh | Revenue |
| Millions | | | | |
| Wind Energy Regions | | | | |
| East | 235.4 | \$21.3 | 224.0 | \$21.2 |
| Midwest | 560.3 | 18.7 | 560.9 | 18.4 |
| South | 1,395.3 | 6.6 | 1,720.8 | 16.8 |
| West | 773.9 | 14.8 | 714.1 | 13.6 |
| Total Wind Energy Facilities | 2,964.9 | 61.4 | 3,219.8 | 70.0 |
| Sale of Wind Energy Facility | — | 22.9 | — | 348.5 |
| Total Production and Operating Revenue | 2,964.9 | \$84.3 | 3,219.8 | \$418.5 |

2024 Compared to 2023 (Continued)

ALLETE Clean Energy (Continued)

Cost of Sales - Non-utility decreased \$323.9 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.

Operating and Maintenance expense decreased \$5.6 million, or 11 percent, 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 \$60.5 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 Expense decreased \$18.3 million from 2023 primarily due to lower pre-tax income in 2024 compared to 2023.

Net Loss Attributable to Non-Controlling Interest decreased \$7.1 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 decreased \$20.2 million, or 9 percent, from 2023 reflecting lower revenue from New Energy and lower revenue from ALLETE Properties reflecting fewer land sales in 2024 compared to 2023.

Net Income Attributable to ALLETE was \$0.6 million in 2024 compared to \$28.2 million in 2023. Net income in 2024 includes transaction expenses of \$22.6 million after-tax related to the Merger (See Note 15. Agreement and Plan of Merger), and also reflects lower earnings from Minnesota solar projects as investment tax credits were recognized in 2023 for the projects and lower earnings from ALLETE Properties reflecting fewer land sales in 2024 compared to 2023. Net income in 2023 reflects a \$3.8 million after-tax expense for the consolidated income tax impact resulting from the gain on the favorable arbitration ruling. Net income at New Energy was \$20.2 million in 2024 compared to \$17.6 million in 2023.

Income Taxes – Consolidated

For the year ended December 31, 2024, the effective tax rate was an expense of 3.7 percent (expense of 13.5 percent for the year ended December 31, 2023). The lower effective tax rate for 2024 is primarily due to lower pre-tax income. (See Note 11. Income Tax Expense.)

2023 Compared to 2022

The comparison of the results of operations for the years ended December 31, 2023 and 2022, is included in Management's Discussion in the Annual Report on Form 10-K for the year ended December 31, 2023.

Critical Accounting Policies

The preparation of financial statements and related disclosures in conformity with GAAP requires management to make various estimates and assumptions that affect amounts reported in the Consolidated Financial Statements. These estimates and assumptions may be revised, which may have a material effect on the Consolidated Financial Statements. Actual results may differ from these estimates and assumptions. These policies are discussed with the Audit Committee of our Board of Directors on a regular basis. We believe the following policies are most critical to our business and the understanding of our results of operations.

Regulatory Accounting. Our regulated utility operations are subject to accounting standards for the effects of certain types of regulation. These standards require us to reflect the effect of regulatory decisions in our financial statements. 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. This assessment considers factors such as, but not limited to, changes in the regulatory environment and recent rate orders to other regulated entities under the same jurisdiction. If future recovery or refund of costs becomes no longer probable, the assets and liabilities would be recognized in current period net income or other comprehensive income. (See Note 4. Regulatory Matters.)

Pension and Postretirement Health and Life Actuarial Assumptions. We account for our pension and other postretirement benefit obligations in accordance with the accounting standards for defined benefit pension and other postretirement plans. These standards require the use of several important assumptions, including the expected long-term rate of return on plan assets, the discount rate and mortality assumptions, among others, in determining our obligations and the annual cost of our pension and other postretirement benefits. In establishing the expected long-term rate of return on plan assets, we determine the long-term historical performance of each asset class and adjust these for current economic conditions while utilizing the target allocation of our plan assets to forecast the expected long-term rate of return. Our pension asset allocation as of December 31, 2024, was approximately 57 percent equity securities, 40 percent fixed income and 3 percent real estate. Our postretirement health and life asset allocation as of December 31, 2024, was approximately 67 percent equity securities, and 33 percent fixed income. Equity securities consist of a mix of market capitalization sizes with domestic and international securities. In 2024, we used weighted average expected long-term rates of return of 6.84 percent in our actuarial determination of our pension expense and 6.28 percent in our actuarial determination of our other postretirement expense. The actuarial determination uses an asset smoothing methodology for actual returns to reduce the volatility of varying investment performance over time. We review our expected long-term rate of return assumption annually and will adjust it to respond to changing market conditions. A one-quarter percent decrease in the expected long-term rate of return would increase the annual expense for pension and other postretirement benefits by approximately \$2.1 million, pre-tax.

The discount rate is computed using a bond matching study which utilizes a portfolio of high quality bonds that produce cash flows similar to the projected costs of our pension and other postretirement plans. In 2024, we used weighted average discount rates of 5.38 percent and 5.42 percent in our actuarial determination of our pension and other postretirement expense, respectively. We review our discount rates annually and will adjust them to respond to changing market conditions. A one-quarter percent decrease in the discount rate would increase the annual expense for pension and other postretirement benefits by approximately \$0.2 million, pre-tax.

The mortality assumptions used to calculate our pension and other postretirement benefit obligations as of December 31, 2024, considered a modified PRI-2012 mortality table and MP-2021 mortality projection scale. (See Note 12. Pension and Other Postretirement Benefit Plans.)

Valuation of Business Combinations and Resulting Goodwill. When we acquire a business, the assets acquired and liabilities assumed are recorded at their respective fair values as of the acquisition date. Determining the fair value of intangible assets acquired as part of a business combination requires us to make significant estimates. These estimates may include the amount and timing of projected future cash flows, the discount rate used to discount those cash flows to present value, the assessment of the asset's life cycle, and the consideration of legal, technical, regulatory, economic and competitive risks.

Critical Accounting Policies (Continued)

Goodwill. Goodwill is the excess of the purchase price (consideration transferred) over the estimated fair value of the net assets of the acquired businesses. In accordance with GAAP, goodwill is not amortized. The Company assesses whether there has been an impairment of goodwill annually in the fourth quarter and whenever an event occurs or circumstances change that would indicate the carrying amount may be impaired. Impairment testing for goodwill is done at the reporting unit level. An impairment loss is recognized when the carrying amount of the reporting unit's net assets exceeds the estimated fair value of the reporting unit. The test for impairment requires us to make several estimates about fair value, most of which are based on projected future cash flows. Our estimates associated with the goodwill impairment test are considered critical due to the amount of goodwill recorded on our Consolidated Balance Sheet and the judgment required in determining fair value. The fair value of the New Energy reporting unit was determined using a discounted cash flow model, using significant assumptions which included a discount rate of 12.5 percent, cash flow forecasts through 2033, gross margins, and a terminal growth rate of 3.5 percent. Any forecast contains a degree of uncertainty, and changes in the forecasted cash flows and other assumptions could significantly increase or decrease the calculated fair value of New Energy. The results of our annual impairment test are discussed in Note 1. Operations and Significant Accounting Policies and Note 7. Fair Value in this Form 10-K. Goodwill was \$154.9 million as of December 31, 2024.

Impairment of Long-Lived Assets. We review our long-lived assets for indicators of impairment in accordance with the accounting standards for property, plant and equipment on a quarterly basis.

In accordance with the accounting standards for property, plant and equipment, if indicators of impairment exist, we test our long-lived assets for recoverability by comparing the carrying amount of the asset to the undiscounted future net cash flows expected to be generated by the asset. Cash flows are assessed at the lowest level of identifiable cash flows. The undiscounted future net cash flows are impacted by trends and factors known to us at the time they are calculated and our expectations related to: management's best estimate of future sales prices; holding period and timing of sales; method of disposition; and future expenditures necessary to maintain the operations. (See Note 1. Operations and Significant Accounting Policies.)

Taxation. We are required to make judgments regarding the potential tax effects of various financial transactions and our ongoing operations to estimate our obligations to taxing authorities. These tax obligations include income taxes and taxes other than income taxes. Judgments related to income taxes require the recognition in our financial statements of the largest tax benefit of a tax position that is "more-likely-than-not" to be sustained on audit. Tax positions that do not meet the "more-likely-than-not" criteria are reflected as a tax liability in accordance with the accounting standards for uncertainty in income taxes. We record a valuation allowance against our deferred tax assets to the extent it is more-likely-than-not that some portion or all of the deferred tax assets will not be realized.

We are subject to income taxes in various jurisdictions. We make assumptions and judgments each reporting period to estimate our income tax assets, liabilities, benefits and expenses. Judgments and assumptions are supported by historical data and reasonable projections. Our assumptions and judgments include the application of tax statutes and regulations, and projections of future federal taxable income, state taxable income, and state apportionment to determine our ability to utilize NOL and credit carryforwards prior to their expiration. Significant changes in assumptions regarding future federal and state taxable income or a change in tax rates could require new or increased valuation allowances which could result in a material impact on our results of operations.

Outlook

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, 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 2025. ALLETE expects its businesses to generally provide regulated, contracted or recurring revenues, and to support sustained growth in net income and cash flow.

In August 2022, the Inflation Reduction Act was signed into law. We believe our businesses will benefit from certain provisions of this law including from the extension and transferability of production tax credits and investment tax credits, among others. We have sold certain tax credits generated in 2023 and 2024, and we plan to continue selling certain tax credits generated in 2025 and beyond. We do not currently anticipate any impact from the new alternative minimum tax. We will continue to assess the impact of the law as additional implementation guidance becomes available and monitor any changes related to new public policies.

Minnesota Carbon-Free Legislation. On February 7, 2023, the Minnesota Governor signed a law that updated 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. Ongoing progress towards compliance with Minnesota's Carbon Free Standard is evaluated in the IRP proceedings at the MPUC. Minnesota Power's next IRP will be filed in March 2025 and discuss progress towards compliance with the 2040 law.

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. Minnesota Power is making significant progress toward 100 percent carbon-free energy supply. (See *EnergyForward*.) 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.

Outlook (Continued)

Regulatory Matters. Entities within our Regulated Operations segment are under the jurisdiction of the MPUC, FERC, PSCW and NDPSC. See Note 4. Regulatory Matters for discussion of regulatory matters within these jurisdictions.

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 sought 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 have generated 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 Intervenor to settle the retail rate increase request. As part of the settlement agreement, the parties 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, an equity ratio of 53.00 percent, all non-financial items and cost allocation. In an order dated November 25, 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 \$23.0 million pre-tax as of December 31, 2024, which is subject to MPUC approval of Minnesota Power's refund calculation.

2022 Minnesota General Rate Case. Minnesota Power 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. On September 9, 2024, 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 next procedural steps in implementing the 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 sought 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. In an order dated December 12, 2024, the PSCW approved an annual increase of approximately \$5.5 million reflecting a return on equity of 9.80 percent and a 55.00 percent equity ratio. Final rates went into effect January 1, 2025.

Outlook (Continued)

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 2024 (55 percent in 2023 and 52 percent in 2022) were made to our industrial customers. We expect industrial sales of approximately 6.9 million MWh in 2025 (7.0 million MWh in 2024 and 7.0 million MWh in 2023). (See Item 1. Business – Regulated Operations – Electric Sales / Customers.)

Taconite. Minnesota Power's taconite customers are capable of producing up to approximately 41 million tons of taconite pellets annually. Taconite pellets produced in Minnesota are primarily shipped to North American steelmaking facilities that are part of the integrated steel industry, which continue to lead the world in environmental performance among steelmaking countries. According to the U.S. Department of Energy, steel production in the U.S. is the most energy efficient of any major steel producing country. Steel produced from these North American facilities is used primarily in the manufacture of automobiles, appliances, tubular applications for all industries, and in the construction industry. Steel is also a critical component of the clean energy transformation underway today. Meeting the demand for more renewable energy and the need for additional infrastructure to transport green energy from the point of generation to the end user both require steel. Historically, approximately 10 percent of Minnesota taconite production has been exported outside of North America.

There has been a general historical correlation between U.S. steel production and Minnesota taconite production. The American Iron and Steel Institute, an association of North American steel producers, reported that U.S. raw steel production operated at approximately 76 percent of capacity in 2024 (75 percent in 2023 and 78 percent in 2022). The World Steel Association, an association of steel producers, national and regional steel industry associations, and steel research institutes representing approximately 85 percent of world steel production, projected U.S. steel consumption in 2025 will increase by approximately 2 percent compared to 2024.

Minnesota Power's taconite customers may experience annual variations in production levels due to such factors as economic conditions, short-term demand changes or maintenance outages. The Minnesota Department of Revenue Mineral Tax Office expects taconite production from our taconite customers to be approximately 34 million tons in 2025. We estimate that a one million ton change in Minnesota Power's taconite customers' production would impact our annual earnings per share by approximately \$0.07, net of expected power marketing sales at current prices. Changes in wholesale electric prices or customer contractual demand nominations could impact this estimate. Minnesota Power proactively sells power in the wholesale power markets that is temporarily not required by industrial customers to optimize the value of its generating facilities. Long-term reductions in taconite production or a permanent shut down of a taconite customer may lead Minnesota Power to file a general rate case to recover lost revenue.

USS Corporation. USS Corporation completed a \$150 million investment to produce direct reduced-grade (DR-grade) pellets at its Keetac plant in late 2023. USS Corporation broke ground on the project in the third quarter of 2022, and confirmed the first shipment of DR-grade pellets in 2024. This investment enables the existing pelletizing plant to not only create DR-grade pellets for use as a feedstock for a direct reduced iron (DRI) or hot briquetted iron (HBI) process that ultimately supplies electric arc furnace steelmaking but also maintains the optionality to continue producing blast furnace-grade pellets. USS Corporation's Minntac and Keetac plants are Large Power industrial customers of Minnesota Power. USS Corporation has the capability to annually produce approximately 15 million tons of blast furnace-grade pellets at its Minntac plant and 5 million tons of blast-furnace grade pellets, or 4 million tons of DR-grade pellets, at its Keetac plant.

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. USS Corporation expected the transaction to close by the end 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. On January 3, 2025, President Biden issued an order blocking the transaction, a decision currently being challenged in court.

On January 27, 2025, USS Corporation exercised its rights under its electric service agreement with Minnesota Power to provide a four-year notice of termination. Minnesota Power and USS Corporation are working together to meet USS Corporation's evolving energy needs. Absent any other action by the parties, the termination of the current electric service agreement would be effective January 27, 2029, and USS Corporation would become a non-contract large power customer of Minnesota Power.

Outlook (Continued)

Industrial Customers (Continued)

Cleveland-Cliffs, Inc. (Cliffs). Cliffs is the largest flat-rolled steel producer and the largest iron ore pellet producer in North America, and is also Minnesota Power's largest customer. Its acquisition in 2020 of substantially all of the operations of ArcelorMittal USA LLC and its subsidiaries included ArcelorMittal's Minorca mine in Virginia, Minnesota, and its ownership share of Hibbing Taconite in Hibbing, Minnesota, which are both large industrial customers of Minnesota Power. The acquisition increased customer concentration risk for the Company and could lead to further capacity consolidation for both steel blast furnaces and related Minnesota iron ore production. In 2024, Cliffs announced and completed an acquisition of Stelco Holdings, enhancing Cliffs' position as the largest flat-rolled steel producer in North America, diversifying Cliffs' end-markets, and expanding its geographical presence in Canada.

Northshore Mining. Cliffs idled all production at its Northshore mine in 2022, and subsequently resumed partial pellet plant production in April 2023. Cliffs indicated it will continue to utilize Northshore Mining as a swing facility. Northshore Mining has the capability to produce approximately 6 million tons annually. Minnesota Power has a PSA through 2031 with Silver Bay Power, which provides the majority of the electric service requirements for Northshore Mining.

Hibbing Taconite. Hibbing Taconite is a joint venture between subsidiaries of Cliffs (85.3 percent ownership) and USS Corporation (14.7 percent ownership). The joint venture is managed by Cliffs and is also a Large Power Customer of Minnesota Power. On May 25, 2023, the Minnesota Executive Council approved state mineral leases near Nashwauk, Minnesota, with Cliffs, the majority owner of Hibbing Taconite. Cliffs had stated that these leases would provide Hibbing Taconite with more than two decades of additional mineral reserves. In October of 2023, Mesabi Metalics issued a notice of termination of a private iron ore mineral lease agreement previously held by Cliffs, a decision that was affirmed in arbitration in 2024. Cliffs has stated that without these leases, the future of Hibbing Taconite is once again in question. Prior to the state mineral leases being awarded, Hibbing Taconite had proven mineral reserves to support its operations through 2026. Hibbing Taconite has the capability of producing 8 million tons of taconite annually.

Minnesota Sulfate Wild Rice Water Quality Standard. In April, 2021, the EPA identified rivers and lakes in Minnesota in which wild rice grows that have sulfate levels that exceed Minnesota's sulfate limit for wild rice waters. In September, 2021, three additional wild rice waters with sulfate levels that exceed Minnesota's sulfate limit were identified. The EPA directed the MPCA to add these rivers and lakes to its list of impaired waters which can be used to set limits in discharge permits for industrial activities such as mining. Minnesota Power's taconite customers could be adversely impacted if they are required to significantly reduce sulfate discharges.

Paper, Pulp and Secondary Wood Products. The North American paper and pulp industry continues to face declining demand due to the impact of electronic substitution for print and changing customer needs. As a result, certain paper and pulp customers have reduced their existing operations in recent years and have pursued or are pursuing product changes in response to the declining demand. The resulting reduction in production capacity outside of Minnesota for certain paper grades has solidified our paper customers' operations, at least for the near term, and as such we expect operating levels in 2025 at the major paper and pulp mills we serve to be at similar levels as in 2024.

Sofidel. ST Paper, a former Large Power Customer of Minnesota Power, sold its paper mill in Duluth, Minnesota to Sofidel, a privately held Italian multinational company, 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.

Pipeline and Other Industries.

Cenovus Energy. In 2023, Cenovus Energy announced that it had commenced a restart of the facility and resumed full operations in 2024 following a rebuild from a fire in 2018.

Outlook (Continued)

EnergyForward. Minnesota Power is executing *EnergyForward*, its strategy assuring reliability, protecting affordability and further improving environmental performance. The plan includes completed and planned investments in wind, solar, natural gas and hydroelectric power, construction of additional transmission capacity, the installation of emissions control technology and the idling and retirement of certain coal-fired generating facilities. Minnesota Power has a vision to deliver 100 percent carbon-free energy to customers, continuing its commitment to climate, customers and communities through its *EnergyForward* strategy. This vision builds on Minnesota Power's achievement in 2020 of providing 50 percent renewable energy to its customers. In 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. Minnesota Power is working with various stakeholders and participating in the regulatory process to implement this legislation. (See Item 1. Business – Regulated Operations – Minnesota Legislation.)

2021 IRP. In February 2021, Minnesota Power filed its latest IRP, which was approved by the MPUC in a January 2023. The approved IRP, which reflects a joint agreement reached with various stakeholders, outlines Minnesota Power's clean-energy transition plans through 2035. These plans include expanding its renewable energy supply, achieving coal-free operations at its facilities by 2035, and investing in a resilient and flexible transmission and distribution grid. As part of these plans, Minnesota Power anticipates adding up to 700 MW of new wind and solar energy resources, and ceasing coal operations at Boswell Units 3 and 4 by 2030 and 2035, respectively. Minnesota Power's plans recognize that advances in technology will play a significant role in completing its transition to carbon-free energy supply, reliably and affordably. Minnesota Power is expected to file its next IRP in March 2025.

In recent years, Minnesota Power has transformed its energy supply from more than a 95 percent reliance on coal to become a leader in the nation's clean-energy transformation. Since 2013, the company has closed or converted seven of its nine coal-fired units and added nearly 900 megawatts of renewable energy sources. Additionally, Minnesota Power has been a leader in energy conservation, surpassing the state's conservation goals each year for the past decade.

Nemadji Trail Energy Center. Minnesota Power has a natural gas capacity dedication and other affiliated interest agreements for NTEC, an approximately 600 MW proposed combined-cycle natural gas-fired generating facility to be built in Superior, Wisconsin, which will be jointly owned by Dairyland Power Cooperative, Basin and South Shore Energy, ALLETE's non-rate regulated, Wisconsin subsidiary. Minnesota Power is expected to purchase approximately 20 percent of the facility's output starting upon the completion of the facility pursuant to the capacity dedication agreement.

Renewable Energy. Minnesota Power continues to execute its renewable energy strategy and is currently supplying 55 percent of its energy by renewable energy sources. Minnesota Power is also making significant progress toward 100 percent carbon-free energy supply. (See *EnergyForward*.)

Minnesota Power has approved cost recovery riders for certain renewable investments and expenditures as well as investments and expenditures related to compliance with the Minnesota Solar Energy Standard. The cost recovery riders allow Minnesota Power to charge retail customers on a current basis for the costs of certain renewable and solar investments and expenditures plus a return on the capital invested. (See Note 4. Regulatory Matters.)

Wind Energy. Minnesota Power's wind energy facilities consist of Bison (497 MW) located in North Dakota, and Taconite Ridge (25 MW) located in northeastern Minnesota. Minnesota Power also has two long-term wind energy PPAs with an affiliate of NextEra Energy, Inc. to purchase the output from Oliver Wind I (50 MW) and Oliver Wind II (48 MW) located in North Dakota.

Minnesota Power uses the 465-mile, 250-kV DC 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. Minnesota Power is currently pursuing a modernization and capacity upgrade of its DC transmission system to continue providing reliable operations and additional system capabilities. (See *Transmission*.)

Wind Energy Request For Proposals. On February 15, 2024, Minnesota Power issued a RFP for up to 400 MW of wind energy resources.

Outlook (Continued)

EnergyForward (Continued)

Nobles 2 PPA. Minnesota Power has a long-term PPA with Nobles 2 that provides for Minnesota Power to purchase the energy and associated capacity from a 250 MW wind energy facility in southwestern Minnesota through 2040. The agreement provides for the purchase of output from the facility at fixed energy prices. There are no fixed capacity charges, and Minnesota Power will only pay for energy as it is delivered. (See *Corporate and Other – Investment in Nobles 2.*)

Manitoba Hydro. Minnesota Power has two long-term PPAs with Manitoba Hydro. The first PPA provides for Minnesota Power to purchase 250 MW of capacity and energy from Manitoba Hydro through May 2035. The second PPA provides for Minnesota Power to purchase up to 133 MW of energy from Manitoba Hydro through June 2040. (See Note 9. Commitments, Guarantees and Contingencies.)

Solar Energy. Minnesota Power's solar energy facilities consist of a 10 MW solar energy facility at the Camp Ripley Minnesota Army National Guard base and training facility near Little Falls, Minnesota, and a 40 kW solar array located in Duluth, Minnesota. Minnesota Power also purchases solar energy from approximately 20 MW of solar energy facilities located in Minnesota that are owned by an ALLETE subsidiary, and a 1 MW community solar garden in northeastern Minnesota, which is owned and operated by a third party. SWL&P owns and operates a 470 kW solar array as part of a community solar garden in Superior, Wisconsin, that went into service in 2023.

Solar Energy Request For Proposals. On November 15, 2023, Minnesota Power issued a RFP for up to 300 MW of solar energy resources, which were accepted through January 17, 2024. 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 expected to be in service in mid-2027, subject to MPUC approval.

Distributed Solar Energy Request for Proposals. On January 30, 2025, Minnesota Power issued a RFP seeking distributed solar projects as part of its compliance with Minnesota's distributed solar energy standard. The RFP seeks proposals for solar generating facilities of 10 MW or less that will be connected to Minnesota Power's distribution system.

Transmission. We continue to make investments in transmission opportunities that strengthen or enhance the transmission grid or take advantage of our geographical location between sources of renewable energy and end users. These include investments to enhance our own transmission facilities and investments in other transmission assets (individually or in combination with others) and our investment in ATC. See also Item 1. Business – Regulated Operations – Transmission and Distribution.

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 will be positioned to oversee the line's operation. The companies began project permitting in 2023 as they work toward a planned in-service date as early as 2032, 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.

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. In an October 25, 2024, order, the MPUC approved the certificate of 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. Construction on the Minnesota end of the project will begin in early 2025. Construction on the North Dakota end of the project will begin later in 2025, pending regulatory approvals in North Dakota. The project will be placed in-service between 2028 and 2030. The project is estimated to cost between \$800 million and \$940 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, which were approved by the MPUC at a hearing on January 23, 2025. 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.

Big Stone South – Alexandria – Big Oaks 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, 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. Minnesota Power has asset ownership in the Alexandria – Big Oaks portion of the project, with start of construction following the certificate of need approval on October 3, 2024. Minnesota Power is a 16.5 percent owner of this portion of the project and will invest at this level for the entire portion of the project. 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. The Minnesota Power portion of this transmission line is expected to be in service in 2027.

Second Phase of MISO Long Range Transmission Plan. Minnesota Power and SWL&P are participating in several projects identified in the second phase of the MISO Long Range Transmission Plan that was approved on December 12, 2024, including the Bison – Alexandria 345kV project, the Maple River – Cuyuna 345kV project, the Iron Range – St Louis County – Arrowhead 345kV project, and the Stinson MSSSC project. Notices of Intent to Construct, Own and Maintain the Bison – Alexandria 345kV project, the Maple River – Cuyuna 345 kV project, and the Iron Range – St Louis County – Arrowhead 345kV project were filed with the MPUC on February 7, 2025.

Bison – Alexandria 345kV project. This transmission line is closely related to the Alexandria – Big Oaks line noted previously and is anticipated to have the same ownership structure. MISO found that this project along with others in northern Minnesota provide outlets for generation from the west, supports large power transfers to load centers, and reduces congestion. The project in total is estimated to cost over \$200 million and is expected to be completed by 2032.

Outlook (Continued)
Transmission (Continued)

Maple River – Cuyuna 345 kV project. This transmission line is a new, 166-mile 345-kV circuit that will connect the Maple River Substation near Fargo, ND to the Cuyuna Series Compensation Station near Riverton, MN. Minnesota Power is the owner of the Cuyuna Series Compensation Station in Minnesota, which is being constructed as part of the Northland Reliability Project, a joint project with Great River Energy. Otter Tail Power Company is the owner of the Maple River Substation in North Dakota. The project in total is estimated to cost approximately \$910 million and is expected to be completed by 2033.

Iron Range – St. Louis County – Arrowhead 345kV project. This transmission line is a new, 63-mile 345-kV circuit that will connect the Iron Range Substation near Grand Rapids, MN to the St. Louis County Substation near Hermantown, MN, and then to the Arrowhead 345 kV Substation, also near Hermantown, MN. Minnesota Power is the owner of the Iron Range and St. Louis County substations. ATC is the owner of the Arrowhead 345 kV Substation. The project in total is estimated to cost approximately \$370 million and is expected to be completed by 2032.

Stinson MSSSC project. This project involves modification and expansion of the existing Stinson Substation in Superior, Wisconsin to accommodate a new modular static synchronous series compensator (MSSSC) system and associated substation equipment. The MSSSC system is a type of grid-enhancing technology that will provide power flow capability to replace the existing Stinson phase shifting transformer. The project was identified as an underlying system improvement associated with LRTP Project #21 (Iron Range-St Louis County-Arrowhead Project) in the second phase of the MISO Long Range Transmission Plan that was approved on December 12, 2024. SWL&P is the owner of the Stinson Substation. The project is estimated to cost approximately \$58 million and is expected to be completed by 2032.

Investment in ATC. ATC's most recent 10-year transmission assessment, which covers the years 2024 through 2033, identifies a need for between \$8.9 billion and \$10.9 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.

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.

Portions of our ALLETE Clean Energy business are experiencing return pressures that are impacting our earnings per share growth from increased competition, congestion and lower forward price curves, as a growing amount of investment capital is being directed into wind generation opportunities. In addition, current and potential new project developments can be negatively affected by a lower ALLETE stock price, which may result in such projects not being accretive, or otherwise unable to satisfy our financial objectives criteria to proceed. In response to these market pressures, we are actively evaluating additional growth opportunities to deliver more comprehensive clean energy solutions for customers at ALLETE Clean Energy, which may include wind, solar, storage solutions, and related energy infrastructure investments and services. We believe that the energy industry is entering a new phase of growth and that we are well-positioned to serve customers and drive future growth at ALLETE. ALLETE Clean Energy will continue to optimize its existing wind energy facility portfolio, advance and expand its project pipeline, and explore other renewable energy opportunities to further enhance its service offerings, growth and profitability.

ALLETE Clean Energy manages risk by having a diverse portfolio of assets, which includes PSA expiration, technology and geographic diversity. The current operating portfolio is subject to typical variations in seasonal wind with higher wind resources typically available in the winter months. The majority of its planned maintenance leverages this seasonality and is performed during lower wind periods. ALLETE Clean Energy's current operating portfolio is disclosed in Item 1. Business.

Outlook (Continued)

Corporate and Other.

New Energy. New Energy is a renewable energy development company with a primary focus on solar and storage facilities while also offering comprehensive operations, maintenance and asset management services. New Energy is a leading developer of community, commercial and industrial, and small utility-scale renewable energy projects that has completed more than 575 MW in its history, totaling more than \$1.4 billion of capital. New Energy currently has a robust project pipeline with greater than 2,000 MW of renewable projects in development across over 20 different states. New Energy adds value through cost effective development and economies of scale on project implementation, bringing national capabilities to regional co-development partners. New Energy is involved in greenfield development as well as acquiring and completing mid-stage and late-stage renewable energy projects. New Energy will continue its current strategy of developing, owning and operating renewable energy projects.

Investment in Nobles 2. Our subsidiary, ALLETE South Wind, owns a 49 percent equity interest in 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. (See Note 6. Equity Investments.)

South Shore Energy. South Shore Energy, ALLETE's non-rate regulated, Wisconsin subsidiary, is developing NTEC, an approximately 600 MW proposed combined-cycle natural gas-fired generating facility to be built in Superior, Wisconsin, which will be jointly owned by Dairyland Power Cooperative, Basin and South Shore Energy. Minnesota Power is expected to purchase approximately 20 percent of the facility's output starting upon completion of the facility pursuant to a capacity dedication agreement. Construction of NTEC is subject to obtaining additional permits from local, state and federal authorities. The total project cost is estimated to be approximately \$700 million, of which South Shore Energy will be responsible for approximately 20 percent. South Shore Energy's portion of NTEC project costs incurred through December 31, 2024, is approximately \$10 million.

BNI Energy. In 2024, BNI Energy sold 3.8 million tons of coal (4.0 million tons in 2023) and anticipates 2025 sales will be similar to 2024. BNI Energy operates under cost-plus fixed fee agreements extending through December 31, 2037.

ALLETE Properties. Our strategy incorporates the possibility of a bulk sale of the entire ALLETE Properties portfolio. Proceeds from a bulk sale would be strategically deployed to support growth initiatives at our Regulated Operations and ALLETE Clean Energy. ALLETE Properties also continues to pursue sales of individual parcels over time and will continue to maintain key entitlements and infrastructure.

Income Taxes

ALLETE's aggregate federal and multi-state statutory tax rate is approximately 28 percent for 2024. ALLETE also has tax credits and other tax adjustments that reduce the combined statutory rate to the effective tax rate. These tax credits and adjustments historically have included items such as production tax credits, excess deferred taxes, non-controlling interests in subsidiaries, as well as other items. The annual effective rate can also be impacted by such items as changes in income before income taxes, state and federal tax law changes that become effective during the year, business combinations, tax planning initiatives and resolution of prior years' tax matters. We expect that our effective tax rate will be lower than the combined statutory rate over the next 5 to 10 years due to tax credits attributable to our wind and solar energy generation.

Liquidity and Capital Resources

Liquidity Position. ALLETE is well-positioned to meet its liquidity needs. As of December 31, 2024, we had cash and cash equivalents of \$32.8 million, \$325.8 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, the option (per the Merger Agreement) to request that Alloy Parent purchase up to a total of \$300 million of preferred stock of ALLETE in the second half of 2025 (see *Securities*), and a debt-to-capital ratio of 35 percent.

Capital Structure. ALLETE's capital structure for each of the last three years is as follows:

| As of December 31 | 2024 | % | 2023 | % | 2022 | % |
|--|-----------|-----|-----------|-----|-----------|-----|
| Millions | | | | | | |
| ALLETE Equity | \$2,848.0 | 55 | \$2,809.6 | 54 | \$2,691.9 | 51 |
| Non-Controlling Interest in Subsidiaries | 542.1 | 10 | 597.0 | 11 | 656.4 | 12 |
| Short-Term and Long-Term Debt (a) | 1,808.0 | 35 | 1,799.4 | 35 | 1,929.1 | 37 |
| Redeemable Non-Controlling Interest | 0.4 | — | 0.5 | — | — | — |
| | \$5,198.5 | 100 | \$5,206.5 | 100 | \$5,277.4 | 100 |

(a) Excludes unamortized debt issuance costs.

Cash Flows. Selected information from ALLETE's Consolidated Statement of Cash Flows is as follows:

| Year Ended December 31 | 2024 | 2023 | 2022 |
|---|---------|---------|---------|
| Millions | | | |
| Cash, Cash Equivalents and Restricted Cash at Beginning of Period | \$79.4 | \$40.2 | \$47.7 |
| Cash Flows from (used in) | | | |
| Operating Activities | 457.1 | 585.3 | 221.3 |
| Investing Activities | (340.7) | (283.6) | (384.0) |
| Financing Activities | (140.6) | (262.5) | 155.2 |
| Change in Cash, Cash Equivalents and Restricted Cash | (24.2) | 39.2 | (7.5) |
| Cash, Cash Equivalents and Restricted Cash at End of Period | \$55.2 | \$79.4 | \$40.2 |

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, cash received from the favorable arbitration award by a subsidiary of ALLETE Clean Energy 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.

Cash provided by operating activities was higher in 2023 compared to 2022 reflecting cash proceeds from the sales of ALLETE Clean Energy's Northern Wind and Red Barn projects in 2023, cash received from the favorable arbitration award by a subsidiary of ALLETE Clean Energy in 2023, lower payments for inventories in 2023 related to the Northern Wind and Red Barn projects, and timing of recovery under Minnesota Power's fuel adjustment clause. Cash provided by operating activities in 2023 also increased due to the timing of recovery under Minnesota Power's fuel adjustment clause.

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 state cash grants received for our HVDC Transmission System Project in 2024. (See Outlook.)

Cash used in investing activities was lower in 2023 compared to 2022 reflecting cash payments for the acquisition of New Energy in 2022. This decrease was partially offset by more payments for additions to property, plant and equipment in 2023 compared to 2022.

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

Cash used in financing activities in 2023 reflected lower proceeds from the issuance of common stock and the issuance of long-term debt, and lower proceeds from the issuance of non-controlling interest in subsidiaries compared to 2022.

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 December 31, 2024, we had consolidated bank lines of credit aggregating \$362.0 million (\$423.1 million as of December 31, 2023), most of which expire in January 2027. We had \$16.2 million outstanding in standby letters of credit and \$20.0 million outstanding draws under our lines of credit as of December 31, 2024 (\$19.4 million in standby letters of credit and \$34.1 million outstanding draws as of December 31, 2023). We also have other credit facility agreements in place that provide the ability to issue up to \$180.0 million in standby letters of credit. As of December 31, 2024, we had \$118.4 million outstanding in standby letters of credit under these agreements.

In addition, as of December 31, 2024, we had 2.4 million original issue shares of our common stock available for issuance through Invest Direct 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. The Merger Agreement also provides that ALLETE may notify Alloy Parent of our intent to raise equity capital of up to a total of \$300 million in the second half of 2025, subject to certain parameters. If Alloy Parent declines to participate in the equity capital raises or fails to provide timely notice with respect thereto, ALLETE will have the right to issue ALLETE common stock in the public markets for an amount equal to any unfunded amounts under such equity capital raises up to certain limits. (See Note 15. Agreement and Plan of Merger.)

We entered into a distribution agreement with Lampert Capital Markets, in 2008, as amended most recently in 2020, with respect to the issuance and sale of up to an aggregate of 13.6 million shares of our common stock, without par value, of which 2.1 million shares remain available for issuance as of December 31, 2024. For the year ended December 31, 2024, no shares of common stock were issued under this agreement (none in 2023; none in 2022).

During the year ended December 31, 2024, we issued 0.3 million shares of common stock through Invest Direct, the Employee Stock Purchase Plan and the Retirement Savings and Stock Ownership Plan, resulting in net proceeds of \$12.9 million (0.3 million shares for net proceeds of \$14.9 million in 2023; 0.3 million shares for net proceeds of \$16.2 million in 2022). See Note 10. Common Stock and Earnings Per Share for additional detail regarding ALLETE's equity securities.

Financial Covenants. See Note 8. Short-Term and Long-Term Debt for information regarding our financial covenants.

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. For the year ended December 31, 2024, we made \$25.0 million in cash contributions to the defined benefit pension plans. On January 15, 2025, we contributed \$19.1 million in cash to the defined benefit pension plans, and do not expect to make additional cash contributions to the defined benefit pension plans in 2025. We do not expect to make any contributions to the defined benefit postretirement health and life plans in 2025. (See Note 10. Common Stock and Earnings Per Share and Note 12. Pension and Other Postretirement Benefit Plans.)

Off-Balance Sheet Arrangements. Off-balance sheet arrangements are discussed in Note 9. Commitments, Guarantees and Contingencies.

Contractual Obligations and Commercial Commitments. ALLETE has contractual obligations and other commitments that will need to be funded in the future, in addition to its capital expenditure programs. Material contractual obligations and other commitments are as follows:

Long-Term Debt. ALLETE has material long-term debt obligations, including long-term debt due within one year. These obligations include the principal amount of bonds, notes and loans which are recorded on the Consolidated Balance Sheet, plus interest. (See Note 8. Short-Term and Long-Term Debt.)

Liquidity and Capital Resources (Continued)

Contractual Obligations and Commercial Commitments (Continued)

Pension and Other Postretirement Benefit Plans. Pension and other postretirement benefit plan obligations include the current estimate of future benefit payments. Pension contributions are dependent on several factors including realized asset performance, future discount rate and other actuarial assumptions, Internal Revenue Service and other regulatory requirements, and contributions required to avoid benefit restrictions for the pension plans. Funding for the other postretirement benefit plans is impacted by realized asset performance, future discount rate and other actuarial assumptions, and utility regulatory requirements. Our obligations are estimates and will change based on actual market performance, changes in interest rates and any changes in governmental regulations. (See Note 12. Pension and Other Postretirement Benefit Plans.)

Operating and Finance Lease Obligations. ALLETE has certain operating and finance lease obligations for the minimum payments required under various lease agreements which are recorded on the Consolidated Balance Sheet. (See Note 1. Operations and Significant Accounting Policies.)

Easement Obligations. ALLETE has easement obligations for the minimum payments required under our land easement agreements at our wind energy facilities. (See Note 9. Commitments, Guarantees and Contingencies.)

PPA Obligations. PPA obligations represent our Square Butte, Manitoba Hydro and other PPAs. (See Note 9. Commitments, Guarantees and Contingencies.)

Other Purchase Obligations. ALLETE has other purchase obligations covering our minimum purchase commitments under coal supply and rail contracts, and long-term service agreements for wind energy facilities. (See Note 9. 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 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 ^(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.

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.

Common Stock Dividends. ALLETE is committed to providing a competitive dividend to its shareholders while at the same time funding its growth. ALLETE's long-term objective is to maintain a dividend payout ratio similar to our peers and provide for future dividend increases. Our targeted payout range is between 60 percent and 70 percent. In 2024, we paid out 91 percent (63 percent in 2023; 77 percent in 2022) of our per share earnings in dividends. On January 30, 2025, our Board of Directors declared a dividend of \$0.73 per share, which is payable on March 1, 2025, to shareholders of record at the close of business on February 14, 2025.

Under the Merger Agreement, the Company has agreed not to declare or pay dividends except for quarterly cash dividends payable by us in respect of shares of our common stock on a schedule consistent with our past practices in an amount not to exceed 5 percent per share more than the dividend payable during the prior 12-month period, subject to certain other exceptions. (See Note 15. Agreement and Plan of Merger).

Capital Requirements

ALLETE's projected capital expenditures for the years 2025 through 2029 are presented in the following table. Actual capital expenditures may vary from the projections due to changes in forecasted plant maintenance, regulatory decisions or approvals, future environmental requirements, base load growth, capital market conditions or executions of new business strategies. Projected capital expenditures exclude amounts for projects that will be sold to third parties upon completion.

| Capital Expenditures | 2025 | 2026 | 2027 | 2028 | 2029 | Total |
|---------------------------------------|--------------|--------------|----------------|----------------|--------------|----------------|
| Millions | | | | | | |
| Regulated Operations | | | | | | |
| High kV Transmission Expansion (a) | \$90 | \$200 | \$615 | \$635 | \$265 | \$1,805 |
| Solar RFP (b) | 145 | 180 | 60 | 40 | — | 425 |
| Wind RFP (b) | 75 | 215 | 325 | — | — | 615 |
| Storage (b) | — | 10 | 35 | 200 | 200 | 445 |
| Base & Other | 220 | 265 | 285 | 280 | 270 | 1,320 |
| Regulated Operations | 530 | 870 | 1,320 | 1,155 | 735 | 4,610 |
| ALLETE Clean Energy (c) | 15 | 10 | 5 | 5 | 5 | 40 |
| Corporate and Other | | | | | | |
| South Shore Energy (d) | — | 55 | 65 | 65 | 45 | 230 |
| Other | 60 | 5 | 20 | 15 | 25 | 125 |
| Total Capital Expenditures (e) | \$605 | \$940 | \$1,410 | \$1,240 | \$810 | \$5,005 |

(a) This includes capital expenditures for the HVDC modernization, Northland Reliability, Duluth Loop, Big Stone South transmission projects and several projects identified in the second phase of the MISO Long Range Transmission Plan that was approved on December 12, 2024. (See Outlook – Transmission.)

(b) These capital expenditures are part of Minnesota Power's clean-energy transition plans, which include its progress toward 100 percent carbon-free energy supply, as detailed in Minnesota Power's latest IRP, which was approved by the MPUC in January 2023. These capital expenditures are dependent on successful requests for proposal by Minnesota Power. (See Outlook – EnergyForward.)

(c) Capital expenditures do not include costs related to developing projects that will be sold upon completion as these costs are accounted for as inventory and reflected in Inventories – Net on the Consolidated Balance Sheet.

(d) Our portion of estimated capital expenditures for construction of NTEC, an approximately 600 MW proposed combined-cycle natural gas-fired generating facility to be built in Superior, Wisconsin, which will be jointly owned by Dairyland Power Cooperative, Basin and South Shore Energy.

(e) These amounts do not include capital expenditures for projects considered to be in their preliminary stages.

We are well positioned to meet our financing needs due to adequate operating cash flows, available additional working capital and access to capital markets. We will finance capital expenditures from a combination of internally generated funds, debt and equity issuance proceeds. We intend to maintain a capital structure with capital ratios near current levels. (See *Capital Structure*.)

Environmental and Other 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 9. Commitments, Guarantees and Contingencies.)

Market Risk

Securities Investments.

Available-for-Sale Securities. As of December 31, 2024, our available-for-sale securities portfolio consisted primarily of securities held in other postretirement plans to fund employee benefits.

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. The following table presents the long-term debt obligations and the corresponding weighted average interest rate as of December 31, 2024:

| | Expected Maturity Date | | | | | | | |
|--|------------------------|--------|---------|--------|---------|------------|-----------|------------|
| Interest Rate Sensitive Financial Instruments | 2025 | 2026 | 2027 | 2028 | 2029 | Thereafter | Total | Fair Value |
| Long-Term Debt | | | | | | | | |
| Fixed Rate – Millions | \$66.9 | \$80.2 | \$162.5 | \$55.8 | \$220.3 | \$1,174.5 | \$1,760.2 | \$1,620.2 |
| Average Interest Rate – % | 5.4 | 3.5 | 4.5 | 3.8 | 4.9 | 4.5 | 4.5 | |
| | | | | | | | | |
| Variable Rate – Millions | \$27.8 | — | \$20.0 | — | — | — | \$47.8 | \$47.8 |
| Average Interest Rate – % | 3.7 | — | 5.7 | — | — | — | 4.5 | |

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 December 31, 2024, an increase of 100 basis points in interest rates would impact the amount of pre-tax interest expense by \$0.5 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 December 31, 2024.

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.

Recently Adopted Accounting Pronouncements.

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

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Market Risk for information related to quantitative and qualitative disclosure about market risk.

Item 8. Financial Statements and Supplementary Data

See our Consolidated Financial Statements as of December 31, 2024 and 2023, and for the years ended December 31, 2024, 2023 and 2022, and supplementary data, which are indexed in Item 15(a).

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures**Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures**

As of December 31, 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.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f) or 15d-15(f). Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the Internal Control – Integrated Framework (framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework, our management concluded that our internal control over financial reporting was effective as of December 31, 2024.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2024, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which is included herein.

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.

Item 9B. Other Information

Trading Plans. For the three months ended December 31, 2024, no director or officer of the Company adopted, modified 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.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

Unless otherwise stated, the information required by this Item is incorporated by reference herein from our Proxy Statement for the 2025 Annual Meeting of Shareholders (2025 Proxy Statement) under the following headings:

- **Directors.** The information regarding directors will be included in the "Election of Directors" section;
- **Audit Committee Financial Expert.** The information regarding the Audit Committee financial expert will be included in the "Corporate Governance" section and the "Audit Committee Report" section;
- **Audit Committee Members.** The identity of the Audit Committee members will be included in the "Corporate Governance" section and the "Audit Committee Report" section;
- **Executive Officers.** The information regarding executive officers is included in Part I of this Form 10-K; and
- **Section 16(a) Delinquency.** If applicable, information regarding Section 16(a) delinquencies will be included in a "Delinquent Section 16(a) Reports" section.

Our 2025 Proxy Statement will be filed with the SEC within 120 days after the end of our 2024 fiscal year.

Code of Ethics. We have adopted a written Code of Ethics that applies to all of our employees, including our Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer. A copy of our Code of Ethics is available on our website at www.allete.com and print copies are available without charge upon request to ALLETE, Inc., Attention: Secretary, 30 West Superior St., Duluth, Minnesota 55802. Any amendment to the Code of Ethics or any waiver of the Code of Ethics will be disclosed on our website at www.allete.com promptly following the date of such amendment or waiver.

Corporate Governance. The following documents are available on our website at www.allete.com and print copies are available upon request:

- Corporate Governance Guidelines;
- Audit Committee Charter;
- Executive Compensation and Human Capital Committee Charter; and
- Corporate Governance and Nominating Committee Charter.

Any amendment to these documents will be disclosed on our website at www.allete.com promptly following the date of such amendment.

Insider Trading Policies . The information required by this Item for disclosure of the Company's insider trading policies and procedures and disclosure of certain options awarded close in time to the release of material nonpublic information is incorporated by reference herein from our 2025 Proxy Statement.

Item 11. Executive Compensation

The information required by this Item is incorporated by reference herein from the "Compensation Discussion and Analysis," the "Compensation Committee Report," the "Director Compensation" and the "Pay Versus Performance" sections in our 2025 Proxy Statement.

Information concerning the Company's policy regarding incentive-based compensation received by current and former officers in the event of a required accounting restatement is included in Exhibit 97 to this Form 10-K.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item is incorporated by reference herein from the "Ownership of ALLETE Common Stock – Securities Owned by Certain Beneficial Owners" and the "Ownership of ALLETE Common Stock – Securities Owned by Directors and Management" sections in our 2025 Proxy Statement.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth the shares of ALLETE common stock available for issuance under the Company's equity compensation plans as of December 31, 2024:

| Plan Category | Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants, and Rights (a) | Weighted-Average Exercise Price of Outstanding Options, Warrants, and Rights (b) | Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (c) |
|--|--|--|--|
| Equity Compensation Plans Approved by Security Holders | 227,422 | — | 783,025 |
| Equity Compensation Plans Not Approved by Security Holders | — | — | — |
| Total | 227,422 | — | 783,025 |

- (a) Includes the following as of December 31, 2024: (i) 32,674 securities representing the performance shares (including accrued dividends) granted under the executive long-term incentive compensation plan that vested but were not paid as of December 31, 2024; (ii) 108,927 securities representing the target number of performance share awards (including accrued dividends) granted under the executive long-term incentive compensation plan that were unvested; and (iii) 85,821 director deferred stock units (including accrued dividends) under the non-employee director compensation deferral plan. With respect to unvested performance share awards, the actual number of shares to be issued will vary from 0 percent to 200 percent of the target level depending upon the achievement of total shareholder return objectives established for such awards. For additional information about the performance shares, including payout calculations, see our 2025 Proxy Statement.
- (b) Earned performance share awards are paid in shares of ALLETE common stock on a one-for-one basis. Accordingly, these awards do not have a weighted-average exercise price.
- (c) Excludes the number of securities shown in the first column as to be issued upon exercise of outstanding options, warrants, and rights. The amount shown is comprised of: (i) 494,870 shares available for issuance under the executive long-term incentive compensation plan in the form of options, rights, restricted stock units, performance share awards, and other grants as approved by the Executive Compensation Committee of the Company's Board of Directors; (ii) 255,431 shares available for issuance under the Non-Employee Director Stock Plan as payment for a portion of the annual retainer payable to non-employee Directors; and (iii) 32,724 shares available for issuance under the ALLETE and Affiliated Companies Employee Stock Purchase Plan.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item is incorporated by reference herein from the "Corporate Governance" section in our 2025 Proxy Statement.

We have adopted a Related Person Transaction Policy which is available on our website at www.allete.com. Print copies are available without charge, upon request. Any amendment to this policy will be disclosed on our website at www.allete.com promptly following the date of such amendment.

Item 14. Principal Accountant Fees and Services

Our independent registered public accounting firm is PricewaterhouseCoopers LLP, Minneapolis, MN, PCAOB ID: 238.

The information required by this Item is incorporated by reference herein from the "Audit Committee Report" section in our 2025 Proxy Statement.

Part IV

Item 15. Exhibits and Financial Statement Schedules

| | | |
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| (a) | Certain Documents Filed as Part of this Form 10-K. | |
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| | Report of Independent Registered Public Accounting Firm | 74 |
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| | All other schedules have been omitted either because the information is not required to be reported by ALLETE or because the information is included in the Consolidated Financial Statements or the notes. | |
| (3) | Exhibits including those incorporated by reference. | |

Exhibit
Number

| | | | | |
|------------------------|---|--|--------------------|-----------------------|
| *2 | — | 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).** | | |
| *3(a)1 | — | Articles of Incorporation, amended and restated as of May 8, 2001 (filed as Exhibit 3(b) to the March 31, 2001, Form 10-Q, File No. 1-3548). | | |
| *3(a)2 | — | Amendment to Articles of Incorporation, dated as of September 20, 2004 (filed as Exhibit 3 to the September 21, 2004, Form 8-K, File No. 1-3548). | | |
| *3(a)3 | — | Amendment to Articles of Incorporation, dated as of May 12, 2009 (filed as Exhibit 3 to the June 30, 2009, Form 10-Q, File No. 1-3548). | | |
| *3(a)4 | — | Amendment to Articles of Incorporation, dated as of May 11, 2010 (filed as Exhibit 3(a) to the May 14, 2010, Form 8-K, File No. 1-3548). | | |
| *3(a)5 | — | Amendment to Certificate of Assumed Name, filed with the Minnesota Secretary of State on May 8, 2001 (filed as Exhibit 3(a) to the March 31, 2001, Form 10-Q, File No. 1-3548). | | |
| *3(b) | | Bylaws, as amended effective April 13, 2020 (filed as Exhibit 3 to the April 14, 2020, Form 8-K, File No. 1-3548). | | |
| *4(a)1 | — | Mortgage and Deed of Trust, dated as of September 1, 1945, between Minnesota Power & Light Company (now ALLETE) and The Bank of New York Mellon (formerly Irving Trust Company) and Sherma Thomas (successor to Richard H. West), Trustees (filed as Exhibit 7(c), File No. 2-5865). | | |
| *4(a)2 | — | Supplemental Indentures to ALLETE's Mortgage and Deed of Trust: | | |
| | | Number | Dated as of | Reference File |
| | | First | March 1, 1949 | 2-7826 |
| | | Second | July 1, 1951 | 2-9036 |
| | | Third | March 1, 1957 | 2-13075 |
| | | Fourth | January 1, 1968 | 2-27794 |
| | | Fifth | April 1, 1971 | 2-39537 |
| | | Sixth | August 1, 1975 | 2-54116 |
| | | Seventh | September 1, 1976 | 2-57014 |
| | | Eighth | September 1, 1977 | 2-59690 |
| | | Ninth | April 1, 1978 | 2-60866 |
| | | Tenth | August 1, 1978 | 2-62852 |
| | | Eleventh | December 1, 1982 | 2-56649 |
| | | Twelfth | April 1, 1987 | 33-30224 |
| | | Thirteenth | March 1, 1992 | 33-47438 |
| | | Fourteenth | June 1, 1992 | 33-55240 |
| | | | | Exhibit |
| | | | | 7(b) |
| | | | | 7(c) |
| | | | | 2(c) |
| | | | | 2(c) |
| | | | | 2(c) |
| | | | | 2(c) |
| | | | | 2(c) |
| | | | | 2(c) |
| | | | | 2(d)2 |
| | | | | 4(a)3 |
| | | | | 4(a)3 |
| | | | | 4(b) |
| | | | | 4(b) |

**Exhibit
Number**

| | | | | |
|--------|--------------------------------|---|--|-----------------------|
| | Fifteenth | July 1, 1992 | 33-55240 | 4(c) |
| | Sixteenth | July 1, 1992 | 33-55240 | 4(d) |
| | Seventeenth | February 1, 1993 | 33-50143 | 4(b) |
| | Eighteenth | July 1, 1993 | 33-50143 | 4(c) |
| | Nineteenth | February 1, 1997 | 1-3548 (1996 Form 10-K) | 4(a)3 |
| | Twentieth | November 1, 1997 | 1-3548 (1997 Form 10-K) | 4(a)3 |
| | Twenty-first | October 1, 2000 | 333-54330 | 4(c)3 |
| | Twenty-second | July 1, 2003 | 1-3548 (June 30, 2003, Form 10-Q) | 4 |
| | Twenty-third | August 1, 2004 | 1-3548 (Sept. 30, 2004, Form 10-Q) | 4(a) |
| | Twenty-fourth | March 1, 2005 | 1-3548 (March 31, 2005, Form 10-Q) | 4 |
| | Twenty-fifth | December 1, 2005 | 1-3548 (March 31, 2006, Form 10-Q) | 4 |
| | Twenty-sixth | October 1, 2006 | 1-3548 (2006 Form 10-K) | 4(a)3 |
| | Twenty-seventh | February 1, 2008 | 1-3548 (2007 Form 10-K) | 4(a)3 |
| | Twenty-eighth | May 1, 2008 | 1-3548 (June 30, 2008, Form 10-Q) | 4 |
| | Twenty-ninth | November 1, 2008 | 1-3548 (2008 Form 10-K) | 4(a)3 |
| | Thirtieth | January 1, 2009 | 1-3548 (2008 Form 10-K) | 4(a)4 |
| | Thirty-first | February 1, 2010 | 1-3548 (March 31, 2010, Form 10-Q) | 4 |
| | Thirty-second | August 1, 2010 | 1-3548 (Sept. 30, 2010, Form 10-Q) | 4 |
| | Thirty-third | July 1, 2012 | 1-3548 (July 2, 2012, Form 8-K) | 4 |
| | Thirty-fourth | April 1, 2013 | 1-3548 (April 2, 2013, Form 8-K) | 4 |
| | Thirty-fifth | March 1, 2014 | 1-3548 (March 31, 2014, Form 10-Q) | 4 |
| | Thirty-sixth | June 1, 2014 | 1-3548 (June 30, 2014, Form 10-Q) | 4 |
| | Thirty-seventh | September 1, 2014 | 1-3548 (Sept. 30, 2014, Form 10-Q) | 4 |
| | Thirty-eighth | September 1, 2015 | 1-3548 (Sept. 30, 2015, Form 10-Q) | 4(a) |
| | Thirty-ninth | April 1, 2018 | 1-3548 (March 31, 2018, Form 10-Q) | 4 |
| | Fortieth | March 1, 2019 | 1-3548 (March 31, 2019, Form 10-Q) | 4(a) |
| | Forty-first | August 1, 2020 | 1-3548 (Sept. 30, 2020, Form 10-Q) | 4(a) |
| | Forty-second | September 1, 2021 | 1-3548 (Sept. 30, 2021, Form 10-Q) | 4 |
| | Forty-third | August 1, 2022 | 1-3548 (Sept. 30, 2022, Form 10-Q) | 4 |
| | Forty-fourth | April 1, 2023 | 1-3548 (June 30, 2023, Form 10-Q) | 4 |
| | Forty-fifth | April 1, 2024 | 1-3548 (March 31, 2024, Form 10-Q) | 4 |
| *4(b)1 | — | Mortgage and Deed of Trust, dated as of March 1, 1943, between Superior Water, Light and Power Company and Chemical Bank & Trust Company and Howard B. Smith, as Trustees, both succeeded by U.S. Bank National Association, as Trustee (filed as Exhibit 7(c), File No. 2-8668). | | |
| *4(b)2 | — | Supplemental Indentures to Superior Water, Light and Power Company's Mortgage and Deed of Trust: | | |
| | Number | Dated as of | Reference File | Exhibit |
| | First | March 1, 1951 | 2-59690 | 2(d)(1) |
| | Second | March 1, 1962 | 2-27794 | 2(d)1 |
| | Third | July 1, 1976 | 2-57478 | 2(e)1 |
| | Fourth | March 1, 1985 | 2-78641 | 4(b) |
| | Fifth | December 1, 1992 | 1-3548 (1992 Form 10-K) | 4(b)1 |
| | Sixth | March 24, 1994 | 1-3548 (1996 Form 10-K) | 4(b)1 |
| | Seventh | November 1, 1994 | 1-3548 (1996 Form 10-K) | 4(b)2 |
| | Eighth | January 1, 1997 | 1-3548 (1996 Form 10-K) | 4(b)3 |
| | Ninth | October 1, 2007 | 1-3548 (2007 Form 10-K) | 4(c)3 |
| | Tenth | October 1, 2007 | 1-3548 (2007 Form 10-K) | 4(c)4 |
| | Eleventh | December 1, 2008 | 1-3548 (2008 Form 10-K) | 4(c)3 |
| | Twelfth | December 2, 2013 | 1-3548 (2013 Form 10-K) | 4(c)3 |
| | Thirteenth | May 29, 2018 | 1-3548 (June 30, 2018, Form 10-Q) | 4 |
| | Fourteenth | June 14, 2021 | 1-3548 (June 30, 2021, Form 10-Q) | 4(a) |
| | Fifteenth | June 14, 2021 | 1-3548 (June 30, 2021, Form 10-Q) | 4(b) |

Exhibit Number

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|--------------------------|---|---|
| *4(c) | — | Note Purchase and Guarantee Agreement dated as of November 5, 2015, among Armenia Mountain Wind LLC, AMW I Holding, LLC and the purchasers named therein (filed as Exhibit 4 to the November 12, 2015, Form 8-K, File No. 1-3548). |
| *4(d) | — | Note Purchase Agreement, dated December 8, 2016, between ALLETE and Hartford Investment Management Company, Northwestern Mutual Investment Management Company, The Northwestern Mutual Life Insurance Company and Nationwide Life Insurance Company (filed as Exhibit 4 to the December 12, 2016, Form 8-K, File No. 1-3548). |
| *4(e) | — | Note Purchase Agreement, dated September 10, 2020, between ALLETE and the purchasers named therein (filed as Exhibit 4 to the September 30, 2020, Form 10-Q, File No. 1-3548). |
| *4(f) | — | Note Purchase Agreement, dated June 27, 2024, between ALLETE and the purchasers named therein. (filed as Exhibit 4 to the June 30, 2024, Form 10-Q, File No. 1-3548). |
| *4(g) | — | Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 (filed as Exhibit 4(h) to the 2019 Form 10-K, File No. 1-3548). |
| *10(a) | — | Power Purchase and Sale Agreement, dated as of May 29, 1998, between Minnesota Power, Inc. (now ALLETE) and Square Butte Electric Cooperative (filed as Exhibit 10 to the June 30, 1998, Form 10-Q, File No. 1-3548). |
| *10(b)1 | — | Amended and Restated Credit Agreement dated as of January 10, 2019 among ALLETE, as Borrower, the lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and J.P. Morgan Chase Bank, N.A., as Sole Lead Arranger and Sole Book Runner (filed as Exhibit 10(b)2 to the 2018 Form 10-K, File No. 1-3548). |
| *10(b)2 | — | First Amendment to Credit Agreement dated May 15, 2019, among ALLETE, as Borrower, the lenders party thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent (filed as Exhibit 4 to the June 30, 2019, Form 10-Q, File No. 1-3548). |
| *10(b)3 | — | Second Amendment to Credit Agreement dated November 23, 2021, among ALLETE, as Borrower, the lenders party thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent. (filed as Exhibit 10(b)3 to the 2021 Form 10-K, File No. 1-3548). |
| *10(b)4 | — | Third Amendment to Credit Agreement dated as of October 17, 2023, among ALLETE, as Borrower, the lenders party thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent. (filed as Exhibit 10 to the Sept. 30, 2023, Form 10-Q, File No. 1-3548). |
| 10(b)5 | — | Fourth Amendment to Credit Agreement dated as of June 4, 2024, among ALLETE, as Borrower, the lenders party thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent. |
| *10(c)1 | — | Financing Agreement between Collier County Industrial Development Authority and ALLETE dated as of July 1, 2006 (filed as Exhibit 10(b)1 to the June 30, 2006, Form 10-Q, File No. 1-3548). |
| *10(c)2 | — | Amended and Restated Letter of Credit Agreement, dated as of June 3, 2011, among ALLETE, the participating banks and Wells Fargo Bank, National Association, as Administrative Agent and Issuing Bank (filed as Exhibit 10(b) to the June 30, 2011, Form 10-Q, File No. 1-3548). |
| *10(c)3 | — | First Amendment to Amended and Restated Letter of Credit Agreement, dated as of June 1, 2013, between ALLETE and Wells Fargo Bank, National Association, as Issuing Bank, Administrative Agent and Sole Participating Bank (filed as Exhibit 10(b) to the June 30, 2013, Form 10-Q, File No. 1-3548). |
| *10(d) | — | Agreement dated December 16, 2005, among ALLETE, Wisconsin Public Service Corporation and WPS Investments, LLC (filed as Exhibit 10(g) to the 2009 Form 10-K, File No. 1-3548). |
| *+10(e)1 | — | ALLETE Executive Annual Incentive Plan, as amended and restated, effective January 1, 2011 (filed as Exhibit 10(h)1 to the 2010 Form 10-K, File No. 1-3548). |
| *+10(e)2 | — | ALLETE Executive Annual Incentive Plan Form of Award Effective 2021 (filed as Exhibit 10(e)8 to the 2020 Form 10-K, File No. 1-3548). |
| *+10(e)3 | — | ALLETE Executive Annual Incentive Plan Form of Award Effective 2022 (filed as Exhibit 10(e)9 to the 2021 Form 10-K, File No. 1-3548). |
| *+10(e)4 | — | ALLETE Executive Annual Incentive Plan Form of Award Effective 2023 (filed as Exhibit 10(e)8 to the 2022 Form 10-K, File No. 1-3548). |
| *+10(e)5 | — | ALLETE Executive Annual Incentive Plan Form of Award ALLETE Clean Energy Effective 2023 (filed as Exhibit 10(e)9 to the 2022 Form 10-K, File No. 1-3548). |
| *+10(e)6 | — | ALLETE Executive Annual Incentive Plan, as amended and restated, effective December 21, 2023 (filed as Exhibit 10(e)7 to the 2023 Form 10-K, File No. 1-3548). |
| *+10(e)7 | — | ALLETE Executive Annual Incentive Plan Form of Award Effective 2024 (filed as Exhibit 10(e)8 to the 2023 Form 10-K, File No. 1-3548). |
| *+10(e)8 | — | ALLETE Executive Annual Incentive Plan Form of Award ALLETE Clean Energy Effective 2024 (filed as Exhibit 10(e)9 to the 2023 Form 10-K, File No. 1-3548). |
| +10(e)9 | — | ALLETE Executive Annual Incentive Plan Form of Award Effective 2025. |
| +10(e)10 | — | ALLETE Executive Annual Incentive Plan Form of Award ALLETE Clean Energy Effective 2025. |
| *+10(f)1 | — | ALLETE and Affiliated Companies Supplemental Executive Retirement Plan (SERP I), as amended and restated, effective January 1, 2009 (filed as Exhibit 10(i)4 to the 2008 Form 10-K, File No. 1-3548). |
| *+10(f)2 | — | Amendment to the ALLETE and Affiliated Companies Supplemental Executive Retirement Plan (SERP I), effective January 1, 2011 (filed as Exhibit 10(i)2 to the 2010 Form 10-K, File No. 1-3548). |

Exhibit Number

| | | |
|---------------------------|---|--|
| *+10(f)3 | — | ALLETE and Affiliated Companies Supplemental Executive Retirement Plan II (SERP II), as amended and restated, effective January 1, 2021 (filed as Exhibit 10(f)5 to the 2021 Form 10-K, File No. 1-3548). |
| *+10(f)4 | — | ALLETE and Affiliated Companies Supplemental Executive Retirement Plan II (SERP II), as amended and restated, effective October 27, 2023 (filed as Exhibit 10(f)4 to the 2023 Form 10-K, File No. 1-3548). |
| *+10(g) | — | ALLETE Deferred Compensation Trust Agreement, as amended and restated, effective December 15, 2012 (filed as Exhibit 10(i) to the 2012 Form 10-K, File No. 1-3548). |
| *+10(h)1 | — | ALLETE Executive Long-Term Incentive Compensation Plan effective January 1, 2016 (filed November 6, 2015, as Exhibit 99 to Form S-8, File No. 333-207846). |
| *+10(h)2 | — | Form of ALLETE Executive Long-Term Incentive Compensation Plan Restricted Stock Unit Grant Effective 2019 (filed as Exhibit 10(i)10 to the 2018 Form 10-K, File No. 1-3548). |
| *+10(h)3 | — | Form of ALLETE Executive Long-Term Incentive Compensation Plan Performance Share Grant Effective 2019 (filed as Exhibit 10(i)11 to the 2018 Form 10-K, File No. 1-3548). |
| *+10(h)4 | — | Form of ALLETE Executive Long-Term Incentive Compensation Plan Restricted Stock Unit Grant Effective 2020 (filed as Exhibit 10(i)12 to the 2019 Form 10-K, File No. 1-3548). |
| *+10(h)5 | — | Form of ALLETE Executive Long-Term Incentive Compensation Plan Performance Share Grant Effective 2020 (filed as Exhibit 10(i)13 to the 2019 Form 10-K, File No. 1-3548). |
| *+10(h)6 | — | Form of ALLETE Executive Long-Term Incentive Compensation Plan Restricted Stock Unit Grant Effective 2021 (filed as Exhibit 10(i)14 to the 2020 Form 10-K, File No. 1-3548). |
| *+10(h)7 | — | Form of ALLETE Executive Long-Term Incentive Compensation Plan Performance Share Grant Effective 2021 (filed as Exhibit 10(i)15 to the 2020 Form 10-K, File No. 1-3548). |
| *+10(h)8 | — | Form of ALLETE Executive Long-Term Incentive Compensation Plan Restricted Stock Unit Grant Effective 2022 (filed as Exhibit 10(i)17 to the 2021 Form 10-K, File No. 1-3548). |
| *+10(h)9 | — | Form of ALLETE Executive Long-Term Incentive Compensation Plan Performance Share Grant Effective 2022 (filed as Exhibit 10(i)18 to the 2021 Form 10-K, File No. 1-3548). |
| *+10(h)10 | — | ALLETE Executive Long-Term Incentive Compensation Plan Performance Share Grant Effective April 13, 2022. (filed as Exhibit 10.1 to the September 30, 2024, Form 10-Q, File No. 1-3548). |
| *+10(h)11 | — | Form of ALLETE Executive Long-Term Incentive Compensation Plan Restricted Stock Unit Grant Effective 2023 (filed as Exhibit 10(h)16 to the 2022 Form 10-K, File No. 1-3548). |
| *+10(h)12 | — | Form of ALLETE Executive Long-Term Incentive Compensation Plan Performance Share Grant Effective 2023 (filed as Exhibit 10(h)17 to the 2022 Form 10-K, File No. 1-3548). |
| *+10(h)13 | — | Form of ALLETE Executive Long-Term Incentive Compensation Plan Restricted Stock Unit Grant Effective 2024 (filed as Exhibit 10(h)15 to the 2023 Form 10-K, File No. 1-3548). |
| *+10(h)14 | — | Form of ALLETE Executive Long-Term Incentive Compensation Plan Performance Share Grant Effective 2024 (filed as Exhibit 10(h)16 to the 2023 Form 10-K, File No. 1-3548). |
| +10(h)15 | — | Form of ALLETE Executive Long-Term Incentive Compensation Plan Restricted Stock Unit Grant Effective 2025. |
| +10(h)16 | — | Form of ALLETE Executive Long-Term Incentive Compensation Plan Performance Share Grant Effective 2025. |
| *+10(i)1 | — | Amended and Restated ALLETE Non-Employee Director Stock Plan, effective May 15, 2013 (filed as Exhibit 10(a) to the June 30, 2013, Form 10-Q, File No. 1-3548). |
| *+10(i)2 | — | ALLETE Non-Employee Director Stock Plan (As Amended and Restated Effective May 10, 2022) (filed as Exhibit 99, File No. 333-265211). |
| *+10(j)3 | — | ALLETE Non-Employee Director Compensation Summary effective January 1, 2020 (filed as Exhibit 10(k)3 to the 2020 Form 10-K, File No. 1-3548). |
| *+10(j)4 | — | ALLETE Non-Employee Director Compensation Summary effective January 1, 2022 (filed as Exhibit 10(k)4 to the 2021 Form 10-K, File No. 1-3548). |
| *+10(j)5 | — | Amended and Restated ALLETE Non-Employee Director Stock Plan, effective May 10, 2022 (filed as Exhibit 99 to Form S-8, File No. 333-265211). |
| *+10(j)6 | — | ALLETE Non-Employee Director Compensation Summary effective January 1, 2023 (filed as Exhibit 10(j)6 to the 2022 Form 10-K, File No. 1-3548). |
| *+10(k)1 | — | Minnesota Power (now ALLETE) Director Compensation Deferral Plan Amended and Restated, effective January 1, 1990 (filed as Exhibit 10(ac) to the 2002 Form 10-K, File No. 1-3548). |
| *+10(k)2 | — | Amendment to the Minnesota Power (now ALLETE) Director Compensation Deferral Plan, effective October 1, 2003 (filed as Exhibit 10(aa)2 to the 2003 Form 10-K, File No. 1-3548). |
| *+10(k)3 | — | Amendment to the ALLETE Director Compensation Deferral Plan, effective January 1, 2005 (filed as Exhibit 10(c) to the March 31, 2005, Form 10-Q, File No. 1-3548). |
| *+10(k)4 | — | Amendment to the ALLETE Director Compensation Deferral Plan, effective October 1, 2006 (filed as Exhibit 10(d) to the September 30, 2006, Form 10-Q, File No. 1-3548). |
| *+10(k)5 | — | Amendment to the ALLETE Director Compensation Deferral Plan, effective July 24, 2012 (filed as Exhibit 10(n)5 to the 2012 Form 10-K, File No. 1-3548). |

Exhibit Number

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| <u>*+10(l)1</u> | — | <u>ALLETE Non-Employee Director Compensation Deferral Plan II, effective May 1, 2009 (filed as Exhibit 10(a) to the June 30, 2009, Form 10-Q, File No. 1-3548).</u> |
| <u>*+10(l)2</u> | — | <u>ALLETE Non-Employee Director Compensation Deferral Plan II, as amended and restated, effective July 24, 2012 (filed as Exhibit 10(o)2 to the 2012 Form 10-K, File No. 1-3548).</u> |
| <u>*+10(m)</u> | — | <u>ALLETE Non-Employee Director Compensation Trust Agreement, as amended and restated, effective December 15, 2012 (filed as Exhibit 10(p)2 to the 2012 Form 10-K, File No. 1-3548).</u> |
| <u>*+10(n)</u> | — | <u>Extraordinary Compensation Award and Opportunity Effective September 25, 2023 (filed as Exhibit 10.2 to the September 30, 2024, Form 10-Q, File No. 1-3548).</u> |
| <u>*+10(o)1</u> | — | <u>ALLETE and Affiliated Companies Change in Control Severance Plan, as amended and restated, effective April 23, 2018 (filed as Exhibit 10(c) to the March 31, 2018, Form 10-Q, File No. 1-3548).</u> |
| <u>*+10(o)2</u> | — | <u>ALLETE and Affiliated Companies Change in Control Severance Plan, as amended and restated, effective October 27, 2023 (filed as Exhibit 10(n)2 to the 2023 Form 10-K, File No. 1-3548).</u> |
| <u>19</u> | — | <u>Insider Trading Policies and Procedures.</u> |
| <u>21</u> | — | <u>Subsidiaries of the Registrant.</u> |
| <u>23</u> | — | <u>Consent of Independent Registered Public Accounting Firm.</u> |
| <u>31(a)</u> | — | <u>Rule 13a-14(a)/15d-14(a) Certification by the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u> |
| <u>31(b)</u> | — | <u>Rule 13a-14(a)/15d-14(a) Certification by the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u> |
| <u>32</u> | — | <u>Section 1350 Certification of Annual Report by the Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u> |
| <u>95</u> | — | <u>Mine Safety.</u> |
| <u>97</u> | — | <u>Policy Relating to Recovery of Erroneously Awarded Compensation.</u> |
| <u>99</u> | — | <u>ALLETE News Release dated February 13, 2025, announcing earnings for the year ended December 31, 2024. (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.)</u> |
| 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) |

Pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K, other long-term debt instruments are not filed as exhibits because the total amount of debt authorized under each omitted instrument does not exceed 10 percent of our total consolidated assets. We will furnish copies of these instruments to the SEC upon its request.

* *Incorporated herein by reference as indicated.*

** *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.*

+ *Management contract or compensatory plan or arrangement pursuant to Item 15(b).*

Item 16. Form 10-K Summary

None.

Signatures

Pursuant to the requirements of Section 13 or 15(d) 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.

Dated: February 13, 2025

By /s/ Bethany M. Owen
Bethany M. Owen
Chair, President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| Signature | Title | Date |
|---|---|-------------------|
| <u>/s/ Bethany M. Owen</u> Bethany M. Owen | Chair, President and Chief Executive Officer (Principal Executive Officer) and Director | February 13, 2025 |
| <u>/s/ Steven W. Morris</u> Steven W. Morris | Senior Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer) | February 13, 2025 |

ALLETE, Inc. 2024 Form 10-K

Signatures (Continued)

| Signature | Title | Date |
|---|--------------|-------------------|
| <hr/> <i>/s/ George G. Goldfarb</i> George G. Goldfarb | Director | February 13, 2025 |
| <hr/> <i>/s/ James J. Hoolihan</i> James J. Hoolihan | Director | February 13, 2025 |
| <hr/> <i>/s/ Madeleine W. Ludlow</i> Madeleine W. Ludlow | Director | February 13, 2025 |
| <hr/> <i>/s/ Charles R. Matthews</i> Charles R. Matthews | Director | February 13, 2025 |
| <hr/> <i>/s/ Susan K. Nestegard</i> Susan K. Nestegard | Director | February 13, 2025 |
| <hr/> <i>/s/ Douglas C. Neve</i> Douglas C. Neve | Director | February 13, 2025 |
| <hr/> <i>/s/ Barbara A. Nick</i> Barbara A. Nick | Director | February 13, 2025 |
| <hr/> <i>/s/ Robert P. Powers</i> Robert P. Powers | Director | February 13, 2025 |
| <hr/> <i>/s/ Charlene A. Thomas</i> Charlene A. Thomas | Director | February 13, 2025 |

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of ALLETE, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheet of ALLETE, Inc. and its subsidiaries (the "Company") as of December 31, 2024 and 2023, and the related consolidated statements of income, of comprehensive income, of equity and of cash flows for each of the three years in the period ended December 31, 2024, including the related notes and financial statement schedule listed in the index appearing under Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Accounting for the Effects of Regulatory Matters

As described in Note 4 to the consolidated financial statements, the Company's regulated utility operations are subject to accounting standards for the effects of certain types of regulation. As of December 31, 2024, there was \$373.3 million of regulatory assets and \$602.0 million of regulatory liabilities recorded. 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. Management assesses quarterly whether regulatory assets and liabilities meet the criteria for probability of future recovery or deferral. As disclosed by management, these standards require the Company to reflect the effect of regulatory decisions in its financial statements. This assessment considers factors such as, but not limited to, changes in the regulatory environment and recent rate orders to other regulated entities under the same jurisdiction. If future recovery or refund of costs becomes no longer probable, the assets and liabilities would be recognized in current period net income or other comprehensive income.

The principal consideration for our determination that performing procedures relating to the Company's accounting for the effects of regulatory matters is a critical audit matter is the significant judgment by management in determining the recoverability of costs; this in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence obtained related to the recoverability of costs.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's implementation of new regulatory orders, changes to existing regulatory orders, and assessing the recoverability of costs. These procedures also included, among others, evaluating (i) the reasonableness of management's assessment of impacts arising from correspondence with regulators and changes in laws and regulations, (ii) management's judgments related to the recoverability of regulatory assets and the establishment of regulatory liabilities, and (iii) the sufficiency of the disclosures in the consolidated financial statements. Testing the regulatory assets and liabilities involved considering the provisions and formulas outlined in rate orders, other regulatory correspondence, and application of relevant regulatory precedents.

/s/ PricewaterhouseCoopers LLP

Minneapolis, Minnesota

February 13, 2025

We have served as the Company's auditor since 1963.

CONSOLIDATED FINANCIAL STATEMENTS

ALLETE Consolidated Balance Sheet

| As of December 31 | 2024 | 2023 |
|---|-------------------|-------------------|
| Millions | | |
| Assets | | |
| Current Assets | | |
| Cash and Cash Equivalents | \$ 32.8 | \$ 71.9 |
| Accounts Receivable (Less Allowance of \$ 1.7 and \$ 1.6) | 148.1 | 137.2 |
| Inventories – Net | 154.6 | 175.4 |
| Prepayments and Other | 99.7 | 83.6 |
| Total Current Assets | 435.2 | 468.1 |
| Property, Plant and Equipment – Net | 5,181.5 | 5,013.4 |
| Regulatory Assets | 371.7 | 425.4 |
| Equity Investments | 340.1 | 331.2 |
| Goodwill and Intangible Assets – Net | 155.3 | 155.4 |
| Other Non-Current Assets | 270.5 | 262.9 |
| Total Assets | \$ 6,754.3 | \$ 6,656.4 |
| Liabilities, Redeemable Non-Controlling Interest and Equity | | |
| Liabilities | | |
| Current Liabilities | | |
| Accounts Payable | \$ 113.6 | \$ 102.2 |
| Accrued Taxes | 54.6 | 51.0 |
| Accrued Interest | 23.4 | 21.1 |
| Long-Term Debt Due Within One Year | 94.7 | 111.4 |
| Other | 117.9 | 91.9 |
| Total Current Liabilities | 404.2 | 377.6 |
| Long-Term Debt | 1,704.7 | 1,679.9 |
| Deferred Income Taxes | 253.4 | 192.7 |
| Regulatory Liabilities | 570.5 | 574.0 |
| Defined Benefit Pension and Other Postretirement Benefit Plans | 118.2 | 160.8 |
| Other Non-Current Liabilities | 312.8 | 264.3 |
| Total Liabilities | 3,363.8 | 3,249.3 |
| Commitments, Guarantees and Contingencies (Note 9) | | |
| Redeemable Non-Controlling Interest | 0.4 | 0.5 |
| Equity | | |
| ALLETE Equity | | |
| Common Stock Without Par Value, 80.0 Shares Authorized, 57.9 and 57.6 Shares Issued and Outstanding | 1,823.2 | 1,803.7 |
| Accumulated Other Comprehensive Loss | (18.1) | (20.5) |
| Retained Earnings | 1,042.9 | 1,026.4 |
| Total ALLETE Equity | 2,848.0 | 2,809.6 |
| Non-Controlling Interest in Subsidiaries | 542.1 | 597.0 |
| Total Equity | 3,390.1 | 3,406.6 |
| Total Liabilities, Redeemable Non-Controlling Interest and Equity | \$ 6,754.3 | \$ 6,656.4 |

The accompanying notes are an integral part of these statements.

ALLETE Consolidated Statement of Income

| Year Ended December 31 | 2024 | 2023 | 2022 |
|--|-----------------|-----------------|-----------------|
| Millions Except Per Share Amounts | | | |
| Operating Revenue | | | |
| Contracts with Customers – Utility | \$ 1,242.7 | \$ 1,238.3 | \$ 1,259.3 |
| Contracts with Customers – Non-utility | 282.1 | 636.4 | 303.8 |
| Other – Non-utility | 5.0 | 5.1 | 7.6 |
| Total Operating Revenue | 1,529.8 | 1,879.8 | 1,570.7 |
| Operating Expenses | | | |
| Fuel, Purchased Power and Gas – Utility | 477.6 | 482.9 | 545.5 |
| Transmission Services – Utility | 64.6 | 88.2 | 76.7 |
| Cost of Sales – Non-utility | 129.2 | 473.5 | 182.8 |
| Operating and Maintenance | 361.4 | 345.3 | 318.9 |
| Depreciation and Amortization | 271.5 | 251.8 | 242.2 |
| Taxes Other than Income Taxes | 65.4 | 57.2 | 70.4 |
| Total Operating Expenses | 1,369.7 | 1,698.9 | 1,436.5 |
| Operating Income | 160.1 | 180.9 | 134.2 |
| Other Income (Expense) | | | |
| Interest Expense | (81.7) | (80.8) | (75.2) |
| Equity Earnings | 25.0 | 21.7 | 18.7 |
| Other | 23.0 | 85.0 | 22.4 |
| Total Other Income (Expense) | (33.7) | 25.9 | (34.1) |
| Income Before Non-Controlling Interest and Income Taxes | 126.4 | 206.8 | 100.1 |
| Income Tax Expense (Benefit) | 4.7 | 27.9 | (31.2) |
| Net Income | 121.7 | 178.9 | 131.3 |
| Net Loss Attributable to Non-Controlling Interest | (57.6) | (68.2) | (58.0) |
| Net Income Attributable to ALLETE | \$ 179.3 | \$ 247.1 | \$ 189.3 |
| Average Shares of Common Stock | | | |
| Basic | 57.7 | 57.3 | 55.9 |
| Diluted | 57.8 | 57.4 | 56.0 |
| Basic Earnings Per Share of Common Stock | \$ 3.11 | \$ 4.31 | \$ 3.38 |
| Diluted Earnings Per Share of Common Stock | \$ 3.10 | \$ 4.30 | \$ 3.38 |

The accompanying notes are an integral part of these statements.

ALLETE Consolidated Statement of Comprehensive Income

| Year Ended December 31 | 2024 | 2023 | 2022 |
|---|-------------|-------------|-------------|
| Millions | | | |
| Net Income | \$ 121.7 | \$ 178.9 | \$ 131.3 |
| Other Comprehensive Income (Loss) | | | |
| Unrealized Gain (Loss) on Securities | | | |
| Net of Income Tax Expense (Benefit) of \$ — , \$ 0.1 and \$(0.2) | 0.1 | 0.3 | (0.4) |
| Defined Benefit Pension and Other Postretirement Benefit Plans | | | |
| Net of Income Tax Expense (Benefit) of \$(0.1) , \$ 2.4 and \$(0.1) | 2.3 | 3.6 | (0.2) |
| Total Other Comprehensive Income (Loss) | 2.4 | 3.9 | (0.6) |
| Total Comprehensive Income | 124.1 | 182.8 | 130.7 |
| Net Loss Attributable to Non-Controlling Interest | (57.6) | (68.2) | (58.0) |
| Total Comprehensive Income Attributable to ALLETE | \$ 181.7 | \$ 251.0 | \$ 188.7 |

The accompanying notes are an integral part of these statements.

ALLETE Consolidated Statement of Cash Flows

| Year Ended December 31 | 2024 | 2023 | 2022 |
|--|-----------------|----------------|----------------|
| Millions | | | |
| Operating Activities | | | |
| Net Income | \$ 121.7 | \$ 178.9 | \$ 131.3 |
| Adjustments to Reconcile Net Income to Cash provided by Operating Activities: | | | |
| AFUDC – Equity | (5.0) | (3.6) | (2.7) |
| Income from Equity Investments – Net of Dividends | (1.8) | 1.0 | 2.4 |
| (Gain) / Loss on Investments and Property, Plant and Equipment | — | — | 1.2 |
| Depreciation Expense | 271.3 | 251.7 | 242.0 |
| Amortization of PSAs | (5.0) | (5.2) | (7.6) |
| Amortization of Other Intangible Assets and Other Assets | 6.9 | 7.1 | 8.3 |
| Deferred Income Tax Expense (Benefit) | (15.8) | 17.6 | (38.5) |
| Share-Based and ESOP Compensation Expense | 6.6 | 7.3 | 4.9 |
| Defined Benefit Pension and Other Postretirement Plan Expense (Benefit) | (13.8) | (6.1) | (3.0) |
| Bad Debt Expense | 1.4 | 1.3 | 1.9 |
| Fuel Adjustment Clause | 0.6 | 44.0 | 15.1 |
| Provision (Payments) for Interim Rate Refund | 23.0 | (18.4) | 18.4 |
| Changes in Operating Assets and Liabilities | | | |
| Accounts Receivable | (13.1) | 1.8 | (14.0) |
| Inventories | 7.5 | 277.1 | (256.1) |
| Prepayments and Other | (10.5) | (7.9) | (21.5) |
| Accounts Payable | (2.7) | (4.0) | (1.3) |
| Other Current Liabilities | 0.9 | (157.6) | 116.2 |
| Renewable Tax Credit Sales | 61.1 | — | — |
| Cash Contributions to Defined Benefit Pension Plans | (25.0) | (17.3) | — |
| Changes in Regulatory and Other Non-Current Assets | 42.2 | 15.6 | 24.1 |
| Changes in Regulatory and Other Non-Current Liabilities | 6.6 | 2.0 | 0.2 |
| Cash provided by Operating Activities | 457.1 | 585.3 | 221.3 |
| Investing Activities | | | |
| Proceeds from Sale of Available-for-sale Securities | 2.0 | 1.0 | 2.2 |
| Payments for Purchase of Available-for-sale Securities | (2.4) | (1.2) | (2.4) |
| Acquisitions of Subsidiaries – Net of Cash and Restricted Cash Acquired | — | — | (155.0) |
| Payments for Equity Investments | (5.8) | (8.2) | (5.9) |
| Additions to Property, Plant and Equipment | (354.9) | (271.2) | (220.5) |
| Other Investing Activities | 20.4 | (4.0) | (2.4) |
| Cash used in Investing Activities | (340.7) | (283.6) | (384.0) |
| Financing Activities | | | |
| Proceeds from Issuance of Common Stock | 12.9 | 14.9 | 248.0 |
| Equity Issuance Costs | — | — | (8.1) |
| Proceeds from Issuance of Short-Term and Long-Term Debt | 658.0 | 437.0 | 785.4 |
| Repayments of Short-Term and Long-Term Debt | (649.4) | (566.7) | (877.0) |
| Proceeds from Non-Controlling Interest in Subsidiaries – Net of Issuance Costs | 4.1 | 17.8 | 155.7 |
| Distributions to Non-Controlling Interest | (1.5) | (8.5) | (1.7) |
| Dividends on Common Stock | (162.8) | (155.5) | (145.9) |
| Other Financing Activities | (1.9) | (1.5) | (1.2) |
| Cash provided (used in) by Financing Activities | (140.6) | (262.5) | 155.2 |
| Change in Cash, Cash Equivalents and Restricted Cash | (24.2) | 39.2 | (7.5) |
| Cash, Cash Equivalents and Restricted Cash at Beginning of Period | 79.4 | 40.2 | 47.7 |
| Cash, Cash Equivalents and Restricted Cash at End of Period | \$ 55.2 | \$ 79.4 | \$ 40.2 |

The accompanying notes are an integral part of these statements.

ALLETE Consolidated Statement of Equity

| | 2024 | 2023 | 2022 |
|--|-------------------|-------------------|-------------------|
| Millions Except Per Share Amounts | | | |
| Equity | | | |
| Common Stock | | | |
| Balance, Beginning of Period | \$ 1,803.7 | \$ 1,781.5 | \$ 1,536.7 |
| Common Stock Issued | 19.5 | 22.2 | 244.8 |
| Balance, End of Period | 1,823.2 | 1,803.7 | 1,781.5 |
| Accumulated Other Comprehensive Loss | | | |
| Balance, Beginning of Period | (20.5) | (24.4) | (23.8) |
| Other Comprehensive Income – Net of Income Taxes | | | |
| Unrealized Gain (Loss) on Debt Securities | 0.1 | 0.3 | (0.4) |
| Defined Benefit Pension and Other Postretirement Plans | 2.3 | 3.6 | (0.2) |
| Balance, End of Period | (18.1) | (20.5) | (24.4) |
| Retained Earnings | | | |
| Balance, Beginning of Period | 1,026.4 | 934.8 | 891.4 |
| Net Income Attributable to ALLETE | 179.3 | 247.1 | 189.3 |
| Common Stock Dividends | (162.8) | (155.5) | (145.9) |
| Balance, End of Period | 1,042.9 | 1,026.4 | 934.8 |
| Non-Controlling Interest in Subsidiaries | | | |
| Balance, Beginning of Period | 597.0 | 656.4 | 533.2 |
| Proceeds from Non-Controlling Interest in Subsidiaries – Net of Issuance Costs | 1.3 | 9.9 | 182.9 |
| Net Loss Attributable to Non-Controlling Interest | (55.0) | (60.8) | (58.0) |
| Distributions to Non-Controlling Interest | (1.2) | (8.5) | (1.7) |
| Balance, End of Period | 542.1 | 597.0 | 656.4 |
| Total Equity | \$ 3,390.1 | \$ 3,406.6 | \$ 3,348.3 |
| Redeemable Non-Controlling Interest | | | |
| Balance, Beginning of Period | \$ 0.5 | — | — |
| Proceeds from Non-Controlling Interest in Subsidiaries | 2.8 | \$ 7.9 | — |
| Net Loss Attributable to Non-Controlling Interest | (2.6) | (7.4) | — |
| Distributions to Non-Controlling Interest | (0.3) | — | — |
| Total Redeemable Non-Controlling Interest | \$ 0.4 | \$ 0.5 | — |
| Dividends Per Share of Common Stock | \$ 2.82 | \$ 2.71 | \$ 2.60 |

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Preparation. References in this report to “we,” “us,” and “our” are to ALLETE and its subsidiaries, collectively. We prepare our financial statements in conformity with GAAP. These principles require management to make informed judgments, best estimates, and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. Actual results could differ from those estimates. The presentation of certain prior period amounts on the Consolidated Financial Statements have been adjusted for comparative purposes.

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

Principles of Consolidation. Our Consolidated Financial Statements include the accounts of ALLETE, all of our majority owned subsidiary companies and variable interest entities of which ALLETE is the primary beneficiary. All material intercompany balances and transactions have been eliminated in consolidation.

Variable Interest Entities. The accounting guidance for “Variable Interest Entities” (VIE) is a consolidation model that considers if a company has a variable interest in a VIE. A VIE is a legal entity that possesses any of the following conditions: the entity’s equity at risk is not sufficient to permit the legal entity to finance its activities without additional subordinated financial support, equity owners are unable to direct the activities that most significantly impact the legal entity’s economic performance (or they possess disproportionate voting rights in relation to the economic interest in the legal entity), or the equity owners lack the obligation to absorb the legal entity’s expected losses or the right to receive the legal entity’s expected residual returns. Entities are required to consolidate a VIE when it is determined that they have a controlling financial interest in a VIE and therefore are the primary beneficiary of that VIE, as defined by the accounting guidance for “Variable Interest Entities.” In determining whether ALLETE is the primary beneficiary of a VIE, management considers whether ALLETE has the power to direct the most significant activities of the VIE and is obligated to absorb losses or receive the expected residual returns that are significant to the VIE. The accounting guidance for VIEs applies to certain ALLETE Clean Energy wind energy facilities, certain New Energy Equity facilities, and our investment in Nobles 2. (See *Tax Equity Financing*.)

Business Segments. We present two reportable segments: Regulated Operations and ALLETE Clean Energy. Our segments were determined in accordance with the guidance on segment reporting. We measure performance of our operations through budgeting and monitoring of contributions to consolidated net income by each business segment.

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.

ALLETE Clean Energy focuses on developing, acquiring, and operating clean and renewable energy projects. ALLETE Clean Energy currently owns, operates, or has developed 1,600 MW of wind energy generation in five major energy markets and eight states across the U.S. with a majority contracted under PSAs of various durations. In addition, ALLETE Clean Energy 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, our investment in Nobles 2, South Shore Energy, BNI Energy, ALLETE Properties, 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.

New Energy is a renewable energy development company with a primary focus on solar and storage facilities while also offering comprehensive operations, maintenance and asset management services.

Our investment in Nobles 2 represents a 49 percent equity interest in 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.

NOTE 1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

South Shore Energy, ALLETE's non-rate regulated, Wisconsin subsidiary, is developing NTEC, an approximately 600 MW proposed combined-cycle natural gas-fired generating facility to be built in Superior, Wisconsin, which will be jointly owned by Dairyland Power Cooperative, Basin and South Shore Energy. (See Note 3. Jointly-Owned Facilities and Assets.)

BNI Energy mines and sells lignite coal to two North Dakota mine-mouth generating units, one of which is Square Butte. In 2024, Square Butte supplied 50 percent (227.5 MW) of its output to Minnesota Power under long-term contracts. (See Note 9. Commitments, Guarantees and Contingencies.)

ALLETE Properties represents our legacy Florida real estate investment. Our strategy incorporates the possibility of a bulk sale of the entire ALLETE Properties portfolio. Proceeds from a bulk sale would be strategically deployed to support growth at our Regulated Operations and ALLETE Clean Energy. ALLETE Properties continues to pursue sales of individual parcels over time and will continue to maintain key entitlements and infrastructure.

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 December 31, 2024, restricted cash amounts included in Prepayments and Other on the Consolidated Balance Sheet are primarily related to funds held in escrow for the purchase of land. As of December 31, 2024, and 2023, restricted cash amounts included in Prepayments and Other also include deposits required under a tax equity financing agreement and collateral deposits required under an ALLETE Clean Energy loan agreement. The restricted cash amounts included in Other Non-Current Assets represent collateral deposits required under an ALLETE Clean Energy loan agreement and 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

| As of December 31 | 2024 | 2023 | 2022 |
|--|-------------|-------------|-------------|
| Millions | | | |
| Cash and Cash Equivalents | \$ 32.8 | \$ 71.9 | \$ 36.4 |
| Restricted Cash included in Prepayments and Other | 19.9 | 5.1 | 1.5 |
| Restricted Cash included in Other Non-Current Assets | 2.5 | 2.4 | 2.3 |
| Cash, Cash Equivalents and Restricted Cash on the Consolidated Statement of Cash Flows | \$ 55.2 | \$ 79.4 | \$ 40.2 |

Supplemental Statement of Cash Flow Information.**Consolidated Statement of Cash Flows**

| Year Ended December 31 | 2024 | 2023 | 2022 |
|--|-------------|-------------|-------------|
| Millions | | | |
| Cash Paid During the Period for Interest – Net of Amounts Capitalized | \$ 75.1 | \$ 80.5 | \$ 72.8 |
| Cash Paid for Income Taxes | \$ 19.1 | \$ 19.5 | \$ 6.0 |
| Noncash Investing and Financing Activities | | | |
| Increase (Decrease) in Accounts Payable for Capital Additions to Property, Plant and Equipment | \$ 15.5 | \$ 2.2 | \$(9.6) |
| Reclassification of Property, Plant and Equipment to Inventory (a) | — | — | \$ 99.7 |
| Capitalized Asset Retirement Costs (b) | \$ 55.0 | \$ 5.8 | \$ 11.8 |
| AFUDC—Equity | \$ 5.0 | \$ 3.6 | \$ 2.7 |

(a) The decommissioning of the existing Northern Wind assets resulted in a reclassification from Property, Plant and Equipment – Net to Inventories – Net in the second quarter of 2022 as they were repowered and subsequently sold to a subsidiary of Xcel Energy Inc. In the third quarter of 2022, safe harbor equipment was transferred to the project entity resulting in an additional reclassification from Property, Plant and Equipment – Net to Inventories – Net.

(b) 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 9. Commitments, Guarantees and Contingencies.)

NOTE 1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable. Accounts receivable are reported on the Consolidated Balance Sheet net of an allowance for doubtful accounts. The allowance is based on our evaluation of the receivable portfolio under current conditions, overall portfolio quality, review of specific situations and such other factors that, in our judgment, deserve recognition in estimating losses.

Accounts Receivable

| As of December 31 | 2024 | 2023 |
|--|-----------------|-----------------|
| Millions | | |
| Trade Accounts Receivable | | |
| Billed | \$ 115.9 | \$ 106.8 |
| Unbilled | 27.2 | 23.8 |
| Less: Allowance for Doubtful Accounts | 1.7 | 1.6 |
| Total Trade Accounts Receivable | 141.4 | 129.0 |
| Income Taxes Receivable | 6.7 | 8.2 |
| Total Accounts Receivable | \$ 148.1 | \$ 137.2 |

Concentration of Credit Risk. We are subject to concentration of credit risk primarily as a result of accounts receivable. Minnesota Power sells electricity to eight Large Power Customers. Receivables from these customers totaled \$13.3 million as of December 31, 2024 (\$11.2 million as of December 31, 2023). Minnesota Power does not obtain collateral to support utility receivables, but monitors the credit standing of major customers. In addition, Minnesota Power, as permitted by the MPUC, requires its taconite-producing Large Power Customers to pay weekly for electric usage based on monthly energy usage estimates, which allows us to closely manage collection of amounts due. Minnesota Power's taconite customers, which are currently owned by two entities at the end of 2024, accounted for 33 percent of Regulated Operations operating revenue and 27 percent of consolidated operating revenue in 2024 (32 percent of Regulated Operations operating revenue and 21 percent of consolidated operating revenue in 2023 and 32 percent of Regulated Operations operating revenue and 26 percent of consolidated operating revenue in 2022).

Long-Term Finance Receivables. Long-term finance receivables relating to our real estate operations are collateralized by property sold, accrue interest at market-based rates and are net of an allowance for doubtful accounts. We assess delinquent finance receivables by comparing the balance of such receivables to the estimated fair value of the collateralized property. If the fair value of the property is less than the finance receivable, we record a reserve for the difference. We estimate fair value based on recent property tax assessed values or current appraisals.

Available-for-Sale Securities. Available-for-sale debt and equity securities are recorded at fair value. Unrealized gains and losses on available-for-sale debt securities are included in accumulated other comprehensive income (loss), net of tax. Unrealized gains and losses on available-for-sale equity securities are recognized in earnings. We use the specific identification method as the basis for determining the cost of securities sold.

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

| As of December 31 | 2024 | 2023 |
|---|-----------------|-----------------|
| Millions | | |
| Fuel (a) | \$ 22.5 | \$ 27.2 |
| Materials and Supplies | 107.6 | 115.7 |
| Renewable Energy Facilities Under Development (b) | 24.5 | 32.5 |
| Total Inventories – Net | \$ 154.6 | \$ 175.4 |

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

(b) Renewable Energy Facilities Under Development consists primarily of project costs related to renewable energy development projects at New Energy.

NOTE 1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prepayments and Other Current Assets. Prepayments and Other on the Consolidated Balance Sheet included \$ 32.4 million of costs in excess of billings at New Energy as of December 31, 2024 (\$ 21.5 million as of December 31, 2023).

Property, Plant and Equipment. Property, plant and equipment are recorded at original cost and are reported on the Consolidated Balance Sheet net of accumulated depreciation. Expenditures for additions, significant replacements, improvements and major plant overhauls are capitalized; maintenance and repair costs are expensed as incurred. Gains or losses on property, plant and equipment for Corporate and Other operations, except New Energy, are recognized when they are retired or otherwise disposed. When property, plant and equipment in our Regulated Operations and ALLETE Clean Energy segments as well as at New Energy are retired or otherwise disposed, no gain or loss is recognized in accordance with the accounting standards for composite depreciation except for certain circumstances where the retirement is unforeseen or unexpected. Our Regulated Operations capitalize AFUDC, which includes both an interest and equity component. AFUDC represents the cost of both debt and equity funds used to finance utility plant additions during construction periods. AFUDC amounts capitalized are included in rate base and are recovered from customers as the related property is depreciated. Upon MPUC approval of cost recovery, the recognition of AFUDC ceases. (See Note 2. Property, Plant and Equipment.)

We believe that long-standing ratemaking practices approved by applicable state and federal regulatory commissions allow for the recovery of the remaining book value of retired plant assets. The MPUC order for Minnesota Power's 2015 IRP directed Minnesota Power to retire Boswell Units 1 and 2, which occurred in the fourth quarter of 2018. As part of the 2016 general retail rate case, the MPUC allowed recovery of the remaining book value of Boswell Units 1 and 2 through 2022. Minnesota Power's latest IRP, which was approved by the MPUC in an order dated January 9, 2023, includes ceasing coal operations at Boswell Units 3 and 4 by 2030 and 2035, respectively. Boswell Unit 3 and Unit 4 have a net book value of approximately \$ 220 million and \$ 395 million, respectively, as of December 31, 2024. (See Note 4. Regulatory Matters.) Minnesota Power also retired Taconite Harbor in the first quarter of 2023 consistent with its latest IRP. As part of the 2022 general retail rate case, the MPUC allowed recovery of the remaining book value of Taconite Harbor through 2026. We do not expect to record any impairment charge as a result of these operating changes at Taconite Harbor and Boswell. In addition, we expect to be able to continue depreciating these assets for at least their established remaining useful lives; however, we are unable to predict the impact of regulatory outcomes resulting in changes to their established remaining useful lives.

Impairment of Long-Lived Assets. We review our long-lived assets for indicators of impairment in accordance with the accounting standards for property, plant and equipment on a quarterly basis. This includes our property, plant and equipment (see *Property, Plant and Equipment*) and land inventory. Land inventory is accounted for as held for use and is recorded at cost, unless the carrying value is determined not to be recoverable in accordance with the accounting standards for property, plant and equipment, in which case the land inventory is written down to estimated fair value.

In accordance with the accounting standards for property, plant and equipment, if indicators of impairment exist, we test our long-lived assets for recoverability by comparing the carrying amount of the asset to the undiscounted future net cash flows expected to be generated by the asset. Cash flows are assessed at the lowest level of identifiable cash flows. The undiscounted future net cash flows are impacted by trends and factors known to us at the time they are calculated, and our expectations related to: management's best estimate of future use; sales prices; holding period and timing of sales; method of disposition; and future expenditures necessary to maintain the operations.

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. A decline in energy prices or lower wind resource expectations could result in a future impairment.

In 2023 and 2022 there were triggering events identified for our property, plant, and equipment at certain ALLETE Clean Energy wind energy facilities. A recoverability test was performed indicating that the undiscounted cash flows adequately supported the property, plant and equipment book values. As a result, no impairment was recorded in 2023 or 2022. In 2024, there were no triggering events identified for our property, plant, and equipment at ALLETE Clean Energy.

NOTE 1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government Grants. We recognize government grants when there is reasonable assurance that the Company will comply with the conditions attached to the grant and that the grant will be received. Grants whose primary condition is the purchase, construction, or acquisition of a long-lived asset are considered asset-based grants and are recognized as a reduction to such asset's cost basis, which reduces future depreciation. Cash inflows from asset-based grants are considered cash flows provided by investing activities. Other grants not related to long-lived assets are considered income-based grants, which are recognized as a reduction to the related cost of activities that generated the benefit are presented. Cash inflows from grants related to income are considered cash flows provided by operating activities.

In the third quarter of 2024, Minnesota Power received \$ 14.9 million in state funding related to its HVDC Transmission System Project as part of an energy and climate budget bill passed by the Minnesota Legislature in 2023. This was considered an asset-based grant and resulted in the reduction to cost basis for the related assets, and it is subject to regulatory obligations with the MPUC.

There were no benefits recognized from income-based government grants in our consolidated statement of income in 2022, 2023 or 2024.

Derivatives. ALLETE is exposed to certain risks relating to its business operations that can be managed through the use of derivative instruments. ALLETE may enter into derivative instruments to manage those risks including interest rate risk related to certain variable-rate borrowings, and commodity price and transmission congestion cost risk related to sales to electric customers. We have determined that either these agreements are immaterial to the financial statements, are not derivatives, or, if they are derivatives, these agreements qualify for the normal purchases and normal sales exception to derivative accounting guidance; therefore, derivative accounting is not required.

Accounting for Stock-Based Compensation. We apply the fair value recognition guidance for share-based payments. Under this guidance, we recognize stock-based compensation expense for all share-based payments granted, net of an estimated forfeiture rate. (See Note 13. Employee Stock and Incentive Plans.)

Goodwill. Goodwill is the excess of the purchase price (consideration transferred) over the estimated fair value of net assets of acquired businesses. In accordance with GAAP, goodwill is not amortized. Goodwill is assessed annually in the fourth quarter for impairment and whenever an event occurs or circumstances change that would indicate the carrying amount may be impaired. Impairment testing for goodwill is done at the reporting unit level.

As of the date of our annual goodwill impairment testing in 2024, the Company elected to bypass the qualitative assessment of goodwill for impairment, proceeding directly to the two-step impairment test for the New Energy reporting unit. In performing Step 1 of the impairment test, we compared the fair value of the reporting unit to its carrying value including goodwill. If the carrying value including goodwill were to exceed the fair value of a reporting unit, Step 2 of the impairment test would be performed. Step 2 of the impairment test requires the carrying value of goodwill to be reduced to its fair value, if lower, as of the test date.

For Step 1 of the impairment test, we estimated the reporting unit's fair value using standard valuation techniques, including techniques which use estimates of projected future results and cash flows to be generated by the reporting unit. Such techniques generally include a terminal value that utilizes a growth rate on debt-free cash flows. These cash flow valuations involve a number of estimates that require broad assumptions and significant judgment by management regarding future performance. Our annual impairment test in 2024 indicated that the estimated fair value of New Energy exceeded its carrying value, and therefore no impairment existed. The fair value of the reporting unit was determined using a discounted cash flow model, using significant assumptions which included a discount rate of 12.5 percent, cash flow forecasts through 2033, gross margins, and a terminal growth rate of 3.5 percent.

Other Non-Current Assets

| As of December 31 | 2024 | 2023 |
|------------------------------------|----------|----------|
| Millions | | |
| Contract Assets (a) | \$ 15.9 | \$ 18.5 |
| ALLETE Properties | 10.3 | 10.8 |
| Restricted Cash | 2.5 | 2.4 |
| Other Postretirement Benefit Plans | 107.6 | 106.3 |
| Other | 134.2 | 124.9 |
| Total Other Non-Current Assets | \$ 270.5 | \$ 262.9 |

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

Other Current Liabilities

| As of December 31 | 2024 | 2023 |
|-----------------------------------|----------|---------|
| Millions | | |
| Customer Deposits | \$ 7.8 | \$ 7.4 |
| Liabilities | 5.9 | 6.0 |
| Provision for Interim Rate Refund | 23.0 | — |
| Manufactured Gas Plant (a) | 0.1 | 0.8 |
| Other | 81.1 | 77.7 |
| Total Other Current Liabilities | \$ 117.9 | \$ 91.9 |

(a) The manufactured gas plant represents the current liability for remediation of a former manufactured gas plant site located in Superior, Wisconsin, and formerly operated by SWL&P. (See Note 9. Commitments, Guarantees and Contingencies.)

Other Non-Current Liabilities

| As of December 31 | 2024 | 2023 |
|-------------------------------------|----------|----------|
| Millions | | |
| Asset Retirement Obligation (a)(b) | \$ 261.3 | \$ 202.9 |
| PSAs | 15.1 | 20.9 |
| Other | 36.4 | 40.5 |
| Total Other Non-Current Liabilities | \$ 312.8 | \$ 264.3 |

(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 \$ 42.3 million in Other Non-Current Assets on the Consolidated Balance Sheet as of December 31, 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 9. Commitments, Guarantees and Contingencies.)

NOTE 1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases. We determine if a contract is, or contains, a lease at inception and recognize a right-of-use asset and lease liability for all leases with a term greater than 12 months. Our right-of-use assets and lease liabilities for operating and finance leases are included in Other Non-Current Assets, Other Current Liabilities and Other Non-Current Liabilities, respectively, in our Consolidated Balance Sheet.

Right-of-use assets represent our right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating and finance lease right-of-use assets and lease liabilities are recognized at the commencement date based on the estimated present value of lease payments over the lease term. As our leases do not provide an explicit rate, we determine the present value of future lease payments based on our estimated incremental borrowing rate using information available at the lease commencement date. The operating and finance lease right-of-use assets includes lease payments to be made during the lease term and any lease incentives, as applicable.

Our leases may include options to extend or buy out the lease at certain points throughout the term, and if it is reasonably certain at lease commencement that we will exercise that option, we include those rental payments in our calculation of the right-of-use asset and lease liability. Lease and rent expense are recognized on a straight-line basis over the lease term for operating leases. Finance leases recognize interest expense using the interest expense method over the lease term and amortization expense on a straight-line basis over the shorter of the useful life of the asset or the lease term, unless a buy out option is reasonably certain to be exercised, for which we then amortize on a straight-line basis over the useful life of the asset. Leases with a term of 12 months or less are not recognized on the Consolidated Balance Sheet.

The majority of our operating leases are for heavy equipment, vehicles and land with fixed monthly payments which we group into two categories: Vehicles and Equipment; and Land and Other. Our largest operating lease is for the drag line at BNI Energy which includes a termination payment at the end of the lease term if we do not exercise our purchase option. The amount of this payment is \$ 3 million and is included in our calculation of the right-of-use asset and lease liability recorded. None of our other leases contain residual value guarantees. We have one finance lease for heavy equipment which includes a purchase option we are reasonably certain to exercise when the lease terminates.

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

Additional information on the components of lease cost and presentation of cash flows were as follows:

| As December 31 | 2024 | 2023 |
|--|-------------|-------------|
| Millions | | |
| Operating Lease Cost | \$ 5.4 | \$ 5.0 |
| Finance Lease Cost | \$ 0.3 | \$ 0.1 |
| Other Information: | | |
| Operating Cash Flows From Operating Leases | \$ 5.4 | \$ 5.0 |
| Financing Cash Flows From Finance Leases | \$ 0.4 | \$ 0.2 |

Additional information related to leases were as follows:

| As of December 31 | 2024 | 2023 |
|--|-------------|-------------|
| Millions | | |
| Balance Sheet Information Related to Leases: | | |
| Operating Lease Other Non-Current Assets | \$ 9.1 | \$ 10.7 |
| Finance Lease Other Non-Current Assets | 1.9 | 2.1 |
| Total Lease Right-of-use Assets | \$ 11.0 | \$ 12.8 |
| Operating Lease Other Current Liabilities | \$ 3.2 | \$ 3.0 |
| Finance Lease Other Current Liabilities | 0.4 | 0.4 |
| Operating Lease Other Non-Current Liabilities | 6.0 | 7.7 |
| Finance Lease Other Non-Current Liabilities | 1.3 | 1.6 |
| Total Lease Liabilities | \$ 10.9 | \$ 12.7 |
| Income Statement Information Related to Leases: | | |
| Operating Lease Rent Expense | \$ 5.4 | \$ 5.0 |
| Finance Lease Interest Expense | 0.1 | — |
| Finance Lease Amortization Expense | 0.2 | 0.1 |
| Total Operating and Finance Lease Expenses | \$ 5.7 | \$ 5.1 |
| Weighted Average Remaining Lease Term (Years): | | |
| Operating Leases - Vehicles and Equipment | 2 | 3 |
| Operating Leases - Land and Other | 23 | 12 |
| Finance Leases - Vehicles and Equipment | 4 | 5 |
| Weighted Average Discount Rate: | | |
| Operating Leases - Vehicles and Equipment | 4.0 % | 4.0 % |
| Operating Leases - Land and Other | 5.9 % | 5.0 % |
| Finance Leases - Vehicles and Equipment | 5.4 % | 5.4 % |

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

Maturities of operating and finance lease liabilities as of December 31, 2024, were as follows:

| Millions | Operating | Finance |
|-----------------------------------|-----------|---------|
| 2025 | \$ 3.4 | \$ 0.4 |
| 2026 | 3.3 | 0.4 |
| 2027 | 4.2 | 0.5 |
| 2028 | 0.3 | 0.6 |
| 2029 | 0.1 | — |
| Thereafter | 3.4 | — |
| Total Lease Payments Due | 14.7 | 1.9 |
| Less: Imputed Interest | 5.5 | 0.2 |
| Total Lease Obligations | 9.2 | 1.7 |
| Less: Current Lease Obligations | 3.2 | 0.4 |
| Total Long-term Lease Obligations | \$ 6.0 | \$ 1.3 |

Environmental Liabilities. 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. (See Note 9. Commitments, Guarantees and Contingencies.)

Revenue.

Contracts with Customers – Utility includes sales from our regulated operations for generation, transmission and distribution of electric service, and distribution of water and gas services to our customers. Also included is an immaterial amount of regulated steam generation that is used by customers in the production of paper and pulp.

Contracts with Customers – Non-utility includes sales of goods and services to customers from ALLETE Clean Energy and our Corporate and Other businesses.

Other – Non-utility is the non-cash adjustments to revenue recognized by ALLETE Clean Energy for the amortization of differences between contract prices and estimated market prices for PSAs that were assumed during the acquisition of various wind energy facilities.

Revenue Recognition. Revenue is recognized upon transfer of control of promised goods or services to our customers in an amount that reflects the consideration we expect to receive in exchange for those products or services. Revenue is recognized net of allowance for returns and any taxes collected from customers, which are subsequently remitted to the appropriate governmental authorities. We account for shipping and handling activities that occur after the customer obtains control of goods as a cost rather than an additional performance obligation thereby recognizing revenue at time of shipment and accruing shipping and handling costs when control transfers to our customers. We have a right to consideration from our customers in an amount that corresponds directly with the value to the customer for our performance completed to date; therefore, we may recognize revenue in the amount to which we have a right to invoice.

NOTE 1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue (Continued)

Nature of Revenue Streams

Utility

Residential and Commercial includes sales for electric, gas or water service to customers, who have implied contracts with the utility, under rates governed by the MPUC, PSCW or FERC. Customers are billed on a monthly cycle basis and revenue is recognized for electric, gas or water service delivered during the billing period. Revenue is accrued for service provided but not yet billed at period end. Performance obligations with these customers are satisfied at time of delivery to customer meters and simultaneously consumed.

Municipal includes sales to 14 non-affiliated municipal customers in Minnesota under long-term wholesale electric contracts. One of these wholesale electric contracts include a termination clause requiring a three-year notice to terminate. These contracts have termination dates ranging through 2037, with a majority of contracts expiring in 2029. Performance obligations with these customers are satisfied at the time energy is delivered to an agreed upon municipal substation or meter.

Industrial includes sales recognized from contracts with customers in the taconite mining, paper, pulp and secondary wood products, pipeline and other industries. Industrial sales accounted for approximately 56 percent of total regulated utility kWh sales for the year ended December 31, 2024. Within industrial revenue, Minnesota Power had eight Large Power Customer contracts, each serving requirements of 10 MW or more of customer load as of December 31, 2024. These contracts automatically renew past the contract term unless a four-year written notice is given. Large Power Customer contracts have earliest termination dates ranging from 2028 through 2029. We satisfy our performance obligations for these customers at the time energy is delivered to an agreed upon customer substation. Revenue is accrued for energy provided but not yet billed at period end. Based on current contracts with industrial customers, we expect to recognize minimum revenue for the fixed contract components of approximately \$ 60 million per annum through 2028 and approximately \$ 10 million in 2029, which reflects the termination notice period in these contracts. When determining minimum revenue, we assume that customer contracts will continue under the contract renewal provision; however, if long-term contracts are renegotiated and subsequently approved by the MPUC or there are changes within our industrial customer class, these amounts may be impacted. Contracts with customers that contain variable pricing or quantity components are excluded from the expected minimum revenue amounts.

Other Power Suppliers includes the sale of energy under a long-term PSA with one customer as well as MISO market and liquidation sales. The expiration date of this PSA is 2028. Performance obligations with these customers are satisfied at the time energy is delivered to an agreed upon delivery point defined in the contract (generally the MISO pricing node). The current contract with one customer contains variable pricing components that prevent us from estimating future minimum revenue.

Other Revenue includes all remaining individually immaterial revenue streams for Minnesota Power and SWL&P, and is comprised of steam sales to paper and pulp mills, wheeling revenue and other sources. Revenue for steam sales to customers is recognized at the time steam is delivered and simultaneously consumed. Revenue is recognized at the time each performance obligation is satisfied.

ECO Financial incentives reflects certain revenue that is a result of the achievement of certain objectives for our ECO financial incentives. This revenue is accounted for in accordance with the accounting standards for alternative revenue programs which allow for the recognition of revenue under an alternative revenue program if the program is established by an order from the utility's regulatory commission, the order allows for automatic adjustment of future rates, the amount of revenue recognized is objectively determinable and probable of recovery, and the revenue will be collected within 24 months following the end of the annual period in which it is recognized. ECO financial incentives are recognized in the period in which the MPUC approves the filing, which is typically mid-year.

NOTE 1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue (Continued)

Non-utility

ALLETE Clean Energy

Long-term PSA revenue includes all sales recognized under long-term contracts for production, curtailment, capacity and associated renewable energy credits from ALLETE Clean Energy wind energy facilities. Expiration dates of these PSAs range from 2027 through 2039. Performance obligations for these contracts are satisfied at the time energy is delivered to an agreed upon point, or production is curtailed at the request of the customer, at specified prices. Revenue from the sale of renewable energy credits is recognized at the same time the related energy is delivered to the customer when sold to the same party.

Sale of Wind Energy Facility includes revenue recognized for the design, development, construction, and sale of a wind energy facility to a customer. Performance obligations for these types of agreements are satisfied at the time the completed project is transferred to the customer at the commercial operation date. Revenue from the sale of a wind energy facility is recognized at the time of asset transfer.

Other is the non-cash adjustments to revenue recognized by ALLETE Clean Energy for the amortization of differences between contract prices and estimated market prices on assumed PSAs. As part of wind energy facility acquisitions, ALLETE Clean Energy assumed various PSAs that were above or below estimated market prices at the time of acquisition; the resulting differences between contract prices and estimated market prices are amortized to revenue over the remaining PSA term.

Corporate and Other

Long-term Contract encompasses the sale and delivery of coal to customer generation facilities. Revenue is recognized on a monthly basis at the cost of production plus a specified profit per ton of coal delivered to the customer. Coal sales are secured under long-term coal supply agreements extending through 2037. Performance obligations are satisfied during the period as coal is delivered to customer generation facilities.

Sale of Renewable Development Projects includes revenue recognized from development only and development plus construction type projects that are sold to a customer. For development only projects, revenue is recognized at point in time when all required development responsibilities have been completed and ownership has transferred to the customer. For development plus construction, the transaction price is allocated to two performance obligations based upon the standalone selling price of each obligation. Revenue is recognized on the development performance obligation upon satisfying all required development activities and ownership transferring to the customer. Revenue for the construction performance obligation is recognized over time based on construction costs incurred, beginning at notice to proceed through the commercial operation date.

Other primarily includes revenue from BNI Energy unrelated to coal, revenue from New Energy for asset management services and non-development activities, the sale of real estate from ALLETE Properties, and non-rate base steam generation that is sold for use during production of paper and pulp. Performance obligations are satisfied when control transfers to the customer.

Payment Terms. Payment terms and conditions vary across our businesses. Aside from taconite-producing Large Power Customers, payment terms generally require payment to be made within 15 days to 30 days from the end of the period that the service has been rendered. In the case of its taconite-producing Large Power Customers, as permitted by the MPUC, Minnesota Power requires weekly payments for electric usage based on monthly energy usage estimates. These customers receive estimated bills based on Minnesota Power's estimate of the customers' energy usage, forecasted energy prices and fuel adjustment clause estimates. Minnesota Power's taconite-producing Large Power Customers have generally predictable energy usage on a weekly basis and any differences that occur are trued-up the following month. Due to the timing difference of revenue recognition from the timing of invoicing and payment, the taconite-producing Large Power Customers receive credit for the time value of money; however, we have determined that our contracts do not include a significant financing component as the period between when we transfer the service to the customer and when they pay for such service is minimal.

NOTE 1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue (Continued)

Assets Recognized From the Costs to Obtain a Contract with a Customer. We recognize as an asset the incremental costs of obtaining a contract with a customer if we expect the benefit of those costs to be longer than one year. We expense incremental costs when the asset that would have resulted from capitalizing these costs would have been amortized in one year or less. As of December 31, 2024, we have \$ 15.9 million of assets recognized for costs incurred to obtain contracts with our customers (\$ 18.5 million as of December 31, 2023). Management determined the amount of costs to be recognized as assets based on actual costs incurred and paid to obtain and fulfill these contracts to provide goods and services to our customers. Assets recognized to obtain contracts are amortized on a straight-line basis over the contract term as a non-cash reduction to revenue. We recognized \$ 2.4 million of non-cash amortization for the year ended December 31, 2024 (\$ 2.4 million for the year ended December 31, 2023).

Unamortized Discount and Premium on Debt. Discount and premium on debt are deferred and amortized over the terms of the related debt instruments using a method which approximates the effective interest method.

Tax Equity Financings. Certain subsidiaries of ALLETE have entered into tax equity financings that include forming limited liability companies (LLC) with third-party investors for certain wind and solar projects. Tax equity financings have specific terms that dictate distributions of cash and the allocation of tax attributes among the LLC members, who are divided into two categories: the sponsor and third-party investors. ALLETE subsidiaries are the sponsors in these tax equity financings. The distributions of cash and allocation of tax attributes in these financings generally differ from the underlying ownership percentage interests in the related LLC, with a disproportionate share of tax attributes (including accelerated depreciation and production tax credits) allocated to third-party investors in order to achieve targeted after-tax rates of return, or target yield, from project operations, and a disproportionate share of cash distributions made to the sponsor.

The target yield and other terms vary by tax equity financing. Once the target yield has been achieved or defined time period is met, a "flip point" is recognized. In addition, tax equity financings typically provide that cash distributions can be temporarily increased to the third-party investors in order to meet cumulative distribution thresholds. After the flip point, tax attributes and cash distributions are both typically disproportionately allocated to the sponsor.

Tax equity financings include affirmative and negative covenants that are similar to what a project lender would require in a project financing, such as financial reporting, insurance, maintenance and prudent operator standards. Most covenants are no longer applicable once the flip point occurs and any other obligations of the third-party investor have been eliminated.

The third-party investors' portions of equity ownership in tax equity LLCs are recorded as non-controlling interest in subsidiaries on the Consolidated Balance Sheet and earnings allocated to third-party investors are recorded as net loss attributable to non-controlling interest on the Consolidated Statement of Income.

Non-Controlling Interest in Subsidiaries and Redeemable Non-Controlling Interest. Non-controlling interest in subsidiaries and redeemable non-controlling interest represent the portion of equity ownership, net income (loss), and comprehensive income (loss) in subsidiaries that is not attributable to equity holders of ALLETE. Non-controlling Interest in Subsidiaries as of and for the years ended December 31, 2024 and 2023, are related to the tax equity financings for ALLETE Clean Energy's 106 MW Glen Ullin, 80 MW South Peak, 303 MW Diamond Spring and 303 MW Caddo wind energy facilities as well as ALLETE's equity investment in the 250 MW Nobles 2 wind energy facility. Redeemable Non-Controlling Interest as of and for the year ended December 31, 2024, is related to a tax equity financing entered into in the fourth quarter of 2023 for certain New Energy solar energy facilities totaling 1.4 MW. This tax equity financing is classified as redeemable non-controlling interest as the redemption price and date are fixed and determinable.

For those wind and solar projects with tax equity financings where the economic benefits are not allocated based on the underlying ownership percentage interests, we have determined that the appropriate methodology for calculating the non-controlling interest in subsidiaries balance is the hypothetical liquidation at book value (HLBV) method. The HLBV method is a balance sheet approach which reflects the substantive economic arrangements in the tax equity financing structures.

Under the HLBV method, amounts reported as non-controlling interest in subsidiaries on the Consolidated Balance Sheet represent the amounts the third-party investors would hypothetically receive at each balance sheet reporting date under the liquidation provisions of the LLC agreements, assuming the net assets of the wind and solar projects were liquidated at amounts determined in accordance with GAAP and distributed to the third-party investor and sponsor. The resulting non-controlling interest in subsidiaries balance in these projects is reported as a component of equity on the Consolidated Balance Sheet as either Non-Controlling Interest in Subsidiaries or Redeemable Non-Controlling Interest.

NOTE 1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

The results of operations for these projects attributable to non-controlling interest under the HLBV method is determined as the difference in non-controlling interest in subsidiaries and redeemable non-controlling interest on the Consolidated Balance Sheet at the start and end of each reporting period, after taking into account any capital transactions between the projects and the third-party investors.

Factors used in the HLBV calculation include GAAP income, taxable income (loss), tax attributes such as accelerated depreciation, investment tax credits and production tax credits, capital contributions, cash distributions, and the target yield specified in the corresponding LLC agreement. Changes in these factors could have a significant impact on the amounts that third-party investors and sponsors would receive upon a hypothetical liquidation. The use of the HLBV method to allocate income to the non-controlling interest in subsidiaries may create variability in our results of operations as the application of the HLBV method can drive variability in net income or loss attributable to non-controlling interest in subsidiaries from period to period.

Other Income (Expense) - Other

| Year Ended December 31 | 2024 | 2023 | 2022 |
|--|-------------|-------------|-------------|
| Millions | | | |
| Pension and Other Postretirement Benefit Plan Non-Service Credit (a) | \$ 13.6 | \$ 8.9 | \$ 9.8 |
| Interest and Investment Income (b) | 4.0 | 10.3 | — |
| AFUDC - Equity | 5.0 | 3.6 | 2.7 |
| Gain on Land Sales | 0.1 | 0.2 | — |
| PSA Liability (c) | — | — | 10.2 |
| Gain on Arbitration Award (d) | — | 58.4 | — |
| Other Income (Expense) | 0.3 | 3.6 | (0.3) |
| Total Other Income (Expense) - Other | \$ 23.0 | \$ 85.0 | \$ 22.4 |

(a) These are components of net periodic pension and other postretirement benefit cost other than service cost. (See Note 12. Pension and Other Postretirement Benefit Plans.)

(b) Interest and Investment Income for the year ended December 31, 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 9. Commitments, Guarantees and Contingencies.)

(c) The gain on removal of the PSA liability for the Northern Wind project upon decommissioning of the legacy wind energy facility assets, which was more than offset by a reserve for an anticipated loss on the sale of the Northern Wind project that was recorded in Cost of Sales - Non-Utility on the Consolidated Statement of Income.

(d) This reflects a gain recognized for the favorable outcome of an arbitration ruling involving a subsidiary of ALLETE Clean Energy. (See Note 9. Commitments, Guarantees and Contingencies.)

Income Taxes. ALLETE and its subsidiaries file a consolidated federal income tax return as well as combined and separate state income tax returns. We account for income taxes using the liability method in accordance with GAAP for income taxes. Under the liability method, deferred income tax assets and liabilities are established for all temporary differences in the book and tax basis of assets and liabilities, based upon enacted tax laws and rates applicable to the periods in which the taxes become payable.

NOTE 1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Due to the effects of regulation on Minnesota Power and SWL&P, certain adjustments made to deferred income taxes are, in turn, recorded as regulatory assets or liabilities. Tax credits are recorded when earned unless there is a requirement to defer the benefit and amortize it over the book depreciable lives of the related property. The requirement to defer and amortize tax credits only applies to federal credits related to public utility property. In accordance with GAAP for uncertainty in income taxes, we are required to recognize in our financial statements the largest tax benefit of a tax position that is “more-likely-than-not” to be sustained on audit, based solely on the technical merits of the position as of the reporting date. The term “more-likely-than-not” means more than 50 percent likely. (See Note 11. Income Tax Expense.)

Excise Taxes. We collect excise taxes from our customers levied by governmental entities. These taxes are stated separately on the billing to the customer and recorded as a liability to be remitted to the governmental entity. We account for the collection and payment of these taxes on a net basis.

New Accounting Standards.

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 this Form 10-K includes the required disclosures. We expect to provide enhanced disclosures for quarterly periods beginning in 2025.

Improvements to Income Tax Disclosures. In December 2023, the FASB issued Accounting Standards Update 2023-09, *Improvements to Income Tax Disclosures* (ASU 2023-09). ASU 2023-09 was issued to enhance the transparency and decision usefulness of income tax disclosures by disclosing specific categories in the rate reconciliation as well as providing additional information for reconciling items above a threshold. It also requires disclosure about certain income taxes paid. ASU 2023-09 is effective for annual periods beginning after December 15, 2024, with early adoption permitted. We do not anticipate ASU 2023-09 having a material effect on the presentation of ALLETE's consolidated financial statements.

Disaggregation of Income Statement Expenses. In November 2024, the FASB issued Accounting Standards Update 2024-03, *Disaggregation of Income Statement Expenses* (ASU 2024-03). ASU 2024-03 was issued to improve expense disclosures by providing more detailed information about the types of expenses in commonly presented expense captions. ASU 2024-03 is effective for annual periods beginning after December 25, 2026, and quarterly periods beginning after December 15, 2027. We do not anticipate ASU 2024-03 having a material effect on the presentation of ALLETE's consolidated financial statements.

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.

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

NOTE 2. PROPERTY, PLANT AND EQUIPMENT**Property, Plant and Equipment**

| As of December 31 | 2024 | 2023 |
|--|-------------|-------------|
| Millions | | |
| Regulated Operations | | |
| Property, Plant and Equipment in Service | \$ 5,387.8 | \$ 5,167.2 |
| Construction Work in Progress | 197.5 | 146.7 |
| Accumulated Depreciation | (2,077.8) | (1,969.4) |
| Regulated Operations – Net | 3,507.5 | 3,344.5 |
| ALLETE Clean Energy | | |
| Property, Plant and Equipment in Service | 1,605.3 | 1,612.8 |
| Construction Work in Progress | 51.9 | 48.9 |
| Accumulated Depreciation | (272.9) | (229.1) |
| ALLETE Clean Energy – Net | 1,384.3 | 1,432.6 |
| Corporate and Other (a) | | |
| Property, Plant and Equipment in Service | 377.4 | 355.8 |
| Construction Work in Progress | 77.5 | 27.5 |
| Accumulated Depreciation | (165.2) | (147.0) |
| Corporate and Other – Net | 289.7 | 236.3 |
| Property, Plant and Equipment – Net | \$ 5,181.5 | \$ 5,013.4 |

(a) Primarily includes BNI Energy and a small amount of non-rate base generation.

Depreciation is computed using the straight-line method over the estimated useful lives of the various classes of assets.

Estimated Useful Lives of Property, Plant and Equipment (Years)

| | | | |
|-----------------------------|----------|---------------------|---------|
| Regulated Operations | | | |
| Generation | 3 to 50 | ALLETE Clean Energy | 5 to 35 |
| Transmission | 50 to 75 | Corporate and Other | 3 to 50 |
| Distribution | 18 to 70 | | |

Asset Retirement Obligations. We recognize, at fair value, obligations associated with the retirement of certain tangible, long-lived assets that result from the acquisition, construction, development or normal operation of the asset. Asset retirement obligations (AROs) relate primarily to the decommissioning of our coal-fired and wind energy facilities, and land reclamation at BNI Energy. AROs are included in Other Non-Current Liabilities on the Consolidated Balance Sheet. The associated retirement costs are capitalized as part of the related long-lived asset and depreciated over the useful life of the asset. Removal costs associated with certain distribution and transmission assets have not been recognized, as these facilities have indeterminate useful lives.

Conditional asset retirement obligations have been identified for treated wood poles and remaining polychlorinated biphenyl and asbestos-containing assets; however, the period of remediation is indeterminable and removal liabilities have not been recognized.

Long-standing ratemaking practices approved by applicable state and federal regulatory authorities have allowed provisions for future plant removal costs in depreciation rates. These plant removal cost recoveries are classified either as AROs or as a regulatory liability for non-AROs. To the extent annual accruals for plant removal costs differ from accruals under approved depreciation rates, a regulatory asset has been established in accordance with GAAP for AROs. (See Note 4. Regulatory Matters.)

NOTE 2. PROPERTY, PLANT AND EQUIPMENT (Continued)**Asset Retirement Obligations****Millions**

| | |
|------------------------------------|----------|
| Obligation as of December 31, 2022 | \$ 200.4 |
| Accretion | 10.3 |
| Liabilities Settled | (10.2) |
| Revisions in Estimated Cash Flows | 2.4 |
| Obligation as of December 31, 2023 | 202.9 |
| Accretion | 13.1 |
| Liabilities Recognized (a) | 47.7 |
| Liabilities Settled | (16.0) |
| Revisions in Estimated Cash Flows | 13.6 |
| Obligation as of December 31, 2024 | \$ 261.3 |

(a) The increase in liabilities recognized in 2024 reflects the impact of estimated compliance costs related to the EPA's CCR Legacy Impoundment Rule finalized in May 2024. (See Note 9. Commitments, Guarantees and Contingencies.)

NOTE 3. JOINTLY-OWNED FACILITIES AND ASSETS

Boswell Unit 4. Minnesota Power owns 80 percent of the 585 MW Boswell Unit 4. While Minnesota Power operates the plant, certain decisions about the operations of Boswell Unit 4 are subject to the oversight of a committee on which it and WPPI Energy, the owner of the remaining 20 percent, have equal representation and voting rights. Each owner must provide its own financing and is obligated to its ownership share of operating costs. Minnesota Power's share of operating expenses for Boswell Unit 4 is included in Operating Expenses on the Consolidated Statement of Income.

Minnesota Power's investments in jointly-owned facilities and assets and the related ownership percentages are as follows:

| Regulated Utility Plant | Plant in Service | Accumulated Depreciation | Construction Work in Progress | % Ownership |
|--------------------------------|------------------|--------------------------|-------------------------------|-------------|
| Millions | | | | |
| As of December 31, 2024 | | | | |
| Boswell Unit 4 | \$ 716.2 | \$ 396.7 | \$ 14.2 | 80 |
| Transmission Assets | 101.1 | 26.1 | — | 9.3 - 14.7 |
| Total | \$ 817.3 | \$ 422.8 | \$ 14.2 | |
| As of December 31, 2023 | | | | |
| Boswell Unit 4 | \$ 725.9 | \$ 369.8 | \$ 2.8 | 80 |
| Transmission Assets | 101.0 | 23.6 | — | 9.3 - 14.7 |
| Total | \$ 826.9 | \$ 393.4 | \$ 2.8 | |

Nemadji Trail Energy Center. South Shore Energy, ALLETE's non-rate regulated, Wisconsin subsidiary, is developing NTEC, an approximately 600 MW proposed combined-cycle natural gas-fired generating facility to be built in Superior, Wisconsin, which will be jointly owned by Dairyland Power Cooperative, Basin and South Shore Energy. Minnesota Power is expected to purchase approximately 20 percent of the facility's output starting upon completion of the facility pursuant to a capacity dedication agreement. Construction of NTEC is subject to obtaining additional permits from local, state and federal authorities. The total project cost is estimated to be approximately \$ 700 million, of which South Shore Energy will be responsible for approximately 20 percent. South Shore Energy's portion of NTEC project costs incurred through December 31, 2024, is approximately \$ 10 million.

NOTE 4. REGULATORY MATTERS

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. (See *Transmission Cost Recovery Rider*, *Renewable Cost Recovery Rider*, *Solar Cost Recovery Rider* and *Environmental Improvement Rider*.) Revenue from cost recovery riders was \$ 20.0 million in 2024 (\$ 57.0 million in 2023; \$ 38.8 million in 2022).

Minnesota Retail Rates. Minnesota Power's retail base rates through 2022 were based on a 2018 MPUC retail rate order that allowed for a 9.25 percent return on common equity and a 53.81 percent equity ratio. Interim rates were implemented in Minnesota Power's 2022 general rate case beginning in January 2022, and the resolution of Minnesota Power's 2022 general rate case changed the allowed return on equity to 9.65 percent and the equity ratio to 52.50 percent beginning October 1, 2023. (See *2022 Minnesota General Rate Case*.) Minnesota Power expects to implement updated rates based on the 2024 MPUC retail rate order in the first quarter of 2025. This order allows for a return on equity 9.78 percent and an equity ratio of 53.00 percent.

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 sought 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 have generated 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 Intervenor to settle the retail rate increase request. As part of the settlement agreement, the parties 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, an equity ratio of 53.00 percent, all non-financial items and cost allocation. In an order dated November 25, 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 \$ 23.0 million pre-tax as of December 31, 2024, which is subject to MPUC approval of Minnesota Power's refund calculation.

2022 Minnesota General Rate Case. In an order dated February 28, 2023, the MPUC made determinations regarding Minnesota Power's general rate case including allowing a return on common equity of 9.65 percent and a 52.50 percent equity ratio. In March 2023, Minnesota Power filed a petition for reconsideration with the MPUC requesting reconsideration and clarification of certain decisions in the MPUC's order. The MPUC denied the requests for reconsideration in an order dated May 15, 2023.

In an order dated September 29, 2023, the MPUC approved Minnesota Power's final rates, which were implemented beginning on October 1, 2023. The MPUC order also approved Minnesota Power's interim rate refund plan. Interim rates were collected through the third quarter of 2023 with reserves recorded as necessary. Minnesota Power recorded a reserve for an interim rate refund of approximately \$ 39 million pre-tax as of September 30, 2023 (approximately \$ 18 million as of December 31, 2022), which was refunded to customers during the fourth quarter of 2023.

Minnesota Power 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. On September 9, 2024, 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 next procedural steps in implementing the Court's decision.

NOTE 4. REGULATORY MATTERS (Continued)

Electric Rates (Continued)

FERC-Approved Wholesale Rates. Minnesota Power has wholesale contracts with 14 non-affiliated municipal customers in Minnesota and SWL&P. Two of the wholesale contracts include a termination clause requiring a three-year notice to terminate.

Minnesota Power's wholesale electric contract with the Nashwauk Public Utilities Commission is effective through December 31, 2037. The wholesale electric service contract with SWL&P is effective through February 29, 2028. Under the agreement with SWL&P, no termination notice has been given. The rates included in these two contracts are set each July 1 based on a cost-based formula methodology, using estimated costs and a rate of return that is equal to Minnesota Power's authorized rate of return for Minnesota retail customers. The formula-based rate methodology also provides for a yearly true-up calculation for actual costs incurred.

Minnesota Power's wholesale electric contracts with 13 other municipal customers were extended in January 2022 and are effective through 2029. These contracts are based on fixed prices for capacity and energy. The base energy charge for each year is adjusted annually for updated fuel and purchased power costs.

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 March 5, 2024. On November 13, 2024, Minnesota Power submitted its latest transmission factor filing. Following approval of the filing by the MPUC, Minnesota Power will be authorized to include updated billing rates on customer bills.

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 June 25, 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. On October 8, 2024, Minnesota Power submitted its latest solar factor filing. Following approval of the filing by the MPUC, Minnesota Power will be authorized to include updated billing rates on customer bills.

Fuel Adjustment Clause. Fuel and purchased power costs related to Minnesota Power's retail customers are recovered from customers through the fuel adjustment clause. The method of accounting for all Minnesota electric utilities is a monthly budgeted, forward-looking fuel adjustment clause with annual prudence review and true-up to actual allowed costs.

Minnesota Power incurred higher fuel and purchased power costs in 2022 than those factored in its fuel adjustment forecast filed in May 2021 for 2022, which resulted in the recognition of an approximately \$ 13 million regulatory asset as of December 31, 2022. The MPUC approved recovery of the regulatory asset in an order dated July 31, 2023; recovery of the regulatory asset began in the third quarter of 2023 and ended in mid-2024.

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 a \$ 15.5 million regulatory liability as of 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 incurred higher fuel and purchased power costs in 2024 than those factored in its fuel adjustment forecast filed in May 2023 for 2024, which resulted in the recognition of a \$ 4.5 million regulatory asset as of December 31, 2024. Minnesota Power expects to request recovery of the regulatory asset as part of its annual true-up filing with the MPUC in March 2025.

Minnesota Power's filed its annual forecasted fuel and purchased power rates for 2025 on May 1, 2024, which was subsequently approved by the MPUC in an order dated November 8, 2024. The fuel and purchased power rates for Minnesota Power retail customers are based on this filing beginning January 1, 2025.

NOTE 4. REGULATORY MATTERS (Continued)

Electric Rates (Continued)

Deferred Accounting Petition. On December 30, 2024, Minnesota Power submitted a petition with the MPUC seeking deferral accounting treatment for investigative costs and the increase in depreciation expense resulting from compliance costs that will be incurred related to the new Coal Combustion Rule (CCR) Legacy Rule, which was published in the Federal Register on May 8, 2024. (See Note 9. Commitments, Guarantees and Contingencies.) Compliance with the CCR Legacy Rule is expected to result in a significant increase to our MPUC-approved decommissioning costs for Boswell and Laskin. If the MPUC approves our request for deferral accounting treatment, these costs would be deferred for recovery to our next rate case or other regulatory proceeding. In 2024, we recorded depreciation expense related to this rule, of which \$ 4.2 million pre-tax would be moved to a deferred tracking account for MPUC review through a future rate case or other proceeding if the MPUC approves our request for deferral accounting treatment. We are unable to predict the outcome of this proceeding.

Wisconsin Retail Rates. SWL&P's retail rates through 2022 were based on a December 2018 order by the PSCW that allowed for a return on equity of 10.40 percent and a 55.00 percent equity ratio. The resolution of SWL&P's 2022 general rate case changed the allowed return on equity to 10.00 percent and maintained an equity ratio of 55.00 percent. (See *2022 Wisconsin General Rate Case*.) The resolution of SWL&P's 2024 general rate case further changed the allowed return on equity to 9.80 percent and continued to maintain an equity ratio of 55.00 percent beginning January 1, 2025. (See *2024 Wisconsin General Rate Case*.)

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 sought an overall return on equity of 10.00 percent and a 55.00 percent equity ratio. On an annualized basis, the requested change would have increased rates by approximately 5.90 percent for retail customers and generated an estimated \$ 7.3 million of additional revenue. In an order dated December 12, 2024, the PSCW approved an annual increase of approximately \$ 5.5 million reflecting a return on equity of 9.80 percent and a 55.00 percent equity ratio. Final rates went into effect January 1, 2025.

2022 Wisconsin General Rate Case. In an order dated December 20, 2022, the PSCW approved an annual increase of \$ 3.3 million reflecting a return on equity of 10.00 percent and a 55.00 percent equity ratio. Final rates went into effect January 1, 2023.

Integrated Resource Plan. On February 1, 2021, Minnesota Power filed its latest IRP, which was approved by the MPUC in an order dated January 9, 2023. The approved IRP, which reflects a joint agreement reached with various stakeholders, outlines Minnesota Power's clean-energy transition plans through 2035. These plans include expanding its renewable energy supply, achieving coal-free operations at its facilities by 2035, and investing in a resilient and flexible transmission and distribution grid. As part of these plans, Minnesota Power anticipates adding up to 700 MW of new wind and solar energy resources, and ceasing coal operations at Boswell Units 3 and 4 by 2030 and 2035, respectively. Minnesota Power's plans recognize that advances in technology will play a significant role in completing its transition to carbon-free energy supply, reliably and affordably. Minnesota Power expects to file its next IRP in March 2025.

Solar Energy Request For Proposals. On October 2, 2023, Minnesota Power filed a notice with the MPUC of its intent to issue a RFP for up to 300 MW of solar energy resources. Minnesota Power issued the RFP on November 15, 2023, which were accepted through January 17, 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 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 RFP for up to 400 MW of wind energy resources. Minnesota Power issued the RFP on February 15, 2024, which were accepted through April 11, 2024.

NOTE 4. REGULATORY MATTERS (Continued)

ECO Plan. Minnesota requires electric utilities to spend a minimum of 1.5 percent of gross operating revenues, excluding revenue received from exempt customers, from service provided in the state on ECOs each year. On April 1, 2024, Minnesota Power submitted its 2023 ECO annual filing, formerly known as the conservation improvement program, detailing Minnesota Power's ECO plan results and proposed financial incentive, which was approved by the MPUC on November 8, 2024. As a result, Minnesota Power recognized revenue of \$ 2.2 million in 2024 for the approved financial incentive (\$ 2.2 million in 2023 and \$ 1.9 million in 2022). The financial incentives are recognized in the period in which the MPUC approves the filing.

On June 30, 2023, Minnesota Power submitted its triennial filing for 2024 through 2026 to the MPUC and Minnesota Department of Commerce, which outlines Minnesota Power's ECO spending and energy-saving goals for those years. Minnesota Power's investment goals are \$ 12.7 million for 2025 and \$ 12.8 million for 2026.

MISO Return on Equity Complaints. MISO transmission owners, including ALLETE and ATC, had an authorized return on equity of 10.02 percent, or 10.52 percent including an incentive adder for participation in a regional transmission organization based on a 2020 FERC order which was subject to various 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 vacated and remanded the 2020 FERC order back to the FERC. On October 17, 2024, FERC ordered a return on equity of 9.98 percent, or 10.48 percent including an incentive adder for participation in a RTO, effective September 28, 2016. (See Note 6. Equity Investments.)

Minnesota Solar Energy Standard. Minnesota law requires at least 1.5 percent of total retail electric sales, excluding sales to certain customers, to be generated by solar energy. At least 10 percent of the 1.5 percent mandate must be met by solar energy generated by or procured from solar photovoltaic devices with a nameplate capacity of 40 kW or less and community solar garden subscriptions. Minnesota Power has met both parts of the solar mandate to date.

Minnesota Distributed Solar Energy Standard. Minnesota law requires at least 3 percent of Minnesota Power's retail electric sales to be generated from distributed solar energy resources by 2030. Minnesota Power expects to need between 65 MW and 85 MW of distributed solar capacity to meet this requirement. On January 30, 2025, Minnesota Power issued a RFP seeking distributed solar projects as part of its compliance with this distributed solar energy standard. The RFP seeks proposals for solar generating facilities of 10 MW or less that will be connected to Minnesota Power's distribution system.

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. With the exception of the regulatory asset for Boswell Units 1 and 2 net plant and equipment, no other regulatory assets are currently earning a return. 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.

NOTE 4. REGULATORY MATTERS (Continued)**Regulatory Assets and Liabilities**

| As of December 31 | 2024 | 2023 |
|--|-------------|-------------|
| Millions | | |
| Current Regulatory Assets (a) | | |
| Fuel Adjustment Clause (b) | — | \$ 8.7 |
| Other | \$ 1.6 | 0.6 |
| Total Current Regulatory Assets | \$ 1.6 | \$ 9.3 |
| Non-Current Regulatory Assets | | |
| Defined Benefit Pension and Other Postretirement Benefit Plans (c) | \$ 200.3 | \$ 218.6 |
| Income Taxes (d) | 84.9 | 88.1 |
| Asset Retirement Obligations (e) | 41.0 | 37.7 |
| Taconite Harbor (g) | 17.3 | 20.9 |
| Manufactured Gas Plant (h) | 11.6 | 13.2 |
| Cost Recovery Riders (f) | 5.5 | 33.8 |
| Fuel Adjustment Clause (b) | 4.5 | 5.0 |
| PPACA Income Tax Deferral | 3.7 | 3.9 |
| Other | 2.9 | 4.2 |
| Total Non-Current Regulatory Assets | \$ 371.7 | \$ 425.4 |
| Current Regulatory Liabilities (i) | | |
| Provision for Interim Rate Refund | \$ 23.0 | — |
| Fuel Adjustment Clause (b) | 7.2 | — |
| Other | 1.3 | \$ 3.9 |
| Total Current Regulatory Liabilities | \$ 31.5 | \$ 3.9 |
| Non-Current Regulatory Liabilities | | |
| Income Taxes (d) | \$ 292.7 | \$ 310.0 |
| Wholesale and Retail Contra AFUDC (j) | 77.6 | 78.0 |
| Plant Removal Obligations (k) | 74.2 | 67.0 |
| Defined Benefit Pension and Other Postretirement Benefit Plans (c) | 40.7 | 48.6 |
| Non-Jurisdictional Land Sales (l) | 59.7 | 30.2 |
| Investment Tax Credits (m) | 17.8 | 13.6 |
| Boswell Units 1 and 2 Net Plant and Equipment (n) | 6.7 | 6.7 |
| Fuel Adjustment Clause (b) | 0.6 | 15.5 |
| Other | 0.5 | 4.4 |
| Total Non-Current Regulatory Liabilities | \$ 570.5 | \$ 574.0 |

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

(b) Fuel adjustment clause regulatory assets and liabilities represent the amount expected to be recovered from or refunded to customers for the under- or over-collection of fuel adjustment clause recoveries. (See Fuel Adjustment Clause.)

(c) Defined benefit pension and other postretirement items included in our Regulated Operations, which are otherwise required to be recognized in accumulated other comprehensive income, are recognized as regulatory assets or regulatory liabilities on the Consolidated Balance Sheet. The asset or liability will decrease as the deferred items are amortized and recognized as components of net periodic benefit cost. (See Note 12. Pension and Other Postretirement Benefit Plans.)

(d) These costs represent the difference between deferred income taxes recognized for financial reporting purposes and amounts previously billed to our customers. The balances will primarily decrease over the remaining life of the related temporary differences.

(e) Asset retirement obligations will accrete and be amortized over the lives of the related property with asset retirement obligations.

(f) The cost recovery rider regulatory assets and liabilities are revenue not yet collected from our customers and cash collections from our customers in excess of the revenue recognized, respectively, primarily due to capital expenditures related to Bison and the GNTL as well as differences between production tax credits recognized and those assumed in Minnesota Power's base rates. The cost recovery rider regulatory assets as of December 31, 2024, will be recovered within the next two years.

(g) In the first quarter of 2023, Minnesota Power retired Taconite Harbor Units 1 and 2. The remaining net book value was reclassified from property, plant and equipment to a regulatory asset on the Consolidated Balance Sheet when the units were retired. Minnesota Power expects to receive recovery of the remaining net book value from customers.

(h) This regulatory asset represents costs of remediation for a former manufactured gas plant site located in Superior, Wisconsin, and formerly operated by SWL&P. We expect recovery of these remediation costs to be allowed by the PSCW in rates over time.

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

(j) Wholesale and retail contra AFUDC represents amortization to offset AFUDC Equity and Debt recorded during the construction period of our cost recovery rider projects prior to placing the projects in service. The regulatory liability will decrease over the remaining depreciable life of the related asset.

(k) Non-legal plant removal obligations included in retail customer rates that have not yet been incurred.

(l) This regulatory liability represents the net proceeds from the sale of certain land by Minnesota Power that is expected to be refunded to ratepayers through a future rate case or through its renewable resources rider.

- (m) *North Dakota and federal investment tax credits expected to be realized from Minnesota Power's Bison facility and SWL&P's community solar facility that will be credited to retail customers primarily through future renewable cost recovery rider and rate filings as the tax credits are utilized.*
- (n) *In 2018, Minnesota Power retired Boswell Units 1 and 2 and reclassified the remaining net book value from property, plant and equipment to a regulatory asset on the Consolidated Balance Sheet. The remaining net book value is currently included in Minnesota Power's rate base and Minnesota Power is earning a return on the outstanding balance.*

NOTE 5. ACQUISITIONS

2022 Activity

New Energy. On April 15, 2022, a wholly-owned subsidiary of ALLETE acquired 100 percent of the membership interests of New Energy for a purchase price of \$ 165.5 million. Total consideration of approximately \$ 158.8 million was paid in cash on the acquisition date, which is net of cash acquired and debt assumed. New Energy, which is headquartered in Annapolis, Maryland, is a renewable energy development company with a primary focus on solar and storage facilities while also offering comprehensive operations, maintenance and asset management services. The acquisition of New Energy is consistent with ALLETE's stated strategy of additional investment in renewable energy and related infrastructure across North America to support the Company's sustainability-in-action strategy while providing potential long-term earnings growth.

The acquisition was accounted for as a business combination and the purchase price was allocated based on the estimated fair values of the assets acquired and the liabilities assumed at the date of acquisition. The allocation of the purchase price, which was finalized in the fourth quarter of 2022, is shown in the following table. Fair value measurements were valued primarily using the discounted cash flow method and replacement cost basis. The goodwill recorded is primarily attributable to the highly skilled workforce of New Energy and synergies expected to arise as a result of the acquisition.

The Company has not presented separate results of operations since closing or combined pro forma financial information of the Company and New Energy since the beginning of 2021, as the results of operations for New Energy are not material to the Company's consolidated financials.

| Millions | |
|---|-----------------|
| Assets Acquired | |
| Cash and Cash Equivalents | \$ 3.9 |
| Accounts Receivable | 1.4 |
| Inventory (a) | 25.3 |
| Other Current Assets | 12.8 |
| Property, Plant and Equipment - Net | 16.4 |
| Goodwill (b) | 154.9 |
| Other Non-Current Assets | 2.1 |
| Total Assets Acquired | \$ 216.8 |
| Liabilities Assumed | |
| Current Liabilities | \$ 23.6 |
| Long-Term Debt Due Within One Year | 28.3 |
| Long-Term Debt | 5.9 |
| Other Non-Current Liabilities | 0.2 |
| Total Liabilities Assumed | \$ 58.0 |
| Net Identifiable Assets Acquired | \$ 158.8 |

(a) Includes \$ 11.6 million of purchase price accounting for certain projects under development at the time of acquisition.

(b) For tax purpose, the purchase price allocation resulted in \$ 154.9 million of deductible goodwill.

Acquisition-related costs were \$ 2.7 million after-tax, expensed as incurred during 2022 and recorded in Operating and Maintenance on the Consolidated Statement of Income.

NOTE 6. 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. In 2024, we invested \$ 5.8 million in ATC. In total, we expect to invest approximately \$ 18.3 million in 2025.

ALLETE's Investment in ATC

| Year Ended December 31 | 2024 | 2023 |
|--|----------|----------|
| Millions | | |
| Equity Investment Beginning Balance | \$ 179.7 | \$ 165.4 |
| Cash Investments | 5.8 | 8.2 |
| Equity in ATC Earnings | 26.5 | 23.1 |
| Distributed ATC Earnings | (18.9) | (18.3) |
| Amortization of the Remeasurement of Deferred Income Taxes | 1.3 | 1.3 |
| Equity Investment Ending Balance | \$ 194.4 | \$ 179.7 |

ATC Summarized Financial Data

Balance Sheet Data

| Year Ended December 31 | 2024 | 2023 |
|---------------------------------------|------------|------------|
| Millions | | |
| Current Assets | \$ 126.6 | \$ 115.2 |
| Non-Current Assets | 6,792.6 | 6,337.0 |
| Total Assets | \$ 6,919.2 | \$ 6,452.2 |
| Current Liabilities | \$ 482.4 | \$ 495.9 |
| Long-Term Debt | 3,083.4 | 2,736.0 |
| Other Non-Current Liabilities | 545.0 | 585.2 |
| Members' Equity | 2,808.4 | 2,635.1 |
| Total Liabilities and Members' Equity | \$ 6,919.2 | \$ 6,452.2 |

Income Statement Data

| Year Ended December 31 | 2024 | 2023 | 2022 |
|-------------------------------|----------|----------|----------|
| Millions | | | |
| Revenue | \$ 911.3 | \$ 818.9 | \$ 751.2 |
| Operating Expense | 442.3 | 407.6 | 381.5 |
| Other Expense | 137.8 | 131.7 | 122.9 |
| Net Income | \$ 331.2 | \$ 279.6 | \$ 246.8 |
| ALLETE's Equity in Net Income | \$ 26.5 | \$ 23.1 | \$ 19.3 |

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, 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 vacated and remanded the 2020 FERC order back to FERC. As a result of this decision, ATC recorded a reserve in the third quarter of 2022 for anticipated refunds to its customers for approximately \$ 31 million of which our share was approximately \$ 2.4 million pre-tax. On October 17, 2024, FERC ordered a return on equity of 9.98 percent, or 10.48 percent including an incentive adder for participation in a RTO, effective September 28, 2016.

In addition, the FERC issued a Notice of Proposed Rulemaking in April 2021 to limit the 50 basis point 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.

NOTE 6. EQUITY INVESTMENTS (Continued)

Investment in Nobles 2. Our subsidiary, ALLETE South Wind, owns a 49 percent equity interest in 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) | (1.5) |
| Distributed Nobles 2 Earnings | (4.3) |
| Equity Investment Balance as of December 31, 2024 | \$ 145.7 |

(a) The Company also recorded net loss attributable to non-controlling interest of \$ 11.7 million related to its investment in Nobles 2.

NOTE 7. 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). The three levels of the fair value hierarchy are as follows:

Level 1 — Quoted prices are available in active markets for identical assets or liabilities as of the reported date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. This category includes primarily equity securities.

Level 2 — Pricing inputs are other than quoted prices in active markets, but are either directly or indirectly observable as of the reported date. The types of assets and liabilities included in Level 2 are typically either comparable to actively traded securities or contracts, such as treasury securities with pricing interpolated from recent trades of similar securities, or priced with models using highly observable inputs, such as commodity options priced using observable forward prices and volatilities. This category includes deferred compensation and fixed income securities.

Level 3 — Significant inputs that are generally less observable from objective sources. The types of assets and liabilities included in Level 3 are those with inputs requiring significant management judgment or estimation, such as the complex and subjective models and forecasts used to determine the fair value.

NOTE 7. FAIR VALUE (Continued)

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 December 31, 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 listed on the Consolidated Balance Sheet approximates the carrying amount and therefore is excluded from the recurring fair value measures in the following tables.

| Recurring Fair Value Measures | Fair Value as of December 31, 2024 | | | |
|---|------------------------------------|---------|---------|---------|
| | Level 1 | Level 2 | Level 3 | Total |
| Millions | | | | |
| Assets: | | | | |
| Investments (a) | | | | |
| Available-for-sale – Equity Securities | \$ 8.6 | — | — | \$ 8.6 |
| Available-for-sale – Corporate and Governmental Debt Securities (b) | — | \$ 6.8 | — | 6.8 |
| Cash Equivalents | 8.5 | — | — | 8.5 |
| Total Fair Value of Assets | \$ 17.1 | \$ 6.8 | — | \$ 23.9 |
| Liabilities: | | | | |
| Deferred Compensation (c) | — | \$ 21.1 | — | \$ 21.1 |
| Total Fair Value of Liabilities | — | \$ 21.1 | — | \$ 21.1 |

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

(b) As of December 31, 2024, the aggregate amount of available-for-sale corporate and governmental debt securities maturing in one year or less was \$ 2.0 million, in one year to less than three years was \$ 2.8 million, in three years to less than five years was \$ 1.5 million and in five or more years was \$ 0.5 million.

(c) Included in Other Non-Current Liabilities on the Consolidated Balance Sheet.

| Recurring Fair Value Measures | Fair Value as of December 31, 2023 | | | |
|---|------------------------------------|---------|---------|---------|
| | Level 1 | Level 2 | Level 3 | Total |
| Millions | | | | |
| Assets: | | | | |
| Investments (a) | | | | |
| Available-for-sale – Equity Securities | \$ 8.7 | — | — | \$ 8.7 |
| Available-for-sale – Corporate and Governmental Debt Securities | — | \$ 6.0 | — | 6.0 |
| Cash Equivalents | 5.8 | — | — | 5.8 |
| Total Fair Value of Assets | \$ 14.5 | \$ 6.0 | — | \$ 20.5 |
| Liabilities: (b) | | | | |
| Deferred Compensation | — | \$ 16.5 | — | \$ 16.5 |
| Total Fair Value of Liabilities | — | \$ 16.5 | — | \$ 16.5 |

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

(b) Included in Other Non-Current Liabilities on the Consolidated Balance Sheet.

The Company's policy is to recognize transfers in and transfers out of levels as of the actual date of the event or change in circumstances that caused the transfer. For the years ended December 31, 2024 and 2023, there were no transfers in or out of Levels 1, 2 or 3.

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 for the item listed in the following table was based on quoted market prices for the same or similar instruments (Level 2).

NOTE 7. FAIR VALUE (Continued)

| Financial Instruments | Carrying Amount | Fair Value |
|--|-----------------|------------|
| Millions | | |
| Short-Term and Long-Term Debt (a) | | |
| December 31, 2024 | \$ 1,808.0 | \$ 1,668.0 |
| December 31, 2023 | \$ 1,799.4 | \$ 1,670.6 |

(a) Excludes unamortized debt issuance costs.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis. Non-financial assets such as equity method investments, goodwill, intangible assets, 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.

Equity Method Investments. The aggregate carrying amount of our equity investments was \$ 340.1 million as of December 31, 2024 (\$ 331.2 million as of December 31, 2023). The Company assesses our equity investments in ATC and Nobles 2 for impairment whenever events or changes in circumstances indicate that the carrying amount of our investments may not be recoverable. For the years ended December 31, 2024 and 2023, there were no indicators of impairment. (See Note 6. Equity Investments.)

Goodwill. The Company assesses the impairment of goodwill annually in the fourth quarter and whenever an event occurs or circumstances change that would indicate that the carrying amount may be impaired. The Company's goodwill is a result of the New Energy acquisition in 2022. (See Note 1. Operations and Significant Accounting Policies and Note 5. Acquisitions.) The aggregate carrying amount of goodwill was \$ 154.9 million as of December 31, 2024.

Property, Plant and Equipment. The Company assesses the impairment of property, plant, and equipment whenever events or changes in circumstances indicate that the carrying amount of property, plant, and equipment assets may not be recoverable. (See Note 1. Operations and Significant Accounting Policies.) For the years ended December 31, 2024, and 2023, there was no impairment of property, plant, and equipment.

We believe that long-standing ratemaking practices approved by applicable state and federal regulatory commissions allow for the recovery of the remaining book value of retired plant assets. The MPUC order for Minnesota Power's 2015 IRP directed Minnesota Power to retire Boswell Units 1 and 2, which occurred in the fourth quarter of 2018. As part of the 2016 general retail rate case, the MPUC allowed recovery of the remaining book value of Boswell Units 1 and 2 through 2022. Minnesota Power's latest IRP, which was approved by the MPUC in an order dated January 9, 2023, includes ceasing coal operations at Boswell Units 3 and 4 by 2030 and 2035, respectively. Boswell Unit 3 and Unit 4 have a net book value of approximately \$ 220 million and \$ 395 million, respectively, as of December 31, 2024. (See Note 4. Regulatory Matters.) Minnesota Power also retired Taconite Harbor in the first quarter of 2023 consistent with its latest IRP. As part of the 2022 general retail rate case, the MPUC allowed recovery of the remaining book value of Taconite Harbor through 2026. We do not expect to record any impairment charge as a result of these operating changes at Taconite Harbor and Boswell. In addition, we expect to be able to continue depreciating these assets for at least their established remaining useful lives; however, we are unable to predict the impact of regulatory outcomes resulting in changes to their established remaining useful lives.

NOTE 8. SHORT-TERM AND LONG-TERM DEBT

Short-Term Debt. As of December 31, 2024, total short-term debt outstanding was \$ 94.7 million (\$ 111.4 million as of December 31, 2023), and consisted of long-term debt due within one year and included no unamortized debt issuance costs.

As of December 31, 2024, we had consolidated bank lines of credit aggregating to \$ 362.0 million (\$ 423.1 million as of December 31, 2023), most of which expire in January 2027. We had \$ 16.2 million outstanding in standby letters of credit and \$ 20.0 million outstanding draws under our lines of credit as of December 31, 2024 (\$ 19.4 million in standby letters of credit and \$ 34.1 million outstanding draws as of December 31, 2023).

Long-Term Debt. As of December 31, 2024, total long-term debt outstanding was \$ 1,704.7 million (\$ 1,679.9 million as of December 31, 2023) and included \$ 8.6 million of unamortized debt issuance costs. The aggregate amount of long-term debt maturing in 2025 is \$ 94.7 million; \$ 80.2 million in 2026; \$ 182.5 million in 2027; \$ 55.8 million in 2028; \$ 220.3 million in 2029; and \$ 1,174.5 million thereafter. Substantially all of our regulated electric plant is subject to the lien of the mortgages collateralizing outstanding first mortgage bonds. The mortgages contain non-financial covenants customary in utility mortgages, including restrictions on our ability to incur liens, dispose of assets, and merge with other entities.

Minnesota Power is obligated to make financing payments for the Camp Ripley solar array totaling \$ 1.4 million annually during the financing term, which expires in 2027. Minnesota Power has the option at the end of the financing term to renew for a two-year term, or to purchase the solar array for approximately \$ 4 million. Minnesota Power anticipates exercising the purchase option when the term expires.

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.

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 prepaid all \$ 150 million in aggregate principal amount of the 2025 Notes on September 5, 2024. The 2025 Notes were prepaid at 100 percent of their principal amount, plus accrued and unpaid interest.

On September 5, 2024, ALLETE issued and sold \$ 150 million of senior unsecured notes ("Notes") to certain institutional buyers in the private placement market. The Notes 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. Of the Notes issued and sold, \$ 100 million of the Notes bear interest at a rate of 5.94 percent and mature on September 5, 2029, and \$ 50 million of the Notes 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 were used for refinancing of debt and general corporate purposes.

Pursuant to the Merger Agreement, we may incur certain forms of indebtedness only with the written consent of Alloy Parent. (See Note 15. Agreement and Plan of Merger.)

NOTE 8. SHORT-TERM AND LONG-TERM DEBT (Continued)
Long-Term Debt (Continued)
Long-Term Debt

| As of December 31 | 2024 | 2023 |
|---|-------------------|-------------------|
| Millions | | |
| First Mortgage Bonds | | |
| 3.69 % Series Due 2024 | — | \$ 60.0 |
| 4.90 % Series Due 2025 | \$ 30.0 | 30.0 |
| 5.10 % Series Due 2025 | 30.0 | 30.0 |
| 3.20 % Series Due 2026 | 75.0 | 75.0 |
| 5.99 % Series Due 2027 | 60.0 | 60.0 |
| 3.30 % Series Due 2028 | 40.0 | 40.0 |
| 4.08 % Series Due 2029 | 70.0 | 70.0 |
| 3.74 % Series Due 2029 | 50.0 | 50.0 |
| 2.50 % Series Due 2030 | 46.0 | 46.0 |
| 3.86 % Series Due 2030 | 60.0 | 60.0 |
| 2.79 % Series Due 2031 | 100.0 | 100.0 |
| 4.54 % Series Due 2032 | 75.0 | 75.0 |
| 4.98 % Series Due 2033 | 125.0 | 125.0 |
| 5.69 % Series Due 2036 | 50.0 | 50.0 |
| 5.72 % Series Due 2039 | 100.0 | — |
| 6.00 % Series Due 2040 | 35.0 | 35.0 |
| 5.82 % Series Due 2040 | 45.0 | 45.0 |
| 4.08 % Series Due 2042 | 85.0 | 85.0 |
| 4.21 % Series Due 2043 | 60.0 | 60.0 |
| 4.95 % Series Due 2044 | 40.0 | 40.0 |
| 5.05 % Series Due 2044 | 40.0 | 40.0 |
| 4.39 % Series Due 2044 | 50.0 | 50.0 |
| 4.07 % Series Due 2048 | 60.0 | 60.0 |
| 4.47 % Series Due 2049 | 30.0 | 30.0 |
| 3.30 % Series Due 2050 | 94.0 | 94.0 |
| Armenia Mountain Senior Secured Notes 3.26 % Due 2024 | — | 9.5 |
| Industrial Development Variable Rate Demand Refunding Revenue Bonds Series 2006, Due 2025 | 27.8 | 27.8 |
| Revolving Credit Facility Variable Rate Due 2027 | 20.0 | — |
| Senior Unsecured Notes 2.65 % Due 2025 | — | 150.0 |
| Senior Unsecured Notes 3.11 % Due 2027 | 80.0 | 80.0 |
| Senior Unsecured Notes 5.94 % Due 2029 | 100.0 | — |
| Senior Unsecured Notes 6.18 % Due 2034 | 50.0 | — |
| SWL&P First Mortgage Bonds 4.15 % Series Due 2028 | 15.0 | 15.0 |
| SWL&P First Mortgage Bonds 4.14 % Series Due 2048 | 12.0 | 12.0 |
| Other Long-Term Debt, 2024 Weighted Average Rate 4.47 % Due 2025 – 2051 | 53.2 | 95.1 |
| Unamortized Debt Issuance Costs | (8.6) | (8.1) |
| Total Long-Term Debt | 1,799.4 | 1,791.3 |
| Less: Due Within One Year | 94.7 | 111.4 |
| Net Long-Term Debt | \$ 1,704.7 | \$ 1,679.9 |

NOTE 8. SHORT-TERM AND LONG-TERM DEBT (Continued)**Long-Term Debt (Continued)**

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 December 31, 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; however, under the Merger Agreement, the Company has agreed not to declare or pay dividends except for quarterly cash dividends payable by us in respect of shares of our common stock on a schedule consistent with our past practices in an amount not to exceed 5 percent per share more than the dividend payable during the prior 12-month period, subject to certain other exceptions. (See Note 15. Agreement and Plan of Merger.) As of December 31, 2024, ALLETE was in compliance with its financial covenants.

NOTE 9. COMMITMENTS, GUARANTEES AND CONTINGENCIES

The following table details the estimated minimum payments for certain long-term commitments as of December 31, 2024:

| | 2025 | 2026 | 2027 | 2028 | 2029 | Thereafter |
|--------------------------------|----------|----------|----------|----------|----------|------------|
| Millions | | | | | | |
| Capital Purchase Obligations | \$ 192.9 | \$ 37.4 | \$ 91.8 | \$ 59.8 | \$ 5.6 | \$ 13.7 |
| Easements (a) | \$ 27.2 | \$ 8.3 | \$ 8.4 | \$ 8.5 | \$ 8.5 | \$ 212.0 |
| PPAs (b) | \$ 134.6 | \$ 136.0 | \$ 130.1 | \$ 133.3 | \$ 134.1 | \$ 797.3 |
| Other Purchase Obligations (c) | \$ 31.8 | \$ 9.6 | \$ 10.3 | — | — | — |

(a) Easement obligations represent the minimum payments for our land easement agreements at our wind energy facilities.

(b) Does not include the Oliver Wind I, Oliver Wind II or Nobles 2 PPAs, as Minnesota Power only pays for energy as it is delivered. (See Power Purchase Agreements.)

(c) Consists of long-term service agreements for wind energy facilities and minimum purchase commitments under coal and rail contracts.

Power Purchase and Sales 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.

These agreements have also been evaluated under the accounting guidance for derivatives. We have determined that either these agreements are not derivatives, or, if they are derivatives, these agreements qualify for the normal purchases and normal sales exception to derivative accounting guidance; therefore, derivative accounting is not required.

Square Butte PPA. Minnesota Power has a PPA with Square Butte that extends through 2026 (Agreement). Minnesota Power is obligated to pay its pro rata share of Square Butte's costs based on its entitlement to the output of Square Butte's 455 MW coal fired generating unit. Minnesota Power's output entitlement under the Agreement is 50 percent for the remainder of the Agreement, subject to the provisions of the Minnesota Power PSA described in the following table. Minnesota Power's payment obligation will be suspended if Square Butte fails to deliver any power, whether produced or purchased, for a period of one year. Square Butte's costs consist primarily of debt service, operating and maintenance, depreciation and fuel expenses. As of December 31, 2024, Square Butte had total debt outstanding of \$168.9 million. Annual debt service for Square Butte is expected to be approximately \$30.6 million in 2025 and \$32.1 million in 2026 of which Minnesota Power's obligation is 50 percent. 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.

NOTE 9. COMMITMENTS, GUARANTEES AND CONTINGENCIES (Continued)**Power Purchase and Sales Agreements (Continued)**

Minnesota Power's cost of power purchased from Square Butte during 2024 was \$ 87.7 million (\$ 86.2 million in 2023; \$ 82.7 million in 2022). 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 \$ 4.9 million in 2024 (\$ 5.5 million in 2023; \$ 5.1 million in 2022). Minnesota Power's payments to Square Butte are approved as a purchased power expense for ratemaking purposes by both the MPUC and the FERC.

Minnesota Power has also entered into the following long-term PPAs for the purchase of capacity and energy as of December 31, 2024:

| Counterparty | Quantity | Product | Commencement | Expiration | Pricing |
|---------------------|----------|-------------------|---------------|---------------|-----------------------|
| PPAs | | | | | |
| Calpine Corporation | 25 MW | Capacity | June 2019 | May 2026 | Fixed |
| Manitoba Hydro | | | | | |
| PPA 1 | 250 MW | Capacity / Energy | June 2020 | May 2035 | (a) |
| PPA 2 | 133 MW | Energy | June 2020 | June 2040 | Forward Market Prices |
| Nobles 2 | 250 MW | Capacity / Energy | December 2020 | December 2040 | Fixed |
| Oliver Wind I | (b) | Energy | December 2006 | December 2040 | Fixed |
| Oliver Wind II | (b) | Energy | December 2007 | December 2040 | Fixed |

(a) The capacity price was adjusted annually until 2020 by the change in a governmental inflationary index. The energy price is based on a formula that includes an annual fixed component adjusted for the change in a governmental inflationary index and a natural gas index, as well as market prices.

(b) The PPAs provide for the purchase of all output from the 50 MW Oliver Wind I and 48 MW Oliver Wind II wind energy facilities.

Minnesota Power has also entered into the following long-term PSAs for the sale of capacity and energy as of December 31, 2024:

| Counterparty | Quantity | Product | Commencement | Expiration | Pricing |
|-----------------------------|----------|-------------------|--------------|---------------|---------|
| PSAs | | | | | |
| Basin | | | | | |
| PSA 1 | (a) | Capacity | June 2022 | May 2025 | Fixed |
| PSA 2 | 100 MW | Capacity | June 2025 | May 2028 | Fixed |
| Great River Energy | 100 MW | Capacity | June 2022 | May 2025 | Fixed |
| Minnkota Power | (b) | Capacity / Energy | June 2014 | December 2026 | (b) |
| Oconto Electric Cooperative | 25 MW | Capacity / Energy | January 2019 | May 2026 | Fixed |
| Silver Bay Power | (c) | Energy | January 2017 | December 2031 | (d) |

(a) The agreement provided for 75 MW of capacity from June 1, 2022, through May 31, 2023, and increased to 125 MW of capacity from June 1, 2023, through May 31, 2025.

(b) 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, it sold to Minnkota Power approximately 41 percent in 2024 (37 percent in 2023 and 32 percent in 2022). (See Square Butte PPA.)

(c) Silver Bay Power supplies approximately 90 MW of load to Northshore Mining, an affiliate of Silver Bay Power.

(d) The energy pricing escalates at a fixed rate annually and is adjusted for changes in a natural gas index.

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 2027. Minnesota Power also has coal transportation agreements in place for the delivery of a significant portion of its coal requirements through December 2027. 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 9. 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 NO_x 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 NO_x and SO₂ 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 has recently reassessed several primary and secondary NAAQS for NO_x, SO₂, and particulate matter. Implementation of the EPA's February 2024 final rule lowering the annual primary standard for fine particulate matter began on May 6, 2024. On December 27, 2024, the EPA published a final rule in the Federal Register revising the secondary SO₂ NAAQS while retaining the NO_x and particulate matter secondary standards, with a final rule effective date of January 27, 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.

NOTE 9. 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_x 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_x reduction strategies, including federal implementation plan requirements, NO_x 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 became 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 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 April 4, 2024, the EPA published 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 and outcomes of related litigation. Additional 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 June 27, 2024, the U.S. Supreme Court granted an emergency stay of the FIP rule requested by several states and industry groups, staying enforcement pending the D.C. Circuit's review and any petition for writ of certiorari. In response to the U.S. Supreme Court's stay order, the EPA published a third interim rule in the Federal Register on November 6, 2024, staying the effectiveness of the Good Neighbor FIP in the 10 remaining covered states, including Wisconsin. 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 NO_x 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 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. Motions to stay the rule were denied by the U.S. Court of Appeals for the D.C. Circuit on August 6, 2024, and the U.S. Supreme Court on October 4, 2024.

NOTE 9. 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 either a state plan or negative declaration letter to the EPA 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, Nemadji Trail Energy Center. The Company anticipates compliance with the 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, 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. Oral arguments in the D.C. Circuit occurred on December 6, 2024, with a merits decision currently expected by mid-2025. Outcomes from ongoing litigation may impact both the timing of rule effectiveness and the ultimate compliance obligations required by the rule.

NOTE 9. COMMITMENTS, GUARANTEES AND CONTINGENCIES (Continued)

Environmental Matters (Continued)

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.

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 through permit incorporation as soon as 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.

NOTE 9. COMMITMENTS, GUARANTEES AND CONTINGENCIES (Continued)

Environmental Matters (Continued)

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.

Boswell Ash Wastewater Spill. On August 12, 2024, Minnesota Power received a Notice of Violation (NOV) from the MPCA, related to the spill at Boswell from a pipeline carrying ash wastewater from an inactive onsite storage pond to Blackwater Creek, which the 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 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.

Coal Combustion Residuals from Electric Utilities (CCR). 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 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 (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. The Final Rule requires a Facility Evaluation Report by February 2027, which will identify regulated units and applicable requirements. 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. These estimates may be revised as Minnesota Power completes the required facility evaluations. 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. A final rule establishing the remaining CCR beneficial reuse requirements is expected but has been moved to EPA's long term rulemakings, without a publication target date currently. According to its latest Unified Agenda, the EPA had planned to publish the final CCR federal permit rule implementing a permitting program for tribal lands and nonparticipating states in December 2024, but that did not occur.

NOTE 9. COMMITMENTS, GUARANTEES AND CONTINGENCIES (Continued)

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 December 31, 2024, SWL&P has recorded a liability of approximately \$ 0.3 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.

Other Matters

We have multiple credit facility agreements in place that provide the ability to issue standby letters of credit to satisfy our contractual security requirements across our businesses. As of December 31, 2024, we had \$ 134.7 million of outstanding letters of credit issued, including those issued under our revolving credit facility, and \$ 122.2 million in outstanding surety bonds. We do not believe it is likely that any of these outstanding letters of credit will be drawn upon.

In 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 \$ 64.3 million.

Regulated Operations. As of December 31, 2024, we had \$ 23.3 million outstanding in standby letters of credit and surety bonds at our Regulated Operations which are pledged as security to MISO, the NDPSC and a state agency.

ALLETE Clean Energy. ALLETE Clean Energy is party to PSAs that expire in various years between 2027 and 2039. As of December 31, 2024, ALLETE Clean Energy has \$ 94.5 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 December 31, 2024, BNI Energy had surety bonds outstanding of \$ 88.8 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. Nobles 2 wind energy facility requires standby letters of credit as security for certain contractual obligations. As of December 31, 2024, ALLETE South Wind has \$ 10.1 million outstanding in standby letters of credit, related to our portion of the security requirements relative to our ownership in Nobles 2.

South Shore Energy. As of December 31, 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 December 31, 2024, New Energy had \$ 10.4 million outstanding in standby letters of credit related to the development of renewable energy projects.

ALLETE Properties. As of December 31, 2024, ALLETE Properties had surety bonds outstanding to governmental entities totaling \$ 2.0 million primarily related to development and maintenance obligations for various projects. The estimated cost of the remaining development work is \$ 1.0 million. ALLETE Properties does not believe it is likely that any of these outstanding surety bonds will be drawn upon.

NOTE 9. COMMITMENTS, GUARANTEES AND CONTINGENCIES (Continued)

Other Matters (Continued)

Community Development District Obligations. In 2005, the Town Center District issued \$ 26.4 million of tax-exempt, 6.0 percent capital improvement revenue bonds. The capital improvement revenue bonds are payable over 31 years (by May 1, 2036) and are secured by special assessments on the benefited land. To the extent that ALLETE Properties still owns land at the time of the assessment, it will incur the cost of its portion of these assessments, based upon its ownership of benefited property.

As of December 31, 2024, we owned 32 percent of the assessable land in the Town Center District (33 percent as of December 31, 2023). As of December 31, 2024, ownership levels, our annual assessments related to capital improvement and special assessment bonds for the ALLETE Properties project within the district is approximately \$ 0.7 million. As we sell property at this project, the obligation to pay special assessments will pass to the new landowners. In accordance with accounting guidance, these bonds are not reflected as debt on our Consolidated Balance Sheet.

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.

Arbitration Proceeding. 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.

Merger-related Complaints. Three 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, 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. Two additional complaints were filed on August 6, 2024, and August 7, 2024, in the New York State Supreme Court, alleging negligent misrepresentation and negligence related to alleged deficiencies in the Preliminary Proxy. Those complaints have not been served on any defendant. The Company believes that the remaining complaints are without merit.

NOTE 10. COMMON STOCK AND EARNINGS PER SHARE

Summary of Common Stock

| | Shares Thousands | Equity Millions |
|---------------------------------|---------------------|--------------------|
| Balance as of December 31, 2021 | 53,220 | \$ 1,536.7 |
| Employee Stock Purchase Plan | 11 | 0.9 |
| Invest Direct | 244 | 14.9 |
| Share-Based Compensation | 82 | 5.3 |
| Equity Issuance | 3,680 | 223.7 |
| Balance as of December 31, 2022 | 57,237 | 1,781.5 |
| Employee Stock Purchase Plan | 16 | 0.8 |
| Invest Direct | 232 | 13.3 |
| Share-Based Compensation | 76 | 8.1 |
| Balance as of December 31, 2023 | 57,561 | 1,803.7 |
| Employee Stock Purchase Plan | 16 | 0.9 |
| Invest Direct | 197 | 12.4 |
| Share-Based Compensation | 108 | 6.2 |
| Balance as of December 31, 2024 | 57,882 | \$ 1,823.2 |

Equity Issuance Program. We entered into a distribution agreement with Lampert Capital Markets, in 2008, as amended most recently in 2020, with respect to the issuance and sale of up to an aggregate of 13.6 million shares of our common stock, without par value, of which 2.1 million shares remain available for issuance as of December 31, 2024. For the year ended December 31, 2024, no shares of common stock were issued under this agreement (none in 2023; none in 2022). On April 5, 2022, ALLETE issued and sold approximately 3.7 million shares of ALLETE common stock. Net proceeds of approximately \$ 224 million were received from the sale of shares. Proceeds were used primarily to fund the acquisition of New Energy and capital investments at ALLETE Clean Energy.

Earnings Per Share. 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.

Reconciliation of Basic and Diluted

Earnings Per Share

| Year Ended December 31 | Basic | Dilutive Securities | Diluted |
|-----------------------------------|----------|------------------------|----------|
| Millions Except Per Share Amounts | | | |
| 2024 | | | |
| Net Income Attributable to ALLETE | \$ 179.3 | | \$ 179.3 |
| Average Common Shares | 57.7 | 0.1 | 57.8 |
| Earnings Per Share | \$ 3.11 | | \$ 3.10 |
| 2023 | | | |
| Net Income Attributable to ALLETE | \$ 247.1 | | \$ 247.1 |
| Average Common Shares | 57.3 | 0.1 | 57.4 |
| Earnings Per Share | \$ 4.31 | | \$ 4.30 |
| 2022 | | | |
| Net Income Attributable to ALLETE | \$ 189.3 | | \$ 189.3 |
| Average Common Shares | 55.9 | 0.1 | 56.0 |
| Earnings Per Share | \$ 3.38 | | \$ 3.38 |

NOTE 11. INCOME TAX EXPENSE**Income Tax Expense**

| Year Ended December 31 | 2024 | 2023 | 2022 |
|---|-------------|-------------|-------------|
| Millions | | | |
| Current Income Tax Expense (a) | | | |
| Federal | \$ 8.4 | \$ 9.4 | \$ 1.2 |
| State | 12.1 | 0.9 | 6.1 |
| Total Current Income Tax Expense | \$ 20.5 | \$ 10.3 | \$ 7.3 |
| Deferred Income Tax Expense (Benefit) | | | |
| Federal (b) | \$(20.1) | \$(6.0) | \$(32.8) |
| State (c) | 5.0 | 24.0 | (5.2) |
| Investment Tax Credit Amortization | (0.7) | (0.4) | (0.5) |
| Total Deferred Income Tax Expense (Benefit) | \$(15.8) | \$ 17.6 | \$(38.5) |
| Total Income Tax Expense (Benefit) | \$ 4.7 | \$ 27.9 | \$(31.2) |

(a) For the years ended December 31, 2024, the federal current tax expense was partially offset by tax credits. For the years ended December 31, 2023 and 2022, the federal current tax expense was partially offset by tax credits and NOLs.

(b) The federal deferred income tax benefit is primarily due to tax credits. For the year ended December 31, 2023, the federal deferred income tax benefit was partially offset by deferred partnership income.

(c) For the year ended December 31, 2022, the state impact includes the benefit of deferred repricing as a result of the New Energy acquisition.

Reconciliation of Taxes from Federal Statutory**Rate to Total Income Tax Expense**

| Year Ended December 31 | 2024 | 2023 | 2022 |
|--|-------------|-------------|-------------|
| Millions | | | |
| Income Before Non-Controlling Interest and Income Taxes | \$ 126.4 | \$ 206.8 | \$ 100.1 |
| Statutory Federal Income Tax Rate | 21 % | 21 % | 21 % |
| Income Taxes Computed at Statutory Federal Rate | \$ 26.5 | \$ 43.4 | \$ 21.0 |
| Increase (Decrease) in Tax Due to: | | | |
| State Income Taxes – Net of Federal Income Tax Benefit | 13.5 | 19.7 | 8.6 |
| Deferred Revaluation – Net of Federal Income Tax Benefit | — | — | (7.9) |
| Production Tax Credits (a) | (32.4) | (31.6) | (50.7) |
| Investment Tax Credits (a) | (4.8) | (5.8) | (4.1) |
| Regulatory Differences – Excess Deferred Tax Benefit | (9.9) | (9.9) | (9.1) |
| Non-Controlling Interest | 11.0 | 13.3 | 11.2 |
| AFUDC - Equity | (1.5) | (1.3) | (1.1) |
| Transaction Costs | 4.7 | — | — |
| Other | (2.4) | 0.1 | 0.9 |
| Total Income Tax Expense (Benefit) | \$ 4.7 | \$ 27.9 | \$(31.2) |

(a) For the years ended December 31, 2023 and 2024, the credits are presented net of any estimated discount on the sale of certain credits.

The effective tax rate was an expense of 3.7 percent for 2024 (expense of 13.5 percent for 2023; benefit of 31.2 percent for 2022). The 2024, 2023 and 2022 effective tax rates were primarily impacted by tax credits and non-controlling interests in subsidiaries.

NOTE 11. INCOME TAX EXPENSE (Continued)**Deferred Income Tax Assets and Liabilities**

| As of December 31 | 2024 | 2023 |
|---|-------------|-------------|
| Millions | | |
| Deferred Income Tax Assets | | |
| Deferred Gain - Land Sales | \$ 16.5 | \$ 8.3 |
| Employee Benefits and Compensation | 20.5 | 29.3 |
| Property-Related | 52.0 | 58.1 |
| NOL Carryforwards | 10.6 | 13.0 |
| Tax Credit Carryforwards | 486.9 | 557.4 |
| Power Sales Agreements | 7.3 | 9.0 |
| Regulatory Liabilities | 84.0 | 89.0 |
| Other | 4.2 | 0.6 |
| Gross Deferred Income Tax Assets | 682.0 | 764.7 |
| Deferred Income Tax Asset Valuation Allowance | (44.9) | (58.0) |
| Total Deferred Income Tax Assets | \$ 637.1 | \$ 706.7 |
| Deferred Income Tax Liabilities | | |
| Deferred Gain | \$ 7.1 | \$ 7.9 |
| Property-Related | 619.7 | 632.0 |
| Regulatory Asset for Benefit Obligations | 46.0 | 48.1 |
| Unamortized Investment Tax Credits | 29.0 | 29.6 |
| Partnership Basis Differences | 164.3 | 156.5 |
| Regulatory Assets | 24.4 | 25.3 |
| Total Deferred Income Tax Liabilities | \$ 890.5 | \$ 899.4 |
| Net Deferred Income Taxes (a) | \$ 253.4 | \$ 192.7 |

(a) Recorded as a net Deferred Income Tax liability on the Consolidated Balance Sheet.

NOL and Tax Credit Carryforwards

| As of December 31 | 2024 | 2023 |
|------------------------------------|-------------|-------------|
| Millions | | |
| Federal Tax Credit Carryforwards | \$ 424.7 | \$ 480.4 |
| State NOL Carryforwards (a) | \$ 258.8 | \$ 280.9 |
| State Tax Credit Carryforwards (b) | \$ 19.9 | \$ 21.5 |

(a) Pre-tax amounts; state NOL carryforwards net of a \$ 9.7 million valuation allowance.

(b) Net of a \$ 42.3 million valuation allowance as of December 31, 2024 (\$ 55.4 million as of December 31, 2023).

The federal tax credit carryforward periods expire between 2035 and 2044. We expect to fully utilize the tax credit carryforwards; therefore, no federal valuation allowance has been recognized as of December 31, 2024. The apportioned state NOL, capital loss and tax credit carryforward periods expire between 2025 and 2045. We have established a valuation allowance against certain state NOL, capital loss and tax credits that we do not expect to utilize before their expiration.

NOTE 11. INCOME TAX EXPENSE (Continued)

| Gross Unrecognized Income Tax Benefits | 2024 | 2023 | 2022 |
|---|--------|---------|--------|
| Millions | | | |
| Balance at January 1 | \$ 1.1 | \$ 1.3 | \$ 1.3 |
| Reductions for Tax Positions Related to Prior Years | — | (0.2) | — |
| Balance as of December 31 | \$ 1.1 | \$ 1.1 | \$ 1.3 |

Unrecognized tax benefits are the differences between a tax position taken or expected to be taken in a tax return and the benefit recognized and measured pursuant to the “more-likely-than-not” criteria. The unrecognized tax benefit balance includes permanent tax positions which, if recognized, would affect the annual effective income tax rate. In addition, the unrecognized tax benefit balance includes temporary tax positions for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility. A change in the period of deductibility would not affect the effective tax rate but would accelerate the payment of cash to the taxing authority to an earlier period. The gross unrecognized tax benefits as of December 31, 2024, included \$ 0.6 million of net unrecognized tax benefits which, if recognized, would affect the annual effective income tax rate.

As of December 31, 2024, we had accrued interest of \$ 0.2 million (\$ 0.1 million as of December 31, 2023; none as of December 31, 2022) related to unrecognized tax benefits included on the Consolidated Balance Sheet due to our NOL carryforwards. We classify interest related to unrecognized tax benefits as interest expense and tax-related penalties in operating expenses on the Consolidated Statement of Income. Interest expense related to unrecognized tax benefits on the Consolidated Statement of Income was immaterial in 2024, 2023 and 2022. There were no penalties recognized in 2024, 2023 or 2022. The unrecognized tax benefit amounts have been presented as an increase to the net deferred tax liability on the Consolidated Balance Sheet.

No material changes to unrecognized tax benefits are expected during the next 12 months.

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.

NOTE 12. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

We have noncontributory union, non-union and combined retiree defined benefit pension plans covering eligible employees. The combined retiree defined benefit pension plan was created in 2016, to include all union and non-union retirees from the existing plans as of January 2016. The plans provide defined benefits based on years of service and final average pay. We made \$ 25.0 million in cash contributions to the plan trusts in 2024 (\$ 17.3 million in 2023; none in 2022). We also have a defined contribution RSOP covering substantially all employees. The 2024 plan year employer contributions totaled \$ 15.7 million (\$ 13.7 million for the 2023 plan year; \$ 12.0 million for the 2022 plan year). (See Note 10. Common Stock and Earnings Per Share and Note 13. Employee Stock and Incentive Plans.)

The non-union defined benefit pension plan was frozen in 2018, and does not allow further crediting of service or earnings to the plan. Further, it is closed to new participants. The Minnesota Power union defined benefit pension plan is also closed to new participants, and the SWL&P union defined benefit pension plan was closed to new participants effective February 1, 2022.

We have postretirement health care and life insurance plans covering eligible employees. In 2010, the postretirement health care plan was closed to employees hired after January 2011, and the eligibility requirements were amended. The postretirement life plan was amended in 2014 to close the plan to non-union employees retiring after 2015, and in 2018, the plan was amended to limit the benefit level for union employees retiring after 2018. In 2023, the postretirement health care plan was amended to change the company contribution to an annual stipend for certain retirees. The postretirement health and life plans are contributory with participant contributions adjusted annually. Postretirement health and life benefits are funded through a combination of Voluntary Employee Benefit Association trusts (VEBAs), established under section 501(c)(9) of the Internal Revenue Code, and irrevocable grantor trusts. In 2024, no contributions were made to the VEBAs (none in 2023; none in 2022) and no contributions were made to the grantor trusts (none in 2023; none in 2022).

NOTE 12. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)

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 pension plans. Contributions are based on estimates and assumptions which are subject to change. On January 15, 2025, we contributed \$ 19.1 million in cash to the defined benefit pension plans, and do not expect to make additional cash contributions to the defined benefit pension plans in 2025. We do not expect to make any contributions to the defined benefit postretirement health and life plans in 2025.

Accounting for defined benefit pension and other postretirement benefit plans requires that employers recognize on a prospective basis the funded status of their defined benefit pension and other postretirement plans on their balance sheet and recognize as a component of other comprehensive income, net of tax, the gains or losses and prior service costs or credits that arise during the period but are not recognized as components of net periodic benefit cost.

The defined benefit pension and postretirement health and life benefit expense (credit) recognized annually by our regulated utilities are expected to be recovered (refunded) through rates filed with our regulatory jurisdictions. As a result, these amounts that are required to otherwise be recognized in accumulated other comprehensive income have been recognized as a long-term regulatory asset (regulatory liability) on the Consolidated Balance Sheet, in accordance with the accounting standards for the effect of certain types of regulation applicable to our Regulated Operations. The defined benefit pension and postretirement health and life benefit expense (credits) associated with our other operations are recognized in accumulated other comprehensive income.

Pension Obligation and Funded Status

| As of December 31 | 2024 | 2023 |
|---|-------------|-------------|
| Millions | | |
| Accumulated Benefit Obligation | \$ 701.7 | \$ 729.5 |
| Change in Benefit Obligation | | |
| Obligation, Beginning of Year | \$ 746.3 | \$ 739.7 |
| Service Cost | 6.6 | 6.5 |
| Interest Cost | 38.6 | 40.5 |
| Actuarial (Gain) Loss (a) | (17.1) | 13.9 |
| Benefits Paid | (61.9) | (60.9) |
| Participant Contributions | 7.0 | 6.6 |
| Obligation, End of Year | \$ 719.5 | \$ 746.3 |
| Change in Plan Assets | | |
| Fair Value, Beginning of Year | \$ 589.0 | \$ 568.6 |
| Actual Return on Plan Assets | 43.0 | 55.1 |
| Employer Contribution (b) | 34.0 | 26.2 |
| Benefits Paid | (61.9) | (60.9) |
| Fair Value, End of Year | \$ 604.1 | \$ 589.0 |
| Funded Status, End of Year | \$(115.4) | \$(157.3) |
| Net Pension Amounts Recognized in Consolidated Balance Sheet Consist of: | | |
| Current Liabilities | \$(1.9) | \$(2.1) |
| Non-Current Liabilities | \$(113.5) | \$(155.2) |

(a) The actuarial gain in 2024 was primarily the result of increases in discount rates. The actuarial loss in 2023 was primarily the result of decreases in discount rates.

(b) Includes Participant Contributions noted above, any contributions made by the Company to pension plan trusts and any direct benefit payments made under certain plans.

The pension costs that are reported as a component within the Consolidated Balance Sheet, reflected in long-term regulatory assets or liabilities and accumulated other comprehensive income, consist primarily of a net loss of \$ 235.2 million as of December 31, 2024 (net loss of \$ 256.9 million as of December 31, 2023).

NOTE 12. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)**Reconciliation of Net Pension Amounts Recognized in Consolidated Balance Sheet**

| As of December 31 | 2024 | 2023 |
|--|-------------|-------------|
| Millions | | |
| Net Loss | \$(235.2) | \$(256.9) |
| Prior Service Cost | (0.1) | — |
| Accumulated Contributions in Excess of Net Periodic Benefit Cost (Prepaid Pension Asset) | 119.9 | 99.6 |
| Total Net Pension Amounts Recognized in Consolidated Balance Sheet | \$(115.4) | \$(157.3) |

Components of Net Periodic Pension Cost

| Year Ended December 31 | 2024 | 2023 | 2022 |
|--------------------------------------|-------------|-------------|-------------|
| Millions | | | |
| Service Cost | \$ 6.6 | \$ 6.5 | \$ 9.3 |
| Non-Service Cost Components (a) | | | |
| Interest Cost | 38.6 | 40.5 | 27.2 |
| Expected Return on Plan Assets | (44.8) | (43.8) | (41.5) |
| Amortization of Loss | 6.5 | 5.8 | 11.4 |
| Amortization of Prior Service Credit | (0.1) | (0.1) | (0.1) |
| Net Pension Cost | \$ 6.8 | \$ 8.9 | \$ 6.3 |

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

Other Changes in Pension Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income and Regulatory Assets or Liabilities

| Year Ended December 31 | 2024 | 2023 |
|---|-------------|-------------|
| Millions | | |
| Net (Gain) Loss | \$(15.2) | \$ 2.5 |
| Amortization of Prior Service Credit | 0.1 | 0.1 |
| Amortization of Loss | (6.5) | (5.7) |
| Total Recognized in Other Comprehensive Income and Regulatory Assets or Liabilities | \$(21.6) | \$(3.1) |

Information for Pension Plans with an Accumulated Benefit Obligation in Excess of Plan Assets

| As of December 31 | 2024 | 2023 |
|--------------------------------|-------------|-------------|
| Millions | | |
| Projected Benefit Obligation | \$ 719.5 | \$ 746.3 |
| Accumulated Benefit Obligation | \$ 701.7 | \$ 729.5 |
| Fair Value of Plan Assets | \$ 604.1 | \$ 589.0 |

NOTE 12. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)

Postretirement Health and Life Obligation and Funded Status

| As of December 31 | 2024 | 2023 |
|--|-----------------|----------------|
| Millions | | |
| Change in Benefit Obligation | | |
| Obligation, Beginning of Year | \$ 73.9 | \$ 110.4 |
| Service Cost | 1.5 | 2.0 |
| Interest Cost | 3.9 | 5.6 |
| Actuarial Gain (a) | (1.9) | (9.3) |
| Benefits Paid | (6.4) | (8.1) |
| Participant Contributions | 1.4 | 2.4 |
| Plan Amendments (b) | — | (29.1) |
| Obligation, End of Year | \$ 72.4 | \$ 73.9 |
| Change in Plan Assets | | |
| Fair Value, Beginning of Year | \$ 173.8 | \$ 162.6 |
| Actual Return on Plan Assets | 14.8 | 20.3 |
| Employer Contribution (Withdrawal) | (9.4) | (3.4) |
| Participant Contributions | 1.4 | 2.4 |
| Benefits Paid | (6.4) | (8.1) |
| Fair Value, End of Year | \$ 174.2 | \$ 173.8 |
| Funded Status, End of Year | \$ 101.8 | \$ 99.9 |
| Net Postretirement Health and Life Amounts Recognized in Consolidated Balance Sheet Consist of: | | |
| Non-Current Assets | \$ 107.6 | \$ 106.3 |
| Current Liabilities | \$(0.2) | \$(0.2) |
| Non-Current Liabilities | \$(5.6) | \$(6.2) |

(a) The actuarial gain in 2024 was primarily the result of increases in discount rates and the actual return on plan assets exceeding the expected return on plan assets. The actuarial gain in 2023 was primarily the result of the actual return on plan assets exceeding the expected return on plan assets.

(b) In 2023, the postretirement health care plan was amended to change the company contribution to an annual stipend for certain retirees.

According to the accounting standards for retirement benefits, only assets in the VEBAs are treated as plan assets in the preceding table for the purpose of determining funded status. In addition to the postretirement health and life assets reported in the previous table, we had \$ 13.4 million in irrevocable grantor trusts included in Other Non-Current Assets on the Consolidated Balance Sheet as of December 31, 2024 (\$ 12.8 million as of December 31, 2023).

The postretirement health and life costs that are reported as a component within the Consolidated Balance Sheet, reflected in regulatory long-term assets or liabilities and accumulated other comprehensive income, consist of the following:

Unrecognized Postretirement Health and Life Costs

| As of December 31 | 2024 | 2023 |
|---|-------------------|-------------------|
| Millions | | |
| Net Gain | \$(27.1) | \$(24.8) |
| Prior Service Credit | (22.1) | (33.8) |
| Total Unrecognized Postretirement Health and Life Credit | \$(49.2) | \$(58.6) |

NOTE 12. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)**Reconciliation of Net Postretirement Health and Life Amounts Recognized in Consolidated Balance Sheet**

| As of December 31 | 2024 | 2023 |
|---|-------------|-------------|
| Millions | | |
| Net Gain (a) | \$ 27.1 | \$ 24.8 |
| Prior Service Credit | 22.1 | 33.8 |
| Accumulated Net Periodic Benefit Cost in Excess of Contributions (a) | 52.6 | 41.3 |
| Total Net Postretirement Health and Life Amounts Recognized in Consolidated Balance Sheet | \$ 101.8 | \$ 99.9 |

(a) Excludes gains, losses and contributions associated with irrevocable grantor trusts.

Components of Net Periodic Postretirement Health and Life Cost

| Year Ended December 31 | 2024 | 2023 | 2022 |
|---|-------------|-------------|-------------|
| Millions | | | |
| Service Cost | \$ 1.5 | \$ 2.0 | \$ 3.0 |
| Non-Service Cost Components (a) | | | |
| Interest Cost | 3.9 | 5.6 | 4.4 |
| Expected Return on Plan Assets | (11.1) | (11.4) | (9.6) |
| Amortization of (Gain) Loss | (3.2) | (2.7) | 0.4 |
| Amortization of Prior Service Credit | (11.7) | (8.5) | (7.5) |
| Net Postretirement Health and Life Credit | \$(20.6) | \$(15.0) | \$(9.3) |

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

Other Changes in Postretirement Benefit Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income and Regulatory Assets or Liabilities

| Year Ended December 31 | 2024 | 2023 |
|---|-------------|-------------|
| Millions | | |
| Net Gain | \$(5.6) | \$(18.3) |
| Prior Service Credit Arising During the Period | — | (29.1) |
| Amortization of Prior Service Credit | 11.7 | 8.4 |
| Amortization of Gain | 3.2 | 2.7 |
| Total Recognized in Other Comprehensive Income and Regulatory Assets or Liabilities | \$ 9.3 | \$(36.3) |

Estimated Future Benefit Payments

| | Pension | Postretirement Health and Life |
|-------------------|----------------|---------------------------------------|
| Millions | | |
| 2025 | \$ 59.3 | \$ 6.0 |
| 2026 | \$ 58.6 | \$ 6.0 |
| 2027 | \$ 58.2 | \$ 6.1 |
| 2028 | \$ 57.9 | \$ 6.1 |
| 2029 | \$ 57.5 | \$ 6.2 |
| Years 2030 – 2034 | \$ 272.7 | \$ 31.2 |

NOTE 12. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)

Weighted Average Assumptions Used to Determine Benefit Obligation

| As of December 31 | 2024 | 2023 |
|------------------------------------|-------------|-------------|
| Discount Rate | | |
| Pension | 5.78 % | 5.39 % |
| Postretirement Health and Life | 5.79 % | 5.42 % |
| Rate of Compensation Increase | 3.49 % | 3.52 % |
| Health Care Trend Rates | | |
| Trend Rate | 7.00 % | 7.00 % |
| Ultimate Trend Rate | 5.00 % | 5.00 % |
| Year Ultimate Trend Rate Effective | 2038 | 2038 |

Weighted Average Assumptions Used to Determine Net Periodic Benefit Costs

| Year Ended December 31 | 2024 | 2023 | 2022 |
|--|-------------|-------------|-------------|
| Discount Rate | | | |
| Pension | 5.38 % | 5.70 % | 3.28 % |
| Postretirement Health and Life | 5.42 % | 5.89 % | 3.09 % |
| Expected Long-Term Return on Plan Assets | | | |
| Pension | 6.84 % | 6.83 % | 6.00 % |
| Postretirement Health and Life | 6.28 % | 6.33 % | 5.41 % |
| Rate of Compensation Increase | 3.52 % | 3.58 % | 3.58 % |

In establishing the expected long-term rate of return on plan assets, we determine the long-term historical performance of each asset class, adjust these for current economic conditions, and utilizing the target allocation of our plan assets, forecast the expected long-term rate of return.

The discount rate is computed using a bond matching study which utilizes a portfolio of high quality bonds that produce cash flows similar to the projected costs of our pension and other postretirement plans.

The Company utilizes actuarial assumptions about mortality to calculate the pension and postretirement health and life benefit obligations. The mortality assumptions used to calculate our pension and other postretirement benefit obligations as of December 31, 2024, considered a modified PRI-2012 mortality table and MP-2021 mortality projection scale.

Actual Plan Asset Allocations

| | Pension | | Postretirement Health and Life ^(a) | |
|-------------------------|----------------|-------------|--|-------------|
| | 2024 | 2023 | 2024 | 2023 |
| Equity Securities | 57 % | 57 % | 67 % | 67 % |
| Fixed Income Securities | 40 % | 40 % | 33 % | 33 % |
| Real Estate | 3 % | 3 % | — | — |
| | 100 % | 100 % | 100 % | 100 % |

(a) Includes VEBAs and irrevocable grantor trusts.

There were no shares of ALLETE common stock included in pension plan equity securities as of December 31, 2024 (no shares as of December 31, 2023).

The defined benefit pension plans have adopted a dynamic asset allocation strategy (glide path) that increases the invested allocation to fixed income assets as the funding level of the plan increases to better match the sensitivity of the plan's assets and liabilities to changes in interest rates. This is expected to reduce the volatility of reported pension plan expenses. The postretirement health and life plans' assets are diversified to achieve strong returns within managed risk. Equity securities are diversified among domestic companies with large, mid and small market capitalization, as well as investments in international companies. The majority of debt securities are made up of investment grade bonds.

NOTE 12. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)

Following are the current targeted allocations as of December 31, 2024:

Plan Asset Target Allocations

| | Pension | | Postretirement Health and Life ^(a) | |
|-------------------------|---------|---|--|---|
| Equity Securities | 56 | % | 65 | % |
| Fixed Income Securities | 41 | % | 35 | % |
| Real Estate | 3 | % | — | |
| | 100 | % | 100 | % |

^(a) Includes VEBAs and irrevocable grantor trusts.

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). (See Note 7. Fair Value.)

Pension Fair Value

| Recurring Fair Value Measures | Fair Value as of December 31, 2024 | | | |
|--|------------------------------------|----------|---------|----------|
| | Level 1 | Level 2 | Level 3 | Total |
| Millions | | | | |
| Assets: | | | | |
| Equity Securities: | | | | |
| U.S. Large-cap ^(a) | \$ 73.2 | — | — | \$ 73.2 |
| U.S. Mid-cap Growth ^(a) | 35.1 | — | — | 35.1 |
| U.S. Small-cap ^(a) | 31.6 | — | — | 31.6 |
| International | 102.5 | \$ 99.1 | — | 201.6 |
| Fixed Income Securities ^(a) | — | 235.4 | — | 235.4 |
| Cash and Cash Equivalents | 8.9 | — | — | 8.9 |
| Real Estate | — | — | \$ 18.3 | 18.3 |
| Total Fair Value of Assets | \$ 251.3 | \$ 334.5 | \$ 18.3 | \$ 604.1 |

^(a) The underlying investments consist of actively-managed funds managed to achieve the returns of certain U.S. equity and fixed income securities indexes.

Recurring Fair Value Measures

| Activity in Level 3 | Real Estate |
|---|-------------|
| Millions | |
| Balance as of December 31, 2023 | \$ 18.9 |
| Actual Return on Plan Assets | (0.6) |
| Purchases, Sales, and Settlements – Net | — |
| Balance as of December 31, 2024 | \$ 18.3 |

NOTE 12. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)
Fair Value (Continued)

| Recurring Fair Value Measures | Fair Value as of December 31, 2023 | | | |
|-------------------------------|------------------------------------|----------|---------|----------|
| | Level 1 | Level 2 | Level 3 | Total |
| Millions | | | | |
| Assets: | | | | |
| Equity Securities: | | | | |
| U.S. Large-cap (a) | — | \$ 83.7 | — | \$ 83.7 |
| U.S. Mid-cap Growth (a) | — | 69.9 | — | 69.9 |
| U.S. Small-cap (a) | — | 46.5 | — | 46.5 |
| International | \$ 134.6 | — | — | 134.6 |
| Fixed Income Securities (a) | — | 215.0 | — | 215.0 |
| Cash and Cash Equivalents | 20.4 | — | — | 20.4 |
| Real Estate | — | — | \$ 18.9 | 18.9 |
| Total Fair Value of Assets | \$ 155.0 | \$ 415.1 | \$ 18.9 | \$ 589.0 |

(a) The underlying investments consist of actively-managed funds managed to achieve the returns of certain U.S. equity and fixed income securities indexes.

Recurring Fair Value Measures

| Activity in Level 3 | Real Estate |
|---|-------------|
| Millions | |
| Balance as of December 31, 2022 | \$ 22.4 |
| Actual Return on Plan Assets | (3.1) |
| Purchases, Sales, and Settlements – Net | (0.4) |
| Balance as of December 31, 2023 | \$ 18.9 |

Postretirement Health and Life Fair Value

| Recurring Fair Value Measures | Fair Value as of December 31, 2024 | | | |
|-------------------------------|------------------------------------|---------|---------|----------|
| | Level 1 | Level 2 | Level 3 | Total |
| Millions | | | | |
| Assets: | | | | |
| Equity Securities: (a) | | | | |
| U.S. Large-cap | \$ 32.1 | — | — | \$ 32.1 |
| U.S. Mid-cap Growth | 30.0 | — | — | 30.0 |
| U.S. Small-cap | 15.7 | — | — | 15.7 |
| International | 37.9 | — | — | 37.9 |
| Fixed Income Securities: | | | | |
| Mutual Funds | 56.1 | — | — | 56.1 |
| Cash and Cash Equivalents | 2.4 | — | — | 2.4 |
| Total Fair Value of Assets | \$ 174.2 | — | — | \$ 174.2 |

(a) The underlying investments consist of mutual funds (Level 1).

NOTE 12. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)
Fair Value (Continued)

| Recurring Fair Value Measures | Fair Value as of December 31, 2023 | | | |
|-------------------------------|------------------------------------|---------|---------|----------|
| | Level 1 | Level 2 | Level 3 | Total |
| Millions | | | | |
| Assets: | | | | |
| Equity Securities: (a) | | | | |
| U.S. Large-cap | \$ 30.0 | — | — | \$ 30.0 |
| U.S. Mid-cap Growth | 28.7 | — | — | 28.7 |
| U.S. Small-cap | 14.9 | — | — | 14.9 |
| International | 41.9 | — | — | 41.9 |
| Fixed Income Securities: | | | | |
| Mutual Funds | 55.1 | — | — | 55.1 |
| Cash and Cash Equivalents | 3.2 | — | — | 3.2 |
| Total Fair Value of Assets | \$ 173.8 | — | — | \$ 173.8 |

(a) The underlying investments consist of mutual funds (Level 1).

Accounting and disclosure requirements for the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (Act) provide guidance for employers that sponsor postretirement health care plans that provide prescription drug benefits. We provide a fully insured postretirement health benefit, including a prescription drug benefit, which qualifies us for a federal subsidy under the Act. The federal subsidy is reflected in the premiums charged to us by the insurance company.

NOTE 13. EMPLOYEE STOCK AND INCENTIVE PLANS

Employee Stock Ownership Plan. We sponsor an ESOP within the RSOP. Eligible employees may contribute to the RSOP plan as of their date of hire. The dividends received by the ESOP are distributed to participants. Dividends on allocated ESOP shares are recorded as a reduction of retained earnings. ESOP employer allocations are funded with contributions paid in either cash or the issuance of ALLETE common stock at the Company's discretion. We record compensation expense equal to the cash or current market price of stock contributed. ESOP compensation expense was \$ 15.7 million in 2024 (\$ 13.7 million in 2023; \$ 12.0 million in 2022).

According to the accounting standards for stock compensation, unallocated shares of ALLETE common stock held and purchased by the ESOP were treated as unearned ESOP shares and not considered outstanding for earnings per share computations. All ESOP shares have been allocated to participants as of December 31, 2024, 2023 and 2022.

Stock-Based Compensation.

Stock Incentive Plan. Under our Executive Long-Term Incentive Compensation Plan (Executive Plan), share-based awards may be issued to key employees through a broad range of methods, including non-qualified and incentive stock options, performance shares, performance units, restricted stock, restricted stock units, stock appreciation rights and other awards. There are 0.7 million shares of ALLETE common stock reserved for issuance under the Executive Plan, of which 0.5 million of these shares remain available for issuance as of December 31, 2024.

The following types of share-based awards were outstanding in 2024, 2023 or 2022:

Performance Shares. Under the performance share awards, the number of shares earned is contingent upon attaining specific market and performance goals over a three-year performance period. Market goals are measured by total shareholder return relative to a group of peer companies while performance goals are measured by earnings per share growth. In the case of qualified retirement, death, or disability during a performance period, a pro rata portion of the award will be earned at the conclusion of the performance period based on the market goals achieved. In the case of termination of employment for any reason other than qualified retirement, death, or disability, no award will be earned. If there is a change in control, a pro rata portion of the award will be paid based on the greater of actual performance up to the date of the change in control or target performance. The fair value of these awards incorporates the probability of meeting the total shareholder return goals. Compensation cost is recognized over the three-year performance period based on our estimate of the number of shares which will be earned by the award recipients.

NOTE 13. EMPLOYEE STOCK AND INCENTIVE PLANS (Continued)**Stock-Based Compensation (Continued)**

Restricted Stock Units. Under the restricted stock unit awards, shares for participants eligible for retirement vest monthly over a three-year period. For participants not eligible for retirement, shares vest at the end of the three-year period. In the case of qualified retirement, death or disability, a pro rata portion of the award will be earned. In the case of termination of employment for any reason other than qualified retirement, death or disability, no award will be earned. If there is a change in control, a pro rata portion of the award will be earned. The fair value of these awards is equal to the grant date fair value. Compensation cost is recognized over the three-year vesting period based on our estimate of the number of shares which will be earned by the award recipients.

Employee Stock Purchase Plan (ESPP). Under our ESPP, eligible employees may purchase ALLETE common stock at a 5 percent discount from the market price; we are not required to apply fair value accounting to these awards as the discount is not greater than 5 percent.

RSOP. The RSOP is a contributory defined contribution plan subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended, and qualifies as an employee stock ownership plan and profit sharing plan. The RSOP provides eligible employees an opportunity to save for retirement.

The following share-based compensation expense amounts were recognized in our Consolidated Statement of Income for the periods presented.

Share-Based Compensation Expense

| Year Ended December 31 | 2024 | 2023 | 2022 |
|---|---------------|---------------|---------------|
| Millions | | | |
| Performance Shares | \$ 1.8 | \$ 3.1 | \$ 0.7 |
| Restricted Stock Units | 0.9 | 0.8 | 0.9 |
| Total Share-Based Compensation Expense | \$ 2.7 | \$ 3.9 | \$ 1.6 |
| Income Tax Benefit | \$ 0.8 | \$ 1.1 | \$ 0.5 |

There were no capitalized share-based compensation costs during the years ended December 31, 2024, 2023 or 2022.

As of December 31, 2024, the total unrecognized compensation cost for the performance share awards and restricted stock units not yet recognized in our Consolidated Statement of Income was \$ 3.3 million and \$ 1.1 million, respectively. These amounts are expected to be recognized over a weighted-average period of 1.7 years and 1.8 years, respectively.

Performance Shares. The following table presents information regarding our non-vested performance shares.

| | 2024 | | 2023 | | 2022 | |
|------------------------------|------------------|--|------------------|--|------------------|--|
| | Number of Shares | Weighted-Average Grant Date Fair Value | Number of Shares | Weighted-Average Grant Date Fair Value | Number of Shares | Weighted-Average Grant Date Fair Value |
| Non-vested as of January 1 | 111,498 | \$ 66.71 | 60,489 | \$ 69.62 | 80,661 | \$ 75.80 |
| Granted (a) | 88,927 | \$ 64.33 | 54,039 | \$ 63.50 | 37,731 | \$ 67.22 |
| Awarded | (46,725) | \$ 70.14 | — | — | — | — |
| Unearned Grant Award | — | — | — | — | (50,524) | \$ 77.49 |
| Forfeited | (12,099) | \$ 64.81 | (3,030) | \$ 67.60 | (7,379) | \$ 71.00 |
| Non-vested as of December 31 | 141,601 | \$ 64.24 | 111,498 | \$ 66.71 | 60,489 | \$ 69.62 |

(a) Shares granted include accrued dividends.

There were approximately 65,300 performance shares granted in January 2025 for the three-year performance period ending in 2027. The ultimate issuance is contingent upon the attainment of certain goals of ALLETE during the performance periods. The grant date fair value of the performance shares granted was \$ 4.6 million. There were approximately 14,200 performance shares awarded in February 2025. The grant date fair value of the shares awarded was \$ 1.0 million.

NOTE 13. EMPLOYEE STOCK AND INCENTIVE PLANS (Continued)
Stock-Based Compensation (Continued)

Restricted Stock Units. The following table presents information regarding our available restricted stock units.

| | 2024 | | 2023 | | 2022 | |
|-----------------------------|---------------------|--|---------------------|--|---------------------|--|
| | Number of Shares | Weighted- Average Grant Date Fair Value | Number of Shares | Weighted- Average Grant Date Fair Value | Number of Shares | Weighted- Average Grant Date Fair Value |
| Available as of January 1 | 43,744 | \$ 62.38 | 33,564 | \$ 68.80 | 28,141 | \$ 73.16 |
| Granted (a) | 27,956 | \$ 59.62 | 21,200 | \$ 61.16 | 15,477 | \$ 63.70 |
| Awarded | (13,381) | \$ 63.80 | (9,631) | \$ 81.91 | (7,396) | \$ 75.55 |
| Forfeited | (4,208) | \$ 60.21 | (1,389) | \$ 63.46 | (2,658) | \$ 66.44 |
| Available as of December 31 | 54,111 | \$ 60.77 | 43,744 | \$ 62.38 | 33,564 | \$ 68.80 |

(a) Shares granted include accrued dividends.

There were approximately 25,900 restricted stock units granted in January 2025 for the vesting period ending in 2027. The grant date fair value of the restricted stock units granted was \$ 1.7 million. There were approximately 12,300 restricted stock units awarded in February 2025. The grant date fair value of the shares awarded was \$ 0.8 million.

NOTE 14. 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 net income attributable to ALLETE by each reportable 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 three operating segments, 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 holdings in Minnesota, and earnings on cash and investments.

Management has identified that the Chief Operating Decision Maker (CODM) for the Company is not an individual, but rather the Executive Officers of ALLETE. These individuals represent various areas of the Company and provide direction for the allocation of resources. They interact with one another on a regular basis, with more formal meetings quarterly to discuss company strategy. The group is provided with monthly and quarterly financial materials that show net income attributable to ALLETE by segment with variances compared to the budget and prior year. No other measure of segment profit or loss is provided regularly to this group or used to assess performance and allocate resources. The group reviews the segment profit and loss taking into account the Company's goals and strategy, and provides direction for the allocation of resources.

NOTE 14. BUSINESS SEGMENTS (Continued)

| Year Ended December 31 | 2024 | 2023 | 2022 |
|--|-------------------|-------------------|-------------------|
| Millions | | | |
| Operating Revenue | | | |
| Residential | \$ 177.0 | \$ 165.7 | \$ 175.9 |
| Commercial | 189.8 | 184.6 | 187.2 |
| Municipal | 34.2 | 33.4 | 40.2 |
| Industrial | 610.8 | 593.6 | 589.0 |
| Other Power Suppliers | 137.2 | 146.1 | 165.8 |
| Other | 93.7 | 114.9 | 101.2 |
| Total Regulated Operations | 1,242.7 | 1,238.3 | 1,259.3 |
| ALLETE Clean Energy | | | |
| Long-term PSA | 56.4 | 65.0 | 77.2 |
| Sale of Wind Energy Facilities (a) | 22.9 | 348.4 | 33.5 |
| Other | 5.0 | 5.1 | 7.6 |
| Total ALLETE Clean Energy | 84.3 | 418.5 | 118.3 |
| Corporate and Other | | | |
| Long-term Contract | 105.7 | 101.2 | 89.2 |
| Sale of Renewable Development Projects | 72.1 | 92.5 | 73.9 |
| Other | 25.0 | 29.3 | 30.0 |
| Total Corporate and Other | 202.8 | 223.0 | 193.1 |
| Total Operating Revenue | \$ 1,529.8 | \$ 1,879.8 | \$ 1,570.7 |
| Net Income Attributable to ALLETE (b) | | | |
| Regulated Operations | \$ 160.9 | \$ 147.2 | \$ 149.9 |
| ALLETE Clean Energy (c) | 17.8 | 71.7 | 16.3 |
| Corporate and Other (d)(e) | 0.6 | 28.2 | 23.1 |
| Total Net Income Attributable to ALLETE | \$ 179.3 | \$ 247.1 | \$ 189.3 |

(a) Net income in 2023 includes the sales of ALLETE Clean Energy's Northern Wind and Red Barn projects.

(b) Includes interest expense and interest income resulting from intercompany loan agreements and allocated to certain subsidiaries. The amounts are eliminated in consolidation.

(c) Net income in 2023 includes a \$ 44.3 million after-tax gain recognized for a favorable arbitration ruling. (See Note 9. Commitments, Guarantees and Contingencies.)

(d) Net Income in 2022 includes a \$ 8.3 million after-tax expense as a result of purchase price accounting related to projects under development at the time of acquisition and \$ 2.7 million after-tax of transaction costs related to the acquisition of New Energy.

(e) Net income in 2024 includes transaction expenses of \$ 22.6 million after-tax related to the Merger. (See Note 15. Agreement and Plan of Merger.)

NOTE 14. BUSINESS SEGMENTS (Continued)

| Year Ended December 31, 2024 | Regulated Operations | ALLETE Clean Energy | Total Reportable Segments | Corporate and Other / Eliminations | Consolidated |
|--|---------------------------------|--------------------------------|--------------------------------------|---|---------------------|
| Millions | | | | | |
| Contracts with Customers – Utility | \$ 1,242.7 | — | \$ 1,242.7 | — | \$ 1,242.7 |
| Contracts with Customers – Non-utility | — | \$ 79.3 | 79.3 | \$ 202.8 | 282.1 |
| Other – Non-utility | — | 5.0 | 5.0 | — | 5.0 |
| Total Operating Revenue | 1,242.7 | 84.3 | 1,327.0 | 202.8 | 1,529.8 |
| Significant Segment Expenses: | | | | | |
| Fuel, Purchased Power and Gas – Utility | 479.7 | — | 479.7 | | |
| Transmission Services – Utility | 64.6 | — | 64.6 | | |
| Cost of Sales – Non-utility | — | 18.3 | 18.3 | | |
| Operating and Maintenance | 250.0 | 46.5 | 296.5 | | |
| Depreciation and Amortization | 196.3 | 57.5 | 253.8 | | |
| Taxes Other than Income Taxes | 52.5 | 10.4 | 62.9 | | |
| Other Segment Items (a) | (38.7) | 66.2 | 27.5 | | |
| Net Income (Loss) Attributable to ALLETE | \$ 160.9 | \$ 17.8 | \$ 178.7 | \$ 0.6 | \$ 179.3 |
| Other Segment Information: | | | | | |
| Depreciation and Amortization | \$ 196.3 | \$ 57.5 | \$ 253.8 | \$ 17.7 | \$ 271.5 |
| Interest Expense | \$(66.1) | \$(0.3) | \$(66.4) | \$(15.3) | \$(81.7) |
| Equity Earnings | \$ 26.5 | — | \$ 26.5 | \$(1.5) | \$ 25.0 |
| Income Tax Benefit (Expense) | \$(17.6) | \$ 15.6 | \$(2.0) | \$(2.7) | \$(4.7) |
| Assets | \$ 4,489.4 | \$ 1,477.4 | \$ 5,966.8 | \$ 787.5 | \$ 6,754.3 |
| Equity Investment | \$ 194.4 | — | \$ 194.4 | \$ 145.7 | \$ 340.1 |
| Capital Expenditures | \$ 287.2 | \$ 7.7 | \$ 294.9 | \$ 53.1 | \$ 348.0 |

(a) Other Segment Items consist of interest expense, equity earnings, AFUDC – Equity and income tax expense for Regulated Operations, and income tax benefit and net loss attributable to non-controlling interest for ALLETE Clean Energy.

| Year Ended December 31, 2023 | Regulated Operations | ALLETE Clean Energy | Total Reportable Segments | Corporate and Other / Eliminations | Consolidated |
|---|---------------------------------|--------------------------------|--------------------------------------|---|---------------------|
| Millions | | | | | |
| Contracts with Customers – Utility | \$ 1,238.3 | — | \$ 1,238.3 | — | \$ 1,238.3 |
| Contracts with Customers – Non-utility | — | \$ 413.4 | 413.4 | \$ 223.0 | 636.4 |
| Other – Non-utility | — | 5.1 | 5.1 | — | 5.1 |
| Total Operating Revenue | 1,238.3 | 418.5 | 1,656.8 | 223.0 | 1,879.8 |
| Significant Segment Expenses: | | | | | |
| Fuel, Purchased Power and Gas – Utility | 484.3 | — | 484.3 | | |
| Transmission Services – Utility | 88.2 | — | 88.2 | | |
| Cost of Sales – Non-utility | — | 342.2 | 342.2 | | |
| Operating and Maintenance | 247.1 | 52.1 | 299.2 | | |
| Depreciation and Amortization | 179.2 | 57.5 | 236.7 | | |
| Taxes Other than Income Taxes | 44.5 | 10.0 | 54.5 | | |
| Other Segment Items (a) | (47.8) | 115.0 | 67.2 | | |
| Net Income Attributable to ALLETE | \$ 147.2 | \$ 71.7 | \$ 218.9 | \$ 28.2 | \$ 247.1 |
| Other Segment Information: | | | | | |
| Depreciation and Amortization | \$ 179.2 | \$ 57.5 | \$ 236.7 | \$ 15.1 | \$ 251.8 |
| Interest Expense | \$(63.9) | \$(0.8) | \$(64.7) | \$(16.1) | \$(80.8) |
| Equity Earnings | \$ 23.1 | — | \$ 23.1 | \$(1.4) | \$ 21.7 |
| Income Tax Expense | \$(22.4) | \$(2.7) | \$(25.1) | \$(2.8) | \$(27.9) |
| Assets | \$ 4,335.0 | \$ 1,594.1 | \$ 5,929.1 | \$ 727.3 | \$ 6,656.4 |
| Equity Investment | \$ 179.7 | — | \$ 179.7 | \$ 151.5 | \$ 331.2 |
| Capital Expenditures | \$ 236.3 | \$(5.3) | \$ 231.0 | \$ 25.0 | \$ 256.0 |

(a) *Other Segment Items consist of interest expense, equity earnings, AFUDC – Equity and income tax expense for Regulated Operations, and income tax expense, net loss attributable to non-controlling interest and gain recognized for a favorable arbitration ruling for ALLETE Clean Energy.*

NOTE 14. BUSINESS SEGMENTS (Continued)

| Year Ended December 31, 2022 | Regulated Operations | ALLETE Clean Energy | Total Reportable Segments | Corporate and Other / Eliminations | Consolidated |
|---|-------------------------|------------------------|------------------------------|--|--------------|
| Millions | | | | | |
| Contracts with Customers – Utility | \$ 1,259.3 | — | \$ 1,259.3 | — | \$ 1,259.3 |
| Contracts with Customers – Non-utility | — | \$ 110.7 | 110.7 | \$ 193.1 | 303.8 |
| Other – Non-utility | — | 7.6 | 7.6 | — | 7.6 |
| Total Operating Revenue | 1,259.3 | 118.3 | 1,377.6 | 193.1 | 1,570.7 |
| Significant Segment Expenses: | | | | | |
| Fuel, Purchased Power and Gas – Utility | 545.5 | — | 545.5 | | |
| Transmission Services – Utility | 76.7 | — | 76.7 | | |
| Cost of Sales – Non-utility | — | 56.7 | 56.7 | | |
| Operating and Maintenance | 239.3 | 47.3 | 286.6 | | |
| Depreciation and Amortization | 171.9 | 58.6 | 230.5 | | |
| Taxes Other than Income Taxes | 57.4 | 10.7 | 68.1 | | |
| Other Segment Items (a) | (18.6) | 71.3 | 52.7 | | |
| Net Income Attributable to ALLETE | \$ 149.9 | \$ 16.3 | \$ 166.2 | \$ 23.1 | \$ 189.3 |
| Other Segment Information: | | | | | |
| Depreciation and Amortization | \$ 171.9 | \$ 58.6 | \$ 230.5 | \$ 11.7 | \$ 242.2 |
| Interest Expense | \$(58.1) | \$(2.3) | \$(60.4) | \$(14.8) | \$(75.2) |
| Equity Earnings | \$ 19.3 | — | \$ 19.3 | \$(0.6) | \$ 18.7 |
| Income Tax Benefit | \$ 10.4 | \$ 15.4 | \$ 25.8 | \$ 5.4 | \$ 31.2 |
| Assets | \$ 4,291.4 | \$ 1,873.3 | \$ 6,164.7 | \$ 680.9 | \$ 6,845.6 |
| Equity Investment | \$ 165.4 | — | \$ 165.4 | \$ 157.3 | \$ 322.7 |
| Capital Expenditures | \$ 158.3 | \$ 2.2 | \$ 160.5 | \$ 47.6 | \$ 208.1 |

(a) Other Segment Items consist of interest expense, equity earnings, AFUDC – Equity and income tax benefit for Regulated Operations, and income tax benefit and net loss attributable to non-controlling interest for ALLETE Clean Energy.

NOTE 15. AGREEMENT AND PLAN OF MERGER

On May 5, 2024, ALLETE entered into the Merger Agreement. The Merger Agreement provides that, 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.

Subject to the terms and conditions set forth in the Merger Agreement, which has been unanimously approved by the board of directors of ALLETE and 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.

NOTE 15. AGREEMENT AND PLAN OF MERGER (Continued)

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 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 and was issued prior to the execution of the Merger Agreement 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 these 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. Performance share awards issued following the signing of the Merger Agreement will also be cancelled and converted into a contingent right to receive, without interest, the Merger Consideration multiplied by the number of shares of ALLETE common stock subject to the performance share award, determined at the target level of performance, and shall be subject to time-based vesting following the Merger. 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 notify Alloy Parent of our intent to raise equity capital of up to a total of \$ 300 million in the second half of 2025, subject to certain parameters. If Alloy Parent declines to participate in the equity capital raises or fails to provide timely notice with respect thereto, ALLETE will have the right to issue ALLETE common stock in the public markets for an amount equal to any unfunded amounts under such equity capital raises.

On July 10, 2024, ALLETE filed a definitive proxy statement relating to the special meeting of the shareholders held on August 21, 2024. At the special meeting, the shareholders of ALLETE voted to approve and adopt the Merger Agreement and approve the transactions contemplated thereby, including the Merger, among other matters.

On July 19, 2024, ALLETE 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. On January 23, 2025, a Stipulation of Facts and Waiver of Hearing was agreed to by all parties and submitted to the PSCW. SWL&P expects a PSCW ruling on the acquisition in the second quarter of 2025. ALLETE received approval from FERC on December 19, 2024. ALLETE also received approval from the Committee on Foreign Investment in the United States and all required international approvals in the third quarter of 2024. On January 31, 2025, ALLETE filed notification and report forms with the Antitrust Division of the Department of Justice and the Federal Trade Commission under the HSR Act. Approval of the Merger from these and other regulators, as well as expiration or early termination of any applicable waiting periods under the HSR Act, is required for consummation of the Merger.

NOTE 16. QUARTERLY FINANCIAL DATA (UNAUDITED)

Information for any one quarterly period is not necessarily indicative of the results which may be expected for the year.

| Quarter Ended | Mar. 31 | Jun. 30 | Sept. 30 | Dec. 31 |
|---|----------------|----------------|-----------------|----------------|
| Millions Except Earnings Per Share | | | | |
| 2024 | | | | |
| Operating Revenue | \$ 403.3 | \$ 354.5 | \$ 407.2 | \$ 364.8 |
| Operating Income | \$ 47.3 | \$ 29.4 | \$ 45.3 | \$ 38.1 |
| Net Income Attributable to ALLETE | \$ 50.7 | \$ 33.0 | \$ 45.0 | \$ 50.6 |
| Earnings Per Share of Common Stock | | | | |
| Basic | \$ 0.88 | \$ 0.57 | \$ 0.78 | \$ 0.88 |
| Diluted | \$ 0.88 | \$ 0.57 | \$ 0.78 | \$ 0.87 |
| 2023 | | | | |
| Operating Revenue | \$ 564.9 | \$ 533.4 | \$ 378.8 | \$ 402.7 |
| Operating Income | \$ 48.3 | \$ 53.5 | \$ 36.0 | \$ 43.1 |
| Net Income Attributable to ALLETE | \$ 58.2 | \$ 51.5 | \$ 85.9 | \$ 51.5 |
| Earnings Per Share of Common Stock | | | | |
| Basic | \$ 1.02 | \$ 0.90 | \$ 1.50 | \$ 0.89 |
| Diluted | \$ 1.02 | \$ 0.90 | \$ 1.49 | \$ 0.89 |
| 2022 | | | | |
| Operating Revenue | \$ 383.5 | \$ 373.1 | \$ 388.3 | \$ 425.8 |
| Operating Income | \$ 53.4 | \$ 13.7 | \$ 33.4 | \$ 33.7 |
| Net Income Attributable to ALLETE | \$ 66.3 | \$ 37.6 | \$ 33.7 | \$ 51.7 |
| Earnings Per Share of Common Stock | | | | |
| Basic | \$ 1.24 | \$ 0.67 | \$ 0.59 | \$ 0.90 |
| Diluted | \$ 1.24 | \$ 0.67 | \$ 0.59 | \$ 0.90 |

Schedule II

ALLETE

Valuation and Qualifying Accounts and Reserves

| | Balance at Beginning of Period | Additions | | Deductions from Reserves ^(a) | Balance at End of Period |
|--------------------------------------|--------------------------------------|----------------------|------------------|---|--------------------------------|
| | | Charged to Income | Other Charges | | |
| Millions | | | | | |
| Reserve Deducted from Related Assets | | | | | |
| Reserve For Uncollectible Accounts | | | | | |
| 2022 Trade Accounts Receivable | \$ 1.8 | \$ 1.9 | — | \$ 2.1 | \$ 1.6 |
| 2023 Trade Accounts Receivable | \$ 1.6 | \$ 1.3 | — | \$ 1.3 | \$ 1.6 |
| 2024 Trade Accounts Receivable | \$ 1.6 | \$ 1.4 | — | \$ 1.3 | \$ 1.7 |
| Deferred Asset Valuation Allowance | | | | | |
| 2022 Deferred Tax Assets | \$ 69.0 | \$(8.8) | — | — | \$ 60.2 |
| 2023 Deferred Tax Assets | \$ 60.2 | \$(2.2) | — | — | \$ 58.0 |
| 2024 Deferred Tax Assets | \$ 58.0 | \$(13.1) | — | — | \$ 44.9 |

(a) Includes uncollectible accounts written-off.

FOURTH AMENDMENT TO CREDIT AGREEMENT

THIS FOURTH AMENDMENT TO CREDIT AGREEMENT dated as of June 4, 2024 (this "Amendment") is among ALLETE, INC., a Minnesota corporation (the "Borrower"), the Lenders party hereto, and JPMORGAN CHASE BANK, N.A., as the Administrative Agent (the "Administrative Agent"). Capitalized terms used but not defined herein have the respective meanings set forth in the Credit Agreement (as defined below).

WHEREAS, the Borrower, the Administrative Agent, and the Lenders party thereto have entered into the Amended and Restated Credit Agreement dated as of January 10, 2019 (as previously amended, the "Existing Credit Agreement" and the Existing Credit Agreement, as amended by this Amendment is referred to herein as the "Credit Agreement");

WHEREAS, in connection with (i) that certain Agreement and Plan of Merger dated as of May 5, 2024, by and among the Borrower, Alloy Parent LLC, a Delaware limited liability company ("Parent") and Alloy Merger Sub LLC, a Delaware limited liability company ("Merger Sub") (the "Merger Agreement") and (ii) the attendant merger of Merger Sub into the Borrower, with the Borrower surviving (the "Merger"), and a potential subsequent conversion of the Borrower into a Minnesota limited liability company (the "Resulting LLC") (the "Conversion"), the Borrower requests that the Administrative Agent and the Required Lenders (1) consent to the consummation of the Merger, including any Change in Control in connection therewith, (2) if applicable, consent to the Conversion (this clause (2), together with clause (1), the "Consent") and (3) amend certain provisions of the Existing Credit Agreement;

WHEREAS, if the Conversion occurs, the Borrower intends to execute and deliver a Reaffirmation Agreement substantially in the form attached hereto as Exhibit B (the "Reaffirmation Agreement"), whereby the Resulting LLC will expressly reaffirm its obligations as the Borrower under Credit Agreement and the other Loan Documents; and

WHEREAS, the Borrower, the Lenders party hereto, and the Administrative Agent have agreed to the Consent and to amend the Existing Credit Agreement in accordance with the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1 CONSENTS.

1.1 Consent to Merger. Subject to (i) satisfaction of the conditions precedent set forth in Section 4 and (ii) the Merger Agreement (as delivered to the Administrative Agent prior to the date hereof) not having been amended in a manner that is materially adverse to the Lenders (provided, that any decrease or increase in the purchase price under the Merger Agreement shall not be considered to be materially adverse to the interests of the Lenders), the Required Lenders consent to the consummation of the Merger, including any resulting Change in Control in connection therewith; provided that, if (x) the Merger Agreement is terminated without the

consummation of the Merger or (y) the Merger has not occurred on or prior to the second anniversary of the date of this Amendment, such consent shall be withdrawn.

1.2 Consent to Conversion. To the extent the Conversion occurs, subject to:

(i) satisfaction of the conditions precedent set forth in Section 4 and the consummation of the Merger;

(ii) the Administrative Agent's receipt of Resulting LLC's executed counterpart to the Reaffirmation Agreement; and

(iii) the Administrative Agent's receipt of (i) a certificate of the Resulting LLC, dated as of the date of the Conversion and executed by a Responsible Officer, which shall (A) certify the resolutions of its Board of Directors, members or other governing body authorizing the execution and delivery of the Reaffirmation and Resulting LLC's performance of its obligations thereunder and under the Credit Agreement and the other Loan Documents to which it is a party, (B) identify by name and title and bear the signatures of the officers of the Resulting LLC authorized to sign the Reaffirmation and the other Loan Documents to which it is a party and (C) contain the appropriate attachments, including the certificate of organization (or similar organizational document) of the Resulting LLC certified by the Secretary of State of the State of Minnesota and a true and correct copy of its operating agreement and (ii) a long form good standing certificate for the Borrower from the Secretary of State of the State of Minnesota; provided, that to the extent Resulting LLC has not received such certificate of organization or good standing certificate on the date of the Conversion, Resulting LLC shall deliver such documents promptly after receipt from the Secretary of State of the State of Minnesota,

the Required Lenders consent to the consummation of the Conversion.

SECTION 2 AMENDMENT. Subject to (i) the satisfaction of the conditions precedent set forth in Section 4 and (ii) the substantially concurrent consummation of the Merger, the Existing Credit Agreement is amended in its entirety to read as set forth on Exhibit A hereto; provided, that if such conditions have not been satisfied on the second anniversary of the date of this Amendment, the amendments to the Existing Credit Agreement shall not take effect.

SECTION 3 REPRESENTATIONS AND WARRANTIES. The Borrower represents and warrants to the Lenders that, immediately before and upon the effectiveness of this Amendment:

3.1 Representations and Warranties. The representations and warranties of the Borrower set forth in the Credit Agreement and the other Loan Documents are and will be true and correct with the same effect as though made on and as of the date hereof except to the extent such representations and warranties specifically relate to an earlier date, in which case such representations and warranties shall have been true and correct on and as of such earlier date.

3.2 Default. No Default has occurred and is continuing.

3.3 Authorization: Validity. The execution, delivery and performance by the Borrower of this Amendment is within the corporate powers of the Borrower and has been duly authorized by all necessary corporate action. This Amendment has been duly executed and delivered by the Borrower and constitutes a legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and general principles of equity.

3.4 Government Approval, Regulation, etc. The execution, delivery and performance by the Borrower of this Amendment does not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except for (i) information filings to be made in the ordinary course of business, which filings are not a condition to the Borrower's performance under the Loan Documents and (ii) such as have been obtained or made and are in full force and effect and not subject to any appeals period.

3.5 Merger Agreement. As of the date hereof, the Merger Agreement (as delivered to the Administrative Agent prior to the date hereof) has not been amended in a manner that is materially adverse to the Lenders.

SECTION 4 EFFECTIVENESS. This Amendment shall become effective as of the date first written above when the Administrative Agent has received counterparts hereof signed by the Borrower, the Required Lenders and the Administrative Agent (which, subject to Section 10.6(b) of the Credit Agreement, may include any Electronic Signatures transmitted by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page).

SECTION 5 COVENANT. The Borrower shall give the Administrative Agent and the Lenders no less than fifteen (15) days prior notice of the Conversion (if applicable) and to the extent requested in writing by any Lender at least ten (10) days prior to the Conversion, (i) the Borrower shall use commercially reasonable efforts to deliver on or prior to the date of the Conversion (x) all documentation and other information regarding the Resulting LLC requested in connection with applicable "know your customer" and anti-money laundering rules and regulations, including the USA PATRIOT Act and (y) a properly completed and signed IRS Form W-8 or W-9, as applicable, for the Resulting LLC and (ii) to the extent the Resulting LLC qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, the Borrower shall use commercially reasonable efforts to deliver on the date of the Conversion such Beneficial Ownership Certification in relation to the Resulting LLC; provided, that if any such information requested pursuant to this Section 5 is not delivered on the date of the Conversion, the Borrower shall deliver such requested information as promptly as practicable thereafter.

SECTION 6 MISCELLANEOUS.

6.1 Ratifications. The terms and provisions set forth in this Amendment shall modify and supersede all inconsistent terms and provisions set forth in the Credit Agreement and except as expressly modified and superseded by this Amendment, the terms and provisions of the Credit

Agreement and the other Loan Documents are ratified and confirmed and shall continue in full force and effect.

6 . 2 Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be deemed an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Amendment by electronic transmission (including .PDF) shall be effective as delivery of a manually executed counterpart of this Amendment. The words “execution,” “signed,” “signature,” “delivery,” and words of like import in or relating to this Amendment shall be deemed to include Electronic Signatures, deliveries or the keeping of records in any electronic form (including deliveries by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page), each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be; provided that nothing herein shall require the Administrative Agent to accept Electronic Signatures in any form or format without its prior written consent and pursuant to procedures approved by it; provided, further, that, without limiting the foregoing, (i) to the extent the Administrative Agent has agreed to accept any Electronic Signature, the Administrative Agent and each of the Lenders shall be entitled to rely on such Electronic Signature purportedly given by or on behalf of the Borrower without further verification thereof and without any obligation to review the appearance or form of any such Electronic Signature, and (ii) upon the request of the Administrative Agent or any Lender, any Electronic Signature shall be promptly followed by a manually executed counterpart.

6.3 Governing Law. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York.

6 . 4 Incorporation of Credit Agreement Provisions. The provisions of Section 10.7 (Severability), Section 10.9 (Governing Law; Jurisdiction; Consent to Service of Process) and Section 10.10 (Waiver of Jury Trial) of the Credit Agreement are incorporated by reference as if fully set forth herein, mutatis mutandis.

6.5 References. All references in any of the Loan Documents to the “Agreement” or the “Credit Agreement” shall mean the Agreement or Credit Agreement, as applicable, as amended by this Amendment.

6.6 Headings. The headings, captions, and arrangements used in this Amendment are for convenience only and shall not affect the interpretation of this Amendment.

6.7 Successors and Assigns. This Amendment is binding upon and shall inure to the benefit of the Administrative Agent, the Lenders, the Borrower and their respective successors and assigns as provided in the Credit Agreement.

6.8 Loan Document. The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Lender or the Administrative Agent under any of the Loan Documents, nor constitute a

waiver of any provision of any of the Loan Documents. This Amendment shall for all purposes constitute a Loan Document.

[Signature Pages Follow]

IN WITNESS WHEREOF, this Amendment has been duly executed and delivered as of the day and year first above written.

ALLETE, INC., as the Borrower

By: ____
Name:
Title:

Signature Page – Fourth Amendment

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JPMORGAN CHASE BANK, N.A., as a Lender, as an Issuing Bank, and as
Administrative Agent

By: ____
Name:
Title:

Signature Page – Fourth Amendment

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ROYAL BANK OF CANADA, as a Lender

By: ____

Name:

Title:

Signature Page – Fourth Amendment

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U.S. BANK NATIONAL ASSOCIATION, as a Lender

By: ____
Name:
Title:

Signature Page – Fourth Amendment

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WELLS FARGO BANK, NATIONAL ASSOCIATION, as a Lender

By: ____

Name:

Title:

Signature Page – Fourth Amendment

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BANK OF AMERICA, N.A., as a Lender

By: ____
Name:
Title:

Signature Page – Fourth Amendment

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COBANK, ACB, as a Lender and as an Issuing Bank

By: ____
Name:
Title:

Signature Page – Fourth Amendment

766440659 11074672

[FORM OF] REAFFIRMATION AGREEMENT

REAFFIRMATION AGREEMENT dated as of [] (this “Reaffirmation”), among [RESULTING LLC], a [Minnesota] limited liability company (“Resulting LLC”), and JPMORGAN CHASE BANK, N.A., as Administrative Agent.

Reference is made to (i) that certain Amended and Restated Credit Agreement dated as of January 10, 2019 (as amended, restated, supplemented or otherwise modified from time to time, the “Credit Agreement”), by and among Allete, Inc., a Minnesota Corporation (“Allete”), as the Borrower, the Lenders from time to time party thereto and JPMORGAN CHASE BANK, N.A., as Administrative Agent, and (ii) that certain Fourth Amendment to the Credit Agreement, dated as of June 4, 2024 (the “Fourth Amendment”), by and among Allete, Inc. (“Allete”), as the Borrower, the Administrative Agent and the Lenders party thereto. Capitalized terms used but not defined herein shall have the meanings set forth in the Credit Agreement.

[On][Prior to] the date hereof, the Merger has occurred whereby Merger Sub (as defined in the Fourth Amendment) merged into Allete. On the date hereof, the Conversion (as defined in the Fourth Amendment) has occurred.

Pursuant to Section 1.2 of the Fourth Amendment, Resulting LLC is required, substantially concurrently with the consummation of the Conversion, to execute and deliver to the Administrative Agent this Reaffirmation.

Accordingly, Resulting LLC and the Administrative Agent agree as follows:

SECTION 1. Reaffirmation of the Loan Documents. Resulting LLC hereby (a) acknowledges and agrees that it is the “Borrower” under the Credit Agreement, (b) acknowledges the existence, validity and enforceability of the Credit Agreement and the other Loan Documents, (c) confirms and ratifies all of its obligations under the Credit Agreement and the other Loan Documents to which it is a party and (d) agrees that its obligations, and the terms of the Credit Agreement and each of the other Loan Documents to which it is a party, are not impaired or adversely affected in any manner whatsoever by the Merger or the Conversion and shall continue to be in full force and effect in accordance with their terms.

SECTION 2. Certain Representations and Warranties by Resulting LLC. Resulting LLC hereby represents and warrants that (a) the execution and delivery by Resulting LLC of this Reaffirmation, and the performance by Resulting LLC of this Reaffirmation and the Credit Agreement, have been duly authorized by all corporate, limited liability company or similar action required to be obtained by Resulting LLC, and (b) this Reaffirmation has been duly executed and delivered by Resulting LLC, and each of this Reaffirmation and the Credit Agreement constitutes a legal, valid and binding obligation of Resulting LLC in accordance with its terms, subject to subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors’ rights generally and general principles of equity.

SECTION 3. Binding Effect; Successors and Assigns. This Reaffirmation shall become effective when the Administrative Agent shall have executed a counterpart hereof and shall have

received copies hereof which, when taken together, bear the signatures of Resulting LLC, and thereafter shall be binding upon and inure to the benefit of Resulting LLC and the Administrative Agent, the Lenders and the Issuing Banks, and their respective permitted successors and assigns. Except as permitted by Section 7.2(c) of the Credit Agreement, Resulting LLC may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by Resulting LLC without such consent shall be null and void).

SECTION 4. Effect of Reaffirmation.

(a) Except as expressly supplemented hereby, the Credit Agreement shall remain in full force and effect, and, except as expressly supplemented hereby, this Reaffirmation shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other Loan Document.

(b) This Reaffirmation shall constitute a "Loan Document" for all purposes of the Credit Agreement and the other Loan Documents. On and after the date hereof, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import shall refer to the Credit Agreement as supplemented by this Reaffirmation, and each reference in any other Loan Document to "the Credit Agreement" (or similar term) shall refer to the Credit Agreement as supplemented by this Reaffirmation.

SECTION 5. Applicable Law. This Reaffirmation shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 6. Notices. All communications and notices hereunder shall be in writing and given as provided in Section 10.01 of the Credit Agreement.

SECTION 7. Incorporation by Reference. The provisions of Sections 10.6, 10.7, 10.9, 10.10 and 10.11 of the Credit Agreement are hereby incorporated by reference, mutatis mutandis, into this Reaffirmation as if set forth in full herein.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties below have duly executed this Reaffirmation as of the day and year first above written.

[RESULTING LLC], as the Borrower

By: _____
Name:
Title:

JPMORGAN CHASE BANK, N.A., as Administrative Agent

By: _____
Name:
Title:

AMENDED AND RESTATED CREDIT AGREEMENT

dated as of January 10, 2019

among

**ALLETE, INC.,
as Borrower,**

The Lenders Party Hereto,

**JPMORGAN CHASE BANK, N.A.,
as Administrative Agent**

and

**BANK OF AMERICA, N.A.,
ROYAL BANK OF CANADA,
U.S. BANK NATIONAL ASSOCIATION and
WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Documentation Agents**

**J.P. MORGAN CHASE BANK, N.A.
Sole Lead Arranger and Sole Book Runner**

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THIS AMENDED AND RESTATED CREDIT AGREEMENT (this "Agreement") dated as of January 10, 2019, is among ALLETE, INC. (the "Borrower"), the Lenders party hereto and JPMORGAN CHASE BANK, N.A., as Administrative Agent.

WHEREAS, the Borrower, various financial institutions and JPMorgan Chase Bank, N.A., as administrative agent, have entered into a credit agreement dated as of November 4, 2013 (the "Existing Credit Agreement");

WHEREAS, the parties hereto have agreed to amend and restate the Existing Credit Agreement pursuant to this Agreement; and

WHEREAS, the parties hereto intend that this Agreement and the documents executed in connection herewith not effect a novation of the obligations of the Borrower under the Existing Credit Agreement, but merely a restatement of and, where applicable, an amendment to the terms governing such obligations;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged hereby, the parties hereto agree as follows:

Article 1.

DEFINITIONS AND INTERPRETATION

Section 1.1. Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"ABR", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate. For the avoidance of doubt, a Loan that bears interest at a rate determined pursuant to clause (c) of the definition of Alternate Base Rate shall, for all purposes of this Agreement, be deemed to be an ABR Loan and not a Term Benchmark Loan.

"Accountants" means PricewaterhouseCoopers, L.L.P. or another registered public accounting firm of recognized national standing.

"Adjusted Daily Simple SOFR" means an interest rate per annum equal to (a) the Daily Simple SOFR, plus (b) 0.10%; *provided that* if the Adjusted Daily Simple SOFR as so determined would be less than the Floor, such rate shall be deemed to be equal to the Floor for the purposes of this Agreement.

"Adjusted Term SOFR Rate" means for any Interest Period, an interest rate per annum equal to (a) the Term SOFR Rate for such Interest Period, *plus* (b) 0.10%; *provided that* if the Adjusted Term SOFR Rate as so determined would be less than 0.0%, such rate shall be deemed to be equal to 0.0% for the purposes of this Agreement.

"Administrative Agent" means JPMorgan Chase Bank, N.A., in its capacity as administrative agent for the Lenders hereunder, and any successor in such capacity.

“Administrative Questionnaire” means an administrative questionnaire in a form supplied by the Administrative Agent.

“Affected Financial Institution” means (a) any EEA Financial Institution or (b) any UK Financial Institution.

“Affiliate” means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

“Agreement” has the meaning assigned to such term in the preamble.

“Alternate Base Rate” means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the NYFRB Rate in effect on such day plus $\frac{1}{2}$ of 1%, and (c) the Adjusted Term SOFR Rate for a one-month Interest Period as published two U.S. Government Securities Business Days prior to such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1%, provided that, for the purpose of this definition, the Adjusted Term SOFR Rate for any day shall be based on the Term SOFR Reference Rate at approximately 5:00 a.m. Chicago time on such day (or any amended publication time for the Term SOFR Reference Rate, as specified by the CME Term SOFR Administrator in the Term SOFR Reference Rate methodology). Any change in the Alternate Base Rate due to a change in the Prime Rate, the NYFRB Rate or the Adjusted Term SOFR Rate shall be effective from and including the effective date of such change in the Prime Rate, the NYFRB Rate or the Adjusted Term SOFR Rate, respectively. If the Alternate Base Rate is being used as an alternate rate of interest pursuant to Section 3.4 (for the avoidance of doubt, only until the Benchmark Replacement has been determined pursuant to Section 3.4(b)), then the Alternate Base Rate shall be the greater of clauses (a) and (b) above and shall be determined without reference to clause (c) above. For the avoidance of doubt, if the Alternate Base Rate as determined pursuant to the foregoing would be less than 1.0%, such rate shall be deemed to be 1.0% for purposes of this Agreement.

“Anti-Corruption Laws” means all laws, rules, and regulations of any jurisdiction applicable to the Borrower or any of its Subsidiaries from time to time concerning or relating to bribery or corruption.

“Anti-Terrorism Laws” has the meaning assigned to such term in Section 4.12.

“Applicable Margin” means a rate per annum determined pursuant to Schedule 1.

“Applicable Parties” has the meaning assigned to such term in Section 9.3(c).

“Applicable Percentage” means, with respect to any Lender, the percentage of the total Commitments represented by such Lender’s Commitment; provided that in the case of Section 2.11 when a Defaulting Lender shall exist, “Applicable Percentage” shall mean the percentage of the total Commitments (disregarding any Defaulting Lender’s Commitments) represented by such Lender’s Commitments. If the Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Commitments most recently in effect, giving effect to any assignments and to any Lender’s status as a Defaulting Lender at the time of such determination.

"Approved Electronic Platform" has the meaning assigned to such term in Section 9.3(a).

"Approved Fund" means, with respect to any Lender that is a fund that invests in commercial loans, any other fund that invests in commercial loans and is managed or advised by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

"Assignment and Assumption" means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 10.4), and accepted by the Administrative Agent, substantially in the form of Exhibit A or in such other form as shall be acceptable to the Administrative Agent.

"Availability Period" means the period from and including the Effective Date to but excluding the earlier of the Maturity Date and, if different, the date of termination of the Commitments.

"Available Tenor" means, as of any date of determination and with respect to the then-current Benchmark, as applicable, any tenor for such Benchmark (or component thereof) or payment period for interest calculated with reference to such Benchmark (or component thereof), as applicable, that is or may be used for determining the length of an Interest Period for any term rate or otherwise, for determining any frequency of making payments of interest calculated pursuant to this Agreement as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of "Interest Period" pursuant to clause (e) of Section 3.4

"Bail-In Action" means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

"Bail-In Legislation" means (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

"Bankruptcy Event" means, with respect to any Person, such Person becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it, or, in the good faith determination of the Administrative Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment, provided that a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person by a Governmental Authority or instrumentality thereof, provided, further, that such ownership interest does not result in or provide such Person with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit

such Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

"Benchmark" means, initially, the Term SOFR Rate; provided that if a Benchmark Transition Event and the related Benchmark Replacement Date have occurred with respect to the Term SOFR Rate or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to clause (b) of Section 3.4.

"Benchmark Replacement" means, for any Available Tenor, the first alternative set forth in the order below that can be determined by the Administrative Agent for the applicable Benchmark Replacement Date:

(1) the Adjusted Daily Simple SOFR;

(2) the sum of: (a) the alternate benchmark rate that has been selected by the Administrative Agent and the Borrower as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement for the then-current Benchmark for dollar-denominated syndicated credit facilities at such time in the United States and (b) the related Benchmark Replacement Adjustment.

If the Benchmark Replacement as determined pursuant to clause (1) or (2) above would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Loan Documents.

"Benchmark Replacement Adjustment" means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement for any applicable Interest Period and Available Tenor for any setting of such Unadjusted Benchmark Replacement, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Administrative Agent and the Borrower for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body on the applicable Benchmark Replacement Date and/or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for dollar-denominated syndicated credit facilities at such time.

"Benchmark Replacement Conforming Changes" means, with respect to any Benchmark Replacement and/or any Term Benchmark Loan, any technical, administrative or operational changes (including changes to the definition of "Alternate Base Rate," the definition of "Business Day," the definition of "U.S. Government Securities Business Day," the definition of "Interest Period," timing and frequency of determining rates and making payments of interest, timing of Credit Requests or prepayment, conversion or continuation notices, length of lookback periods, the

applicability of breakage provisions, and other technical, administrative or operational matters) that the Administrative Agent decides may be appropriate to reflect the adoption and implementation of such Benchmark and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of such Benchmark exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents).

“Benchmark Replacement Date” means, with respect to any Benchmark, the earliest to occur of the following events with respect to such then-current Benchmark:

(1) in the case of clause (1) or (2) of the definition of “Benchmark Transition Event,” the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof); or

(2) in the case of clause (3) of the definition of “Benchmark Transition Event,” the first date on which such Benchmark (or the published component used in the calculation thereof) has been determined and announced by the regulatory supervisor for the administrator of such Benchmark (or such component thereof) to be no longer representative; provided, that such non-representativeness will be determined by reference to the most recent statement or publication referenced in such clause (3) and even if any Available Tenor of such Benchmark (or such component thereof) continues to be provided on such date.

For the avoidance of doubt, (i) if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination and (ii) the “Benchmark Replacement Date” will be deemed to have occurred in the case of clause (1) or (2) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Transition Event” means, with respect to any Benchmark, the occurrence of one or more of the following events with respect to such then-current Benchmark:

(1) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

(2) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Board, the NYFRB, the CME Term SOFR Administrator, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution

authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), in each case, which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are no longer, or as of a specified future date will no longer be, representative.

For the avoidance of doubt, a "Benchmark Transition Event" will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Unavailability Period" means, with respect to any Benchmark, the period (if any) (x) beginning at the time that a Benchmark Replacement Date pursuant to clauses (1) or (2) of that definition has occurred if, at such time, no Benchmark Replacement has replaced such then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 3.4 and (y) ending at the time that a Benchmark Replacement has replaced such then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 3.4.

"Beneficial Ownership Certification" means a certification regarding beneficial ownership or control as required by the Beneficial Ownership Regulation.

"Beneficial Ownership Regulation" means 31 C.F.R. § 1010.230.

"Benefit Plan" means any of (a) an "employee benefit plan" (as defined in Section 3(3) of ERISA) that is subject to Title I of ERISA, (b) a "plan" as defined in Section 4975 of the Code to which Section 4975 of the Code applies, and (c) any Person whose assets include (for purposes of the Plan Asset Regulations or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such "employee benefit plan" or "plan".

"Board" means the Board of Governors of the Federal Reserve System of the United States of America.

"Borrower" means ALLETE, Inc., a Minnesota corporation (including any successors thereto, including Resulting LLC (as defined in the Fourth Amendment)).

"Borrower Financial Statements" has the meaning assigned to such term in Section 4.4(a).

"Borrowing" means Loans of the same Type made, converted or continued on the same date and, in the case of Term Benchmark Loans, as to which a single Interest Period is in effect.

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; provided that, in relation to any interest rate setting with respect to Term Benchmark Loans, any such day that is only a U.S. Government Securities Business Day.

"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 and accounted 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" means the occurrence of any of the following: (a) prior to an initial public offering of the Borrower (or any parent that owns, directly or indirectly, 100% of the Equity Interests of the Borrower (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 Securities Exchange Act of 1934) of more than 50% of the total voting power in the aggregate of the Voting Securities (as defined below) of the Borrower then outstanding; *provided*, that if none of the Equity Interests of the Borrower 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 Borrower (or any parent that owns, directly or indirectly, 100% of the Equity Interests of the Borrower (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 Borrower), or (b) after the occurrence of an initial public offering of the Borrower (or any parent that owns, directly or indirectly, 100% of the Equity Interests of the Borrower (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 Securities Exchange Act of 1934 but excluding any employee benefit plan of the Borrower 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 Borrower) becomes the "beneficial owner" of more than 30% of the total voting power in the aggregate of the Voting Securities of the Borrower then outstanding; provided, that if none of the Equity Interests of the Borrower 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 Borrower (or any parent that owns, directly or indirectly, 100% of the Equity Interests of the Borrower (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 Borrower).

Notwithstanding the foregoing, (i) a reorganization of any direct or indirect parent company of the Borrower 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 Borrower, (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 Borrower (or any such parent) for purposes of this definition.

"Change in Law" means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or any United States or foreign regulatory authority, in each case pursuant to Basel III, shall, in each case referred to in the foregoing clauses (x) and (y), be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"CME Term SOFR Administrator" means CME Group Benchmark Administration Limited as administrator of the forward-looking term SOFR (or a successor administrator).

"CoBank" means CoBank ACB.

"CoBank Equities" has the meaning assigned to such term in Section 10.17(a).

"Code" means the Internal Revenue Code of 1986.

"Commitment" means, with respect to each Lender, the commitment of such Lender to make Loans and to acquire participations in Letters of Credit hereunder in an aggregate outstanding amount not exceeding the amount of such Lender's Commitment as set forth on Schedule 2.1 plus, the amount of any increase set forth in each Increase Supplement executed and delivered by such Lender, the Borrower and the Administrative Agent or in the Assignment and Assumption pursuant to which such Lender shall have assumed its Commitment in accordance with Section 10.4(b), as applicable, as such Commitment may be adjusted from time to time pursuant to Section 2.5 or pursuant to assignments by or to such Lender pursuant to Section 10.4. The initial aggregate amount of the Commitments is \$400,000,000.

"Communications" has the meaning assigned to such term in Section 9.3(c).

"Compliance Certificate" means a certificate, substantially in the form of Exhibit D.

"Consolidated Assets" means the total amount of assets shown on the consolidated balance sheet of the Borrower and its Subsidiaries, determined in accordance with GAAP and prepared as of the end of the fiscal quarter then most recently ended for which financial statements have been delivered pursuant to Section 6.1(a) or (b).

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. The terms “Controlling” and “Controlled” have meanings correlative thereto.

“Corresponding Tenor” with respect to any Available Tenor means, as applicable, either a tenor (including overnight) or an interest payment period having approximately the same length (disregarding business day adjustment) as such Available Tenor.

“CPPIB” has the meaning assigned to it under the definition of Sponsor.

“Credit Exposure” means, with respect to any Lender at any time, the sum of the aggregate outstanding principal amount of such Lender’s Loans and its LC Exposure at such time.

“Credit Parties” means the Administrative Agent, the Issuing Banks and the Lenders.

“Credit Request” means a Credit Request in accordance with Section 2.3, which shall be substantially in the form approved by the Administrative Agent and separately provided to the Borrower.

“Daily Simple SOFR” means, for any day (a “SOFR Rate Day”), a rate per annum equal to SOFR for the day that is five (5) U.S. Government Securities Business Day prior to (i) if such SOFR Rate Day is a U.S. Government Securities Business Day, such SOFR Rate Day or (ii) if such SOFR Rate Day is not a U.S. Government Securities Business Day, the U.S. Government Securities Business Day immediately preceding such SOFR Rate Day, in each case, as such SOFR is published by the SOFR Administrator on the SOFR Administrator’s Website. Any change in Daily Simple SOFR due to a change in SOFR shall be effective from and including the effective date of such change in SOFR without notice to the Borrower.

“Declining Lender” has the meaning assigned to such term in Section 2.8.

“Default” means any event or condition that constitutes an Event of Default or that upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

“Defaulting Lender” means any Lender, as determined by the Administrative Agent (or if the Administrative Agent is the Defaulting Lender, by the Required Lenders), that (a) has failed, within three (3) Business Days of the date required to be funded or paid, to (i) fund any portion of its Loans, (ii) fund any portion of its participations in Letters of Credit or (iii) pay over to any Credit Party any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Lender notifies the Administrative Agent in writing that such failure is the result of such Lender’s good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied, (b) has notified the Borrower or any Credit Party in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement or generally under other agreements in which it commits to extend credit, (c) has failed, within three (3) Business Days after request by a Credit Party (based on the reasonable belief that it may not fulfill its funding obligation), acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations (and is financially able to meet such obligations) to fund prospective Loans and participations in then outstanding Letters of Credit under this Agreement, provided that such Lender

shall cease to be a Defaulting Lender pursuant to this clause (c) upon such Credit Party's receipt of such certification in form and substance satisfactory to it and the Administrative Agent, or (d) has become the subject of (A) a Bankruptcy Event or (B) a Bail-In Action.

"Disclosed Matters" means the actions, suits, proceedings and environmental matters (a) disclosed in (i) Schedule 4.5/4.6 or (ii) if applicable, the current and periodic reports filed by the Borrower from time to time with the SEC pursuant to the requirements of the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder, or (ii) disclosed by the Borrower to the Lenders (either directly or indirectly through the Administrative Agent) in writing.

"Disqualified Lenders" has the meaning assigned to such term in Section 10.4(b)(vii).

"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 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 days after the Maturity Date.

"dollars" or "\$" refers to lawful money of the United States of America.

"DQ List" has the meaning assigned to such term in Section 10.4(b)(vii).

"EEA Financial Institution" means (a) any institution established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"EEA Member Country" means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"EEA Resolution Authority" means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"Effective Date" means January 10, 2019.

"Electronic Signature" means an electronic sound, symbol, or process attached to, or associated with, a contract or other record and adopted by a Person with the intent to sign, authenticate or accept such contract or record.

"Eligible Assignees" means any of the following (a) any commercial banks, finance companies, insurance companies and other financial institutions and funds (whether a corporation, partnership or other entity) engaged generally in making, purchasing or otherwise investing in commercial loans in the ordinary course of its business, provided that unless such entity is a Lender or an Affiliate of a Lender, such entity has been approved by the Administrative Agent, the Issuing

Banks and, unless an Event of Default has occurred and is continuing at the time of assignment to such entity, the Borrower (each such approval not to be unreasonably withheld or delayed), and provided, further, that any such entity shall be entitled, as of the date such entity becomes a Lender, to receive payments under its Note without deduction or withholding with respect to United States federal income tax, (b) each of the Lenders and (c) any Affiliate or Approved Fund of a Lender, and each is an "Eligible Assignee", in each case, other than a Disqualified Lender.

"Environmental Law" means any and all applicable present and future treaties, laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by or with any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the presence, management, release or threatened release of any Hazardous Material or to health and safety matters.

"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 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.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that, together with the Borrower or any Subsidiary, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event" means (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30 day notice period is waived), (b) any failure to satisfy the minimum funding standards of Section 412 of the Code or Section 302 of ERISA with respect to any Plan, whether or not waived, (c) the incurrence by the Borrower, any Subsidiary or any ERISA Affiliate of any liability under Title IV of ERISA with respect to the termination of any Plan, (d) the receipt by the Borrower, any Subsidiary or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan, (e) the incurrence by the Borrower, any Subsidiary or any ERISA Affiliate of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan or (f) the receipt by the Borrower, any Subsidiary or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Borrower, any Subsidiary or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"EU Bail-In Legislation Schedule" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

"Event of Default" has the meaning assigned to such term in Section 8.1.

"Excluded Taxes" means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each

case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan, Letter of Credit or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan, Letter of Credit or Commitment (other than pursuant to an assignment request by the Borrower under Section 3.8(b)) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 3.7, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender acquired the applicable interest in a Loan, Letter of Credit or Commitment or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient's failure to comply with Section 3.7(f), and (d) any withholding Taxes imposed under FATCA.

"Existing Credit Agreement" has the meaning assigned to such term in the recitals.

"Extension Effective Date" has the meaning assigned to such term in Section 2.8.

"Extension Request" has the meaning assigned to such term in Section 2.8.

"FATCA" means 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), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Code.

"Federal Funds Effective Rate" means, for any day, the rate calculated by the NYFRB based on such day's federal funds transactions by depository institutions, as determined in such manner as shall be set forth on the NYFRB's Website from time to time, and published on the next succeeding Business Day by the NYFRB as the effective federal funds rate; provided that if the Federal Funds Effective Rate as so determined would be less than zero, such rate shall be deemed to zero for the purposes of this Agreement.

"Financial Officer" means the chief financial officer, principal accounting officer, treasurer or controller of the Borrower.

"Fitch" means Fitch Ratings Inc., or any successor thereto.

"Floor" means the benchmark rate floor, if any, provided in this Agreement initially (as of the execution of this Agreement, the modification, amendment or renewal of this Agreement or otherwise) with respect to the Adjusted Term SOFR Rate. For the avoidance of doubt, the initial Floor shall be 0.0%.

"Foreign Lender" means any Lender that is organized under the laws of a jurisdiction other than that in which the Borrower is located. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"Fourth Amendment" means the Fourth Amendment to Credit Agreement, dated as of the Fourth Amendment Effective Date, by and among the Borrower, the Administrative Agent and the lenders party thereto.

"Fourth Amendment Effective Date" means June 4, 2024.

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and in the statements and pronouncements of the Financial Accounting Standards Board or in such other statement by such other entity as may be approved by a significant segment of the accounting profession, which are applicable to the circumstances as of the date of determination, consistently applied; provided that in the event Borrower converts to use the International Financial Reporting Standards by the International Accounting Standards Board or other method of accounting, then the term "GAAP" as used in this Agreement shall be deemed to mean and refer to such International Financial Reporting Standards or such other method of accounting instead, which are applicable to the circumstances as of the date of determination, consistently applied.

"GIP" has the meaning assigned to it under the definition of Sponsor.

"Governmental Authority" means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, commission, exchange, association, board, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including supranational bodies such as the European Union or European Central Bank).

"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 all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"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).

"Immaterial Subsidiary" means a Subsidiary that (a) has consolidated total assets with a book value not exceeding 5% of Consolidated Assets as of the end of the most recent fiscal quarter for which financial statements have been delivered pursuant to Section 6.1(a) or (b) and (b) had total revenues not exceeding 5% of the Borrower's consolidated total revenues for the period ending on the last day of such fiscal quarter.

"Immaterial Transaction" means any transaction or event described in paragraph (i) or (j) of Section 8.1 so long as, after giving effect to such transaction or event, all Subsidiaries that have become subject to such transactions or events during the 12-month period ending on the date of such transaction or event (a) had consolidated total assets with a fair market value not exceeding 10% of Consolidated Assets as of the end of the most recent fiscal quarter for which financial statements have been delivered pursuant to Section 6.1(a) or (b) and (b) had total revenues not exceeding 10% of the Borrower's consolidated total revenues for the period ending on the last day of such fiscal quarter.

"Increase Supplement" means an increase supplement in the form of Exhibit E.

"Increasing Lender" has the meaning assigned to such term in Section 2.5(d).

"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 Borrower'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.

"Indemnified Taxes" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Borrower under any Loan Document and (b) to the extent not otherwise described in (a) hereof, Other Taxes.

"Indemnitee" has the meaning assigned to such term in Section 10.3(b).

"Information" has the meaning assigned to such term in Section 10.15.

"Intellectual Property" means all copyrights, trademarks, servicemarks, patents, trade names and service names.

"Interest Election Request" means a request by the Borrower to convert or continue a Borrowing in accordance with Section 3.2.

"Interest Payment Date" means (a) with respect to any ABR Loan, the last day of each March, June, September and December and the Maturity Date, and (b) with respect to any Term Benchmark Loan, the last day of each Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Term Benchmark Borrowing with an Interest Period of more than three months' duration, each day prior to the last day of such Interest Period that occurs at intervals of three months' duration after the first day of such Interest Period, and the Maturity Date.

"Interest Period" means with respect to any Term Benchmark Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, three or six months thereafter (in each case, subject to the availability of the Benchmark applicable to the relevant Loan or Commitment), as the Borrower may elect; provided that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, (ii) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period, and (iii) no tenor that has been removed from this definition pursuant to Section 3.4(e) shall be available for specification in such Credit Request or Interest Election Request. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

"Investment Grade Rating" has the meaning assigned to such term in Section 7.2.

"Issuing Bank" means JPMorgan Chase, CoBank and any other Lender that agrees to act as an Issuing Bank, each in its capacity as the issuer of Letters of Credit hereunder, and its successors in such capacity as provided in Section 2.9(i). Any Issuing Bank may, in its discretion, arrange for one or more Letters of Credit to be issued by Affiliates of such Issuing Bank, in which case the term "Issuing Bank" shall include any such Affiliate with respect to Letters of Credit issued by

such Affiliate. Each reference herein to the "Issuing Bank" in connection with a Letter of Credit or other matter shall be deemed to be a reference to the relevant Issuing Bank with respect thereto.

"JPMorgan Chase" means JPMorgan Chase Bank, N.A.

"LC Disbursement" means a payment made by an Issuing Bank pursuant to a Letter of Credit.

"LC Exposure" means, at any time, (a) with respect to all of the Lenders, the sum, without duplication, of (i) the aggregate undrawn amount of all outstanding Letters of Credit at such time plus (ii) the aggregate amount of all LC Disbursements that have not yet been reimbursed by or on behalf of the Borrower at such time and (b) with respect to each Lender, its Applicable Percentage of the amount determined under clause (a).

"Lenders" means the Persons listed on Schedule 2.1 and any other Person that shall have become a party hereto pursuant to an Assignment and Assumption or an Increase Supplement other than any such Person that ceases to be a party hereto pursuant to an Assignment and Assumption.

"Letter of Credit" means any standby letter of credit (and any successive renewals thereof) issued pursuant to this Agreement. For the avoidance of doubt, as of the Second Amendment Effective Date, the outstanding Letters of Credit are set forth on Schedule 2.9.

"Letter of Credit Commitment" means, with respect to each Issuing Bank, the commitment of such Issuing Bank to issue Letters of Credit hereunder. The initial amount of each Issuing Bank's Letter of Credit Commitment is set forth on Schedule 2, or if an Issuing Bank has entered into an Assignment and Assumption or has otherwise assumed a Letter of Credit Commitment after the Effective Date, the amount set forth for such Issuing Bank as its Letter of Credit Commitment in the Register maintained by the Administrative Agent. The Letter of Credit Commitment of an Issuing Bank may be modified from time to time by agreement between such Issuing Bank and the Borrower, and notified to the Administrative Agent.

"Liabilities" means any losses, claims (including intraparty claims), demands, damages or liabilities of any kind.

"Lien" means, with respect to any asset, (a) any mortgage, deed of trust, lien (statutory or other), assignment, deposit arrangement, pledge, hypothecation, encumbrance or preference, priority, charge or other security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

"Loan" means a loan referred to in Section 2.1 and made pursuant to Section 2.4 or 2.9(e).

"Loan Documents" means this Agreement, each Note issued pursuant to Section 2.6(e) and each Letter of Credit and the related documentation.

"Margin Stock" has the meaning assigned to such term in Regulation U.

"Material Adverse Change" means a material adverse change in (a) the financial condition, operations, business or property of (i) the Borrower or (ii) the Borrower and its Subsidiaries, taken as a whole, (b) the ability of the Borrower to perform its obligations under the Loan Documents or (c) the ability of the Credit Parties to enforce their rights and remedies under the Loan Documents.

"Material Adverse Effect" means a material adverse effect on (a) the financial condition, operations, business or property of (i) the Borrower or (ii) the Borrower and its Subsidiaries, taken as a whole, (b) the ability of the Borrower to perform its obligations under the Loan Documents, or (c) the ability of the Credit Parties to enforce their rights and remedies under the Loan Documents.

"Material Obligations" means as of any date, Indebtedness (other than Indebtedness under the Loan Documents) or operating leases of any one or more of the Borrower or any Subsidiary or, in the case of the Borrower only, any Guarantee, in an aggregate principal amount exceeding \$35,000,000. For purposes of determining Material Obligations, the "principal amount" of Indebtedness, operating leases or Guarantees at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that the Borrower or such Subsidiary, as applicable, would be required to pay if such Indebtedness, operating leases or Guarantees became due and payable on such day.

"Maturity Date" means January 10, 2027.

"Maximum Rate" has the meaning assigned to such term in Section 10.12.

"Moody's" means Moody's Investors Service, Inc., or any successor thereto.

"Mortgage" means the Mortgage and Deed of Trust, dated as of September 1, 1945, among the Borrower, The Bank of New York Mellon (formerly Irving Trust Company) and Eva Waite (successor to Richard H. West), Trustees.

"MPUC" means the Minnesota Public Utilities Commission or any Governmental Authority succeeding to the functions thereof.

"Multiemployer Plan" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"New Lender" has the meaning assigned to such term in Section 2.5(d).

"Note" means a promissory note substantially in the form of Exhibit C issued at the request of a Lender pursuant to Section 2.6(e) to evidence its Loans.

"NYFRB" means the Federal Reserve Bank of New York.

"NYFRB Rate" means, for any day, the greater of (a) the Federal Funds Effective Rate in effect on such day and (b) the Overnight Bank Funding Rate in effect on such day (or for any day that is not a Business Day, for the immediately preceding Business Day); provided that if none of such rates are published for any day that is a Business Day, the term "NYFRB Rate" means the rate for a federal funds transaction quoted at 11:00 a.m. on such day received by the Administrative Agent

from a federal funds broker of recognized standing selected by it; provided, further, that if any of the aforesaid rates as so determined be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

"NYFRB's Website" means the website of the NYFRB at <http://www.newyorkfed.org>, or any successor source.

"OFAC" has the meaning assigned to such term in Section 4.14.

"Other Connection Taxes" means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan, Letter of Credit or Loan Document).

"Other Taxes" means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment.

"Overnight Bank Funding Rate" means, for any day, the rate comprised of both overnight federal funds and overnight interbank transactions denominated in dollars by U.S.-managed banking offices of depository institutions, as such composite rate shall be determined by the NYFRB as set forth on the NYFRB's Website from time to time, and published on the next succeeding Business Day by the NYFRB as an overnight bank funding rate.

"Participant" has the meaning assigned to such term in Section 10.4(d).

"Participant Register" has the meaning assigned to such term in Section 10.4(d).

"PATRIOT Act" means the "Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001" (Title III of Pub. L. 107-56 (signed into law October 26, 2001)).

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA.

"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 Securities Exchange Act of 1937, as amended) of more than (x) at any time 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 the aggregate of the Voting Securities in the Borrower (or any parent that owns, directly or indirectly, 100% of the Equity Interests of the Borrower (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 Borrower) 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 Borrower (or any parent that owns, directly or indirectly, 100% of the Equity Interests of the Borrower (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 Borrower), in the case of this clause (ii), if the Borrower or the applicable parent holding company has not issued any Voting Securities.

"Permitted Encumbrances" means:

(a) Liens imposed by law for taxes, assessments or similar charges incurred in the ordinary course of business that are not yet due or are being contested in compliance with Section 6.4, provided that enforcement of such Liens is stayed pending such contest;

(b) landlords', vendors', carriers', warehousemen's, mechanics', materialmen's, contractors', repairmen's and other like Liens imposed by law, arising in the ordinary course of business and securing obligations which are not delinquent or are being contested, provided that enforcement of such Liens is stayed pending such contest;

(c) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations (but not ERISA);

(d) pledges and deposits to secure the performance of bids, trade contracts, leases, purchase agreements, government contracts, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business, and other than promissory notes and contracts for the repayment of borrowed money;

(e) Liens (including contractual security interests) in favor of a financial institution (including securities firms) encumbering deposit accounts or checks or instruments for collection, commodity accounts or securities accounts (including the right of set-off) at or held by such financial institution in the ordinary course of its commercial business and which secure only liabilities owed to such financial institution arising out of or resulting from its maintenance of such account or otherwise are within the general parameters customary in the financial industry;

(f) judgment liens in respect of judgments that do not constitute an Event of Default under paragraph (k) of Section 8.1;

(g) any interest of a lessor or licensor in property under an operating lease under which the Borrower or any Subsidiary is lessee or licensee, and any restriction or encumbrance to which the interest of such lessor or licensor is subject;

(h) Liens arising from filed UCC-1 financing statements relating solely to leases not prohibited by this Agreement;

(i) leases or subleases granted to others that do not materially interfere with the ordinary conduct of business of the Borrower and its Subsidiaries;

(j) licenses of Intellectual Property granted by the Borrower or any Subsidiary in the ordinary course of business and not materially interfering with the ordinary conduct of the business of the Borrower and its Subsidiaries;

(k) easements, servitudes (contractual and legal), zoning restrictions, rights of way, encroachments, minor defects and irregularities in title and other similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not render title to such property unmarketable or materially interfere with the ability of the Borrower and its Subsidiaries, as the case may be, to utilize their respective properties for their intended purposes;

(l) Liens securing obligations, neither assumed by the Borrower or any Subsidiary nor on account of which the Borrower or any Subsidiary customarily pays interest, upon real estate on which the Borrower or any Subsidiary has a right-of-way, easement, franchise or other servitude or of which the Borrower or any Subsidiary is the lessee, for the purpose of locating transmission and distribution lines and related support structures, pipe lines, substations, measuring stations, tanks, pumping or delivery equipment or similar equipment, or service buildings incidental to any of the foregoing;

(m) Liens with respect to properties involved in the production of oil, gas and other minerals, unitization and pooling agreements and orders, operating agreements, royalties, reversionary interests, preferential purchase rights, farmout agreements, gas balancing agreements and other agreements, in each case that are customary in the oil, gas and mineral production business in the general area of such property and that are entered into in the ordinary course of business;

(n) Liens in favor of Governmental Authorities encumbering assets acquired in connection with a government grant program, and the right reserved to, or vested in, any Governmental Authority by the terms of any right, power, franchise, grant, license, or permit, or by any provision of law, to purchase, condemn, recapture or designate a purchaser of any property;

(o) Liens on Margin Stock to the extent that a prohibition on such Liens would violate Regulation U;

(p) Liens on any cash collateral for Letters of Credit issued under (i) the Borrower's primary revolving credit facility upon the occurrence of an event of default thereunder or to cover an issuing lender's credit exposure under such facility with respect to a defaulting lender thereunder and (ii) this Agreement or for a Defaulting Lender's LC Exposure;

(q) customary Liens for the fees and expenses of trustees and escrow agents pursuant to any indenture, escrow agreement or similar agreement establishing a trust or escrow arrangement;

(r) agreements for and obligations (other than repayment of borrowed money) relating to the joint or common ownership, operation, and use of property, including Liens under joint venture or similar agreements securing obligations incurred in the conduct of operations or consisting of a purchase option, call or right of first refusal with respect to the Equity Interests in such jointly owned Person; and

(s) Liens granted on cash or invested funds constituting proceeds of any sale or disposition of property deposited into escrow accounts to secure indemnification, adjustment of purchase price or similar obligations incurred in connection with such sale or disposition, in an amount not to exceed the amount of gross proceeds received from such sale or disposition.

"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 Borrower 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 Borrower 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 Borrower owned or to be owned by such Person and (c) prior to such Person becoming an owner of outstanding interests in the Borrower, has complied with all applicable "know your customer" and anti-money laundering requirements of the Lenders.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Borrower, any Subsidiary or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Plan Asset Regulations" means 29 CFR § 2510.3-101 *et seq.*, as modified by Section 3(42) of ERISA, as amended from time to time.

"Prime Rate" means the rate of interest last quoted by The Wall Street Journal as the "Prime Rate" in the U.S. or, if The Wall Street Journal ceases to quote such rate, the highest per annum interest rate published by the Board in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the "bank prime loan" rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as determined by the Administrative Agent) or any similar release by the Board (as determined by the Administrative Agent). Each change in the Prime Rate shall be effective from and including the date such change is publicly announced or quoted as being effective.

"PTE" means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

"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 by the Borrower and the Administrative Agent).

"Recipient" means (a) the Administrative Agent, (b) any Lender and (c) any Issuing Bank, as applicable.

"Reference Time" with respect to any setting of the then-current Benchmark means (a) if such Benchmark is the Term SOFR Rate, 5:00 a.m. (Chicago time) on the day that is two Business Days preceding the date of such setting, (b) if the Benchmark is Adjusted Daily Simple SOFR, then four (4) Business Days prior to such setting or (c) if such Benchmark is neither the Term

SOFR Rate nor Adjusted Daily Simple SOFR, the time determined by the Administrative Agent in its reasonable discretion.

"Register" has the meaning assigned to such term in Section 10.4(c).

"Regulation D" means Regulation D of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Regulation T" means Regulation T of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Regulation U" means Regulation U of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Regulation X" means Regulation X of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Related Parties" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

"Relevant Governmental Body" means the Board and/or the NYFRB, the CME Term SOFR Administrator, as applicable, or a committee officially endorsed or convened by the Board and/or the NYFRB, or, in each case, any successor thereto.

"Required Deposit Amount" means in the event that as a result of the deposit of cash collateral with the Administrative Agent pursuant to Section 2.9(j) the Borrower (a) is not required to grant a security interest in such cash collateral to any other Person, an amount equal to the LC Exposure on the date on which cash collateral is required to be deposited, or (b) is required to grant a security interest in such cash collateral to any other Person, an amount equal to the LC Exposure on the date on which cash collateral is required to be deposited multiplied by a fraction, the numerator of which is the sum of the LC Exposure plus the principal amount of all other obligations to be secured by such cash collateral and the denominator of which is the amount of such LC Exposure.

"Required Lenders" means, at any time, Lenders having unused Commitments, LC Exposure and outstanding Loans representing more than 50% of the sum of the unused Commitments, LC Exposure and outstanding Loans of all Lenders.

"Resolution Authority" means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

"Restricted Person" has the meaning assigned to such term in Section 4.14.

"S&P" means Standard & Poor's Rating Services, a Standard & Poor's Financial Services LLC business, or any successor thereto.

"SEC" means the Securities and Exchange Commission or any Governmental Authority succeeding to the functions thereof.

"Second Amendment Effective Date" means November 23, 2021.

"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 the Borrower or (ii) would assign to long term unsecured senior debt of the Borrower were the Borrower to issue or have outstanding any long term unsecured senior debt on such date.

"SOFR" means a rate equal to the secured overnight financing rate as administered by the SOFR Administrator.

"SOFR Administrator" means the NYFRB (or a successor administrator of the secured overnight financing rate).

"SOFR Administrator's Website" means the NYFRB's Website or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time.

"Sole Lead Arranger and Sole Bookrunner" means J.P. Morgan Chase, in its capacity as Sole Lead Arranger and Sole Bookrunner hereunder.

"Specified Equity Contribution" has the meaning assigned to it in Section 8.2.

"Specified Funds" has the meaning assigned to such term in Section 10.4(b)(vii).

"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").

"Subsidiary" means, as to any Person, any corporation, association, partnership, limited liability company, joint venture or other business entity of which such Person or any Subsidiary of such Person, directly or indirectly, either (i) in respect of a corporation, owns or controls more than 50% of the outstanding Equity Interests having ordinary voting power to elect a majority of the board of directors or similar managing body, irrespective of whether a class or classes shall or might have voting power by reason of the happening of any contingency, or (ii) in respect of an association, partnership, joint venture or other business entity, is entitled to share in more than 50% of the profits and losses, however determined. Unless the context otherwise requires, any reference to a Subsidiary shall be deemed to refer to a Subsidiary of the Borrower.

"SWLP Mortgage" means the Mortgage and Deed of Trust, dated as of March 1, 1943, between Superior Water, Light and Power Company and U.S. Bank National 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.

"Tax" means any present or future tax, levy, assessment, impost, duty, charge, fee, deduction or withholding of any nature, and whatever called, by a Governmental Authority, on whomsoever and wherever imposed, levied, collected, withheld or assessed.

"Term Benchmark", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Adjusted Term SOFR Rate. For the avoidance of doubt, a Loan that bears interest at a rate determined pursuant to clause (c) of the definition of Alternate Base Rate shall, for all purposes of this Agreement, be deemed to be an ABR Loan and not a Term Benchmark Loan.

"Term SOFR Determination Day" has the meaning assigned to it under the definition of Term SOFR Reference Rate.

"Term SOFR Rate" means, with respect to any Term Benchmark Borrowing and for any tenor comparable to the applicable Interest Period, the Term SOFR Reference Rate at approximately 5:00 a.m., Chicago time, two (2) U.S. Government Securities Business Days prior to the commencement of such tenor comparable to the applicable Interest Period, as such rate is published by the CME Term SOFR Administrator.

"Term SOFR Reference Rate" means, for any day and time (such day, the "Term SOFR Determination Day"), and for any tenor comparable to the applicable Interest Period, the rate per annum determined by the Administrative Agent as the forward-looking term rate based on SOFR. If by 5:00 p.m. (New York City time) on such Term SOFR Determination Day, the "Term SOFR Reference Rate" for the applicable tenor has not been published by the CME Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Rate has not occurred, then the Term SOFR Reference Rate for such Term SOFR Determination Day will be the Term SOFR Reference Rate as published in respect of the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate was published by the CME Term SOFR Administrator, so long as such first preceding Business Day is not more than five (5) Business Days prior to such Term SOFR Determination Day.

"Total Capitalization" means, at any time, the difference between (a) the sum of each of the following at such time with respect to the Borrower 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 Borrower Financial Statements), excluding accumulated other comprehensive income or loss, plus (iii) retained earnings, plus (iv) Total Indebtedness, and (b) the sum of (i) stock of the Borrower acquired by the Borrower 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 Borrower Financial Statements)) at such time of the Borrower 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.

"Transactions" means (a) the execution, delivery and performance by the Borrower of each Loan Document to which it is a party, (b) the borrowing of the Loans and the issuance of the Letters of Credit and (c) the use of the proceeds of the Loans and the Letters of Credit.

“Type”, when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to (a) the Adjusted Term SOFR Rate or (b) the Alternate Base Rate.

“UK Financial Institutions” means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

“UK Resolution Authority” means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

“Unadjusted Benchmark Replacement” means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

“U.S. Government Securities Business Day” means any day except for (a) a Saturday, (b) a Sunday or (c) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

“U.S. Person” means a “United States person” within the meaning of Section 7701(a)(30) of the Code.

“U.S. Tax Compliance Certificate” has the meaning assigned to such term in Section 3.7(f)(ii)(B)(3).

“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.

“Withdrawal Liability” means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

“WPS” means the Public Service Commission of Wisconsin or any Governmental Authority succeeding to the functions thereof.

“Write-Down and Conversion Powers” means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in

respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

Section 1.2. Classification of Loans and Borrowings. For purposes of this Agreement, (a) Loans may be classified and referred to by Type (e.g., a "Term Benchmark Loan") and (b) Borrowings may also be classified and referred to by Type (e.g., a "Term Benchmark Borrowing").

Section 1.3. Terms Generally. The definitions of 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 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, (b) any definition of or reference to any law shall be construed as referring to such law as from time to time amended and any successor thereto and the rules and regulations promulgated from time to time thereunder, (c) any reference herein to any Person shall be construed to include such Person's successors and assigns, (d) 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, (e) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, (f) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to all tangible and intangible assets and properties, including cash, securities, accounts and contract rights, and (g) any reference to a fiscal quarter or fiscal year means a fiscal quarter or fiscal year of the Borrower. Unless otherwise specified, each reference herein to a time of day shall mean such time in New York, New York.

Section 1.4. Accounting Terms: GAAP.

(a) Except as otherwise expressly provided herein, as used in the Loan Documents and in any certificate, opinion or other document made or delivered pursuant thereto, accounting terms not defined in Section 1.1, and accounting terms partly defined in Section 1.1, to the extent not defined, shall have the respective meanings given to them under GAAP. If at any time any change in GAAP (including any change to the International Financial Reporting Standards by the International Accounting Standards Board or other method of accounting) would affect the computation of any financial requirement set forth in this Agreement, the Administrative Agent, the Lenders and the Borrower shall negotiate in good faith to amend such requirement to reflect such change in GAAP (subject to the approval of the Required Lenders), provided that, until so amended, (i) such requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Borrower shall provide to the Credit Parties financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such requirement made before and after giving effect to such change in GAAP.

(b) Notwithstanding anything to the contrary contained in Section 1.4(a) or in the definition of "Capital Lease Obligations," in the event of an accounting change requiring all leases to be capitalized, only those leases (assuming for purposes hereof that such leases were in existence on the date hereof) that would constitute capital leases in conformity with GAAP on the date hereof shall be considered capital leases, and all calculations and deliverables under this Agreement or any other Loan Document shall be made or delivered, as applicable, in accordance therewith.

Section 1.5. Interest Rates: Benchmark Notification. The interest rate on a Loan denominated in dollars may be derived from an interest rate benchmark that may be discontinued or is, or may in the future become, the subject of regulatory reform. Upon the occurrence of a Benchmark Transition Event, Section 3.4(b) provides a mechanism for determining an alternative rate of interest. The Administrative Agent does not warrant or accept any responsibility for, and shall not have any

liability with respect to, the administration, submission, performance or any other matter related to any interest rate used in this Agreement, or with respect to any alternative or successor rate thereto, or replacement rate thereof, including without limitation, whether the composition or characteristics of any such alternative, successor or replacement reference rate will be similar to, or produce the same value or economic equivalence of, the existing interest rate being replaced or have the same volume or liquidity as did any existing interest rate prior to its discontinuance or unavailability. The Administrative Agent and its affiliates and/or other related entities may engage in transactions that affect the calculation of any interest rate used in this Agreement or any alternative, successor or alternative rate (including any Benchmark Replacement) and/or any relevant adjustments thereto, in each case, in a manner adverse to the Borrower. The Administrative Agent may select information sources or services in its reasonable discretion to ascertain any interest rate used in this Agreement, any component thereof, or rates referenced in the definition thereof, in each case pursuant to the terms of this Agreement, and shall have no liability to the Borrower, any Lender or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

Section 1.6. Rounding. Any financial ratios required to be maintained by the Borrower pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

Section 1.7. Amendment and Restatement. The Borrower and the Lenders acknowledge and agree that (a) effective at the time at which all conditions precedent set forth in Section 5.1 have been satisfied, this Agreement shall amend and restate in its entirety the Existing Credit Agreement and (b) there are no outstanding Loans under the Existing Credit Agreement.

Article 2.

THE CREDITS

Section 2.1. Commitments. Subject to the terms and conditions hereof, each Lender severally agrees to make Loans to the Borrower in dollars from time to time during the Availability Period in an aggregate principal amount that will not result in such Lender's Credit Exposure exceeding such Lender's Commitment. Within the foregoing limits, the Borrower may borrow, prepay and reborrow Loans.

Section 2.2. Loans and Borrowings.

(a) Each Loan shall be made as part of a Borrowing consisting of Loans made by the Lenders ratably in accordance with their respective Commitments. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder, provided that the Commitments of the Lenders are several, and no Lender shall be responsible for any other Lender's failure to make any Loan as required.

(b) Subject to Section 3.4, each Borrowing shall be comprised entirely of ABR Loans or Term Benchmark Loans, as applicable, in each case as the Borrower may request in accordance herewith. Each Lender at its option may make any Term Benchmark Loan (and any ABR Loan, the interest on which is determined pursuant to clause (c) of the definition of Alternate Base Rate) by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan, provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Term Benchmark Borrowing, such Borrowing shall be in an aggregate amount that is \$5,000,000 or a higher integral multiple of \$1,000,000. At the time that each ABR Borrowing is made, such Borrowing shall be in an aggregate amount that is \$5,000,000 or a higher integral multiple of \$1,000,000, provided that an ABR Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Commitments or in an aggregate amount that is required to finance the reimbursement of an LC Disbursement as contemplated by Section 2.9(e). Borrowings of more than one Type may be outstanding at the same time, provided that there shall not at any time be more than a total of ten Term Benchmark Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

Section 2.3. Requests for Borrowings.

(a) To request a Borrowing, the Borrower shall deliver a Credit Request to the Administrative Agent (x) in the case of a Term Benchmark Borrowing, not later than 12:30 p.m. three Business Days before the date of the proposed Borrowing or (y) in the case of an ABR Borrowing, not later than 12:30 p.m. on the date of the proposed Borrowing. Each such Credit Request shall be irrevocable (except as otherwise provided in Section 3.4) and shall specify the following information in compliance with Section 2.2:

- (i) the aggregate amount of the requested Borrowing;
- (ii) the date of such Borrowing, which shall be a Business Day;
- (iii) whether such Borrowing is to be an ABR Borrowing or a Term Benchmark Borrowing;
- (iv) in the case of a Term Benchmark Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period"; and
- (v) the location and number of the Borrower's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.4.

(b) If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Term Benchmark Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Credit Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

Section 2.4. Funding of Borrowings.

(a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 2:00 p.m. to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders. Subject to Section 5.2, the Administrative Agent will make such Loans available to the Borrower by promptly crediting or otherwise transferring the amounts so received, in like funds, to an account of the Borrower designated by the Borrower in the applicable Credit Request, provided that ABR Loans made to finance the reimbursement of an LC Disbursement as provided in Section 2.9(e) shall be remitted by the Administrative Agent to the applicable Issuing Bank.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing (or purchase of participations pursuant to Section 2.9(e)) that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing (or the amount of its participation), the Administrative Agent may assume that such Lender has made such share available on such date in accordance with Section 2.4(a) or Section 2.9(e) and may, in reliance upon such assumption, make available to the Borrower or the applicable Issuing Bank, as applicable, a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower (and, if applicable, the applicable Issuing Bank) severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower or such Issuing Bank, as applicable, to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender or an Issuing Bank, the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of the Borrower, the interest rate that would be otherwise applicable to such Borrowing (or such participating interest). Any payment by the Borrower or an Issuing Bank, however, shall be without prejudice to its rights against the applicable Lender. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing (or participation in the applicable LC Disbursement).

Section 2.5. Termination, Reduction and Increase of Commitments

(a) Unless previously terminated, the Commitments shall terminate on the Maturity Date.

(b) The Borrower may at any time terminate, or from time to time reduce, the Commitments, provided that (i) the Borrower shall not terminate or reduce the Commitments if, after giving effect to any concurrent prepayment or repayment of the Loans in accordance with Section 2.7, the sum of the Credit Exposures would exceed the total Commitments and (ii) each such reduction of the Commitments shall be in the amount of \$5,000,000 or a higher integral multiple of \$1,000,000.

(c) The Borrower shall notify the Administrative Agent of any election to terminate or reduce the Commitments under paragraph (b) of this Section at least three Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable, provided that a notice of termination of the Commitments delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Each reduction, and any termination, of the Commitments shall be permanent and each reduction of the Commitments shall be made ratably among the Lenders in accordance with their respective Commitments.

(d) The Borrower may at any time and from time to time prior to the Maturity Date, at its sole cost, expense and effort, request any one or more of the Lenders to increase its Commitment (the decision to increase the Commitment of a Lender to be within the sole and absolute discretion of such Lender), or any other Person reasonably satisfactory to the Administrative Agent and the Issuing Banks to provide a new Commitment, by submitting to the Administrative Agent and the Issuing Banks an Increase Supplement duly executed by the Borrower and each such Lender or other Person, as the case may be, together with such other documentation and deliveries as the Administrative Agent shall reasonably require (which may include copies of resolutions authorizing such increase and/or opinion of counsel). If such Increase Supplement is in all respects reasonably satisfactory to the Administrative Agent and the Issuing Banks, the Administrative Agent shall execute such Increase Supplement and the Administrative Agent shall deliver a copy thereof to the Borrower and each such Lender or other Person, as the case may be. Upon execution and delivery of such Increase Supplement by the Administrative Agent and the Issuing Banks, (i) in the case of each such Lender (an "Increasing Lender"), its Commitment shall be increased to the amount set forth in such

Increase Supplement, (ii) in the case of each such other Person (a "New Lender"), such New Lender shall become a party hereto and have the rights and obligations of a Lender under the Loan Documents and its Commitment shall be as set forth in such Increase Supplement; provided that:

(A) immediately after giving effect thereto, the sum of all increases (other than any increase in any Lender's Commitment in order to replace another Lender pursuant to Section 3.8(b)) in the aggregate Commitments made pursuant to this Section 2.5(d) shall not exceed the sum of (x) \$150,000,000 plus (y) the amount of the Commitment of each Lender that becomes a Defaulting Lender;

(B) each such increase of the aggregate Commitments shall be in an amount not less than \$10,000,000 or a higher integral multiple of \$5,000,000;

(C) if Loans would be outstanding immediately after giving effect to any such increase, then simultaneously with such increase (1) each such Increasing Lender, each New Lender and each other Lender shall be deemed to have entered into an Assignment and Assumption, pursuant to which each such other Lender shall have assigned to each such Increasing Lender and each such New Lender a portion of its Commitment, Loans and LC Exposure necessary to reflect proportionately the Commitments as adjusted in accordance with this paragraph (d), and (2) in connection with such assignment, each such Increasing Lender and each such New Lender shall pay to the Administrative Agent, for the account of each such other Lender, such amount as shall be necessary to reflect the assignment to it of Loans, and in connection with such master assignment each such other Lender may treat the assignment of Term Benchmark Borrowings as a prepayment of such Term Benchmark Borrowings for purposes of Section 3.6;

(D) each such other Person shall have delivered to the Administrative Agent and the Borrower all forms, if any, that are required to be delivered by such other Person pursuant to Section 3.7; and

(E) the Borrower shall have delivered to the Administrative Agent sufficient copies for each Lender of a certificate of a Financial Officer demonstrating pro forma compliance with the terms of this Agreement through the Maturity Date and the Administrative Agent shall have received such certificates and other items as it shall reasonably request in connection with such increase.

Section 2.6. Repayment of Loans; Evidence of Debt.

(a) The Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Loan on the Maturity Date.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the debt of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Type thereof and the Interest Period, if any, applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded

therein, provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that its Loans be evidenced by a Note. In such event, the Borrower shall prepare, execute and deliver to such Lender a Note payable to the order of such Lender. Thereafter, the Loans evidenced by such Note and interest thereon shall at all times (including after any assignment pursuant to Section 10.4) be represented by a Note payable to the order of the payee named therein or any Eligible Assignee pursuant to Section 10.4, except to the extent that any such Lender or Eligible Assignee subsequently returns any such Note for cancellation and requests that such Loans once again be evidenced as described in paragraphs (b) and (c) above.

Section 2.7. Prepayment of Loans.

(a) Voluntary Prepayments. The Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, subject to the requirements of this Section.

(b) Prepayments Resulting from the Reduction of the Total Commitments. In the event of any partial reduction or termination of the Commitments, (i) at or prior to the date of such reduction or termination, the Administrative Agent shall notify the Borrower and the Lenders of the sum of the Credit Exposures after giving effect thereto and (ii) if the sum of the Credit Exposures would exceed the total Commitments after giving effect to such reduction or termination, then the Borrower shall, on the date of such reduction or termination, prepay Borrowings in an amount sufficient to eliminate such excess.

(c) Notice of Prepayment; Application of Prepayments. The Borrower shall notify the Administrative Agent by telephone (confirmed by facsimile) of any prepayment hereunder, (i) in the case of a prepayment of a Term Benchmark Borrowing, not later than 11:30 a.m. three Business Days before the date of prepayment or (ii) in the case of prepayment of an ABR Borrowing, not later than 11:30 a.m. on the date of the prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid, provided that, if a notice of prepayment is given in connection with a conditional notice of termination of the Commitments as contemplated by Section 2.5, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.5. Promptly following receipt of any such notice relating to a Borrowing, the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Borrowing shall be in an integral multiple of \$1,000,000 and not less than \$5,000,000 (or, if the outstanding principal balance of the applicable Borrowing is less than such minimum amount, then such lesser outstanding principal balance); provided that if, as a result of any ABR Borrowing to reimburse an LC Disbursement pursuant to Section 2.9(e), the aggregate principal amount of all ABR Borrowings is not an integral multiple of \$1,000,000, then any prepayment of ABR Borrowings shall be in an amount that will cause the aggregate principal amount of all ABR Borrowings to be an integral multiple of \$1,000,000. Each prepayment of a Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by accrued interest to the extent required by Section 3.1 and, if applicable, shall be subject to the provisions of Section 3.6. Notwithstanding any provision of this Section 2.7(c) to the contrary, if any Lender becomes a Defaulting Lender, then the provisions of Section 2.11 shall apply for so long as such Lender is a Defaulting Lender.

Section 2.8. Extension of Maturity Date.

After October 17, 2023, the Borrower may, on one occasion during the term of this Agreement, request an extension of the Maturity Date for an additional one-year period by submitting a request for extension (an "Extension Request") to the Administrative Agent (which shall promptly advise each Lender) not more than 75 days or less than 30 days prior to the effective date of the proposed extension (the "Extension Effective Date"). In response to such request, each Lender shall,

not later than 20 days prior to the applicable Extension Effective Date, notify the Administrative Agent whether it is willing (in its sole and complete discretion) to extend the scheduled Maturity Date for an additional one-year period (and any Lender that fails to give such notice to the Administrative Agent shall be deemed to have elected not to extend the scheduled Maturity Date). The Administrative Agent will notify the Borrower of the Lenders' decisions no later than 15 days prior to such Extension Effective Date. If Lenders holding more than 50% of the Commitments elect to extend the scheduled Maturity Date, then on such Extension Effective Date the Commitments of such Lenders shall be extended for an additional one-year period; provided that (i) no Default exists on such Extension Effective Date and (ii) all representations and warranties are true and correct on such Extension Effective Date, as though made as of such Extension Effective Date (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date). No Lender shall be required to consent to any Extension Request and any Lender that elects, or is deemed to have elected, not to extend the scheduled Maturity Date (a "Declining Lender") will have its Commitment terminated on the then existing scheduled Maturity Date (without regard to any extension by other Lenders). The Borrower may, at its sole expense and effort, upon notice to any Declining Lender and the Administrative Agent, require any Declining Lender to assign and delegate its rights and obligations under this Agreement to an Eligible Assignee selected by the Borrower and willing to accept such assignment (in accordance with, and subject to, the restrictions and consents otherwise required for assignments generally).

Section 2.9. Letters of Credit.

(a) General. Subject to the terms and conditions set forth herein, the Borrower may request the issuance of Letters of Credit denominated in dollars as the applicant thereof for the support of its or its Subsidiaries' obligations, in a form acceptable to the Administrative Agent and the applicable Issuing Bank, at any time and from time to time during the period from the Effective Date to the tenth Business Day preceding the last day of the Availability Period; provided that (i) the aggregate amount of the Credit Exposure of all Lenders shall not exceed the total Commitments and (ii) the aggregate amount of all LC Exposure shall not at any time exceed \$100,000,000. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the Borrower to, or entered into by the Borrower with, an Issuing Bank relating to any Letter of Credit, the terms and conditions of this Agreement shall control. Notwithstanding the foregoing or anything in any Loan Document to the contrary, no more than 15 Letters of Credit may be issued and outstanding under this Agreement at any time

(b) Notice of Issuance; Amendment; Renewal; Extension; Certain Conditions. To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), the Borrower shall hand deliver or facsimile (or transmit by electronic communication, pursuant to arrangements for doing so approved by the applicable Issuing Bank) to the applicable Issuing Bank and the Administrative Agent (not later than three Business Days before the requested date of issuance, amendment, renewal or extension) a Credit Request requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment, renewal or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with paragraph (c) of this Section), the amount of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. If requested by an Issuing Bank, the Borrower also shall submit a letter of credit application on such Issuing Bank's standard form in connection with any request for a Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if (and, upon issuance, amendment, renewal or extension of each Letter of Credit, the Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension, (i) (x) the aggregate undrawn amount of all outstanding Letters of Credit issued by the Issuing Bank at such time plus (y) the

aggregate amount of all LC Disbursements made by the Issuing Bank that have not yet been reimbursed by or on behalf of the Borrower at such time shall not exceed its Letter of Credit Commitment, (ii) the LC Exposure shall not exceed the total Letter of Credit Commitments, (iii) the total Credit Exposures shall not exceed the total Commitments. The Borrower may, at any time and from time to time, reduce the Letter of Credit Commitment of any Issuing Bank with the consent of such Issuing Bank; provided that the Borrower shall not reduce the Letter of Credit Commitment of any Issuing Bank if, after giving effect of such reduction, the conditions set forth in clauses (i) and (ii) above shall not be satisfied.

(c) Expiration Date. Each Letter of Credit shall expire at or prior to the close of business on the earlier of (i) the date that is one year after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, one year after such renewal or extension), and (ii) the date that is ten Business Days prior to the Maturity Date, provided that any Letter of Credit may provide for the automatic renewal thereof for any period (unless the applicable Issuing Bank elects not to extend) so long as such period ends (x) at least ten Business Days prior to the Maturity Date or (y) if the Borrower shall have deposited cash collateral with the Administrative Agent to the extent required by Section 2.9(j) for such Letter of Credit, not later than the first anniversary of the Maturity Date.

(d) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the applicable Issuing Bank or the Lenders, such Issuing Bank hereby grants to each Lender and each Lender hereby acquires from such Issuing Bank, a participation in such Letter of Credit equal to such Lender's Applicable Percentage of the aggregate amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing, each such Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of such Issuing Bank, such Lender's Applicable Percentage of each LC Disbursement made by such Issuing Bank and not reimbursed by the Borrower on the date due as provided in paragraph (e) of this Section, or of any reimbursement payment required to be refunded to the Borrower for any reason. Each such Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) Reimbursement. If any Issuing Bank shall make an LC Disbursement in respect of a Letter of Credit, then such Issuing Bank shall promptly notify the Borrower of such LC Disbursement and the Borrower shall reimburse such LC Disbursement by paying to the Administrative Agent, for the account of such Issuing Bank, an amount equal to such LC Disbursement and any accrued interest thereon (collectively, the "Unreimbursed Amount") by not later than (i) if the Borrower shall have received notice of such LC Disbursement prior to 11:00 a.m. on such date, 2:00 p.m. on such date, or (ii) otherwise, 2:00 p.m. on the Business Day immediately following the day that the Borrower receives such notice. If the Borrower fails to reimburse an Issuing Bank in full for an LC Disbursement prior to the time required pursuant to the preceding sentence, then such Issuing Bank may (and the Borrower authorizes such Issuing Bank to) request, on behalf of the Borrower by notice to the Administrative Agent (which shall promptly advise each Lender), that the Lenders fund an ABR Borrowing in an amount equal to the Unreimbursed Amount, without regard to the minimum and integral multiple requirements in Section 2.2(c), and each Lender shall make its Loan as part of such ABR Borrowing (by wire transfer of immediately available funds to the account most recently designated by the Administrative Agent for such purpose by notice to the Lenders) not later than (x) if such Lender shall have received notice of such Borrowing from the Administrative Agent prior to 12:00 noon on such date, 2:00 p.m. on such date or (y) otherwise, 2:00 p.m. on the Business Day immediately following the day that such Lender receives such notice; provided that if the conditions precedent to a Borrowing specified in Section 5.2 are not satisfied, then the request by the Issuing Bank shall be deemed to be a request for the funding of the Lenders' participations in such Unreimbursed Amount and the amounts made available by the Lenders to the Administrative Agent as provided above shall constitute the Lenders' funding of their respective participations in such

Unreimbursed Amount. The Administrative Agent will make the proceeds of such Loans or participations, as applicable, available to the applicable Issuing Bank by promptly crediting or otherwise transferring the amounts so received, in like funds, to such Issuing Bank for the purpose of repaying in full the LC Disbursement and all accrued interest thereon. Any Lender that fails to make the proceeds of its Loan or its participation available to the Administrative Agent in accordance with the provisions of this Section 2.9(e) shall pay interest thereon, for the account of the applicable Issuing Bank, for each day from and including the date such amount is due to but excluding the date such amount is received by the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(f) Obligations Absolute. The Borrower's obligations to reimburse LC Disbursements as provided in paragraph (e) of this Section shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or any Loan Document, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent, insufficient or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) any payment by any Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, (iv) any amendment or waiver of or any consent to departure from all or any of the provisions of any Letter of Credit or any Loan Document, (v) the existence of any claim, set-off, defense or other right that the Borrower, any other party guaranteeing, or otherwise obligated with, such Borrower, any Subsidiary or other Affiliate thereof or any other Person may at any time have against the beneficiary under any Letter of Credit, any Credit Party or any other Person, whether in connection with this Agreement, any other Loan Document or any other related or unrelated agreement or transaction, or (vi) any other act or omission to act or delay of any kind of any Credit Party or any other Person or any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of set-off against, the Borrower's obligations hereunder. Neither any Credit Party nor any of their respective Related Parties shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of any Issuing Bank; provided that the foregoing shall not be construed to excuse an Issuing Bank from liability to the Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) suffered by the Borrower that are caused by any Issuing Bank's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of any Issuing Bank (as finally determined by a court of competent jurisdiction), such Issuing Bank shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, any Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(g) Disbursement Procedures. Each Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. Each Issuing Bank shall promptly notify the Administrative Agent and the Borrower by telephone (confirmed by telecopy or electronic mail) of such demand for payment and whether the Issuing Bank has made or will make an LC Disbursement thereunder; provided that any failure to give

or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse the applicable Issuing Bank and the Lenders with respect to any such LC Disbursement.

(h) Interim Interest. If any Issuing Bank shall make any LC Disbursement, then, unless the Borrower shall reimburse such LC Disbursement in full on the date such LC Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such LC Disbursement is made to but excluding the date that the Borrower reimburses such LC Disbursement, at the rate per annum then applicable to ABR Loans; provided that, if the Borrower fails to reimburse such LC Disbursement when due pursuant to paragraph (e) of this Section, then Section 3.1(b) shall apply. Interest accrued pursuant to this paragraph shall be for the account of the applicable Issuing Bank, except that interest accrued on and after the date of payment by any Lender pursuant to paragraph (e) of this Section to reimburse the applicable Issuing Bank shall be for the account of such Lender to the extent of such payment.

(i) Replacement and Resignation of an Issuing Bank (i) An Issuing Bank may be replaced at any time by written agreement among the Borrower, the Administrative Agent, the replaced Issuing Bank and the successor Issuing Bank. The Administrative Agent shall notify the Lenders of any such replacement of an Issuing Bank. At the time any such replacement shall become effective, the Borrower shall pay all unpaid fees accrued for the account of the replaced Issuing Bank pursuant to Section 3.3(b). From and after the effective date of any such replacement, (x) the successor Issuing Bank shall have all the rights and obligations of Issuing Banks under this Agreement with respect to Letters of Credit to be issued thereafter and (y) references herein to the term "Issuing Bank" shall be deemed to refer to such successor or to any previous Issuing Banks, or to such successor and all previous Issuing Banks, as the context shall require. After the replacement of an Issuing Bank hereunder, the replaced Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit.

(j) (ii) Subject to the appointment and acceptance of a successor Issuing Bank, any Issuing Bank may resign as an Issuing Bank at any time upon 30 days' prior written notice to the Administrative Agent, the Borrower and the Lenders, in which case, such resigning Issuing Bank shall be replaced in accordance with Section 2.9(i) above.

(k) Cash Collateral. In the event that (i) an Event of Default shall occur and be continuing or (ii) any Letter of Credit has an expiry date on or after the tenth Business Day prior to the Maturity Date (or any LC Disbursements remain unreimbursed on or after such date), the Borrower shall deposit with the Administrative Agent in immediately available funds on the Business Day on which it receives notice from the Administrative Agent or Required Lenders demanding the deposit of cash collateral in the case of clause (i), or no later than the tenth Business Day prior to the Maturity Date in the case of clause (ii), an amount equal to the Required Deposit Amount, which amount shall be held by the Administrative Agent for the benefit of the Lenders as cash collateral pursuant to a cash collateral agreement in form and substance satisfactory to the Administrative Agent and the applicable Issuing Banks to secure the Borrower's reimbursement obligations with respect to LC Disbursements; provided that the obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default described in paragraph (i) or (j) of Section 8.1. Such deposit shall be held by the Administrative Agent as collateral for the payment and performance of the obligations of the Borrower under this Agreement. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Such deposit shall not bear interest, nor shall the Administrative Agent be under any obligation whatsoever to invest the same, provided that, at the request of the Borrower, such deposit shall be invested by the Administrative Agent in direct short term obligations of, or short term obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, in each case maturing no later than the expiry date of the Letter of Credit giving rise to the relevant LC Exposure. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such

account shall be applied by the Administrative Agent to reimburse the applicable Issuing Bank for LC Disbursements for which it has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrower for the LC Exposure at such time or, if the maturity of the Loans has been accelerated (but subject to the consent of Required Lenders), be applied to satisfy other obligations of the Borrower under this Agreement. If the Borrower is required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to the Borrower within three Business Days after all Events of Default have been cured or waived. If the Borrower is required to provide cash collateral hereunder as a result of clause (ii) of the first sentence of this paragraph, the amount thereof (to the extent not applied as aforesaid) shall be returned to the Borrower when the LC Exposure is zero and all applicable Letters of Credit shall have been returned to the applicable Issuing Banks and shall have been cancelled.

(l) Notwithstanding any provision of this Section 2.9 to the contrary, if any Lender becomes a Defaulting Lender, then the provisions of Section 2.11 shall apply for so long as such Lender is a Defaulting Lender.

Section 2.10. Payments Generally; Pro Rata Treatment; Sharing of Set-offs

(a) The Borrower shall make each payment required to be made by it hereunder or under any other Loan Document (whether of principal of Loans, LC Disbursements, interest or fees, or of amounts payable under Sections 3.5, 3.6, 3.7 or 10.3, or otherwise) prior to 1:00 p.m. on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its office at 10 S. Dearborn, Chicago, Illinois, or such other office as to which the Administrative Agent may notify the other parties hereto, except that payments pursuant to Sections 3.3(b) (with respect to the fronting fee and other amounts payable to the Issuing Banks), 3.3(c), 3.5, 3.6, 3.7 and 10.3 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder shall be made in dollars.

(b) Each Borrowing, each payment or prepayment of principal of any Borrowing, each payment of interest on the Loans, each payment of fees, each reduction of the Commitments and each conversion of any Borrowing to or continuation of any Borrowing as a Borrowing of any Type shall be allocated pro rata among the Lenders in accordance with their respective applicable Commitments (or, if such Commitments shall have expired or been terminated, in accordance with the respective principal amounts of their outstanding Loans). Each Lender agrees that in computing such Lender's portion of any Borrowing to be made hereunder, the Administrative Agent may, in its discretion, round each Lender's percentage of such Borrowing to the next higher or lower whole dollar amount. If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal of Loans, unreimbursed LC Disbursements, interest, fees and commissions then due hereunder, such funds shall be applied (i) first, towards payment of interest, fees and commissions then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest, fees and commissions then due to such parties and (ii) second, towards payment of principal of Loans and unreimbursed LC Disbursements then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal of Loans and unreimbursed LC Disbursements then due to such parties.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of, or interest on, any of its Loans or participations in LC Disbursements resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans and participations in LC Disbursements and accrued interest

thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans and participations in LC Disbursements of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of, and accrued interest on, their respective Loans and participations in LC Disbursements, provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in LC Disbursements to any assignee or Participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the applicable Credit Parties hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to such Credit Parties the amount due. In such event, if the Borrower has not in fact made such payment, then each such Credit Party severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Credit Party with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(e) If any Credit Party shall fail to make any payment required to be made by it pursuant to Section 2.4(b) or 2.10(d), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), (i) apply any amounts thereafter received by the Administrative Agent for the account of such Credit Party to satisfy such Credit Party's obligations under such Sections until all such unsatisfied obligations are fully paid and (ii) hold any such amounts in a segregated account as cash collateral for, and application to, any future funding obligations of such Lender under such Sections; in the case of each of (i) and (ii) above, in any order as determined by the Administrative Agent in its discretion. Notwithstanding any provision of this Section 2.10 to the contrary, if any Lender becomes a Defaulting Lender, then the provisions of Section 2.11 shall apply for so long as such Lender is a Defaulting Lender.

Section 2.11. Defaulting Lenders. Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) Fees pursuant to Section 3.3(a) shall cease to accrue on the unfunded portion of the Commitment of such Defaulting Lender.

(b) If any LC Exposure exists at the time a Lender becomes a Defaulting Lender then:

(i) All or any part of such LC Exposure shall be reallocated among the non-Defaulting Lenders in accordance with their respective Applicable Percentages but only to the extent (x) the sum of all non-Defaulting Lenders' Credit Exposures plus such Defaulting Lender's LC Exposure does not exceed the total of all non-

Defaulting Lenders' Commitments and (y) the conditions set forth in Section 5.2 are satisfied at such time;

(ii) If the reallocation described in clause (i) above cannot, or can only partially, be effected, the Borrower shall within two Business Days following notice by the Administrative Agent cash collateralize such Defaulting Lender's LC Exposure (after giving effect to any partial reallocation pursuant to clause (i) above) in accordance with the procedures set forth in Section 2.9(i) for so long as such LC Exposure is outstanding;

(iii) If the Borrower cash collateralizes any portion of such Defaulting Lender's LC Exposure pursuant to this Section 2.11(b), the Borrower shall not be required to pay any fees to such Defaulting Lender pursuant to Section 3.3(b) with respect to such Defaulting Lender's LC Exposure during the period such Defaulting Lender's LC Exposure is cash collateralized;

(iv) If the LC Exposure of the non-Defaulting Lenders is reallocated pursuant to this Section 2.11(b), then the fees payable to the Lenders pursuant to Sections 3.3(a) and 3.3(b) shall be adjusted in accordance with such non-Defaulting Lenders' Applicable Percentages;

(v) If any Defaulting Lender's LC Exposure is neither cash collateralized nor reallocated pursuant to this Section 2.11(b), then, without prejudice to any rights or remedies of the Issuing Banks or any Lender hereunder, all letter of credit fees payable under Section 3.3(b) with respect to such Defaulting Lender's LC Exposure shall be payable to the applicable Issuing Banks until such LC Exposure is cash collateralized and/or reallocated; and

(vi) If and so long as any Lender is a Defaulting Lender, no Issuing Bank shall be required to issue, amend or increase any Letter of Credit, unless it is satisfied that the related exposure will be 100% covered by the Commitments of the non-Defaulting Lenders or cash collateral will be provided by the Borrower in accordance with this Section 2.11(b), and participating interests in any such newly issued or increased Letter of Credit shall be allocated among non-Defaulting Lenders in a manner consistent with Section 2.11(b)(i) (and Defaulting Lenders shall not participate therein).

(c) The Commitments and Credit Exposure of such Defaulting Lender shall not be included in determining whether all Lenders or the Required Lenders have voted or taken or may take any action hereunder (including any consent to any amendment, modification or waiver pursuant to Section 10.2); provided that (i) any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender which affects such Defaulting Lender differently than other affected Lenders shall require the consent of such Defaulting Lender and (ii) any amendment or modification that increases, or extends the maturity of, such Defaulting Lender's Commitment or reduces the principal amount of, or rate of interest on, any Loan made by such Defaulting Lender, shall require the consent of such Defaulting Lender.

(d) In the event that the Administrative Agent, the Borrower and each Issuing Bank agree that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the LC Exposure of the Lenders shall be readjusted to reflect the inclusion of such Lender's Commitments and on such date such Lender shall purchase at par such of the Loans of the other Lenders as the Administrative Agent shall determine may be necessary in order for such Lender to hold such Loans in accordance with its Applicable Percentage, and all cash collateral and accrued interest thereon held by the Administrative Agent or the applicable Issuing Banks shall be returned to the Borrower forthwith.

Article 3.

INTEREST, FEES, YIELD PROTECTION, ETC.

Section 3.1. Interest.

(a) The Loans comprising each ABR Borrowing shall bear interest at the Alternate Base Rate plus the Applicable Margin. The Loans comprising each Term Benchmark Borrowing shall bear interest at the Adjusted Term SOFR Rate for the Interest Period in effect for such Borrowing plus the Applicable Margin.

(b) Notwithstanding the foregoing, if any principal of or interest on any Loan, any reimbursement obligation in respect of any LC Disbursement or any fee or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided in the preceding paragraph of this Section or (ii) in the case of any other amount, 2% plus the rate applicable to ABR Borrowings as provided in the preceding paragraph of this Section.

(c) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan, provided that (i) interest accrued pursuant to paragraph (b) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment, and (iii) in the event of any conversion of any Term Benchmark Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(d) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate, Adjusted Daily Simple SOFR or Adjusted Term SOFR Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent clearly demonstrable error. The Administrative Agent shall, as soon as practicable, notify the Borrower and the Lenders of the effective date and the amount of each change in the Prime Rate or ABR, but any failure to so notify shall not in any manner affect the obligation of the Borrower to pay interest on the Loans in the amounts and on the dates required.

Section 3.2. Interest Elections Relating to Borrowings.

(a) Each Borrowing initially shall be of the Type specified in the applicable Credit Request and, in the case of a Term Benchmark Borrowing, shall have an initial Interest Period as specified in such Credit Request. Thereafter, the Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Term Benchmark Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing.

(b) To make an election pursuant to this Section, the Borrower shall deliver to the Administrative Agent a signed Interest Election Request in a form approved by the Administrative Agent by the time that a Credit Request would be required under Section 2.3 if the Borrower were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election.

(c) Each such Interest Election Request shall be irrevocable (except as otherwise provided in Section 3.4) and shall specify the following information:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) of this paragraph shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Term Benchmark Borrowing; and

(iv) if the resulting Borrowing is a Term Benchmark Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a Term Benchmark Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the Borrower fails to deliver a timely Interest Election Request prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period, such Borrowing shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Required Lenders, so notifies the Borrower, then, so long as an Event of Default is continuing, (i) no outstanding Borrowing may be converted to or continued as a Term Benchmark Borrowing and (ii) unless repaid, each Term Benchmark Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

Section 3.3. Fees.

(a) The Borrower agrees to pay to the Administrative Agent for the account of each Lender, a facility fee, which shall accrue at a rate per annum equal to the Applicable Margin on the daily amount of the Commitment of such Lender (regardless of usage) during the period from and including the date on which this Agreement becomes effective pursuant to Section 10.6 to but excluding the date on which such Commitment terminates; provided that, if such Lender continues to have any Credit Exposure after its Commitment terminates, then such facility fee shall continue to accrue on the daily amount of such Lender's Credit Exposure from and including the date on which such Lender's Commitment terminates to but excluding the date on which such Lender ceases to have any Credit Exposure. Accrued facility fees shall be payable in arrears on the last day of March, June, September and December of each year, each date on which the Commitments are permanently reduced and on the date on which the Commitments terminate, commencing on the first such date to occur after the Effective Date, provided that all unpaid facility fees shall be payable on the date on which the Commitments terminate and provided further that facility fees which accrue after the Commitments terminate shall be payable on demand. All facility fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b) The Borrower agrees to pay (i) to the Administrative Agent for the account of each Lender a participation fee with respect to its participations in Letters of Credit, which shall accrue at a rate per annum equal to the Applicable Margin on the average daily amount of such Lender's LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Effective Date to but excluding the later of the date on which such Lender's Commitment terminates and the date on which such Lender ceases to have any LC Exposure and (ii) to each Issuing Bank for its own account a fronting fee, which shall accrue at the rate or rates per annum separately agreed upon between the Borrower and each Issuing Bank on the average daily amount of the LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Effective Date to but excluding the later of the date of termination of the Commitments and the date on which there ceases to be any LC Exposure, as well as each Issuing Bank's standard fees with respect to the issuance, amendment, renewal or extension of any Letter of Credit or processing of drawings thereunder. Accrued participation fees and fronting fees shall be payable in arrears on the last day of March, June, September and December of each year, commencing on the first such date to occur after the Effective Date; provided that all such fees shall be payable on the date on which the Commitments terminate and any such fees accruing after the date on which the Commitments terminate shall be payable on demand. Any other fees payable to any Issuing Bank pursuant to this paragraph shall be payable within ten days after demand. All participation fees and fronting fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(c) The Borrower agrees to pay to each Credit Party, for its own account, fees and other amounts payable in the amounts and at the times separately agreed upon in writing between the Borrower and such Credit Party.

(d) All fees and other amounts payable hereunder shall be paid on the dates due, in immediately available funds. Fees and other amounts paid shall not be refundable under any circumstances other than clearly demonstrable error.

Section 3.4. Alternate Rate of Interest.

(a) Subject to clauses (b), (c), (d), (e) and (f) of this Section 3.4, if:

(i) the Administrative Agent determines (which determination shall be conclusive absent manifest error) prior to the commencement of any Interest Period for a Term Benchmark Borrowing, that adequate and reasonable means do not exist for ascertaining the Adjusted Term SOFR Rate or the Term SOFR Rate, as applicable (including, because the Term SOFR Reference Rate is not available or published on a current basis) for such Interest Period; or

(ii) the Administrative Agent is advised by the Required Lenders that prior to the commencement of any Interest Period for a Term Benchmark Borrowing, the Adjusted Term SOFR Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Loans (or Loan) included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Borrower and the Lenders by telephone, telecopy, electronic mail or other electronic system as promptly as practicable thereafter and, until (x) the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist with respect to the relevant Benchmark and (y) the Borrower delivers a new Interest Election Request in accordance with the terms of Section 3.2 or a new Credit Request in accordance with the terms of Section 2.3, (1) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Term Benchmark Borrowing and any Credit Request that requests a Term Benchmark Borrowing shall instead be deemed to be an

Interest Election Request or a Credit Request, as applicable, for an ABR Borrowing. Furthermore, if any Term Benchmark Loan is outstanding on the date of the Borrower's receipt of the notice from the Administrative Agent referred to in this Section 3.4(a) with respect to such Term Benchmark Loan, then until (x) the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist with respect to the relevant Benchmark and (y) the Borrower delivers a new Interest Election Request in accordance with the terms of Section 3.2 or a new Credit Request in accordance with the terms of Section 2.3, (1) any Term Benchmark Loan shall on the last day of the Interest Period applicable to such Loan (or the next succeeding Business Day if such day is not a Business Day), be converted by the Administrative Agent to, and shall constitute, an ABR Loan.

(b) Notwithstanding anything to the contrary herein or in any other Loan Document, if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any setting of the then-current Benchmark, then (x) if a Benchmark Replacement is determined in accordance with clause (1) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of such Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document and (y) if a Benchmark Replacement is determined in accordance with clause (2) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of any Benchmark setting at or after 5:00 p.m. on the fifth Business Day after the date notice of such Benchmark Replacement is provided to the Lenders without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document so long as the Administrative Agent has not received, by such time, written notice of objection to such Benchmark Replacement from Lenders comprising the Required Lenders.

(c) Notwithstanding anything to the contrary herein or in any other Loan Document, the Administrative Agent will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document.

(d) The Administrative Agent will promptly notify the Borrower and the Lenders of any occurrence of a Benchmark Transition Event, the implementation of any Benchmark Replacement, the effectiveness of any Benchmark Replacement Conforming Changes, the removal or reinstatement of any tenor of a Benchmark pursuant to clause (e) below and the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Administrative Agent or, if applicable, any Lender (or group of Lenders) pursuant to this Section 3.4, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement or any other Loan Document, except, in each case, as expressly required pursuant to this Section 3.4.

(e) Notwithstanding anything to the contrary herein or in any other Loan Document, at any time (including in connection with the implementation of a Benchmark Replacement), (i) if the then-current Benchmark is a term rate (including the Term SOFR Rate) and either any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion or the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is or will be no longer representative, then the Administrative Agent may modify the definition of "Interest Period" for any Benchmark settings at or after such time to remove such unavailable or non-representative

tenor and (ii) if a tenor that was removed pursuant to clause (i) above either is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or is not, or is no longer, subject to an announcement that it is or will no longer be representative for a Benchmark (including a Benchmark Replacement), then the Administrative Agent may modify the definition of "Interest Period" for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(f) Upon the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period, the Borrower may revoke any request for a Term Benchmark Borrowing of, conversion to or continuation of Term Benchmark Loans to be made, converted or continued during any Benchmark Unavailability Period and, failing that, the Borrower will be deemed to have converted any request for a Term Benchmark Borrowing into a request for a Borrowing of or conversion to an ABR Borrowing. During any Benchmark Unavailability Period or at any time that a tenor for the then-current Benchmark is not an Available Tenor, the component of ABR based upon the then-current Benchmark or such tenor for such Benchmark, as applicable, will not be used in any determination of ABR. Furthermore, if any Term Benchmark Loan is outstanding on the date of the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period, then until such time as a Benchmark Replacement is implemented pursuant to this Section 3.4, (1) any Term Benchmark Loan shall on the last day of the Interest Period applicable to such Loan (or the next succeeding Business Day if such day is not a Business Day), be converted by the Administrative Agent to, and shall constitute, an ABR Loan.

Section 3.5. Increased Costs; Illegality.

(a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, liquidity or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Credit Party (except any such reserve requirement reflected in the Adjusted Term SOFR Rate);

(ii) subject any Recipient to any Taxes with respect to this Agreement or on its Loans, loan principal, Letters of Credit, Commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto in respect thereof (other than (A) Indemnified Taxes and (B) Excluded Taxes); or

(iii) impose on any Credit Party or the applicable offshore interbank market any other condition affecting this Agreement, any Term Benchmark Loans made by such Credit Party or any participation therein or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Credit Party of making, continuing, converting or maintaining any Term Benchmark Loan or the cost to such Credit Party of issuing, participating in or maintaining any Letter of Credit hereunder or to increase the cost to such Credit Party or to reduce the amount of any sum received or receivable by such Credit Party hereunder (whether of principal, interest or otherwise), then the Borrower will pay to such Credit Party such additional amount or amounts as will compensate such Credit Party for such additional costs incurred or reduction suffered.

(b) If any Credit Party determines that any Change in Law regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Credit Party's capital or on the capital of such Credit Party's holding company, if any, as a consequence of this Agreement or the Loans made, the Letters of Credit issued or the participations therein held, by such Credit Party to a level below that which such Credit Party or such Credit Party's holding company could have achieved but for such Change in Law (taking into consideration such Credit

Party's policies and the policies of such Credit Party's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Credit Party such additional amount or amounts as will compensate such Credit Party or such Credit Party's holding company for any such reduction suffered.

(c) A certificate of a Credit Party setting forth the amount or amounts necessary to compensate such Credit Party or its holding company, as applicable, as specified in paragraph (a) or (b) of this Section shall be delivered to the Borrower and shall be conclusive and binding upon all parties hereto absent manifest error. The Borrower shall pay such Credit Party the amount shown as due on any such certificate within 10 Business Days after receipt thereof.

(d) Failure or delay on the part of any Credit Party to demand compensation pursuant to this Section shall not constitute a waiver of such Credit Party's right to demand such compensation; provided that the Borrower shall not be required to compensate a Credit Party pursuant to this Section for any increased costs or reductions incurred more than 180 days prior to the date that such Credit Party notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Credit Party's intention to claim compensation therefor; and provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 180 day period referred to above shall be extended to include the period of retroactive effect thereof but not to exceed a period of 365 days.

(e) Notwithstanding any other provision of this Agreement, if any Change in Law shall make it unlawful for any Lender to make or maintain any Term Benchmark Loan or to give effect to its obligations as contemplated hereby with respect to any Term Benchmark Loan, then, by written notice to the Borrower and to the Administrative Agent:

(i) such Lender may declare that Term Benchmark Loans will not thereafter (for the duration of such unlawfulness) be made by such Lender hereunder (or be continued for additional Interest Periods) and ABR Loans will not thereafter (for such duration) be converted into Term Benchmark Loans, whereupon any request for a Term Benchmark Borrowing or to convert an ABR Borrowing to a Term Benchmark Borrowing or to continue a Term Benchmark Borrowing, as applicable, for an additional Interest Period shall, as to such Lender only, be deemed a request for an ABR Loan (or a request to continue an ABR Loan as such for an additional Interest Period or to convert a Term Benchmark Loan into an ABR Loan, as applicable), unless such declaration shall be subsequently withdrawn; and

(ii) such Lender may require that all outstanding Term Benchmark Loans made by it be converted to ABR Loans, in which event all such Term Benchmark Loans shall be automatically converted to ABR Loans, as of the effective date of such notice as provided in the last sentence of this paragraph.

In the event any Lender shall exercise its rights under clause (i) or (ii) of this paragraph, all payments and prepayments of principal that would otherwise have been applied to repay the Term Benchmark Loans that would have been made by such Lender or the converted Term Benchmark Loans of such Lender shall instead be applied to repay the ABR Loans made by such Lender in lieu of, or resulting from the conversion of, such Term Benchmark Loans, as applicable. For purposes of this paragraph, a notice to the Borrower by any Lender shall be effective as to each Term Benchmark Loan made by such Lender, if lawful, on the last day of the Interest Period currently applicable to such Term Benchmark Loan; in all other cases such notice shall be effective on the date of receipt by the Borrower.

Section 3.6. Break Funding Payments. In the event of (a) the payment or prepayment (voluntary or otherwise) of any principal of any Term Benchmark Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion

of any Term Benchmark Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Term Benchmark Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.7(c) and is revoked in accordance therewith), or (d) the assignment of any Term Benchmark Loan other than on the last day of the Interest Period or maturity date applicable thereto as a result of a request by the Borrower pursuant to Section 3.8, then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 Business Days after receipt thereof.

Section 3.7. Withholding of Taxes: Gross-Up.

(a) Payments to be Free and Clear. Any and all payments by or on account of any obligation of the Borrower under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable withholding agent) requires the deduction or withholding of any Tax from any such payment by a withholding agent, then the applicable withholding agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) Payment of Other Taxes by the Borrower. The Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for, Other Taxes.

(c) Evidence of Payments. As soon as practicable after any payment of Taxes by the Borrower to a Governmental Authority pursuant to this Section, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(d) Indemnification by the Borrower. The Borrower shall indemnify each Recipient, within 10 Business Days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(e) Indemnification by the Lenders. Each Lender shall severally indemnify the Administrative Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that the Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Borrower to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 10.4(d) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the

Administrative Agent to setoff and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (e).

(f) Status of Lenders.

(i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 3.7(f)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing, in the event that the Borrower is a U.S. Person,

(A) any Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), an executed copy of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

1. in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, an executed copy of IRS Form W-8BEN-E or IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN-E or IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

2. in the case of a Foreign Lender claiming that its extension of credit will generate U.S. effectively connected income, an executed copy of IRS Form W-8ECI;

3. in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a

certificate substantially in the form of Exhibit F-1 to the effect that such Foreign Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of the Borrower within the meaning of Section 881(h)(3)(B) of the Code, or a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code (a “U.S. Tax Compliance Certificate”) and (y) an executed copy of IRS Form W-8BEN-E or IRS Form W-8BEN; or

4. to the extent a Foreign Lender is not the beneficial owner, an executed copy of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN-E, IRS Form W-8BEN, a U.S. Tax Compliance Certificate substantially in the form of Exhibit F-2 or Exhibit F-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit F-4 on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed copies of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender’s obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), “FATCA” shall include any amendments made to FATCA after the date of this Agreement.

(E) Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(g) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section (including by the payment of additional amounts pursuant to this Section), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such

indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (g) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (g), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (g) the payment of which would place the indemnified party in a less favorable net after-tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its tax returns (or any other information relating to its taxes that it deems confidential) to the indemnifying party or any other Person.

(h) Survival. Each party's obligations under this Section shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

(i) Defined Terms. For purposes of this Section, the term "Lender" includes any Issuing Bank and the term "applicable law" includes FATCA.

Section 3.8. Mitigation Obligations.

(a) Designation of a Different Lending Office. In the event that the Borrower becomes obligated to pay additional amounts to any Lender (or to any Governmental Authority for the account of any Lender) pursuant to Section 3.5, Section 3.6 or Section 3.7, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 3.5, Section 3.6 or Section 3.7, as the case may be, in the future, and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) Replacement of Lenders. In the event that (i) the Borrower becomes obligated to pay additional amounts to any Lender (or to any Governmental Authority for the account of any Lender) pursuant to Section 3.5, Section 3.6 or Section 3.7, (ii) any Lender becomes a Defaulting Lender, or (iii) any Lender has failed to consent to a proposed amendment, waiver, discharge or termination that under Section 10.2 requires the consent of all the Lenders and with respect to which the Required Lenders shall have granted their consent, then the Borrower may, at its sole cost and expense, within 60 days of the demand by such Lender for such additional amounts or the relevant default or action or inaction by such Lender, as the case may be, and subject to and in accordance with the provisions of Section 10.4 (with the Borrower obligated to pay any applicable processing and recordation fee), designate an Eligible Assignee (acceptable to the Administrative Agent and the Issuing Banks) to purchase and assume all of such Lender's interests, rights and obligations under the Loan Documents, without recourse to or warranty by or expense to, such Lender, for a purchase price equal to the outstanding principal amount of such Lender's Loans plus any accrued but unpaid interest thereon and accrued but unpaid facility fees and letter of credit fees in respect of such Lender's Commitment and any other amounts payable to such Lender hereunder, and to assume all the obligations of such Lender hereunder, and, upon such purchase, such Lender shall no longer be a party hereto or have any rights hereunder (except those that survive full repayment hereunder) and shall be relieved from all obligations to the Borrower hereunder, and the Eligible Assignee shall succeed to the rights and obligations of such Lender hereunder. No replacement of a Defaulting Lender pursuant to this Section 3.8 shall be deemed to be a waiver of any right that the Borrower, the Administrative Agent, the Issuing Banks or any other Lender may have against such Defaulting Lender. Upon request, the Borrower shall execute and deliver to such Eligible Assignee a Note. Notwithstanding anything herein to the contrary, in the event that a Lender is replaced pursuant to this Section 3.8 as a

result of the Borrower becoming obligated to pay additional amounts to such Lender (or to any Governmental Authority for the account of any Lender) pursuant to Section 3.5, Section 3.6 or Section 3.7, such Lender shall be entitled to receive such additional amounts as if it had not been so replaced, except as otherwise provided in Section 2.11 if such Lender becomes a Defaulting Lender.

Section 3.9. EEA Financial Institutions. The Borrower is not an EEA Financial Institution.

Section 3.10. Plan Assets; Prohibited Transactions. None of the Borrower or any of its Subsidiaries is an entity deemed to hold "plan assets" (within the meaning of the Plan Asset Regulations), and neither the execution, delivery nor performance of the transactions contemplated under this Agreement, including the making of any Loan and the issuance of any Letter of Credit hereunder, will give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code.

Article 4.

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Credit Parties that:

Section 4.1. Organization; Powers. Each of the Borrower and each Subsidiary is duly organized or formed, validly existing and in good standing under the laws of the jurisdiction of its organization or formation, has all requisite corporate power and authority to carry on its business as now conducted and, except where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

Section 4.2. Authorization; Enforceability. The Transactions are within the corporate powers of the Borrower and have been duly authorized by all necessary corporate and, if required, equity holder action. Each Loan Document has been duly executed and delivered by the Borrower and constitutes a legal, valid and binding obligation thereof, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and general principles of equity.

Section 4.3. Governmental Approvals; No Conflicts.

(a) The execution, delivery and performance by the Borrower of the Loan Documents and the borrowing of the Loans and the issuance of the Letters of Credit do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except for (i) information filings to be made in the ordinary course of business, which filings are not a condition to the Borrower's performance under the Loan Documents and (ii) such as have been obtained or made and are in full force and effect and not subject to any appeals period.

(b) The Transactions will not (i) violate the charter, by-laws or other organizational documents of the Borrower, (ii) violate any applicable law or regulation or any order of any Governmental Authority, (iii) violate or result in a default under any material indenture, agreement or other instrument binding upon the Borrower or its assets, or give rise to a right thereunder to require any payment to be made by the Borrower, and (iv) result in or require the creation or imposition of any Lien on any asset of the Borrower.

Section 4.4. Financial Condition; No Material Adverse Change.

(a) The Borrower has previously delivered to the Credit Parties copies of (i) its Form 10-K for the fiscal year ended December 31, 2017, containing the audited consolidated balance sheet of the Borrower and its Subsidiaries and the related audited consolidated statements of

operations, comprehensive income, changes in stockholders' equity and cash flows for the fiscal year ending December 31, 2017 (including with the applicable related notes and schedules, the "Borrower Financial Statements"), and (ii) the unaudited consolidated balance sheet of the Borrower and its Subsidiaries and the related unaudited consolidated statements of income, equity and cash flows for the fiscal quarter ended September 30, 2018. All such financial statements have been prepared in accordance with GAAP and fairly present in all material respects the consolidated financial condition and results of the operations of the Borrower and its Subsidiaries as of the dates and for the periods indicated therein (subject, in the case of unaudited financial statements, to the absence of footnotes and to normal, year end audit adjustments).

(b) Since December 31, 2017, there has been no Material Adverse Change.

Section 4.5. Litigation. There are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of the Borrower, threatened in writing against or affecting the Borrower or any Subsidiary that (a) if adversely determined (and provided that there exists a reasonable possibility of such adverse determination), would reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect, except for any Disclosed Matters, and except that the commencement by the Borrower, any Subsidiary or any Governmental Authority of a rate proceeding, fuel adjustment clause audit or earnings review before such Governmental Authority shall not constitute such a pending or threatened action, suit or proceeding unless and until such Governmental Authority has made a final determination thereunder that would reasonably be expected to have a Material Adverse Effect, or (b) involve any Loan Document or the Transactions.

Section 4.6. Environmental Matters. Except for the Disclosed Matters, the Borrower and its Subsidiaries (a) are in compliance with Environmental Law, (b) have received all permits, licenses or other approvals required of them under applicable Environmental Law to conduct their respective businesses and (c) 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.

Section 4.7. Investment Company Status. Neither the Borrower nor any Subsidiary is an "investment company" or a company "controlled" by an "investment company" as defined in, or is otherwise subject to regulation under, the Investment Company Act of 1940.

Section 4.8. ERISA. Each of the Borrower and each of its ERISA Affiliates is in compliance in all material respects with the applicable provisions of ERISA and the Code and the regulations and published interpretations thereunder except for any such failure that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, would reasonably be expected to result in a Material Adverse Effect.

Section 4.9. Disclosure.

(a) None of the reports, financial statements, certificates or other information furnished by or on behalf of the Borrower or any Subsidiary to any Credit Party in connection with the negotiation of, or delivered under any Loan Document when taken as a whole (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not materially misleading, provided that, to the extent any such reports, financial statements, certificates or other information was based upon or constitutes a forecast or a projection (including statements concerning future financial performance, ongoing business strategies or prospects or possible future actions, and other forward-looking statements), the Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

(b) As of the Effective Date, to the best knowledge of the Borrower, the information included in the Beneficial Ownership Certification provided on or prior to the Effective Date to any Lender in connection with this Agreement is true and correct in all respects.

Section 4.10. Subsidiaries. As of the Second Amendment Effective Date, the Borrower has only the Subsidiaries set forth on Schedule 4.10. Schedule 4.10 sets forth with respect to each Subsidiary, the identity of each Person that owns Equity Interests in such Subsidiary and the percentage of the issued and outstanding Equity Interests owned by each such Person. The shares of each Subsidiary (excluding any Immaterial Subsidiary) are duly authorized, validly issued, fully paid and non assessable and are owned free and clear of any Liens, other than Liens permitted pursuant to Section 7.1.

Section 4.11. Use of Proceeds; Federal Reserve Regulations.

(a) The proceeds of the Loans and the Letters of Credit will be used for general corporate purposes not inconsistent with the terms hereof, including liquidity support for the Borrower's commercial paper program.

(b) Neither the Borrower nor any Subsidiary is engaged principally, or as one of their important activities, in the business of extending credit for the purpose of buying or carrying Margin Stock. Immediately before and after giving effect to the making of each Loan and the issuance of each Letter of Credit, Margin Stock will constitute less than 25% of the Borrower's assets as determined in accordance with Regulation U.

(c) No part of the proceeds of any Loan or any Letter of Credit will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, (i) to purchase, acquire or carry any Margin Stock (other than any purchase of Equity Interests in the Borrower so long as such Equity Interests are retired immediately upon the purchase thereof) or for any purpose that entails a violation of, or that is inconsistent with, the provisions of the regulations of the Board, including Regulation T, U or X or (ii) to fund a personal loan to or for the benefit of a director or executive officer of the Borrower or any Subsidiary.

Section 4.12. Anti-Money Laundering and Anti-Terrorism Finance Laws. The Borrower has implemented and maintains in effect policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws. To the extent applicable, Borrower is in compliance, in all material respects, with Anti-Corruption Laws, anti-money laundering laws and anti-terrorism finance laws including the Bank Secrecy Act and the PATRIOT Act (the "Anti-Terrorism Laws").

Section 4.13. Foreign Corrupt Practices Act. No part of the proceeds of the Loans or Letters of Credit shall be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977.

Section 4.14. Sanctions Laws. Neither the Borrower nor, to the knowledge of the Borrower, any Affiliate or broker or other agent of the Borrower acting or benefiting in any capacity in connection with the Loans or Letters of Credit, is any of the following (a "Restricted Person"): (i) a Person that is listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001; (ii) a Person that is named as a "specially designated national and blocked person" on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control ("OFAC") at its official website or any replacement website or other replacement official publication of such list or similarly named by any similar foreign governmental authority; (iii) an agency of the government of a country, an organization controlled by a country, or a Person resident in a country that is subject to a sanctions program identified on the lists maintained by OFAC; or (iv) a Person that derives more than 10% of its assets or operating income

from investments in or transactions with any such country, agency, organization or person. Further, none of the proceeds from the Loans or Letters of Credit shall be used to finance any operations, investments or activities in, or make any payments to, any such country, agency, organization or Person subject to OFAC sanctions.

Article 5.

CONDITIONS

Section 5.1. Effectiveness. The obligations of the Lenders to make Loans and of the Issuing Banks to issue Letters of Credit hereunder are subject to the satisfaction (or waiver in accordance with Section 10.2) of the following conditions precedent:

(a) Credit Agreement. The Administrative Agent (or its counsel) shall have received from each party hereto either (i) a counterpart of this Agreement signed on behalf of such party or (ii) written evidence satisfactory to the Administrative Agent (which may include facsimile transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement.

(b) Notes. The Administrative Agent shall have received any Note requested by a Lender pursuant to Section 2.6(e) payable to the order of such requesting Lender.

(c) Legal Opinions. The Administrative Agent shall have received favorable written opinions (addressed to the Credit Parties and dated on or prior to the Effective Date) from Bethany M. Owen, Senior Vice President, Chief Legal and Administrative Officer and Secretary of the Borrower, and Cohen Tauber Spievack & Wagner P.C., special counsel to the Borrower, covering such matters relating to the Borrower, the Loan Documents and the Transactions as the Required Lenders may reasonably request. The Borrower hereby requests such counsel to deliver such opinion.

(d) Organizational Documents, etc. The Administrative Agent shall have received such documents and certificates as the Administrative Agent or its counsel may reasonably request relating to (i) the organization, existence and good standing of the Borrower (including (x) a certificate of incorporation of the Borrower, certified as of a recent date by the Secretary of State of the jurisdiction of its incorporation, and (y) certificates of good standing (or comparable certificates) for the Borrower, certified as of a recent date prior to the Effective Date, by the Secretaries of State (or comparable official) of the jurisdiction of its incorporation and each other jurisdiction in which it is qualified to do business, (ii) the authorization of the Transactions, (iii) the incumbency of its officer or officers who may sign the Loan Documents, including therein a signature specimen of such officer or officers, and (iv) any other legal matters relating to the Borrower, the Loan Documents or the Transactions, all in form and substance reasonably satisfactory to the Administrative Agent and its counsel.

(e) Fees etc. The Administrative Agent shall have received all fees and other amounts due and payable on or prior to the Effective Date, including, to the extent invoiced, reimbursement or payment of all reasonable out-of-pocket expenses required to be reimbursed or paid by the Borrower hereunder.

(f) Officer's Certificate. The Administrative Agent shall have received a certificate, in form and substance satisfactory to the Administrative Agent, dated on or prior to the Effective Date and signed by the chief executive officer or the chief financial officer of the Borrower (or other Financial Officer acceptable to the Administrative Agent), confirming that (i) the representations and warranties of the Borrower set forth in this Agreement are true and correct and (ii) no Default exists.

(g) No Material Adverse Change. The Administrative Agent shall have received a certificate of a Financial Officer, in form and substance satisfactory to the Administrative Agent,

dated the Effective Date, to the effect that since December 31, 2017, no Material Adverse Change has occurred, except as has been previously disclosed by the Borrower in documents filed with the SEC prior to the Effective Date.

(h) KYC. (i) The Administrative Agent shall have received, at least five days prior to the Effective Date, all documentation and other information regarding the Borrower requested in connection with applicable “know your customer” and anti-money laundering rules and regulations, including the PATRIOT Act, to the extent requested in writing of the Borrower at least 10 days prior to the Effective Date and (ii) to the extent the Borrower qualifies as a “legal entity customer” under the Beneficial Ownership Regulation, at least five days prior to the Effective Date, any Lender that has requested, in a written notice to the Borrower at least 10 days prior to the Effective Date, a Beneficial Ownership Certification in relation to the Borrower shall have received such Beneficial Ownership Certification (provided that, upon the execution and delivery by such Lender of its signature page to this Agreement, the condition set forth in this clause (ii) shall be deemed to be satisfied).

(i) Approvals. All governmental and third party approvals necessary or, in the discretion of the Administrative Agent, advisable in connection with the financing and the continuing operations of the Borrower and its subsidiaries shall have been obtained and be in full force.

(j) Miscellaneous. Such other documents as any Lender or its counsel may have reasonably requested.

The Administrative Agent shall notify the Borrower and the Credit Parties when the conditions set forth above have been satisfied or waived, and such notice shall be conclusive and binding.

Section 5.2. Each Credit Event. The obligation of each Lender to make a Loan on the occasion of any Borrowing, and of the Issuing Banks to issue, increase, amend, renew or extend a Letter of Credit, is subject to the satisfaction of the following conditions:

(a) The representations and warranties of the Borrower set forth in the Loan Documents (other than the representations and warranties in Section 4.4(b), Section 4.5 and Section 4.6 of this Agreement) shall be true and correct on and as of the date of such Borrowing or the date of such issuance, increase, amendment, renewal or extension, as applicable, except to the extent such representations and warranties specifically relate to an earlier date, in which case such representations and warranties shall have been true and correct on and as of such earlier date.

(b) At the time of and immediately after giving effect to such Borrowing or such issuance, increase, amendment, renewal or extension, as applicable, no Default shall have occurred and be continuing.

(c) The Administrative Agent shall have received a Credit Request and such other documentation and assurances as shall be reasonably required by it in connection herewith.

(d) Such Loan or Letter of Credit shall not be prohibited by any applicable law, rule or regulation.

Each Borrowing and each issuance, increase, amendment, renewal or extension of a Letter of Credit shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in paragraphs (a) and (b) of this Section.

Article 6.

AFFIRMATIVE COVENANTS

Until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees and other amounts payable under the Loan Documents shall have been paid in full and all Letters of Credit have expired or terminated and all LC Disbursements have been reimbursed, the Borrower covenants and agrees with the Credit Parties that:

Section 6.1. Financial Statements and Other Information. The Borrower will furnish to the Administrative Agent and each Lender:

(a) As soon as available, but in any event within 120 days after the end of each fiscal year, a copy of the Borrower's audited consolidated balance sheet and related consolidated statements of income, stockholder's equity and cash flows as of the end of and for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by the Accountants (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial conditions and results of operations of the Borrower and the Subsidiaries on a consolidated basis in accordance with GAAP consistently applied during such fiscal year;

(b) As soon as available, but in any event within 60 days after the end of each of the first three fiscal quarters of each fiscal year, a copy of the Borrower's unaudited consolidated balance sheet and related consolidated statements of income, stockholder's equity and cash flows as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous fiscal year, all certified by a duly authorized Financial Officer as presenting fairly in all material respects the financial conditions and results of operations of the Borrower and the Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year end audit adjustments and the absence of footnotes;

(c) Within 60 days after the end of each of the first three fiscal quarters and within 120 days after the end of the last fiscal quarter, a Compliance Certificate, signed by a Financial Officer (or such other officer as shall be acceptable to the Administrative Agent) as to the Borrower's compliance, as of such fiscal quarter ending date, with Section 7.5, and as to the absence of any Default as of such fiscal quarter ending date and the date of such certificate (or if a Default existed or exists, the nature thereof); and

(d) promptly following any request therefor, (i) such other information regarding the operations, business affairs and financial condition of the Borrower or any Subsidiary, or compliance with the terms of the Loan Documents, as any Credit Party may reasonably request and (ii) information and documentation reasonably requested by the Administrative Agent or any Lender for purposes of compliance with applicable "know your customer" and anti-money laundering rules and regulations, including the PATRIOT Act and the Beneficial Ownership Regulation.

Section 6.2. Notices of Material Events. The Borrower will furnish the following to the Administrative Agent and each Lender:

(a) prompt written notice of the occurrence of any Default, specifying the nature thereof and any action taken or proposed to be taken with respect thereto;

(b) promptly upon the written request of the Administrative Agent, reports that the Borrower or any of its Subsidiaries sends to or files with the Federal Energy Regulatory Commission, the WPS, the MPUC or any Governmental Authority succeeding to the functions thereof, or any similar state or local Governmental Authority;

(c) prompt written notice of (i) any material citation, summons, subpoena, order, notice, claim or proceeding received by, or brought against, the Borrower or any of its Subsidiaries, with respect to (x) any proceeding before any Governmental Authority (other than proceedings in the ordinary course of business before the WPS or the MPUC), or (y) any real property under any Environmental Law, and (ii) any lapse or other termination of, or refusal to renew or extend, any material franchise or other authorization issued to the Borrower or any of its Subsidiaries by any Governmental Authority (other than in the ordinary course of business), provided that any of the foregoing set forth in this paragraph would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(d) prompt written notice of any change by any Rating Agency in a Senior Debt Rating; and

(e) any change in the information provided in the Beneficial Ownership Certification delivered to such Lender that would result in a change to the list of beneficial owners identified in such certification.

Each notice delivered under Section 6.2(a) or (c) shall be accompanied by a statement of a Financial Officer or other executive officer of the Borrower setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

Documents required to be delivered pursuant to Section 6.1(a) or (b) or Section 6.2(b) or (c) (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (a) on which the Borrower posts such documents, or provides a link thereto, on the Borrower's website on the Internet at the website address listed in Section 10.1; or (b) on which such documents are posted on the Borrower's behalf on an Internet or intranet website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent), provided that: (i) the Borrower shall deliver paper copies of such documents to the Administrative Agent or any Lender that requests the Borrower to deliver such paper copies until a written request to cease delivering paper copies is given by the Administrative Agent or such Lender and (ii) the Borrower shall notify the Administrative Agent and each Lender (by facsimile or electronic mail) of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions (i.e., soft copies) of such documents. Except for such Compliance Certificates, the Administrative Agent shall have no obligation to request the delivery or to maintain copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Borrower with any such request for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

Section 6.3. Legal Existence. Except as permitted under Section 7.2, the Borrower shall maintain its legal existence in good standing in the jurisdiction of its organization or formation and in each other jurisdiction in which the failure so to do would reasonably be expected to have a Material Adverse Effect, and cause each of the Subsidiaries to maintain its qualification to do business and good standing in each jurisdiction in which the failure so to do would reasonably be expected to have a Material Adverse Effect (it being understood that the foregoing shall not prohibit the Borrower from dissolving or terminating the existence of any Subsidiary that is inactive or whose preservation otherwise is no longer desirable in the conduct of the business of the Borrower and its Subsidiaries considered as a whole).

Section 6.4. Taxes. The Borrower shall pay and discharge when due, and cause each of the Subsidiaries so to do, all Taxes imposed upon it or upon its property, which if unpaid would, individually or collectively, reasonably be expected to have a Material Adverse Effect or become a Lien on the property of the Borrower or such Subsidiary (other than a Lien described in clause (a) of

the definition of Permitted Encumbrances), as the case may be, unless and to the extent only that such Taxes shall be contested in good faith and by appropriate proceedings diligently conducted by the Borrower or such Subsidiary, as the case may be.

Section 6.5. Insurance. The Borrower shall maintain, and cause each of its Subsidiaries to maintain, with financially sound and reputable insurance companies insurance on all its property in at least such amounts and against at least such risks as are usually insured against in the same general area by companies engaged in the same or a similar business, provided that the Borrower and its Subsidiaries may self-insure to the same extent as other companies engaged in similar businesses and owning similar properties in the same general areas in which the Borrower or such Subsidiary operates and to the extent consistent with prudent business practice. The Borrower shall furnish to the Administrative Agent, upon written request of the Administrative Agent or any Lender, full information as to the insurance carried.

Section 6.6. Condition of Property. The Borrower shall at all times maintain, protect and keep in good repair, working order and condition in all material respects (ordinary wear and tear excepted), and cause each of its Subsidiaries so to do, all material property necessary to the operation of the Borrower's or such Subsidiary's, as the case may be, material businesses, provided that nothing shall prevent the Borrower or its Subsidiaries, as appropriate, from discontinuing the maintenance or operation of any property if such discontinuance is, in the judgment of the Borrower or such Subsidiary, desirable in the conduct of the business of the Borrower or such Subsidiary. It is understood that this covenant relates only to working order and condition of such property in accordance with prudent industry practices and shall not be construed as a covenant not to dispose of property.

Section 6.7. Observance of Legal Requirements. The Borrower shall observe and comply in all material respects, and cause each of its Subsidiaries so to do, with all laws, regulations and orders of any Governmental Authority which now or at any time hereafter may be applicable to it, including ERISA and all Environmental Laws, a violation of which would individually or collectively reasonably be expected to have a Material Adverse Effect, except such thereof as shall be contested in good faith and, if applicable, by appropriate proceedings diligently conducted by it.

Section 6.8. Inspection of Property; Books and Records; Discussions. The Borrower shall keep proper books of record and account in conformity with GAAP and all requirements of law. The Borrower shall permit representatives of the Administrative Agent and any Lender to visit its offices, to inspect any of its property (subject to reasonable procedures relating to safety and security) and examine and make copies or abstracts from any of its books and records at any reasonable time and as often as may reasonably be desired, and to discuss the business, operations, prospects, property and financial condition of the Borrower and its Subsidiaries with the officers thereof and the Accountants; provided that none of the Administrative Agent, its agents, its representatives or the Lenders shall be entitled to examine or make copies or abstracts of, or otherwise obtain information with respect to, the Borrower's records relating to pending or threatened litigation if any such disclosure by the Borrower would reasonably be expected (i) to give rise to a waiver of any attorney/client privilege of the Borrower or any of its Subsidiaries relating to such information or (ii) to be otherwise materially disadvantageous to the Borrower or any of its Subsidiaries in the defense of such litigation; and provided further that in the case of any discussion with the Accountants, the Borrower shall have been given the opportunity to participate in such discussion and, unless a Default exists, the Lender or Lenders requesting such discussion shall pay any fees and expenses of the Accountant in connection therewith.

Article 7.

NEGATIVE COVENANTS

Until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees and other amounts payable under the Loan Documents shall have been paid in

full and all Letters of Credit have expired and all LC Disbursements have been reimbursed, the Borrower covenants and agrees with the Credit Parties that:

Section 7.1. Liens. The Borrower shall not, and shall not permit any Subsidiary to, create, incur, assume or suffer to exist any Lien upon any of its property, whether now owned or hereafter acquired by it, except:

(a) Liens now existing or hereafter arising in favor of the Administrative Agent or the Lenders under the Loan Documents;

(b) Permitted Encumbrances;

(c) any Lien existing on any property prior to the acquisition thereof by the Borrower or any Subsidiary, or existing on any property of any Person that becomes a Subsidiary after the Effective Date prior to the time such Person becomes a Subsidiary or that is merged with or into or consolidated with the Borrower or any Subsidiary prior to such merger or consolidation, provided that (i) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Subsidiary or such merger or consolidation, as the case may be, (ii) such Lien shall not apply to any other property of the Borrower or any Subsidiary and (iii) such Lien shall secure only those obligations and liabilities that it secures on the date of such acquisition or the date such Person becomes a Subsidiary of the Borrower or such merger or consolidation, as the case may be;

(d) Liens (including precautionary Liens in connection with Capital Lease Obligations) on fixed or capital assets and other property (including any natural gas, oil or other mineral assets, pollution control facilities, electrical generating plants, equipment and machinery, and related accounts, financial assets, contracts and general intangibles) acquired, constructed, explored, drilled, developed, improved, repaired or serviced (including in connection with the financing of working capital and ongoing maintenance) by the Borrower or any Subsidiary, provided that (i) such security interests and the obligations and liabilities secured thereby are incurred prior to or within 270 days after the acquisition of the relevant asset or the completion of the relevant construction, exploration, drilling, development, improvement, repair or servicing (including the relevant financing of working capital and ongoing maintenance), as the case may be, (ii) the obligations and liabilities secured thereby do not exceed the cost of acquiring, constructing, exploring, drilling, developing, improving, repairing or servicing (including the financing of working capital and ongoing maintenance in respect of) the relevant assets, and (iii) such security interests shall not apply to any other property beyond the relevant property set forth in this paragraph (d) (and in the case of construction or improvement, any theretofore unimproved real property on which the property so constructed or the improvement is located) and paragraph (f), as applicable, of the Borrower or any Subsidiary;

(e) Liens created under or in connection with the Mortgage and the SWLP Mortgage;

(f) Liens on any Equity Interest owned or otherwise held by or on behalf of the Borrower or any Subsidiary in any Person created as a special purpose, bankruptcy-remote Person for the sole and exclusive purpose of engaging in activities in connection with the owning and operating of property in connection with any project financing permitted to be secured under paragraph (d);

(g) Liens created to secure Indebtedness of any Subsidiary to the Borrower or to any other Subsidiary;

(h) 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 product developed, produced, manufactured, generated, purchased or otherwise acquired by the Borrower or by others on property of the Borrower or any of its Subsidiaries, provided that no Lien described in this paragraph shall secure Indebtedness;

(i) Liens created for the sole purpose of extending, renewing or replacing in whole or in part Indebtedness secured by any lien, mortgage or security interest referred to in the foregoing paragraphs (a) through (h), provided that the principal amount of Indebtedness secured thereby shall not exceed the principal amount of Indebtedness so secured at the time of such extension, renewal or replacement and that such extension, renewal or replacement, as the case may be, shall be limited to all or a part of the property or indebtedness that secured the lien or mortgage so extended, renewed or replaced (and any improvements on such property);

(j) Liens on cash or invested funds used to make a defeasance, covenant defeasance or in substance defeasance of any Indebtedness pursuant to an express contractual provision in the agreement governing such Indebtedness, provided that immediately before and immediately after giving effect to the making of such defeasance, no Default shall exist;

(k) Liens on all CoBank Equities now owned or hereafter acquired by the Borrower; and

(l) any Lien, in addition to those described in the foregoing paragraphs (a) through (k), securing obligations that, together with all other obligations secured pursuant to this paragraph (l), do not exceed 10% of Consolidated Assets at the time of the incurrence thereof.

Section 7.2. Merger; Consolidation. The Borrower shall not, and shall not permit any Subsidiary (excluding any Immaterial Subsidiary) to undergo a Division (as defined in Section 18-217 of the Delaware Limited Liability Company Act) or consolidate with or merge into any other Person (other than a merger of a Subsidiary into, or a consolidation of a Subsidiary with, the Borrower or another Subsidiary), unless:

(i) (a) immediately before and after giving effect thereto no Default shall exist;

(ii) (b) immediately before and after giving effect thereto, all of the representations and warranties contained in the Loan Documents shall be true and correct except as the context thereof otherwise requires and except for those representations and warranties which by their terms or by necessary implication are expressly limited to a state of facts existing at a time prior to such merger, consolidation or acquisition, as the case may be, or such other matters relating thereto as are identified in a writing to the Administrative Agent and the Lenders and are satisfactory to the Administrative Agent and the Lenders; and

(iii) (c) in the case of a transaction involving the Borrower, either (i) the Borrower shall be the surviving entity thereof, or in the event the Borrower shall not be the surviving entity thereof, each of the following conditions shall be satisfied: (A) such surviving entity shall have been incorporated or otherwise formed in a State of the United States with substantially all of its assets and business located and conducted in the United States, (B) such surviving entity shall, immediately after giving effect to such transaction, have an Investment Grade Rating and (C) such surviving entity shall have expressly assumed the obligations of the Borrower under the Loan Documents pursuant to a writing in form and substance satisfactory to the Administrative Agent; and (ii) the Administrative Agent and the Lenders shall have received a certificate signed by a duly authorized officer of the Borrower identifying the Person to be merged with or into, or consolidated with, or acquired by, the Borrower, and certifying as to each of the matters set forth in clauses (a), (b) and (c)(i) of this Section 7.2.

For purposes of this Agreement, "Investment Grade Rating" means a Senior Debt Rating from at least two Rating Agencies equal to (1) 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 (2) 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.

Section 7.3. Transactions with Affiliates. The Borrower shall not, and shall not permit any of its Subsidiaries to, sell, transfer, lease or otherwise dispose of (including pursuant to a merger) any property or assets to, or purchase, lease or otherwise acquire (including pursuant to a merger) any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except at prices and on terms and conditions not less materially favorable to the Borrower or such Subsidiary, as the case may be, than could be obtained on an arms length basis from unrelated third parties, provided that this Section shall not apply to (i) any transaction that is in compliance with applicable laws and regulations of the Federal Energy Regulatory Commission, the WPS or the MPUC 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 7.2, (iii) transactions pursuant to any contract in effect on the date hereof, as the same may be amended, extended or replaced from time to time so long as such contract as so amended, extended or replaced is, taken as a whole, not materially less favorable to the Borrower and its Subsidiaries than under those contracts in effect on the date hereof, (iv) any transaction consisting of payments of dividends and distributions on, and repurchases of, the Equity Interests of the Borrower and its Subsidiaries and (v) transactions solely among the Borrower and its Subsidiaries.

Section 7.4. Permitted Hedge Agreements. The Borrower shall not enter into any Hedge Agreements other than (a) Permitted Hedge Agreements and (b) transactions in futures, floors, collars and similar Hedge Agreements involving the stock price of a Person involved in a merger transaction permitted by Section 7.2.

Section 7.5. Financial Covenant. The Borrower will not permit Total Indebtedness to be greater than 65% of Total Capitalization as of the end of any fiscal quarter.

Section 7.6. Anti-Money Laundering and Anti-Terrorism Finance Laws; Foreign Corrupt Practices Act; Sanctions Laws; Restricted Person. The Borrower shall not, and shall not permit any Subsidiary to, (i) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any prohibition set forth in any Anti-Terrorism Law, (ii) cause or permit any of the funds that are used to repay any obligation under the Loan Documents to be derived from any unlawful activity with the result that the making of the Loans or the issuance of the Letters of Credit would be in violation of any applicable law, (iii) use any part of the proceeds of the Loans or the Letters of Credit, in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws; (iv) use any of the proceeds from the Loans or the Letters of Credit to finance any operations, investments or activities in, or make any payments to, any Restricted Person or in any manner that would result in the violation of any applicable sanctions.

Article 8.

EVENTS OF DEFAULT

If any of the following events (each an "Event of Default") shall occur:

(a) the Borrower shall fail to pay any principal of any Loan or any reimbursement obligation in respect of any LC Disbursement when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(b) the Borrower shall fail to pay any interest on any Loan or on any reimbursement obligation in respect of any LC Disbursement or any fee, commission or any other amount (other than an amount referred to in paragraph (a) of this Article) payable under any Loan Document, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of five Business Days;

(c) any representation or warranty made or deemed made by or on behalf of the Borrower or any Subsidiary in or in connection with any Loan Document or any amendment or modification hereof or waiver thereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with any Loan Document or any amendment or modification hereof or waiver thereunder, shall prove to have been incorrect in any material respect when made or deemed made;

(d) the Borrower shall fail to observe or perform any covenant, condition or agreement contained in Section 6.3 (with respect to the Borrower's existence), 7.2, 7.4 or 7.5 (subject to the cure rights contained in Section 8.2); *provided*, that a breach of Section 7.5 shall not constitute an Event of Default until, if the Borrower has the right to receive the Specified Equity Contribution, the date occurs that is ten (10) Business Days after the day the Compliance Certificate is required to be delivered in respect of the applicable fiscal quarter pursuant to Section 6.1(c);

(e) the Borrower shall fail to observe or perform any covenant, condition or agreement contained in Section 7.1 or Section 7.3 and such failure shall continue unremedied for a period of ten days after the Borrower shall have obtained knowledge thereof.

(f) the Borrower shall fail to observe or perform any covenant, condition or agreement contained in any Loan Document to which it is a party (other than those specified in paragraph (a), (b), (d) or (e) of this Article), and such failure shall continue unremedied for a period of 30 days after the Borrower shall have obtained knowledge thereof;

(g) the Borrower or any Subsidiary shall fail to make any payment (whether of principal or interest and regardless of amount) in respect to any Material Obligations, when and as the same shall become due and payable and after the expiration of any applicable grace period;

(h) any event or condition occurs that results in any Material Obligations becoming due prior to their scheduled maturity or payment date, or that enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of any Material Obligations or any trustee or agent on its or their behalf to cause any Material Obligations to become due prior to their scheduled maturity or payment date or to require the prepayment, repurchase, redemption or defeasance thereof prior to their scheduled maturity or payment date (in each case after giving effect to any applicable cure period), provided that this paragraph (h) shall not apply to (i) Indebtedness that becomes due as a result of a notice of voluntary prepayment or redemption delivered by the Borrower or a Subsidiary, (ii) secured Indebtedness that becomes due solely as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness, (iii) intercompany indebtedness or (iv) the exercise of any contractual right to cause the prepayment of any Material Obligations (other than the exercise of a remedy for an event of default under the applicable contract or agreement);

(i) except for Immaterial Transactions and transactions expressly permitted by Section 6.3 with respect to Subsidiaries, the Borrower or any Subsidiary shall (i) suspend or discontinue its business, (ii) make an assignment for the benefit of creditors, (iii) generally not pay its debts as such debts become due, (iv) admit in writing its inability to pay its debts as they become due, (v) file a voluntary petition in bankruptcy, (vi) become insolvent (however such insolvency shall be evidenced), (vii) file any petition or answer seeking for itself any reorganization, arrangement, composition, readjustment of debt, liquidation or dissolution or similar relief under any present or future statute, law or regulation of any jurisdiction, (viii) petition or apply to any tribunal for any receiver, custodian or any trustee for any substantial part of its property, (ix) be the subject of any such proceeding filed against it which remains undismissed for a period of 45 days, (x) file any answer

admitting or not contesting the material allegations of any such petition filed against it or any order, judgment or decree approving such petition in any such proceeding, (xi) seek, approve, consent to, or acquiesce in any such proceeding, or in the appointment of any trustee, receiver, sequestrator, custodian, liquidator, or fiscal agent for it, or any substantial part of its property, or an order is entered appointing any such trustee, receiver, custodian, liquidator or fiscal agent and such order remains in effect for 45 days, or (xii) take any formal action for the purpose of effecting any of the foregoing or looking to the liquidation or dissolution of the Borrower or any Subsidiary;

(j) except to the extent arising solely out of an Immaterial Transaction, an order for relief is entered under the United States bankruptcy laws or any other decree or order is entered by a court having jurisdiction (i) adjudging the Borrower or any Subsidiary bankrupt or insolvent, (ii) approving as properly filed a petition seeking reorganization, liquidation, arrangement, adjustment or composition of or in respect of Borrower or any Subsidiary under the United States bankruptcy laws or any other applicable Federal or state law, (iii) appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Borrower or any Subsidiary of any substantial part of the property thereof, or (iv) ordering the winding up or liquidation (other than, in the case of a Subsidiary, voluntary liquidation, not under any bankruptcy, insolvency or similar law) of the affairs of the Borrower or any Subsidiary, and any such decree or order continues unstayed and in effect for a period of 45 days;

(k) one or more judgments or decrees against the Borrower or any of its Subsidiaries or any combination thereof aggregating in excess of \$35,000,000, which judgment or decree (i) shall not be fully covered by insurance after taking into account any applicable deductibles and (ii) shall remain unpaid, unstayed on appeal, undischarged, unbonded or undismissed for a period of at least 30 consecutive days;

(l) any Loan Document shall cease, for any reason, to be in full force and effect or the Borrower shall so assert in writing or shall disavow any of its obligations thereunder;

(m) an ERISA Event shall have occurred that, in the opinion of the Required Lenders, when taken together with all other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect;

(n) any authorization or approval or other action by any Governmental Authority required for the execution, delivery or performance of any Loan Document shall be terminated, revoked or rescinded or shall otherwise no longer be in full force and effect;

(o) a Change in Control shall occur; or

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

then, and in every such event (other than an event described in paragraph (i) or (j) of this Article), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Borrower, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrower accrued under the Loan Documents, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower; and in case of any event described in paragraph (i) or (j) of this Article, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued

interest thereon and all fees and other obligations of the Borrower accrued under the Loan Documents, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

Section 8.1. Equity Cure. Notwithstanding anything to the contrary in Section 8.1, any cash equity contribution (which equity shall be common Equity Interests or other Equity Interests on terms and conditions reasonably acceptable to the Administrative Agent) made to, and actually received by, the Borrower after the first day of a fiscal quarter and on or prior to the day that is ten (10) Business Days after the day on which financial statements are required to be delivered for such fiscal quarter used to repay Total Indebtedness will, at the request of the Borrower, be included in the calculation of Total Indebtedness, for purposes of determining compliance with Section 7.5 at the end of such fiscal quarter and applicable subsequent periods (any such equity contribution so included in the calculation of the financial covenant set forth in Section 7.5, a "Specified Equity Contribution"). The net cash proceeds of any Specified Equity Contribution shall be no more than the amount required to cause the Borrower to be in pro forma compliance with Section 7.5 for the applicable fiscal quarter. If, after giving effect to the foregoing recalculations, the Borrower shall then be in compliance with the requirements of Section 7.5, the Borrower shall be deemed to have satisfied the requirements of Section 7.5 as of the relevant date of determination with the same effect as though there had been no failure to comply therewith at such date, and the applicable breach or default of Section 7.5 that had occurred (and any other Default arising solely as a result thereof) shall be deemed cured for the purposes of this Agreement; provided that (a) no more than two Specified Equity Contributions may be made consecutively during the term of this Agreement, (b) no more than two Specified Equity Contributions may be made in any period of four consecutive fiscal quarters, (c) no more than five Specified Equity Contributions may be made during the term of this Agreement and (d) the foregoing may not be relied on for purposes of calculating any other financial ratios. There shall be no pro forma reduction in Indebtedness (including by way of "netting") with the proceeds of any Specified Equity Contribution for determining compliance with Section 7.5 for the fiscal quarter in respect of which the cure right is being exercised. Following delivery to the Administrative Agent of any written notice from the Borrower indicating an intent to make a Specified Equity Contribution with respect to any fiscal quarter, until the Specified Equity Contribution is made for such fiscal quarter, no Loans shall be required to be made under this Agreement and no Letters of Credit shall be required to be issued, amended or extended.

Article 9.

THE ADMINISTRATIVE AGENT

Section 9.1. Authorization and Action.

(a) Each Credit Party hereby irrevocably appoints the Administrative Agent as its agent and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof, together with such actions and powers as are reasonably incidental thereto.

(b) The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and such Person and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrower or any Subsidiary or other Affiliate thereof as if it were not the Administrative Agent hereunder.

(c) As to any matters not expressly provided for herein and in the other Loan Documents (including enforcement or collection), the Administrative Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the written instructions of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, pursuant to the terms in the Loan Documents), and, unless and until revoked in writing, such instructions shall

be binding upon each Lender and each Issuing Bank; provided, however, that the Administrative Agent shall not be required to take any action that (i) the Administrative Agent in good faith believes exposes it to liability unless the Administrative Agent receives an indemnification and is exculpated in a manner satisfactory to it from the Lenders and the Issuing Banks with respect to such action or (ii) is contrary to this Agreement or any other Loan Document or applicable law, including any action that may be in violation of the automatic stay under any requirement of law relating to bankruptcy, insolvency or reorganization or relief of debtors or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any requirement of law relating to bankruptcy, insolvency or reorganization or relief of debtors; provided, further, that the Administrative Agent may seek clarification or direction from the Required Lenders prior to the exercise of any such instructed action and may refrain from acting until such clarification or direction has been provided. Except as expressly set forth in the Loan Documents, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower, any Subsidiary or any Affiliate of any of the foregoing that is communicated to or obtained by the Person serving as Administrative Agent or any of its Affiliates in any capacity. Nothing in this Agreement shall require the Administrative Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) In performing its functions and duties hereunder and under the other Loan Documents, the Administrative Agent is acting solely on behalf of the Lenders and the Issuing Banks (except in limited circumstances expressly provided for herein relating to the maintenance of the Register), and its duties are entirely mechanical and administrative in nature. Without limiting the generality of the foregoing:

(i) the Administrative Agent does not assume and shall not be deemed to have assumed any obligation or duty or any other relationship as the agent, fiduciary or trustee of or for any Lender or Issuing Bank other than as expressly set forth herein and in the other Loan Documents, regardless of whether a Default or an Event of Default has occurred and is continuing (and it is understood and agreed that the use of the term "agent" (or any similar term) herein or in any other Loan Document with reference to the Administrative Agent is not intended to connote any fiduciary duty or other implied (or express) obligations arising under agency doctrine of any applicable law, and that such term is used as a matter of market custom and is intended to create or reflect only an administrative relationship between contracting parties); additionally, each Lender agrees that it will not assert any claim against the Administrative Agent based on an alleged breach of fiduciary duty by the Administrative Agent in connection with this Agreement and/or the transactions contemplated hereby; and

(ii) nothing in this Agreement or any Loan Document shall require the Administrative Agent to account to any Lender for any sum or the profit element of any sum received by the Administrative Agent for its own account;

(e) The Administrative Agent may perform any of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any of their respective duties and exercise their respective rights and powers through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities pursuant to this Agreement. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agent except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-agent.

(f) The Sole Lead Arranger and Sole Bookrunner shall have no obligations or duties whatsoever in such capacity under this Agreement or any other Loan Document and shall incur no liability hereunder or thereunder in such capacity, but shall have the benefit of the indemnities provided for hereunder.

(g) In case of the pendency of any proceeding with respect to the Borrower under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, the Administrative Agent (irrespective of whether the principal of any Loan or any reimbursement obligation in respect of any LC Disbursement shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered (but not obligated) by intervention in such proceeding or otherwise:

(i) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, LC Disbursements and all other obligations under the Loan Documents that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, the Issuing Banks and the Administrative Agent (including any claim under Sections 3.1, 3.3, 3.5, 3.7 and 10.3) allowed in such judicial proceeding; and

(ii) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

(iii) and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such proceeding is hereby authorized by each Lender and each Issuing Bank to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders and the Issuing Banks, to pay to the Administrative Agent any amount due to it, in its capacity as the Administrative Agent, under the Loan Documents (including under Section 10.3). Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender or Issuing Bank any plan of reorganization, arrangement, adjustment or composition affecting the obligations or the rights of any Lender or Issuing Bank or to authorize the Administrative Agent to vote in respect of the claim of any Lender or Issuing Bank in any such proceeding.

(h) The provisions of this Article are solely for the benefit of the Administrative Agent, the Lenders and the Issuing Banks, and, except solely to the extent of the Borrower's rights to consent pursuant to and subject to the conditions set forth in this Article, none of the Borrower or any Subsidiary, or any of their respective Affiliates, shall have any rights as a third party beneficiary under any such provisions.

Section 9.2. Administrative Agent's Reliance, Indemnification, Etc.

(a) Neither the Administrative Agent nor any of its Related Parties shall be (i) liable for any action taken or omitted to be taken by such party under or in connection with this Agreement or the other Loan Documents (x) with the consent of or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith to be necessary, under the circumstances as provided in the Loan Documents) or (y) in the absence of its own gross negligence or willful misconduct (such absence to be presumed unless otherwise determined by a court of competent jurisdiction by a final and non-appealable judgment) or (ii) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made the Borrower or any officer thereof contained in this Agreement or any other Loan Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or any other Loan Document or for the value, validity, effectiveness, genuineness,

enforceability or sufficiency of this Agreement or any other Loan Document or for any failure of the Borrower to perform its obligations hereunder or thereunder.

(b) The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof (stating that it is a "notice of default") is given to the Administrative Agent by the Borrower, a Lender or an Issuing Bank, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document delivered thereunder or in connection therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Loan Document or the occurrence of any Default, (iv) the sufficiency, validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article 5 or elsewhere in any Loan Document, other than to confirm receipt of items (which on their face purport to be such items) expressly required to be delivered to the Administrative Agent or satisfaction of any condition that expressly refers to the matters described therein being acceptable or satisfactory to the Administrative Agent.

(c) Without limiting the foregoing, the Administrative Agent (i) may treat the payee of any Note as its holder until such Note has been assigned in accordance with Section 10.4, (ii) may rely on the Register to the extent set forth in Section 10.4(c), (iii) may consult with legal counsel (including counsel to the Borrower), independent public accountants and other experts selected by it, and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts, (iv) makes no warranty or representation to any Lender or Issuing Bank and shall not be responsible to any Lender or Issuing Bank for any statements, warranties or representations made by or on behalf of the Borrower in connection with this Agreement or any other Loan Document, (v) in determining compliance with any condition hereunder to the making of a Loan, or the issuance of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or an Issuing Bank, may presume that such condition is satisfactory to such Lender or Issuing Bank unless the Administrative Agent shall have received notice to the contrary from such Lender or Issuing Bank sufficiently in advance of the making of such Loan or the issuance of such Letter of Credit and (vi) shall be entitled to rely on, and shall incur no liability under or in respect of this Agreement or any other Loan Document by acting upon, any notice, consent, certificate or other instrument or writing (which writing may be a fax, any electronic message, Internet or intranet website posting or other distribution) or any statement made to it orally or by telephone and believed by it to be genuine and signed or sent or otherwise authenticated by the proper party or parties (whether or not such Person in fact meets the requirements set forth in the Loan Documents for being the maker thereof).

Section 9.3. Posting of Communications; Limitation of Liability.

(a) The Borrower agrees that the Administrative Agent may, but shall not be obligated to, make any Communications available to the Lenders and the Issuing Banks by posting the Communications on IntraLinks™, DebtDomain, SyndTrak, ClearPar or any other electronic platform chosen by the Administrative Agent to be its electronic transmission system (the "Approved Electronic Platform").

(b) Although the Approved Electronic Platform and its primary web portal are secured with generally-applicable security procedures and policies implemented or modified by the Administrative Agent from time to time (including, as of the Effective Date, a user ID/password authorization system) and the Approved Electronic Platform is secured through a per-deal authorization method whereby each user may access the Approved Electronic Platform only on a deal-by-deal basis, each of the Lenders, each of the Issuing Banks and the Borrower acknowledges and agrees that the distribution of material through an electronic medium is not necessarily secure, that the Administrative Agent is not responsible for approving or vetting the representatives or contacts of any Lender that are added to the Approved Electronic Platform, and that there may be confidentiality and other risks associated with such distribution. Each of the Lenders, each of the Issuing Banks and the

Borrower hereby approves distribution of the Communications through the Approved Electronic Platform and understands and assumes the risks of such distribution.

(c) THE APPROVED ELECTRONIC PLATFORM AND THE COMMUNICATIONS ARE PROVIDED "AS IS" AND "AS AVAILABLE". THE APPLICABLE PARTIES DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE COMMUNICATIONS, OR THE ADEQUACY OF THE APPROVED ELECTRONIC PLATFORM AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS OR OMISSIONS IN THE APPROVED ELECTRONIC PLATFORM AND THE COMMUNICATIONS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY THE APPLICABLE PARTIES IN CONNECTION WITH THE COMMUNICATIONS OR THE APPROVED ELECTRONIC PLATFORM.

(d) IN NO EVENT SHALL THE ADMINISTRATIVE AGENT, THE SOLE LEAD ARRANGER AND SOLE BOOKRUNNER OR ANY OF THEIR RESPECTIVE RELATED PARTIES (COLLECTIVELY, "APPLICABLE PARTIES") HAVE ANY LIABILITY TO ANY LENDER, ANY ISSUING BANK OR ANY OTHER PERSON OR ENTITY FOR DAMAGES OF ANY KIND, INCLUDING DIRECT OR INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, LOSSES OR EXPENSES (WHETHER IN TORT, CONTRACT OR OTHERWISE) ARISING OUT OF THE BORROWER'S OR THE ADMINISTRATIVE AGENT'S TRANSMISSION OF COMMUNICATIONS THROUGH THE INTERNET OR THE APPROVED ELECTRONIC PLATFORM.

(e) NO CREDIT PARTY NOR ANY OF THEIR RESPECTIVE RELATED PARTIES SHALL BE LIABLE TO THE BORROWER FOR ANY USE BY OTHERS OF INFORMATION OR OTHER MATERIALS (INCLUDING, WITHOUT LIMITATION, ANY PERSONAL DATA) OBTAINED THROUGH TELECOMMUNICATIONS, ELECTRONIC OR OTHER INFORMATION TRANSMISSION SYSTEMS (INCLUDING THE ELECTRONIC PLATFORM) EXCEPT TO THE EXTENT SUCH LIABILITIES ARE FOUND IN A FINAL JUDGMENT BY A COURT OF COMPETENT JURISDICTION TO HAVE ARISEN FROM SUCH PARTY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

(f) "Communications" means, collectively, any notice, demand, communication, information, document or other material provided by or on behalf of the Borrower pursuant to any Loan Document or the transactions contemplated therein which is distributed by the Administrative Agent, any Lender or any Issuing Bank by means of electronic communications pursuant to this Section, including through an Approved Electronic Platform.

(g) Each Lender and each Issuing Bank agrees that notice to it (as provided in the next sentence) specifying that Communications have been posted to the Approved Electronic Platform shall constitute effective delivery of the Communications to such Lender for purposes of the Loan Documents. Each Lender and Issuing Bank agrees (i) to notify the Administrative Agent in writing (which could be in the form of electronic communication) from time to time of such Lender's or Issuing Bank's (as applicable) email address to which the foregoing notice may be sent by electronic transmission and (ii) that the foregoing notice may be sent to such email address.

(h) Each of the Lenders, each of the Issuing Banks and the Borrower agrees that the Administrative Agent may, but (except as may be required by applicable law) shall not be obligated to, store the Communications on the Approved Electronic Platform in accordance with the Administrative Agent's generally applicable document retention procedures and policies.

(i) Nothing herein shall prejudice the right of the Administrative Agent, any Lender or any Issuing Bank to give any notice or other communication pursuant to any Loan Document in any other manner specified in such Loan Document.

Section 9.4. The Administrative Agent Individually. With respect to its Commitment, Loans, Letter of Credit Commitments and Letters of Credit, the Person serving as the Administrative Agent shall have and may exercise the same rights and powers hereunder and is subject to the same obligations and liabilities as and to the extent set forth herein for any other Lender or Issuing Bank, as the case may be. The terms "Issuing Banks", "Lenders", "Required Lenders" and any similar terms shall, unless the context clearly otherwise indicates, include the Administrative Agent in its individual capacity as a Lender, Issuing Bank or as one of the Required Lenders, as applicable. The Person serving as the Administrative Agent and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of banking, trust or other business with, the Borrower, any Subsidiary or any Affiliate of any of the foregoing as if such Person was not acting as the Administrative Agent and without any duty to account therefor to the Lenders or the Issuing Banks.

Section 9.5. Successor Administrative Agent.

(a) The Administrative Agent may resign at any time by giving 30 days' prior written notice thereof to the Lenders, the Issuing Banks and the Borrower, whether or not a successor Administrative Agent has been appointed. Upon any such resignation, the Required Lenders shall have the right to appoint a successor Administrative Agent. If no successor Administrative Agent shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within 30 days after the retiring Administrative Agent's giving of notice of resignation, then the retiring Administrative Agent may, on behalf of the Lenders and the Issuing Banks, appoint a successor Administrative Agent, which shall be a bank with an office in New York, New York or an Affiliate of any such bank. In either case, such appointment shall be subject to the prior written approval of the Borrower (which approval may not be unreasonably withheld and shall not be required while an Event of Default has occurred and is continuing). Upon the acceptance of any appointment as Administrative Agent by a successor Administrative Agent, such successor Administrative Agent shall succeed to, and become vested with, all the rights, powers, privileges and duties of the retiring Administrative Agent. Upon the acceptance of appointment as Administrative Agent by a successor Administrative Agent, the retiring Administrative Agent shall be discharged from its duties and obligations under this Agreement and the other Loan Documents. Prior to any retiring Administrative Agent's resignation hereunder as Administrative Agent, the retiring Administrative Agent shall take such action as may be reasonably necessary to assign to the successor Administrative Agent its rights as Administrative Agent under the Loan Documents.

(b) Notwithstanding paragraph (a) of this Section, in the event no successor Administrative Agent shall have been so appointed and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its intent to resign, the retiring Administrative Agent may give notice of the effectiveness of its resignation to the Lenders, the Issuing Banks and the Borrower, whereupon, on the date of effectiveness of such resignation stated in such notice, (i) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents; and (ii) the Required Lenders shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent; provided that (A) all payments required to be made hereunder or under any other Loan Document to the Administrative Agent for the account of any Person other than the Administrative Agent shall be made directly to such Person and (B) all notices and other communications required or contemplated to be given or made to the Administrative Agent shall directly be given or made to each Lender and each Issuing Bank. Following the effectiveness of the Administrative Agent's resignation from its capacity as such, the provisions of this Article and Section 10.3, as well as any exculpatory, reimbursement and indemnification provisions set forth in any other Loan Document, shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent was acting as Administrative Agent.

Section 9.6. Acknowledgements of Lenders and Issuing Banks.

(a) Each Lender represents that it is engaged in making, acquiring or holding commercial loans in the ordinary course of its business and that it has, independently and without reliance upon the Administrative Agent, the Sole Lead Arranger and Sole Bookrunner or any other Lender, or any of the Related Parties of any of the foregoing, and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement as a Lender, and to make, acquire or hold Loans hereunder. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent, the Sole Lead Arranger and Sole Bookrunner or any other Lender, or any of the Related Parties of any of the foregoing, and based on such documents and information (which may contain material, non-public information within the meaning of the United States securities laws concerning the Borrower and its Affiliates) as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

(b) Each Lender, by delivering its signature page to this Agreement on the Effective Date, or delivering its signature page to an Assignment and Assumption or any other Loan Document pursuant to which it shall become a Lender hereunder, shall be deemed to have acknowledged receipt of, and consented to and approved, each Loan Document and each other document required to be delivered to, or be approved by or satisfactory to, the Administrative Agent or the Lenders on the Effective Date.

Section 9.7. Certain ERISA Matters. (a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and the Sole Lead Arranger and Sole Bookrunner and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower, that at least one of the following is and will be true:

(i) such Lender is not using "plan assets" (within the meaning of the Plan Asset Regulations) of one or more Benefit Plans in connection with the Loans, the Letters of Credit or the Commitments,

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement,

(iii) (A) such Lender is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Letters of Credit, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement, or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(a) In addition, unless sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or such Lender has not provided another representation, warranty and covenant as provided in sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and the Sole Lead Arranger and Sole Bookrunner and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower, that none of the Administrative Agent or any of their respective Affiliates is a fiduciary with respect to the assets of such Lender (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Loan Document or any documents related to hereto or thereto).

(b) The Administrative Agent and the Sole Lead Arranger and Sole Bookrunner hereby inform the Lenders that each such Person is not undertaking to provide investment advice or to give advice in a fiduciary capacity, in connection with the transactions contemplated hereby, and that such Person has a financial interest in the transactions contemplated hereby in that such Person or an Affiliate thereof (i) may receive interest or other payments with respect to the Loans, the Letters of Credit, the Commitments, this Agreement and any other Loan Documents (ii) may recognize a gain if it extended the Loans, the Letters of Credit or the Commitments for an amount less than the amount being paid for an interest in the Loans, the Letters of Credit or the Commitments by such Lender or (iii) may receive fees or other payments in connection with the transactions contemplated hereby, the Loan Documents or otherwise, including structuring fees, commitment fees, arrangement fees, facility fees, upfront fees, underwriting fees, ticking fees, agency fees, administrative agent or collateral agent fees, utilization fees, minimum usage fees, letter of credit fees, fronting fees, deal-away or alternate transaction fees, amendment fees, processing fees, term out premiums, banker's acceptance fees, breakage or other early termination fees or fees similar to the foregoing.

(c) (i) Each Lender hereby agrees that (x) if the Administrative Agent notifies such Lender that the Administrative Agent has determined in its sole discretion that any funds received by such Lender from the Administrative Agent or any of its Affiliates (whether as a payment, prepayment or repayment of principal, interest, fees or otherwise; individually and collectively, a "**Payment**") were erroneously transmitted to such Lender (whether or not known to such Lender), and demands the return of such Payment (or a portion thereof), such Lender shall promptly, but in no event later than one Business Day thereafter, return to the Administrative Agent the amount of any such Payment (or portion thereof) as to which such a demand was made in same day funds, together with interest thereon in respect of each day from and including the date such Payment (or portion thereof) was received by such Lender to the date such amount is repaid to the Administrative Agent at the greater of the NYFRB Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation from time to time in effect, and (y) to the extent permitted by applicable law, such Lender shall not assert, and hereby waives, as to the Administrative Agent, any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by the Administrative Agent for the return of any Payments received, including without limitation any defense based on "discharge for value" or any similar doctrine. A notice of the Administrative Agent to any Lender under this Section 9.7(d) shall be conclusive, absent manifest error.

(d) (ii) Each Lender hereby further agrees that if it receives a Payment from the Administrative Agent or any of its Affiliates (x) that is in a different amount than, or on a different date from, that specified in a notice of payment sent by the Administrative Agent (or any of its Affiliates) with respect to such Payment (a "**Payment Notice**") or (y) that was not preceded or accompanied by a Payment Notice, it shall be on notice, in each such case, that an error has been made with respect to such Payment. Each Lender agrees that, in each such case, or if it otherwise becomes aware a Payment (or portion thereof) may have been sent in

error, such Lender shall promptly notify the Administrative Agent of such occurrence and, upon demand from the Administrative Agent, it shall promptly, but in no event later than one Business Day thereafter, return to the Administrative Agent the amount of any such Payment (or portion thereof) as to which such a demand was made in same day funds, together with interest thereon in respect of each day from and including the date such Payment (or portion thereof) was received by such Lender to the date such amount is repaid to the Administrative Agent at the greater of the NYFRB Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation from time to time in effect.

(e) (iii) The Borrower hereby agrees that (x) in the event an erroneous Payment (or portion thereof) is not recovered from any Lender that has received such Payment (or portion thereof) for any reason, the Administrative Agent shall be subrogated to all the rights of such Lender with respect to such amount and (y) an erroneous Payment shall not pay, prepay, repay, discharge or otherwise satisfy any obligations owed by the Borrower under any Loan Document.

(f) (iv) Each party's obligations under this Section 9.7(d) shall survive the resignation or replacement of the Administrative Agent or any transfer of rights or obligations by, or the replacement of, a Lender, the termination of the Commitments or the repayment, satisfaction or discharge of all obligations under any Loan Document.

Article 10. MISCELLANEOUS

Section 10.1. Notices.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile (or e-mail in accordance with Section 10.1(b) below) as follows:

(i) if to the Borrower, to it at 30 West Superior Street, Duluth, Minnesota, Attention of: Patrick L. Cutshall, Treasurer, Phone: 218-723-3978, Fax: 218-723-3912, Email: pcutshall@allete.com.

(ii) if to the Administrative Agent, to JPMorgan Chase Bank, N.A. at the address separately provided to the Borrower and, in the case of a notification of the DQ List, to: JPMDQ_Contact@jpmorgan.com; and

(iii) if to any other Credit Party, to it at its address (or facsimile number) set forth in its Administrative Questionnaire.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through electronic communications or Approved Electronic Platforms to the extent provided in paragraph (b) below, shall be effective as provided in such paragraph (b).

(b) Electronic Communications. Notices and other communications to the Lenders and the Issuing Banks hereunder may be delivered or furnished by using Approved Electronic Platforms pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article 2 unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

For purposes of Section 6.2, the Borrower's website is www.allete.com.

(c) Change of Address, Etc. Any party hereto may change its address or facsimile number or e-mail address for notices and other communications hereunder by notice to the other parties hereto.

Section 10.2. Waivers; Amendments.

(a) No failure or delay by any Credit Party in exercising any right or power under any Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Credit Parties under the Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of any Loan Document or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan and/or the issuance, amendment, extension or renewal of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether any Credit Party may have had notice or knowledge of such Default at the time.

(b) Subject to Section 3.4(c), neither any Loan Document nor any provision thereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower and the Required Lenders or by the Borrower and the Administrative Agent with the consent of the Required Lenders, provided that no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender or increase the Letter of Credit Commitment of any Issuing Bank without the consent of such Issuing Bank, (ii) reduce the principal amount of any Loan or any reimbursement obligation with respect to a LC Disbursement, or reduce the rate of any interest, or reduce any fees, payable under the Loan Documents, without the written consent of each Credit Party affected thereby, (iii) postpone the date of payment at stated maturity of any Loan or the date of payment of any reimbursement obligation with respect to an LC Disbursement, or the date of any interest or any fees payable under the Loan Documents, or reduce the amount of, waive or excuse any such payment, or postpone the stated termination or expiration of the Commitments without the written consent of each Credit Party

affected thereby, (iv) change any provision hereof in a manner that would alter the pro rata sharing of payments required by Section 2.10(b) or 2.10(c) or the pro rata reduction of Commitments required by Section 2.5(c), without the written consent of each Credit Party affected thereby, and (v) change any of the provisions of this Section or the definition of the term "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, or change the currency in which Loans are to be made, Letters of Credit are to be issued or payment under the Loan Documents is to be made, or add additional borrowers, without the written consent of each Lender, and provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent or the Issuing Banks hereunder without the prior written consent of the Administrative Agent or such Issuing Banks, as applicable.

Section 10.3. Expenses; Indemnity; Damage Waiver.

(a) Cost and Expenses. The Borrower shall pay (i) all reasonable out-of-pocket costs and expenses incurred by the Administrative Agent and its Affiliates, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent, in connection with the syndication of the credit facilities provided for herein, the preparation and administration of each Loan Document or any amendments, modifications or waivers of the provisions thereof (whether or not the transactions contemplated thereby shall be consummated), (ii) all reasonable out-of-pocket costs and expenses incurred by an Issuing Bank in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all reasonable out-of-pocket costs and expenses incurred by any Credit Party, including the reasonable fees, charges and disbursements of any counsel for any Credit Party and any consultant or expert witness fees and expenses, in connection with the enforcement or protection of its rights in connection with the Loan Documents, including its rights under this Section, or in connection with the Loans made or Letters of Credit issued hereunder, including all such reasonable out-of-pocket costs and expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) Indemnification by the Borrower. The Borrower shall indemnify each Credit Party and each Related Party thereof (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the reasonable fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of any Loan Document or any agreement or instrument contemplated thereby, the performance by the parties to the Loan Documents of their respective obligations thereunder or the consummation of the Transactions or any other transactions contemplated thereby, (ii) any Loan or Letter of Credit or the use of the proceeds thereof including any refusal of an Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Borrower or any of the Subsidiaries, or any liability under any Environmental Law related in any way to the Borrower or any of the Subsidiaries or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto, provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or a breach in bad faith by such Indemnitee or arising solely from claims between or among one or more Indemnities.

(c) Reimbursement by Lenders. To the extent that the Borrower fails to pay any amount required to be paid by it to the Administrative Agent or an Issuing Bank under paragraph (a) or (b) of this Section (and without limiting the Borrower's obligation to do so), each Lender severally agrees to pay to the Administrative Agent or such Issuing Bank, as applicable, an amount equal to the product of such unpaid amount multiplied by a fraction, the numerator of which is the sum of such Lender's unused Commitment plus the outstanding principal balance of such Lender's Loans and such

Lender's LC Exposure and the denominator of which is the sum of the unused Commitments ~~plus~~ the outstanding principal balance of all Lenders Loans and the LC Exposure of all Lenders (in each case determined as of the time that the applicable unreimbursed expense or indemnity payment is sought or, in the event that no Lender shall have any unused Commitments, outstanding Loans or LC Exposure at such time, as of the last time at which any Lender had any unused Commitments, outstanding Loans or LC Exposure), provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as applicable, was incurred by or asserted against the Administrative Agent or an Issuing Bank, as applicable, in its capacity as such.

(d) Waiver of Consequential Damages, etc. To the extent permitted by applicable law, no party hereto shall assert, and each such party hereby waives, any claims against any other party hereto, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document, or any agreement or instrument contemplated hereby or thereby, the Transactions, any Loan or Letter of Credit or the use of the proceeds thereof; provided that, nothing in this Section 10.3(d) shall relieve the Borrower of any obligation it may have to indemnify an Indemnitee, as provided in Section 10.3(b), against any special, indirect, consequential or punitive damages asserted against such Indemnitee by a third party.

(e) Payments. All amounts due under this Section shall be payable promptly but in no event later than ten days after written demand therefor.

Section 10.4. Successors and Assigns.

(a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender, and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an Eligible Assignee in accordance with the provisions of paragraph (b) of this Section, (ii) by way of participation in accordance with the provisions of paragraph (d) of this Section or (iii) by way of pledge or assignment of a security interest subject to the restrictions of paragraph (f) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in paragraph (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each Credit Party) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may (and if demanded by Borrower pursuant to Section 3.8 shall to the extent required thereby) at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans and obligations in respect of its LC Exposure at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) In the case of an assignment of the entire remaining amount of the assigning Lender's Commitments and the Loans and obligations in respect of its LC Exposure at the time owing to it or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) In any case not described in paragraph (b)(i)(A) of this Section, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the Commitment is not then in effect, the principal

outstanding balance of the Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "trade date" is specified in the Assignment and Assumption, as of the trade date) shall not be less than \$5,000,000 unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed).

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loan or the Commitment assigned.

(iii) Required Consents. For each such assignment:

(A) the consent of the Borrower (such consent not to be unreasonably withheld) shall be required unless (x) an Event of Default has occurred and is continuing at the time of such assignment or (y) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund; provided that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within five Business Days after having received notice thereof;

(B) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments in respect of an unfunded or revolving facility if such assignment is to an Eligible Assignee that is not a Lender with a Commitment in respect of such facility, an Affiliate of such Lender or an Approved Fund with respect to such Lender; and

(C) the consent of the applicable Issuing Banks (such consent not to be unreasonably withheld or delayed) shall be required for any assignment that increases the obligation of the assignee to participate in exposure under one or more Letters of Credit (whether or not then outstanding).

(iv) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500, and the Eligible Assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(v) No Assignment to Borrower. No such assignment shall be made to the Borrower or any of the Borrower's Affiliates or Subsidiaries.

(vi) No Assignment to Natural Persons. No such assignment shall be made to a natural person.

(vii) No Assignment to Disqualified Lenders. No such assignment shall be made to (x) (A) any financial institutions or other Persons specifically designated in writing by the Borrower to the Administrative Agent on or prior to the Fourth Amendment Effective Date or after the Fourth Amendment Effective Date with the consent of the Administrative Agent (not to be unreasonably withheld, delayed or conditioned) or (B) any financial institutions or other Persons that engage in distressed, vulture or take-over lending or debt investing (as determined in good faith by the Borrower) specifically designated in writing by the Borrower to the Administrative Agent on or prior to the Fourth Amendment Effective Date or after the Fourth Amendment Effective Date with the consent of the Administrative Agent (not to be unreasonably withheld, delayed or conditioned) (clause (B), "Specified Funds"),

(y) any of the Borrower's or its Subsidiaries' competitors that are in the same or a similar line of business as the Borrower or its Subsidiaries in each case that is designated in writing by the Borrower from time to time, or (z) any Affiliate (other than, in the case of clause (z), bona fide debt funds (it being agreed and understood any Specified Fund shall not constitute a bona fide debt fund)) of any entity described in preceding clause (x) or (y) that is either (i) identified by the Borrower in writing as specified in such clause (x) or (y) or (ii) is clearly identifiable solely on the basis of the similarity of its name to an entity set forth on the DQ List (such Persons or entities in clause (x), (y) and (z), collectively, "Disqualified Lenders"). It is understood and agreed that, in addition to the foregoing, (i) any supplement to the list of Persons that are Disqualified Lenders shall not (x) become effective until three (3) Business Days after delivery thereof to the Administrative Agent and (y) apply retroactively to disqualify any Persons that have entered into a trade to acquire or previously acquired an assignment or participation interest in the Commitments or Loans (but solely with respect to such Commitments and Loans), (ii) the Borrower's failure to deliver such list (or supplement thereto) in accordance with this Section shall render such list (or supplement) not received and not effective and (iii) "Disqualified Lenders" shall exclude any Person that the Borrower has designated as no longer being a "Disqualified Lender" by written notice delivered to the Administrative Agent from time to time in accordance with this Section. If any Loans or Commitments are assigned or participated to a Disqualified Lender, then: (a) the Borrower may (i) terminate any Commitment of such Person and prepay any applicable outstanding Loans at a price equal to the lesser of par and the amount such Person paid to acquire such Loans, without premium, penalty, prepayment fee or breakage, and/or (ii) require such Person to assign its rights and obligations to one or more Eligible Assignee at the price indicated in the foregoing subclause (i) (which assignment shall not be subject to any processing and recordation fee), (b) no such Person shall receive any information or reporting provided by the Borrower, the Administrative Agent or any Lender, (c) for purposes of voting, any Loans and Commitments held by such Person shall be deemed not to be outstanding, and such Person shall have no voting or consent rights with respect to "Required Lender" or class votes or consents, (d) for purposes of any matter requiring the vote or consent of each Lender affected by any amendment or waiver, such Person shall be deemed to have voted or consented to approve such amendment or waiver if Lenders holding a majority of principal amount of Loans and Commitments of the affected class so approves, and (e) such Person shall not be entitled to any expense reimbursement or indemnification rights and shall be treated in all other respects as a Defaulting Lender; it being understood and agreed that the foregoing provisions shall only apply to a Disqualified Lender and not to any assignee of such Disqualified Lender that becomes a Lender so long as such assignee is not a Disqualified Lender or an Affiliate thereof. The Administrative Agent shall have the right, and the Borrower hereby expressly authorizes the Administrative Agent, to provide the list of Disqualified Lenders provided by the Borrower and any updates thereto from time to time (collectively, the "DQ List") to each Lender requesting the same, in each case, subject to the confidentiality provisions of Section 10.15. The Administrative Agent and the Lenders shall not be responsible or have any liability for, or have any duty to ascertain, inquire into, monitor or enforce, compliance with the provisions hereof relating to Disqualified Lenders. Without limiting the generality of the foregoing, neither the Administrative Agent nor any Lender shall (x) be obligated to ascertain, monitor or inquire as to whether any other Lender or Participant or prospective Lender or Participant is a Disqualified Lender or (y) have any liability with respect to or arising out of any assignment or participation of Loans, or disclosure of confidential information, by any other Person to any Disqualified Lender.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to paragraph (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the Eligible Assignee thereunder shall be a party to this Agreement and, to the extent of

the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 3.5, 3.6, 3.7 and 10.3 with respect to facts and circumstances occurring prior to the effective date of such assignment. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (d) of this Section.

(c) Register.

(i) The Administrative Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at one of its offices in New York, New York a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(ii) Upon its receipt of (x) a duly completed Assignment and Assumption executed by an assigning Lender and an assignee or (y) to the extent applicable, an agreement incorporating an Assignment and Assumption by reference pursuant to an Approved Electronic Platform as to which the Administrative Agent and the parties to the Assignment and Assumption are Participants, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register; provided that if either the assigning Lender or the assignee shall have failed to make any payment required to be made by it pursuant to Section 2.4(b), 2.9(d) or (e), or 10.3(c), the Administrative Agent shall have no obligation to accept such Assignment and Assumption and record the information therein in the Register unless and until such payment shall have been made in full, together with all accrued interest thereon. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(d) Participations. Any Lender may at any time, without the consent of, but with notice to, the Borrower and the Administrative Agent (provided that any failure to give such notice shall not impair the effectiveness of such participation except as expressly provided in paragraph (e) of this Section), sell participations to any Person (other than a natural person, the Borrower, any of the Borrower's Affiliates or Subsidiaries or a Disqualified Lender) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Lender shall remain the holder of any Note for all purposes of this Agreement and (iv) the Borrower, the Administrative Agent and each Credit Party shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Notwithstanding the foregoing, in no event may

a participation be granted to any entity which is not a commercial bank, finance company, insurance company or other financial institution or fund (whether a corporation, partnership or other entity) engaged generally in making, purchasing or otherwise investing in commercial loans in the ordinary course of its business without the express prior written consent of the Borrower.

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver with respect to the following matters described in clauses (ii) and (iii) of the first proviso in Section 10.2(b) that directly affects such Participant. Subject to paragraph (e) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 3.5, 3.6 and 3.7 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section but (x) shall not be entitled to recover greater amounts under any such Section than the selling Lender would be entitled to recover and (y) shall be subject to replacement by the Borrower under Section 3.8 to the same extent as if it were a Lender; provided that such replacement Participant shall be a commercial bank, finance company, insurance company or other financial institution or fund (whether a corporation, partnership or other entity) engaged generally in making, purchasing or otherwise investing in commercial loans in the ordinary course of its business. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.8 as though it were a Lender, provided such Participant agrees to be subject to Section 2.10(c) as though it were a Lender.

Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any Loans or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such Loan or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(e) Limitations upon Participant Rights. A Participant shall not be entitled to receive any greater payment under Sections 3.5 or 3.7 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 3.7 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 3.7(f) as though it were a Lender.

(f) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(g) Notwithstanding any provision in this Section 10.4 to the contrary, if any Lender becomes a Defaulting Lender, then the provisions of Section 2.11 shall apply for so long as such Lender is a Defaulting Lender.

Section 10.5. Survival. All covenants, agreements, representations and warranties made by the Borrower herein and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of any Loan Document and the making of any Loans and the issuance of any Letter of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that any Credit Party may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any LC Disbursement or any fee or any other amount payable under the Loan Documents is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitments have not expired or terminated. The provisions of Sections 3.5, 3.6, 3.7, 10.3, 10.9, 10.10 and Article 9 shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans and the LC Disbursements, the expiration or termination of the Letters of Credit and the termination of the Commitments or the termination of this Agreement or any provision hereof.

Section 10.6. Counterparts; Integration; Effectiveness.

(a) This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which, when taken together, shall constitute a single contract. This Agreement and any separate letter agreements with respect to fees payable to any Credit Party or the syndication of the credit facility established hereunder constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 5.1, this Agreement shall become effective as of the date set forth in the preamble to this Agreement when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

(b) Delivery of an executed counterpart of a signature page of (x) this Agreement, (y) any other Loan Document and/or (z) any document, amendment, approval, consent, information, notice (including, for the avoidance of doubt, any notice delivered pursuant to Section 9.1), certificate, request, statement, disclosure or authorization related to this Agreement, any other Loan Document and/or the transactions contemplated hereby and/or thereby (each an "Ancillary Document") that is an Electronic Signature transmitted by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page shall be effective as delivery of a manually executed counterpart of this Agreement, such other Loan Document or such Ancillary Document, as applicable. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to this Agreement, any other Loan Document and/or any Ancillary Document shall be deemed to include Electronic Signatures, deliveries or the keeping of records in any electronic form (including deliveries by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page), each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be; *provided* that nothing herein shall require the Administrative Agent to accept Electronic Signatures in any form or format without its prior written consent and pursuant to procedures approved by it; *provided, further*, without limiting the foregoing, (i) to the extent the Administrative Agent has agreed to accept any Electronic Signature, each of the parties hereto shall be entitled to rely on such Electronic Signature purportedly given by or on behalf of any other party without further verification thereof and without any obligation to review the appearance or form of any such Electronic Signature and (ii) upon the request of any party, any Electronic Signature shall be promptly followed by a manually executed counterpart. Without limiting the generality of the foregoing, each of the parties hereby (A) agrees that, for all purposes,

including without limitation, in connection with any workout, restructuring, enforcement of remedies, bankruptcy proceedings or litigation among the parties, Electronic Signatures transmitted by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page and/or any electronic images of this Agreement, any other Loan Document and/or any Ancillary Document shall have the same legal effect, validity and enforceability as any paper original, (B) may, at its option, create one or more copies of this Agreement, any other Loan Document and/or any Ancillary Document in the form of an imaged electronic record in any format, which shall be deemed created in the ordinary course of such Person's business, and destroy the original paper document (and all such electronic records shall be considered an original for all purposes and shall have the same legal effect, validity and enforceability as a paper record). The Borrower (I) waives any argument, defense or right to contest the legal effect, validity or enforceability of this Agreement, any other Loan Document and/or any Ancillary Document based solely on the lack of paper original copies of this Agreement, such other Loan Document and/or such Ancillary Document, respectively, including with respect to any signature pages thereto and (II) waives any claim against any Applicable Parties for any Liabilities arising solely from the Administrative Agent's and/or any Lender's reliance on or use of Electronic Signatures and/or transmissions by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page, including any Liabilities arising as a result of the failure of the Borrower to use any available security measures in connection with the execution, delivery or transmission of any Electronic Signature.

Section 10.7. Severability. In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties shall endeavor in good faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Section 10.8. Right of Set-off. If an Event of Default shall have occurred and be continuing, and the acceleration of the obligations owing in connection with the Loan Documents, or at any time upon the occurrence and during the continuance of an Event of Default under paragraph (a) of Section 8.1, each of the Lenders and their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable law, to set-off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by it to or for the credit or the account of the Borrower against any of and all the obligations of the Borrower now or hereafter existing under this Agreement and the other Loan Documents held by it, irrespective of whether or not it shall have made any demand therefor and although such obligations may be unmatured. The rights of each of the Lenders and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of set-off) that it may have. Each Lender agrees promptly to notify the Borrower and the Administrative Agent after any such set off and application made by such Lender, provided that the failure to give such notice shall not affect the validity of such set off and application.

Section 10.9. Governing Law; Jurisdiction; Consent to Service of Process

(a) This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

(b) Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the other Loan Documents, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that, to the extent permitted by applicable law, all claims in respect of any such action or proceeding may be heard and determined in such New York State court or, to the extent permitted by applicable law, in

such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the Administrative Agent or any other Credit Party may otherwise have to bring any action or proceeding relating to this Agreement or the other Loan Documents against the Borrower, or any of its property, in the courts of any jurisdiction.

(c) The Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the other Loan Documents in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each of the parties hereto irrevocably consents to service of process in the manner provided for notices in Section 10.1. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

Section 10.10. Waiver of Jury Trial. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR RELATING TO THIS CREDIT AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS TO WHICH IT IS A PARTY BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 10.11. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

Section 10.12. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan or LC Disbursement, together with all fees, charges and other amounts that are treated as interest thereon under applicable law, shall exceed the maximum lawful rate (the "Maximum Rate") that may be contracted for, charged, taken, received or reserved by the Lender holding an interest in such Loan or LC Disbursement in accordance with applicable law, the rate of interest payable in respect of such Loan or LC Disbursement hereunder, together with all of the charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and the charges that would have been payable in respect of such Loan or LC Disbursement but were not payable as a result of the operation of this Section shall be cumulated, and the interest and the charges payable to such Lender in respect of other Loans or LC Disbursements or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by such Lender.

Section 10.13. Advertisement. The Borrower hereby authorizes JPMorgan Chase or any Affiliate thereof to publish the name of the Borrower and the amount of the financing evidenced hereby in any "tombstone" or comparable advertisement that JPMorgan Chase or such Affiliate elects to publish at its own expense. In addition, the Borrower agrees that JPMorgan Chase or any Affiliates thereof may provide lending industry trade organizations with information necessary and customary for inclusion in league table measurements after the date hereof.

Section 10.14. USA PATRIOT Act. Each Lender that is subject to the requirements of the PATRIOT Act hereby notifies the Borrower that such Lender is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender to identify the Borrower in accordance with the PATRIOT Act.

Section 10.15. Treatment of Certain Information. Each Credit Party agrees to use reasonable precautions to keep confidential, in accordance with its customary procedures for handling confidential information of the same nature, all confidential, proprietary or non-public information supplied by the Borrower or any Affiliate pursuant to this Agreement relating to the Borrower, such Subsidiary or their respective businesses, including, without limitation, any financial statement, financial projections or forecasts, budget, Compliance Certificate, audit report, management letter or accountants' certification delivered hereunder ("Information"), provided that nothing herein shall limit the disclosure of any Information (a) to any of its respective Related Parties that needs to know such Information, (b) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, or requested by any bank regulatory authority, (c) on a confidential basis, to any bona fide or potential assignee or Participant in connection with the contemplated assignment or participation of any Loans or any participations therein or by any direct or indirect contractual counterparties (or the professional advisors thereto) to any swap or derivative transaction relating to the Borrower and its obligations (provided such assignees, Participants, counterparties and advisors are advised of and agree to be bound by either the provisions of this Section 10.15 or other provisions at least as restrictive as this Section 10.15), (d) to auditors, accountants, consultants and advisors, and any analogous counterpart thereof, (e) to any other Credit Party, (f) in connection with any litigation to which any one or more of the Credit Parties is a party, (g) to the extent such Information (A) becomes publicly available other than as a result of a breach of this Agreement, (B) becomes available to any of the Credit Parties on a non-confidential basis from a source other than the Borrower or any of its Affiliates or (C) was available to the Credit Parties on a non-confidential basis prior to its disclosure to any of them by the Borrower or any of its Affiliates; and (h) to the extent the Borrower shall have consented to such disclosure in writing.

Section 10.16. No Fiduciary Duty, etc. (a) The Borrower acknowledges and agrees, and acknowledges its Subsidiaries' understanding, that no Credit Party will have any obligations except those obligations expressly set forth herein and in the other Loan Documents and each Credit Party is acting solely in the capacity of an arm's length contractual counterparty to the Borrower with respect to the Loan Documents and the transactions contemplated herein and therein and not as a financial advisor or a fiduciary to, or an agent of, the Borrower or any other person. The Borrower agrees that it will not assert any claim against any Credit Party based on an alleged breach of fiduciary duty by such Credit Party in connection with this Agreement and the transactions contemplated hereby. Additionally, the Borrower acknowledges and agrees that no Credit Party is advising the Borrower as to any legal, tax, investment, accounting, regulatory or any other matters in any jurisdiction. The Borrower shall consult with its own advisors concerning such matters and shall be responsible for making its own independent investigation and appraisal of the transactions contemplated herein or in the other Loan Documents, and the Credit Parties shall have no responsibility or liability to the Borrower with respect thereto.

(b) The Borrower further acknowledges and agrees, and acknowledges its Subsidiaries' understanding, that each Credit Party, together with its Affiliates, is a full service securities or banking firm engaged in securities trading and brokerage activities as well as providing investment banking and other financial services. In the ordinary course of business, any Credit Party may provide investment banking and other financial services to, and/or acquire, hold or sell, for its own accounts and the accounts of customers, equity, debt and other securities and financial instruments (including bank loans and other obligations) of, the Borrower and other companies with which the Borrower may have commercial or other relationships. With respect to any securities and/or financial instruments so held by any Credit Party or any of its customers, all rights in respect of such securities and financial

instruments, including any voting rights, will be exercised by the holder of the rights, in its sole discretion.

(c) In addition, the Borrower acknowledges and agrees, and acknowledges its Subsidiaries' understanding, that each Credit Party and its affiliates may be providing debt financing, equity capital or other services (including financial advisory services) to other companies in respect of which the Borrower may have conflicting interests regarding the transactions described herein and otherwise. No Credit Party will use confidential information obtained from the Borrower by virtue of the transactions contemplated by the Loan Documents or its other relationships with the Borrower in connection with the performance by such Credit Party of services for other companies, and no Credit Party will furnish any such information to other companies. The Borrower also acknowledges that no Credit Party has any obligation to use in connection with the transactions contemplated by the Loan Documents, or to furnish to the Borrower, confidential information obtained from other companies.

Section 10.17. CoBank Equity and Security.

(a) So long as CoBank (or its Affiliate) is a Lender hereunder, the Borrower will (i) maintain its status as an entity eligible to borrow from CoBank and (ii) acquire equity in CoBank in such amounts and at such times as CoBank may require in accordance with CoBank's Bylaws and Capital Plan, except that the maximum amount of equity that the Borrower may be required to purchase in CoBank in connection with the Loans made by CoBank (or its affiliate) may not exceed the maximum amount permitted by the Bylaws and the Capital Plan at the time this Agreement is entered into. The Borrower acknowledges receipt of a copy of (x) CoBank's most recent annual report, and if more recent, CoBank's latest quarterly report, (y) CoBank's Notice to Prospective Stockholders and (iii) CoBank's Bylaws and Capital Plan, which describe the nature of all of the Borrower's cash patronage, stock and other equities in CoBank acquired in connection with its patronage loan from CoBank (or its Affiliate) (the "CoBank Equities") as well as capitalization requirements, and agrees to be bound by the terms thereof.

(b) Each party hereto acknowledges that CoBank's Bylaws and Capital Plan shall govern (i) the rights and obligations of the parties with respect to the CoBank Equities and any patronage refunds or other distributions made on account thereof or on account of the Borrower's patronage with CoBank, (ii) the Borrower's eligibility for patronage distributions from CoBank (in the form of CoBank Equities and cash) and (iii) patronage distributions, if any, in the event of a sale of a participation interest. CoBank reserves the right to assign or sell participations in all or any part of its (or its Affiliate's) Commitments or outstanding Loans hereunder on a non-patronage basis.

(c) Each party hereto acknowledges that CoBank has a statutory first lien pursuant to the Farm Credit Act of 1971 (as amended from time to time) on all CoBank Equities that the Borrower may now own or hereafter acquire, which statutory lien shall be for CoBank's (or its Affiliate's) sole and exclusive benefit. The CoBank Equities shall not constitute security for the obligations due to any other Lender. To the extent that any of the Loan Documents create a Lien on the CoBank Equities or on patronage accrued by CoBank for the account of the Borrower (including, in each case, proceeds thereof), such Lien shall be for CoBank's (or its Affiliate's) sole and exclusive benefit and shall not be subject to pro rata sharing hereunder. Neither the CoBank Equities nor any accrued patronage shall be offset against the obligations hereunder, except that, in the event of an Event of Default, CoBank may elect, solely at its discretion, to apply the cash portion of any patronage distribution or retirement of equity to amounts owed to CoBank or its Affiliate under this Agreement, whether or not such amounts are currently due and payable. The Borrower acknowledges that any corresponding tax liability associated with such application is the sole responsibility of the Borrower. CoBank shall have no obligation to retire the CoBank Equities upon any Default or any other default by the Borrower, or at any other time, either for application to the Loans or other obligations under this Agreement or otherwise.

Section 10.18. Acknowledgement and Consent to Bail-In of Affected Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Affected Financial Institution arising under any Loan Document may be subject to the Write-Down and Conversion Powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent entity, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of the applicable Resolution Authority.

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Credit Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

ALLETE, INC., as Borrower

By: ____
Name: ____
Title: ____

JPMORGAN CHASE BANK, N.A., as a Lender, as an Issuing Bank, and as
Administrative Agent

By: ____
Name: ____
Title: ____

ROYAL BANK OF CANADA, as a Lender

By: ____
Name: ____
Title: ____

U.S. BANK NATIONAL ASSOCIATION, as a Lender

By: ____
Name: ____
Title: ____

WELLS FARGO BANK, NATIONAL ASSOCIATION, as a Lender

By: ____
Name: ____
Title: ____

BANK OF AMERICA, N.A., as a Lender

By: ____
Name: ____
Title: ____

KEYBANK NATIONAL ASSOCIATION, as a Lender

By: ____
Name: ____
Title: ____

COBANK, ACB, as a Lender and as an Issuing Bank

By: ____
Name: ____
Title: ____

{00463749.DOCX; 2}766170599 11074672 SCHEDULE 4.10 ALLETE CREDIT AGREEMENT

**ALLETE Executive Annual Incentive Plan
Form of Award
Effective 2025
[Eligible Executive Employees]**

Target Award Opportunity

Base Salary \$

Times

Award Opportunity (percent of base salary) %

Equals

Target Award \$

Performance Levels and Award Amounts

| Goal Performance Level | Payout as Percent of Target Award | Award Amount |
|-------------------------------|--|---------------------|
| Superior | 200% | \$ |
| Target | 100% | \$ |
| Threshold | 44% | \$ |
| Below Threshold | 0% | \$ |

Goals

| | Goal Weighting |
|---|---------------------------|
| Financial Goals | |
| Net Income | 50% |
| Cash from Operating Activities | 20% |
| Strategic and Operational & Values Goals | <u>30%</u> |
| | 100% |

Compensation Subject to Compensation Recovery Policy

Annual Incentive Plan Compensation is subject to recoupment as defined in the Compensation Recovery policy.

**ALLETE Executive Annual Incentive Plan
Form of Award
Effective 2025
[Eligible ALLETE Clean Energy Employees]**

Target Award Opportunity

Base Salary \$

Times

Award Opportunity (percent of base salary) %

Equals

Target Award \$

Performance Levels and Award Amounts

| Goal Performance Level | Payout as Percent of Target Award | Award Amount |
|-------------------------------|--|---------------------|
| Superior | 200% | \$ |
| Target | 100% | \$ |
| Threshold | 50% | \$ |
| Below Threshold | 0% | \$ |

Goals

| | Goal Weighting |
|---|-----------------------|
| Financial Goals | |
| ALLETE Net Income | 15% |
| ALLETE Clean Energy Net Income | 45% |
| Strategic and Operational & Values Goals | <u>40%</u> |
| | 100% |

Compensation Subject to Compensation Recovery Policy

Annual Incentive Plan Compensation is subject to recoupment as defined in the Compensation Recovery policy.

ALLETE
EXECUTIVE LONG-TERM INCENTIVE COMPENSATION PLAN
RESTRICTED STOCK UNIT GRANT

«Employee»

In accordance with the terms of ALLETE's Executive Long-Term Incentive Compensation Plan, as amended (the "Plan"), and as determined by and through the Executive Compensation Committee of ALLETE's Board of Directors, ALLETE hereby grants to you (the "Participant") Restricted Stock Units ("RSU's") as set forth below, payable in the form of ALLETE Common Stock, subject to the terms and conditions set forth in this Grant, including Annex A hereto, and all documents incorporated herein by reference:

Number of Restricted Stock Units: «RSU__shares»
Date of Grant: January 29, 2025
Vesting Period: Period ending December 31, 2027

This Grant is made in accordance with the Plan.

Further terms and conditions of the Grant are set forth in Annex A hereto, which is an integral part of this Grant.

Any term, provision or condition applicable to the Restricted Stock Units 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.

ALLETE

By:

Chair, President & CEO

Attachment: Annex A

ANNEX A
TO
ALLETE
EXECUTIVE LONG-TERM INCENTIVE COMPENSATION PLAN
RESTRICTED STOCK UNIT GRANT

The grant of restricted stock units (each, a "RSU") under the ALLETE Executive Long-Term Incentive Compensation Plan (the "Plan"), evidenced by the Grant to which this is annexed (the "Grant"), is subject to the following additional terms and conditions:

1. Form and Timing of Payment. Subject to the provisions hereof (including the provisions of Section 4 governing the conversion of the Grant into a Converted Cash Grant (as defined below)), each RSU will be paid in the form of one share of ALLETE common stock (each, a "Share"), plus accrued Dividend Equivalents. Shares will be deposited into your ALLETE Invest Direct plan account. Except as otherwise provided in sections 3, 4, or 5 below, payment will be made during the period ending sixty days after the end of the vesting period; provided, however, the Participant will not be permitted, directly or indirectly, to designate the taxable year of the distribution. Payment will be subject to withholding for taxes; such withholding shall be in the form of Shares with a value equal to the minimum amount of tax required to be withheld by law; such withholding will be in the form of cash in the case of a Converted Cash Grant.
 2. Dividend Equivalents. Subject to the provisions of Section 4 below, you will receive Dividend Equivalents in connection with the RSUs granted. Dividend Equivalents will be calculated and credited to you at the time the corresponding dividend is paid. Dividend Equivalents will be in the form of additional RSUs, which will be added to the number of RSUs subject to the grant, 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 the underlying RSUs, if such RSUs were Shares. Dividend Equivalents will only become payable if and to the extent the corresponding RSUs (or Converted Cash Grant) vest and become payable. No Dividend Equivalents will be credited following the Merger.
 3. Payment Upon Retirement, Death or Disability; Payment Upon Involuntary Separation Following Merger; Forfeiture Upon Other Termination of Employment, Default on Certain Agreements or Unsatisfactory Job Performance.
 - 3.1 Subject to Section 3.5 below, if during the vesting period you (i) Retire, (ii) die while employed by a Related Company, or (iii) become Disabled, a portion of the unvested RSUs subject to the Grant, or, if applicable a portion of the Converted Cash Grant, will vest and be paid to you (or your beneficiary or estate) during the period ending forty-five days after such event; provided, however, you will not be permitted, directly or indirectly, to designate the taxable year of the distribution. Except as otherwise provided in Section or 5 below, payment pursuant to this Section 3.1 will be prorated, after giving effect to accumulated Dividend Equivalents, based on the number of whole
-

calendar months within the vesting period that had elapsed as of the date of Retirement, death or Disability in relation to the number of calendar months in the vesting period. For purposes of this calculation, you will be credited with a whole month if you were employed on the 15th of the month.

3.2 If you have an Involuntary Separation within 12 months following the Merger Effective Time that occurs prior to payment of any portion of a Converted Cash Grant, you will be entitled to receive payment of the entire unpaid portion of such Converted Cash Grant in accordance with Section 1 above. For purposes of the forgoing, "Involuntary Separation" shall have the meaning set forth in the Amended and Restated ALLETE and Affiliated Companies Change in Control Severance Plan effective October 27, 2023.

3.3 Except as otherwise provided in Section 4 or 5, if during the vesting period or prior to payment of all RSUs, or of any Converted Cash Grant, as applicable, you have a Separation from Service for any reason other than those specified in Subsections 3.1 or 3.2 above, all unvested or unpaid RSUs subject to the Grant (and related Dividend Equivalents), or, if applicable, any unpaid portion of a Converted Cash Award, will be forfeited on the date of such Separation from Service.

3.4 If during the vesting period or prior to payment of all RSUs, or of any Converted Cash Grant, as applicable, 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 if 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 RSUs, resulting in the forfeiture of some portion or all of your unpaid RSUs (and related Dividend Equivalents) or any Converted Cash Award, as applicable.

3.5 Notwithstanding anything herein to the contrary, if you become entitled to a payment of RSUs or a Converted Cash Grant, as applicable, by reason of your Retirement and if you are a Specified Employee on the date of such Retirement, payment shall not be made until the earlier of: (i) the expiration of the six-month period beginning on the date of your Retirement, or (ii) the date of your death. The payment to which a Specified Employee would otherwise be entitled during this six-month period shall be paid, together with any Dividend Equivalents that have accrued during this six-month delay, if applicable, during the seventh month following the date of the Participant's Retirement, or, if earlier, the date of the Participant's death.

4. Effect of Merger. Notwithstanding any other provisions of the Grant, any Annex thereto, or provisions in the Plan for Change in Control to the contrary, upon the terms and subject to the conditions set forth in the Merger Agreement, the following terms shall apply to the Grant to the extent it is outstanding and unvested immediately prior to the Merger Effective Time:

4.1 The Grant will be canceled as of the Merger Effective Time and converted into a contingent right to receive a converted cash award in an aggregate amount, without interest, equal to the value (a) to the number of shares of Company common stock underlying the Grant immediately prior to the Merger Effective Time, after giving effect to the accumulation of dividend equivalents credited as of the Merger Effective Time, *multiplied by* (b) \$67.00, (the "Converted Cash Grant").

4.2 Any Converted Cash Grant will continue to have, and payment will be subject to, the same terms and conditions as the original Grant, including vesting conditions.

For purposes of clarification of this Section 4, the occurrence of the Merger contemplated by the Merger Agreement will expressly be governed by this Section 4 and not by the provisions of Section 5 below or the provisions in the Plan for Change in Control.

5. Change in Control. This Section 5 shall not apply to the consummation of the Merger. Upon a Change in Control (other than pursuant to the Merger), unless the Committee provides otherwise prior to the Change in Control, outstanding unvested RSUs shall be prorated (as described below) and such prorated RSUs shall immediately vest and be payable to you during the period ending sixty days after the Change in Control. The RSUs will not be subject to proration and immediately vest, however, if and to the extent that the Grant is, in connection with the Change in Control, fully assumed by the successor corporation or parent thereof; in such case, the RSUs shall be prorated and immediately vest upon your termination of employment by the successor corporation for reasons other than cause within 18 months following the Change in Control and be payable to the Participant during the period ending sixty days after the termination of employment. Any payment on account of or in connection with a Change in Control will be prorated, after giving effect to the accumulation of Dividend Equivalents, based on the number of whole calendar months within the vesting period that had elapsed as of the date of the Change in Control or termination of employment, as applicable, in relation to the number of calendar months in the vesting period. For purposes of this calculation, you will be credited with a whole month if you were employed on the 15th of the month. In no event will you be permitted, directly or indirectly, to designate the taxable year of the distribution on account of or in connection with a Change in Control.

6. 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.

7. Section 409A Compliance. This Grant is intended to comply with 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.

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

8.1 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.

8.2 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.

8.3 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.

8.4 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.
- 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 Claim's 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 the Committee will authorize payment by the Company of all administrative arbitration fees, arbitrator compensation and attorney's fees if the Committee 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.

9. 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 Committee.

10. 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.

11. 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.

12. 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.

13. 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:

13.1 **"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.

13.2 **"Change in Control"** means the earliest of:

- (i) the date any one Person, or more than one Person acting as a group (as the term "group" is used in Treasury Regulations section 1.409A-3(i)(5)(v)(B)), acquires ownership of stock of the Company that, together with stock previously held by the acquirer, constitutes more than fifty (50%) percent of the total fair market value or total voting power of Company stock. If any one Person, or more than one Person acting as a group, is considered to own more than fifty (50%) percent of the total fair market value or total voting power of Company stock, the acquisition of additional stock by the same Person or Persons acting as a group does not cause a Change in Control. An increase in the percentage of stock owned by any one Person, or Persons acting as a group, as a result of a transaction in which Company acquires its stock in exchange for property, is treated as an acquisition of stock;
- (ii) the date any one Person, or more than one Person acting as a group (as the term "group" is used in Treasury Regulations section 1.409A-3(i)(5)(v)(B)), acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by that Person or Persons) ownership of Company stock possessing at least thirty (30%) percent of the total voting power of Company stock;
- (iii) the date a majority of the members of the Company's board of directors is replaced during any twelve (12) month period by directors whose

appointment or election is not endorsed by a majority of the members of the board of directors prior to the date of appointment or election; or

- (iv) the date any one Person, or more than one Person acting as a group (as the term “group” is used in Treasury Regulations section 1.409A-3(i)(5)(v)(B)), acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by that Person or Persons) assets from the Company that have a total gross fair market value equal to at least forty (40%) percent of the total gross fair market value of all the Company’s assets immediately prior to the acquisition or acquisitions. For this purpose, “gross fair market value” means the value of the corporation’s assets, or the value of the assets being disposed of, without regard to any liabilities associated with these assets.

In determining whether a Change in Control occurs, the attribution rules of Code section 318 apply to determine stock ownership. The stock underlying a vested option is treated as owned by the individual who holds the vested option, and the stock underlying an unvested option is not treated as owned by the individual who holds the unvested option. The term “Person” used in this definition means any individual, corporation (including any non-profit corporation), general, limited or limited liability partnership, limited liability company, joint venture, estate, trust, firm, association, organization or other entity or any governmental or quasi-governmental authority, organization, agency or body.

Notwithstanding the foregoing, for purposes of the Grant and its administration, the Merger shall not constitute a Change in Control.

13.3 “**Code**” means the Internal Revenue Code of 1986, as it may be amended from time to time.

1.4 “**Disability**” or “**Disabled**” means a physical or mental condition in which the Participant is:

- (i) 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;
- (ii) 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;
- (iii) determined to be totally disabled by the Social Security Administration; or
- (iv) 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.

13.5 “**Merger**” shall have the meaning set forth in the Merger Agreement.

13.6 **“Merger Agreement”** means the Agreement and Plan of Merger dated as of May 5, 2024, by and among the Company, Alloy Parent LLC, a Delaware limited liability company (“Parent”), and Alloy Merger Sub LLC, a Delaware limited liability company and wholly owned subsidiary of Parent.

13.7 **“Merger Effective Time”** means the Effective Time of the Merger, as defined in the Merger Agreement.

13.8 **“Related Company”** means the 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.

13.9 **“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.

13.10 **“Section 409A”** means Section 409A of the Code and Treasury Regulations section 1.409A-1 et seq., as they both may be amended from time to time, or other guidance issued by the Treasury Department and Internal Revenue Service thereunder.

13.11 **“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.

13.12 **"Specified Employee"** means an Participant who is subject to the six-month delay rule described in Code section 409A(2)(B)(i), determined in accordance with guidelines adopted by the Board from time to time as permitted by Section 409A of the Code and Treasury Regulations section 1.409A-1 et seq., as they both may be amended from time to time, and other guidance issued by the Treasury Department and Internal Revenue Service thereunder.

ALLETE
EXECUTIVE LONG-TERM INCENTIVE COMPENSATION PLAN
PERFORMANCE SHARE GRANT

«Employee»

In accordance with the terms of ALLETE's Executive Long-Term Incentive Compensation Plan, as amended (the "Plan"), and as determined by and through the Executive Compensation Committee of ALLETE's Board of Directors, ALLETE hereby grants to you (the "Participant") Performance Shares, as set forth below, subject to the terms and conditions set forth in this Grant, including Annex A and Annex B hereto and all documents incorporated herein by reference:

Number of Performance Shares Granted: «Total_Performance_shares»
[#]–Total Shareholder Return Metric «PSA_TSR__shares»
[#]–Compound Annual Growth Rate Metric «PSA_CAGR__shares»

Date of Grant: January 29, 2025

Performance Period: January 1, 2025 through December 31, 2027

Performance Goals: See Annex B

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 B 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.

ALLETE _____

By:

Chair, President & CEO

Attachments: Annex A and Annex B

ANNEX A
TO
ALLETE
EXECUTIVE LONG-TERM INCENTIVE COMPENSATION PLAN
PERFORMANCE SHARE GRANT

The Performance Share Grant (the "Grant") to which this is annexed is subject to the following additional terms and conditions, including terms governing the conversion of the Grant into a Converted Cash Grant in connection with the Merger (as such terms are defined below):

1. Dividend Equivalents. Subject to the provisions of Section 5 below, you will receive Dividend Equivalents with respect to Performance Shares that are earned and payable. Dividend Equivalents are calculated and credited to you at the time the corresponding dividend is paid. The Dividend Equivalents will be in the form of additional Performance Shares, which will be added to the number of Performance Shares earned (including to the target number of Performance Shares), 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. No Dividend Equivalents will be credited following the Merger.

2. Satisfaction of Goals. Performance Shares remain unearned unless and until Performance Goals are achieved. After the Performance Period has ended, the Executive Compensation Committee (the "Committee") 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). If the superior level has been met, you will have earned 200% 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, target and superior levels. The provisions of this Section 2 shall not apply in the event that the Grant is converted into a Converted Cash Grant in connection with the Merger.

3. Payment. Subject to the provisions of Sections 4 and 5 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 the Committee 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. Payment of a Converted Cash Grant shall be made in cash net of required withholding.

4. Payment Upon Death, Retirement or Disability; Payment Upon Involuntary Separation Following Merger; Forfeiture of Unvested Performance Shares Upon Demotion, Unsatisfactory Job Performance, Default on Certain Agreements or Other Separation from Service.

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 payment of any Performance Shares (as increased by the Dividend Equivalents), or, if applicable, payment of the Converted Cash Grant pursuant to Section 5 below, 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 15th of the month.

4.2 If after the end of a Performance Period, but before any or all Performance Shares have been paid, or, if applicable, before a Converted Cash Grant pursuant to Section 5 below has been paid in full, you Retire, die or become Disabled, you (or your beneficiary or estate) will be entitled to full payout of all earned Performance Shares (as increased by the Dividend Equivalents) in accordance with Section 3 above or, if applicable, of any unpaid Converted Cash Grant.

4.3 If, prior to payment in full of a Converted Cash Grant pursuant to Section 5 below, you have an Involuntary Separation within 12 months following the Merger Effective Time, you will be entitled to receive payment of such Converted Cash Grant in accordance with Section 3 above. For purposes of the forgoing, "Involuntary Separation" shall have the meaning set forth in the Amended and Restated ALLETE and Affiliated Companies Change in Control Severance Plan effective October 27, 2023.

4.4 If, prior to payment of all Performance Shares, or of the Converted Cash Grant pursuant to Section 5 below, as applicable, 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 or, if applicable, the Converted Cash Award, with the result that some portion or all of your unpaid Performance Shares (and related Dividend Equivalents) or Converted Cash Award will be forfeited.

4.5 If you have a Separation from Service for any reason other than those specified in subsections 4.1 through 4.4 above, all Performance Shares (and related Dividend Equivalents) or, if applicable, the Cash Conversion Grant, to the extent not yet paid, shall be forfeited on the date of such Separation from Service, except as otherwise provided by the Committee.

4.6 Notwithstanding anything herein to the contrary, if (a) you become entitled to a payment of the Converted Cash Grant by reason of your Retirement or Involuntary Separation within 12 months following the Merger Effective Date as provided in Section 4.3 above, and (b) you are a Specified Employee on the date of such Retirement or Involuntary Separation, payment shall not be made until the earlier of: (i) the expiration of the six-month period beginning on the date of your Retirement or Involuntary Separation, or (ii) the date of your death. The payment to which a Specified Employee would otherwise be entitled during this six-month period shall be paid during the seventh month following the date of the Participant's Retirement or Involuntary Separation, or, if earlier, the date of the Participant's death.

5. Effect of Merger. Notwithstanding any other provisions of the Grant, any Annex thereto, or provisions in the Plan for Change in Control to the contrary, upon the terms and subject to the conditions set forth in the Merger Agreement, the following terms shall apply to the Grant to the extent it is outstanding and unvested immediately prior to the Effective Time:

5.1 The Grant will be canceled as of the Merger Effective Time and converted into a right to receive a converted cash award in an aggregate amount, without interest, equal to the value (a) to the number of shares of Company common stock underlying the Performance Share Grant immediately prior to the Merger Effective Time, based on the attainment of the applicable performance metrics at target, after giving effect to the accumulation of dividend equivalents credited as of the Merger Effective Time, *multiplied by* (b) \$67.00 (the "Converted Cash Grant").

5.2 The Converted Cash Grant, will continue to have, and payment will be subject to, the same terms and conditions of the original Grant, including time-based vesting conditions but excluding performance-based conditions.

For purposes of clarification of this Section 5, the occurrence of the Merger contemplated by the Merger Agreement will expressly be governed by this Section 5 and not by the provisions in the Plan for Change in Control; and, provided further, the Grant and the Performance Shares underlying the Grant, do not constitute Applicable Company Performance Stock as that term is defined in Section 2.04 of the Merger Agreement.

6. 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.

7. Section 409A Compliance. The 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.

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

8.1 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.

8.2 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.

8.3 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.

8.4 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.
- 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 the Committee will authorize payment by the Company of all administrative arbitration fees, arbitrator compensation and attorney's fees if the Committee 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.

9. 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 Committee.

10. 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.

11. 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.

12. 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.

13. 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:

13.1 **"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.

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

32.3 **"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.

13.4 **"Merger"** shall have the meaning set forth in the Merger Agreement.

13.5 **"Merger Agreement"** means the Agreement and Plan of Merger dated as of May 5, 2024, by and among the Company, Alloy Parent LLC, a Delaware limited liability company ("Parent"), and Alloy Merger Sub LLC, a Delaware limited liability company and wholly owned subsidiary of Parent.

13.6 **"Merger Effective Time"** means the Effective Time of the Merger, as defined in the Merger Agreement.

13.7 **"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.

13.8 **"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.

13.9 **“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.

Effective 2025
[Eligible Executive Employees]
ANNEX B
TO
ALLETE
EXECUTIVE LONG TERM INCENTIVE COMPENSATION PLAN
PERFORMANCE SHARE GRANT

Financial Measure:

Fifty percent (50%) of the total performance share opportunity is based on Total Shareholder Return (TSR) computed over the three-year performance period January 1, 2025 to December 31, 2027.

Fifty percent (50%) of the total performance share opportunity is based on the Company's Compound Annual Growth Rate (CAGR) computed over the three-year performance period January 1, 2025 to December 31, 2027.

Performance Share Award (TSR metric):

Achievement will be weighted on TSR performance in accordance with ALLETE's TSR ranking as follows: at the 85th percentile or higher among the peer group (superior performance), 200% of the weighted Performance Share Grant will be earned. If ALLETE's TSR ranking is at the 50th percentile among the peer group (target performance), 100% of the weighted Performance Share Grant will be earned. If ALLETE's TSR ranking is at the 30th percentile (threshold performance), 50% of the weighted Performance Share Grant will be earned. If TSR ranking is below threshold, no weighted Performance Shares will be earned. Straight-line interpolation will be used to determine earned awards based on the TSR ranking between threshold, target and superior.

Peer Group:

The integrated utility companies comprising Edison Electric Institute (EEI) Stock Index as of December 31, 2027 that have been in the EEI Stock Index for at least three years as of December 31, 2027 will constitute the peer group used to determine actual payout results. The table below lists the EEI Stock Index as of December 31, 2023, based on published information available as of that date:

Exhibit 10(h)16

| | | |
|---------------------------------|------------------------------------|---------------------------------------|
| Alliant Energy Corporation | Evergy Inc. | PG&E Corporation |
| Ameren Corporation | Eversource Energy | Pinnacle West Capital Corporation |
| American Electric Power Company | Exelon Corporation | PNM Resources, Inc. |
| Avista Corporation | FirstEnergy Corporation | Portland General Electric Company |
| Black Hills Corporation | Hawaiian Electric Industries, Inc. | PPL Corporation |
| CenterPoint Energy, Inc. | IDACORP, Inc. | Public Service Enterprise Group, Inc. |
| CMS Energy Corporation | MDU Resources Group, Inc. | Sempra Energy |
| Consolidated Edison, Inc. | MGE Energy, Inc. | The Southern Company |
| Dominion Energy, Inc. | NextEra Energy, Inc. | Unitil Corporation |
| DTE Energy Company | NiSource, Inc. | WEC Energy Group, Inc. |
| Duke Energy Corporation | NorthWestern Corporation | Xcel Energy, Inc. |
| Edison International | OGE Energy Corp. | |
| Entergy Corporation | Otter Tail Corporation | |

Any Company that is no longer included in the EEI Stock Index as of December 31, 2027 due to corporate restructuring during the performance period (e.g., mergers, acquisitions, divestitures, spin-offs, etc.) will be excluded from the results calculation entirely. If a corporate restructuring during the performance period results in a company remaining in the EEI Stock Index following the transaction (and thus not being excluded from the results calculation entirely), from the point of the transaction forward, the results calculation will track only the entity that remains in the EEI Stock Index and ignore other entities, regardless of whether such other entities are publicly traded.

Performance Share Award (CAGR metric):

CAGR will be calculated by using the baseline pro forma Earnings per Share (EPS) for the year ending December 31 of the year prior to the beginning of the three-year performance period and the pro forma EPS at the end of the three-year performance period. Achievement will be weighted on CAGR performance in accordance with the following table:

| Compound Annual Growth Rate | Payout Percentage (% of Target Award) |
|-----------------------------|---------------------------------------|
| Superior 8% | 200% |
| Target 6% | 100% |
| Threshold 4% | 50% |

If CAGR percentage result is below threshold, no weighted Performance Shares will be earned. Straight-line interpolation will be used to determine earned awards based on the CAGR percentage result between threshold, target and superior.

ALLETE, INC.
PURCHASE AND SALE OF COMPANY SECURITIES POLICY

This policy has been established to assure that directors, officers, employees, and consultants (collectively, "Covered Persons") of ALLETE, Inc. and its subsidiaries (collectively, "ALLETE" or "Company") comply with applicable federal and state insider trading laws and regulations. This policy applies to all Covered Persons, as well as to: (i) the Covered Person's family and household members, which includes family members who reside with a Covered Person (including a spouse, a child, a child away at college, stepchildren, grandchildren, parents, stepparents, grandparents, siblings, and in-laws), anyone else who lives in the Covered Person's household (whether or not they are the Covered Person's family members), and any family members who do not live in the Covered Person's household, but whose transactions in ALLETE securities are directed, influenced, or controlled by the Covered Person (collectively, "Family Members") and (ii) any entities or persons who are controlled by a Covered Person ("Related Entities"). ALLETE may also, from time to time, determine that other persons should be subject to this Policy.

No Covered Person shall buy or sell securities of ALLETE, Inc. ("ALLETE Securities"), or otherwise engage in transactions in ALLETE Securities, including *bona fide* gifts or donations of ALLETE Securities, on the basis of material non-public information about the Company or ALLETE Securities, either directly or through a third party, nor pass on ("tip") such information to others.

This policy also prohibits Covered Persons from buying or selling securities of other companies with which the Company does business, such as the Company's customers, suppliers, competitors, or joint-venture partners, or companies involved in a potential transaction or business relationship with the Company (collectively, "Other Companies") based on material non-public information relating to those Other Companies and from tipping such material non-public information to others.

Covered Persons are individually responsible for complying with this policy and for ensuring that any Family Members or Related Entities also comply with this policy.

General Requirements

Both federal and state securities laws and regulations prohibit the use of material non-public information when trading in or recommending ALLETE Securities. Information is "material" if (i) a reasonable investor would likely consider such information important in deciding whether to buy, sell, or hold a company's securities or (ii) the information could affect the market or price of a company's securities, whether it is positive or negative. Common examples of information that could be material include, but are not limited to:

- Financial results or a change in dividends;
 - Projections of future earnings or losses, or other earnings guidance;
 - Earnings that are inconsistent with the consensus expectation of the investment community, or a change to previously announced earnings, revenue or other material financial projections or guidance;
 - Industry information (such as prices, volumes, or other conditions affecting the Company's business or likely to affect other companies in the industry);
 - Significant changes in sales volumes, margins, or pricing;
-

- Significant changes in accounting treatment, write-offs, or effective tax rate;
- A pending or proposed merger, acquisition, or disposition of a significant asset, including the disposition of a subsidiary, or tender offer;
- Significant changes in senior management;
- A significant change in the ownership of the Company, including a change in control;
- A significant change in capital investment plans;
- A stock split or new securities offering (i.e., pending public or private sales of debt or equity securities);
- An impending bankruptcy filing, an impending insolvency action, or the existence of severe liquidity problems;
- The gain or loss of a significant customer or supplier;
- A significant cybersecurity incident, such as a data breach, or any other incident leading to a significant disruption in the Company's operations;
- Material developments in regulatory or litigation matters, whether actual, pending, or threatened; and
- Imposition of any event-specific restrictions on trading securities of the Company or any other company, or the extension or termination of any such trading restrictions.

This list is not exhaustive. Any information, favorable or unfavorable, that could reasonably be expected to affect the price of a security should be considered material. Anyone scrutinizing a Covered Person's, Family Member's, or Related Entity's transactions will be doing so after the fact, with the benefit of hindsight; before engaging in any transaction, Covered Persons, Family Members, and Related Entities should carefully consider how enforcement authorities and others might view the transaction in hindsight. Questions concerning the materiality of particular information should be resolved in favor of concluding that it is material. Anyone in possession of material non-public information including not only Covered Persons, but also persons outside the Company, such as Family Members, Related Entities, friends, brokers, or others who may have acquired the inside information directly or through tips, can be an insider.

Federal securities laws and regulations generally impose upon persons possessing material non-public information a "disclose or abstain" rule. This means that the insider must abstain from trading unless the information has been publicly disclosed and sufficient time has elapsed for the information to be "absorbed" by the investing public. Because insiders are not generally able to act on their own to disclose material non-public information without violating their fiduciary duty of confidentiality to ALLETE Companies and causing ALLETE Companies substantial harm, the "disclose or abstain" rule should be regarded as imposing an obligation not to trade in ALLETE Securities at any time when one is in possession of material non-public information.

Furthermore, all external requests for material and non-public information involving ALLETE Companies must be referred without comment to (i) Public Affairs or (ii) Investor Relations for inquiries by securities analysts or investors.

To assure that Covered Persons do not violate the legal prohibition on "insider trading," the following specific procedures have been established. They should not, however, be viewed as exhaustive, and any Covered Person who is in doubt as to whether a proposed transaction in ALLETE Securities would violate this insider trading policy or these procedures should consult with ALLETE Inc.'s Chief Legal Officer before going forward with the transaction.

Specific Requirements

1. Covered Persons, Family Members, and Related Entities shall not engage in any transaction involving any ALLETE Securities at any time when such person is in possession of material non-public information, or prior to the third market day following public disclosure of such information. Securities trades executed in compliance with a person's pre-cleared 10b5-1 plan (see paragraph 4 below), even if made at a time when the person possesses material non-public information, will not constitute a violation of this requirement, so long as the person complies with paragraph 4 below and they did not possess material non-public information at the time they entered into the 10b5-1 plan.
2. To help avoid the potential for improper transactions involving ALLETE Securities transactions before there has been adequate public dissemination of financial information, directors and officers of the Company shall refrain from transactions in ALLETE Securities (a) during the period commencing on the first day of the 15-day period that ends on the last day of the quarter (i.e. commencing on March 17, June 16, September 16 or December 17, as applicable) and ending on the second market day following the public release of ALLETE Inc.'s earnings for that quarter and (b) during certain event-specific blackout periods.
3. Directors and officers of the Company shall not engage in any transaction involving ALLETE Securities without first complying with the Company's "pre-clearance" process. This process applies to all transactions, including those that occur outside the period surrounding earnings information. Prior to engaging in a transaction involving ALLETE Securities, directors and officers of the Company must abide by the pre-clearance requirements established by the Company.

Pre-clearance requirements also apply to transactions by Family Members and Related Entities of the Company's directors and officers. ALLETE Securities trades executed in compliance with a pre-cleared 10b5-1 plan (see paragraph 5 below) will not require further pre-clearance at the time each trade is transacted.

4. SEC Rule 10b5-1 provides an affirmative defense from insider trading liability under the federal securities laws if trades occur under a pre-arranged trading plan that meets certain requirements. A 10b5-1 plan is a binding contract or written instruction or plan between the trading person and his or her broker that specifies the amount, price and dates on which securities are to be purchased or sold on the person's behalf (or a written formula by which the amount, price and dates of trades will be determined). The affirmative defense afforded by Rule 10b5-1 will be unavailable if the trading person alters or deviates from the contract, instruction, or plan.

Trades in ALLETE Securities that are executed pursuant to an approved 10b5-1 plan are not subject to the prohibition on trading on the basis of material nonpublic information or to restrictions relating to blackout policies and pre-clearance procedures.

All directors and officers of the Company must obtain approval of any 10b5-1 plan in accordance with the pre-clearance process described in Section 4 above in advance of the plan's adoption. Any modification or amendment to a 10b5-1 plan must comply with all the requirements associated with adopting a 10b5-1 plan, including pre-clearance. All trades made pursuant to a 10b5-1 plan must still comply with all other applicable disclosure requirements under federal and state securities laws.

5. Section 16 filers must advise ALLETE's Chief Legal Officer in advance of each transaction in ALLETE Securities so that appropriate SEC filings can timely be made on the person's behalf.
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6. No director or officer of the Company may engage in any short-swing transaction (any combination of purchase and sale or sale and purchase of ALLETE Securities within six months of each other) in violation of the short-swing profit prohibition of Section 16 of the Securities Exchange Act of 1934, as amended.
7. No director or officer of the Company may hold ALLETE Securities in a margin account or otherwise enter into any pledge arrangement that would permit a third party to sell ALLETE Securities without the director or officer's consent or knowledge.
8. No director or officer of the Company may enter into a transaction that allows the director or officer to benefit from the devaluation of ALLETE securities (short sales) or any form of speculation (including put or call options or any form of derivatives) with respect to ALLETE Securities.
9. No director or officer of the Company may enter into transactions which allow the director or officer to be insulated from the full risk or reward of ALLETE securities ownership (hedging transactions).

RSOP Plan

This policy does not apply to purchases of ALLETE Securities in the ALLETE and Affiliated Companies Retirement Savings and Stock Ownership Plan (the "RSOP") resulting from periodic contributions of money to the plan pursuant to payroll deduction elections. This policy does apply, however, to certain elections that may be made under the RSOP, including (a) an election to increase or decrease the percentage of periodic contributions that will be allocated to any ALLETE Securities funds, (b) an election to make an intra-plan transfer of an existing account balance into or out of a ALLETE Securities fund, (c) an election to borrow money against any RSOP account if the loan will result in a liquidation of some or all of a participant's ALLETE Securities fund balance, and (d) an election to pre-pay an RSOP loan if the pre-payment will result in allocation of loan proceeds to any ALLETE Securities fund.

Employee Stock Purchase Plan

This policy does not apply to any purchase of ALLETE Securities in the Company's employee stock purchase plan resulting from periodic contributions of money to the plan pursuant to payroll deduction elections made at the time of enrollment in the plan. This policy does apply, however, to certain elections under the employee stock purchase plan, including (a) an election to increase or decrease participation in the plan, (b) an election to purchase of ALLETE Securities by making a lump-sum contribution to the plan, and (c) an election to sell ALLETE Securities purchased pursuant to the plan.

Individual Responsibility

Every Covered Person has the individual responsibility to comply with this policy against insider trading, regardless of whether a transaction is executed outside a blackout period or is pre-cleared by the Company, and to ensure that all Family Members and Related Entities abide by the terms of this policy. The restrictions and procedures are intended to help avoid inadvertent instances of improper insider trading, but appropriate judgment should always be exercised by each Covered Person in connection with any trade of Company Securities.

A Covered Person may, from time to time, have to forego a proposed transaction in ALLETE Securities even if he or she planned to make the transaction before learning of material nonpublic information

and even though the person believes he or she may suffer an economic loss or forego anticipated profit by waiting.

Sanctions

Violations of this policy statement will be taken seriously and will constitute grounds for disciplinary actions, including dismissal.

Furthermore, the government can seek a variety of remedies and sanctions when a person commits insider trading. Besides being required to disgorge profits gained or losses avoided, the offender may be subject to fines, imprisonment, or both.

RESERVATION OF AUTHORITY

Amendments or exceptions to this policy may be made by ALLETE's Chief Executive Officer. Any questions concerning the applicability of the foregoing requirements or interpretation of this policy, including whether particular information is material or has been publicly disclosed, should be referred to ALLETE's Chief Legal Officer prior to trading in ALLETE Securities.

SUBSIDIARIES OF THE REGISTRANT
As of December 31, 2024

| Name of Organization (a) | State or Country |
|---|------------------|
| ALLETE, Inc. (d/b/a ALLETE; Minnesota Power; Minnesota Power, Inc.; Minnesota Power & Light Company) | Minnesota |
| ALLETE Automotive Services, LLC | Minnesota |
| ALLETE Enterprises, Inc. | Minnesota |
| ALLETE Clean Energy, Inc. | Minnesota |
| ACE O&M, LLC | Delaware |
| ACE Solar LLC | Delaware |
| ACE Wind LLC | Delaware |
| ACE Mid-West Holdings, LLC | Delaware |
| ACE Gopher Holdings, LLC | Delaware |
| ACE Lincoln Heights Holdings, LLC | Delaware |
| Cisco Holdings, LLC | Delaware |
| Bobcat Wind, LLC | Minnesota |
| MWW Holdings, LLC | Delaware |
| Lake Benton Power Associates LLC | Delaware |
| Lake Benton Holdings LLC | Delaware |
| Lake Benton Power Partners L.L.C. | Delaware |
| Storm Lake Power Partners I LLC | Delaware |
| Storm Lake II Power Associates LLC | Delaware |
| Storm Lake II Holdings LLC | Delaware |
| Storm Lake Power Partners II LLC | Delaware |
| ACE South Holdings, LLC | Delaware |
| ACE Caddo Class B LLC | Delaware |
| ACE-SRE Caddo Holdings, LLC | Delaware |
| Caddo Holding Company, LLC | Delaware |
| Caddo Wind, LLC | Delaware |
| Diamond Spring QOZB, LLC | Delaware |
| ACE DS Class B LLC | Delaware |
| Diamond Spring, LLC | Delaware |
| ACE West Holdings, LLC | Delaware |
| ACE GAWW Class B LLC | Delaware |
| Great American West Wind, LLC | Delaware |
| Glen Ullin Energy Center, LLC | Delaware |
| South Peak Wind LLC | Delaware |
| Condon Wind Power, LLC | Delaware |
| Ruso Wind Partners, LLC | Delaware |
| Armenia Holdings, LLC | Delaware |
| AMW I Holding, LLC | Delaware |
| Armenia Mountain Wind, LLC | Delaware |
| Armenia Mountain Wind II, LLC | Delaware |
| Thunder Spirit Wind, LLC | Delaware |
| ALLETE Enterprises QOF, LLC | Delaware |
| ALLETE Power Systems, Inc. | Minnesota |
| ALLETE Renewable Resources, Inc. | North Dakota |
| ALLETE Transmission Holdings, Inc. | Wisconsin |
| ALLETE Transmission Ventures, LLC | Delaware |
| ALLETE NPC Holdings, LLC | Delaware |
| ASW Partners, LLC | Delaware |
| ALLETE South Wind, LLC | Delaware |
| Nobles 2 Power Partners, LLC | Delaware |

| Name of Organization (a) | State or Country |
|--|-------------------------|
| BNI Energy, Inc. | North Dakota |
| BNI Coal, Ltd. | North Dakota |
| BNI Land, LLC | North Dakota |
| DLS Manager, LLC | Delaware |
| DLS Holdco, LLC | Delaware |
| MP Affiliate Resources, Inc. | Minnesota |
| New Energy Equity LLC | Delaware |
| Rainy River Energy Corporation | Minnesota |
| South Shore Energy, LLC | Wisconsin |
| Upper Minnesota Properties, Inc. | Minnesota |
| Upper Minnesota Properties - Development, Inc. | Minnesota |
| ALLETE Properties, LLC (d/b/a ALLETE Properties) | Minnesota |
| ALLETE Commercial, LLC | Florida |
| Lehigh Acquisition, LLC | Delaware |
| Florida Landmark Communities, LLC | Florida |
| Interlachen Lakes Estates, LLC | Florida |
| Palm Coast Land, LLC | Florida |
| ALLETE Water Services, Inc. | Minnesota |
| Energy Land, Incorporated | Wisconsin |
| MP Investments, Inc. | Delaware |
| RendField Land Company, Inc. | Minnesota |
| Superior Water, Light and Power Company | Wisconsin |

(a) Certain insignificant subsidiaries are omitted.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-266383, 333-262769) and Form S-8 (Nos. 333-162890, 333-183051, 333-190336, 333-207846, 333-228120, 333-253190, 333-265211) of ALLETE, Inc. of our report dated February 13, 2025 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Minneapolis, Minnesota
February 13, 2025

**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, certify that:

1. I have reviewed this annual report on Form 10-K for the fiscal year ended December 31, 2024, of ALLETE, Inc.;
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.

Date: February 13, 2025

/s/ Bethany M. Owen

Bethany M. Owen

Chair, President and Chief Executive Officer

**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, certify that:

1. I have reviewed this annual report on Form 10-K for the fiscal year ended December 31, 2024, of ALLETE, Inc.;
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.

Date: February 13, 2025

/s/ Steven W. Morris

Steven W. Morris

Senior Vice President and Chief Financial Officer

**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 Annual Report on Form 10-K of ALLETE for the fiscal year ended December 31, 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.

Date: February 13, 2025

/s/ Bethany M. Owen

Bethany M. Owen

Chair, President and Chief Executive Officer

Date: February 13, 2025

/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.

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 Actions Resolved During Period (#) |
|--|-------------------------------------|---------------------------------|---|--|---------------------------------|---|--|--|---|---|---|--|
| Center Mine / 3200218 | — | — | — | — | — | — | — | No | No | — | — | — |

For the year ended December 31, 2024, BNI Energy, owner of Center Mine, received nine citations under Section 104(a) of the Mine Safety Act, two of which were significant and substantial (S&S) citations. For the year ended December 31, 2024, BNI Energy paid no penalties for citations closed during the period. For the year ended December 31, 2024, there were no citations, orders, violations or notices received under Sections 104(b), 104(d), 107(a), 104(e) or 110(b)(2) of the Mine Safety Act and there were no fatalities.

**ALLETE, INC.
EXECUTIVE COMPENSATION RECOVERY POLICY**

I. Purpose

The Board of Directors (the “Board”) of ALLETE, Inc. (the “Company”) has adopted this Executive Compensation Recovery Policy (this “Policy”) to implement a mandatory clawback policy in the event of a Restatement in compliance with the Applicable Rules.

Any capitalized terms used in this Policy, and not otherwise immediately defined, shall have the meanings set forth in Section II.

II. Defined Terms

- a. “Applicable Rules” means Section 10D of the Exchange Act and Rule 10D-1 promulgated thereunder, Section 303A.14 of the Listed Company Manual (“Manual”) of the New York Stock Exchange LLC (“NYSE”), and any other national stock exchange rules that the Company is or may become subject to.
- b. “Clawback Compensation” means Incentive-Based Compensation or any other recovered incentive compensation, in each case as determined to be subject to repayment pursuant to this Policy.
- c. “Clawback Event” means a required compensation recovery of Incentive-Based Compensation in the event of a Restatement.
- d. “Committee” means the Executive Compensation and Human Capital Committee of the Board.
- e. “Exchange Act” means the Securities Exchange Act of 1934, as amended.
- f. “Executive Officer” means any person currently or formerly designated by the Board as an “officer” for purposes of Section 16 of the Exchange Act and the related promulgated rules, or as otherwise determined by the Board in accordance with the definition of executive officer as set forth in the Applicable Rules.
- g. “Financial Reporting Measures” mean (i) measures that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures that are derived wholly or in part from such measures, (ii) the Company’s stock price, or (iii) total shareholder return in respect of the Company. A Financial Reporting Measure need not be presented within the Company’s financial statements or included in a filing with the SEC.

- h. "Incentive-Based Compensation" means any compensation that is granted, earned, or vested, based wholly or in part upon the attainment of a Financial Reporting Measure. Incentive-Based Compensation does not include, among other forms of compensation, equity awards that vest exclusively upon completion of a specified time period without any performance condition, or bonus awards that are discretionary or based on subjective goals or goals that are unrelated to Financial Reporting Measures.
- i. "Received"—Incentive-Based Compensation is deemed "Received" for the purposes of this Policy in the Company's fiscal period during which the Financial Reporting Measure applicable to the Incentive-Based Compensation award is attained, even if the payment or grant of the Incentive-Based Compensation occurs after the end of that period.
- j. "Recovery Period" means the three completed fiscal years immediately preceding the date on which the Company is required to prepare a Restatement, which date is the earlier of (i) the date that the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare a Restatement; or (ii) a date that a court, regulator, or other legally authorized body directs the Company to prepare a Restatement.
- k. "Regulators" means, as applicable, the SEC and the NYSE.
- l. "Restatement" means an accounting restatement of the Company's financial statements that the Company is required to prepare due to the Company's material noncompliance with any financial reporting requirement under the securities laws, including (i) any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or (ii) that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.
- m. "SEC" means the U.S. Securities and Exchange Commission.

III. Administration

This Policy shall be administered by the Committee, which shall make all determinations with respect to this Policy, provided that this Policy shall be interpreted in a manner consistent with the requirements of the Applicable Rules.

Notwithstanding the foregoing, the Board may assume any or all powers and authority of the Committee with respect to the administration of this Policy, in which case references to the Committee shall be deemed to include the Board, as applicable.

IV. Recovery on a Restatement

In the event that the Company is required to prepare a Restatement, the Company shall reasonably promptly recover the amount, as calculated pursuant to Section IV, of any erroneously awarded Incentive-Based Compensation that is Received by an Executive Officer during the Recovery Period. The amount of erroneously Received Incentive-Based Compensation will be the excess of the amount of Incentive-Based Compensation that is Received by the Executive Officer (whether in cash or shares) based on the erroneous data in the original financial statements over the amount of Incentive-Based Compensation that would have been Received by the Executive Officer (whether in cash or in shares) had such Incentive-Based Compensation been based on the restated results, without respect to any tax liabilities incurred or paid by the Executive Officer.

Without limiting the foregoing, for Incentive-Based Compensation based on the Company's stock price or total shareholder return, where the amount of erroneously awarded compensation is not subject to mathematical recalculation directly from the information in the Restatement, (i) the amount shall be based on a reasonable estimate of the effect of the Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was Received, and (ii) the Company shall maintain documentation of the determination of that reasonable estimate and provide such estimate to NYSE.

V. Coverage and Application

Except as provided in Section X below, this Policy covers all persons who are Executive Officers at any time during the Recovery Period for which Incentive-Based Compensation is Received. Incentive-Based Compensation shall not be recovered under this Policy to the extent Received by any person before the date the person served as an Executive Officer. Subsequent changes in an Executive Officer's employment status, including retirement or termination of employment, do not affect the Company's right to recover Incentive-Based Compensation pursuant to this Policy.

Subject to Section XI below, this Policy shall apply to Incentive-Based Compensation that is Received by any Executive Officer on or after October 2, 2023 that resulted from attainment of a Financial Reporting Measure based on or derived from financial information for any fiscal period ending on or after October 2, 2023.

VI. Exceptions to Policy

No recovery of Incentive-Based Compensation shall be required if any of the following conditions are met and the Committee determines that, on such basis, recovery would be impracticable:

- a. the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered; provided that prior to making a determination that it would be impracticable to recover any Incentive-Based Compensation based on the expense of enforcement, the Company shall (i) have made a reasonable attempt to recover the Incentive-Based Compensation, (ii) have documented such reasonable attempts to recover, and (iii) provide the documentation to NYSE;
- b. recovery would violate home country law where that law was adopted prior to November 28, 2022; or
- c. recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees, to fail to meet the requirements of Section 401(a)(13) or Section 411(a) of the Internal Revenue Code of 1986, as amended, and U.S. Treasury regulations promulgated thereunder.

VII. Public Disclosure

The Company shall make all required disclosures and filings with the Regulators with respect to this Policy in accordance with the requirements of the Applicable Rules, and any other requirements applicable to the Company, including any disclosures required in connection with SEC filings.

VIII. Methods of Recovery

In the event of a Clawback Event, subject to applicable law, the Committee may take any such actions as it deems necessary or appropriate, including, without limitation:

- a. The forfeiture, reduction, or cancellation of any Clawback Compensation in the form of vested or unvested equity or equity-based awards that have not been distributed or otherwise settled prior to the date of determination;
- b. The recovery of any Clawback Compensation that was previously paid to the Executive Officer;
- c. The recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any Covered Compensation in the form of equity or equity-based awards;
- d. The offset, withholding, or elimination of any compensation that could be paid or awarded to the Executive Officer after the date of determination;
- e. The recovery of any amount in respect of Clawback Compensation contributed to a plan that takes into account Clawback Compensation (excluding certain tax-qualified plans, but including long-term disability, life insurance, supplemental executive retirement plans) and any earnings accrued to date on that notional amount; and
- f. The taking of any other remedial and recovery action permitted by law, as determined by the Committee.

In addition, the Committee may authorize legal action for breach of fiduciary duty or other violation of law and take such other actions to enforce the Executive Officer's obligations to the Company as the Committee deems appropriate.

IX. No Indemnification

The Company shall not indemnify any current or former Executive Officer against the loss of erroneously awarded compensation. Nor shall the Company pay or reimburse any Executive Officer for premiums incurred or paid for any insurance policy to fund such Executive Officer's potential recovery obligations.

X. No Substitution of Rights; Non-Exhaustive Rights

Any right of recovery under this Policy is in addition to, and not in lieu of, any other remedies or rights of recovery that may be available to the Company pursuant to: (a) the Amended and Restated ALLETE Executive Long-Term Incentive Compensation Plan, or any other incentive plan of the Company or any of its subsidiaries or affiliates; (b) the terms of any similar policy or provision in any employment agreement, compensation agreement or arrangement, or similar agreement; or (c) any other legal remedies available to the Company.

In addition to recovery of compensation as provided for in this Policy, the Company may take any and all other actions as it deems necessary, appropriate and in the Company's best interest in connection with a Clawback Event, including, without limitation, termination of an Executive Officer's employment and initiating legal action against an Executive Officer, and nothing in this Policy limits the Company's rights to take any such or other appropriate actions.

XI. Amendment

The Board, based upon the recommendation of the Committee, may amend this Policy at any time for any reason, subject to any limitations under the Applicable Rules.

XII. Effective Date

This Policy shall be effective as of December 1, 2023 (the "Effective Date"). This Policy expressly supersedes the ALLETE and Affiliated Companies Compensation Recovery Policy, which was first adopted by the Board effective as of January 1, 2011, and was most recently reviewed and approved by the Board on July 24, 2019 (the "Prior Policy"). For the avoidance of doubt, the terms and conditions of this Policy shall govern any historical period in which the Prior Policy would otherwise have been in effect.



For Release: February 13, 2025

Investor Contact: 218-723-3952
shareholder@allete.com

NEWS

ALLETE, Inc. reports 2024 earnings

DULUTH, Minn. - ALLETE, Inc. (NYSE: ALE) today reported 2024 earnings of \$3.10 per share on net income of \$179.3 million and operating revenue of \$1.5 billion. Reported results from 2023 were \$4.30 per share on net income of \$247.1 million and operating revenue of \$1.9 billion. Results for 2024 reflect approximately 39 cents per share of transaction expenses related to the merger agreement entered into May 5, 2024, with Canada Pension Plan Investment Board and Global Infrastructure Partners. Earnings in 2024 were positively impacted by the implementation of interim rates on January 1, 2024, net of reserves, related to Minnesota Power's rate case settlement. Net income in 2023 included approximately 6 cents per share for transaction expenses and 71 cents per share related to the arbitration award at ALLETE Clean Energy including consolidated income tax impacts recorded at Corporate and Other. Earnings per share dilution in 2024 was two cents due to additional shares of common stock outstanding in 2024.

"I am pleased and extremely proud of our entire ALLETE team this past year, working diligently on many fronts to execute our Sustainability in Action strategy in tandem with initiatives as part of the merger agreement with Canada Pension Plan Investment Board and Global Infrastructure Partners," said ALLETE Chair, President, and Chief Executive Officer Bethany Owen. "The merger continues to progress as planned, and we remain on track for a 2025 closing, subject to all necessary approvals. With the Federal Energy Regulatory Commission approval in December, we met another important milestone that brings us closer to realizing the benefits of this transaction for our customers, our communities, our co-workers, and our shareholders, and we held the first of multiple public hearings in January."

Owen continued, "At Minnesota Power and Superior Water, Light & Power, our teams continue to execute on our commitments to provide safe, resilient, reliable, and affordable service to our customers. We were pleased that the Minnesota Public Utilities Commission approved Minnesota Power's 2023 rate case settlement agreement in the fourth quarter, with final rates expected to be implemented in the first quarter of 2025. In addition, Superior Water, Light & Power implemented new rates on January 1, 2025, and our New Energy Equity team continues to execute on its strategy and robust pipeline of projects."

"Overall results for 2024 were slightly above expectations excluding transaction expenses and interim rate refund reserves resulting from the Minnesota Power rate case settlement," said ALLETE Senior Vice President and Chief Financial Officer Steve Morris. "While earnings were lower at ALLETE Clean Energy, primarily due to a longer than expected forced outage near its Caddo wind energy, earnings from the American Transmission Company and New Energy Equity slightly exceeded expectations."

ALLETE's Regulated Operations segment, which includes Minnesota Power, Superior Water, Light & Power and the Company's investment in the American Transmission Company ("ATC"), recorded 2024 net income of \$160.9 million, compared to \$147.2 million in 2023. Net income at Minnesota Power was higher compared to 2023 reflecting the implementation of interim rates on January 1, 2024, net of reserves related to Minnesota Power's rate case settlement. Also included in 2024 were higher transmission margins, partially offset by higher depreciation and property tax expenses, as well as lower margins from industrial customers. Earnings at Superior Water, Light & Power were lower in 2024 compared to 2023 primarily due to higher operating and maintenance expenses. Our after-tax equity earnings at ATC were higher than 2023 reflecting period over period changes in ATC's estimate of a refund liability related to a FERC decision on MISO return on equity complaints in 2024.

ALLETE Clean Energy recorded 2024 net income of \$17.8 million compared to \$71.7 million in 2023. Net income in 2024 reflected 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 during the first half of the year. These decreases were partially offset by a \$3.5 million after-tax gain on the sale of the Whitetail wind project and lower operating and maintenance expenses. Net income in 2023 included a \$44.3 million, after-tax gain recognized for the favorable arbitration award, as well as the gain on sale of the Red Barn project and higher interest income related to interest awarded as part of the arbitration ruling.

Corporate and Other businesses, which include New Energy Equity, BNI Energy, ALLETE Properties and our investments in renewable energy facilities, recorded net income of \$0.6 million in 2024, compared to net income of \$28.2 million in 2023. Net income in 2024 included higher transaction expenses of approximately 33 cents per share, related to the merger agreement entered into in May of 2024, as well as lower earnings from Minnesota solar projects as investment tax credits were recognized in 2023, and lower earnings at ALLETE Properties due to higher land sales in 2023. These were partially offset by higher earnings at New Energy Equity in 2024 compared to 2023.

ALLETE is an energy company headquartered in Duluth, Minn. In addition to its electric utilities, Minnesota Power and Superior Water, Light & 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. *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.

ALLETE, Inc.
Consolidated Statement of Income
For the Periods Ended December 31, 2024 and 2023

| | Quarter Ended | | Year to Date | |
|--|---------------|---------------|----------------|----------------|
| | 2024 | 2023 | 2024 | 2023 |
| Millions Except Per Share Amounts | | | | |
| Operating Revenue | | | | |
| Contracts with Customers – Utility | \$314.1 | \$319.2 | \$1,242.7 | \$1,238.3 |
| Contracts with Customers – Non-utility | 49.5 | 82.3 | 282.1 | 636.4 |
| Other – Non-utility | 1.2 | 1.2 | 5.0 | 5.1 |
| Total Operating Revenue | 364.8 | 402.7 | 1,529.8 | 1,879.8 |
| Operating Expenses | | | | |
| Fuel, Purchased Power and Gas – Utility | 120.3 | 132.1 | 477.6 | 482.9 |
| Transmission Services – Utility | 20.7 | 21.9 | 64.6 | 88.2 |
| Cost of Sales – Non-utility | 26.0 | 36.8 | 129.2 | 473.5 |
| Operating and Maintenance | 74.9 | 91.1 | 361.4 | 345.3 |
| Depreciation and Amortization | 69.7 | 63.6 | 271.5 | 251.8 |
| Taxes Other than Income Taxes | 15.1 | 14.1 | 65.4 | 57.2 |
| Total Operating Expenses | 326.7 | 359.6 | 1,369.7 | 1,698.9 |
| Operating Income | 38.1 | 43.1 | 160.1 | 180.9 |
| Other Income (Expense) | | | | |
| Interest Expense | (20.9) | (19.9) | (81.7) | (80.8) |
| Equity Earnings | 8.5 | 5.6 | 25.0 | 21.7 |
| Other | 3.0 | 9.7 | 23.0 | 85.0 |
| Total Other Income (Expense) | (9.4) | (4.6) | (33.7) | 25.9 |
| Income Before Non-Controlling Interest and Income Taxes | 28.7 | 38.5 | 126.4 | 206.8 |
| Income Tax Expense (Benefit) | (3.6) | 7.5 | 4.7 | 27.9 |
| Net Income | 32.3 | 31.0 | 121.7 | 178.9 |
| Net Loss Attributable to Non-Controlling Interest | (18.3) | (20.5) | (57.6) | (68.2) |
| Net Income Attributable to ALLETE | \$50.6 | \$51.5 | \$179.3 | \$247.1 |
| Average Shares of Common Stock | | | | |
| Basic | 57.8 | 57.5 | 57.7 | 57.3 |
| Diluted | 58.0 | 57.6 | 57.8 | 57.4 |
| Basic Earnings Per Share of Common Stock | \$0.88 | \$0.89 | \$3.11 | \$4.31 |
| Diluted Earnings Per Share of Common Stock | \$0.87 | \$0.89 | \$3.10 | \$4.30 |
| Dividends Per Share of Common Stock | \$0.71 | \$0.68 | \$2.82 | \$2.71 |

Consolidated Balance Sheet
Millions

| | Dec. 31, 2024 | Dec. 31, 2023 | | Dec. 31, 2024 | Dec. 31, 2023 |
|-------------------------------------|------------------|------------------|--|------------------|------------------|
| Assets | | | Liabilities and Equity | | |
| Cash and Cash Equivalents | \$32.8 | \$71.9 | Current Liabilities | \$404.2 | \$377.6 |
| Other Current Assets | 402.4 | 396.2 | Long-Term Debt | 1,704.7 | 1,679.9 |
| Property, Plant and Equipment – Net | 5,181.5 | 5,013.4 | Deferred Income Taxes | 253.4 | 192.7 |
| Regulatory Assets | 371.7 | 425.4 | Regulatory Liabilities | 570.5 | 574.0 |
| Equity Investments | 340.1 | 331.2 | Defined Benefit Pension & Other Postretirement Benefit Plans | 118.2 | 160.8 |
| Goodwill and Intangibles – Net | 155.3 | 155.4 | Other Non-Current Liabilities | 312.8 | 264.3 |
| Other Non-Current Assets | 270.5 | 262.9 | Redeemable Non-Controlling Interest | 0.4 | 0.5 |
| | | | Equity | 3,390.1 | 3,406.6 |
| Total Assets | \$6,754.3 | \$6,656.4 | Total Liabilities and Equity | \$6,754.3 | \$6,656.4 |

| ALLETE, Inc. Income (Loss) | Quarter Ended December 31, | | Year to Date December 31, | |
|--|-------------------------------|---------------|------------------------------|---------------|
| | 2024 | 2023 | 2024 | 2023 |
| Millions | | | | |
| Regulated Operations | \$49.0 | \$34.8 | \$160.9 | \$147.2 |
| ALLETE Clean Energy | 7.7 | 5.3 | 17.8 | 71.7 |
| Corporate and Other | (6.1) | 11.4 | 0.6 | 28.2 |
| Net Income Attributable to ALLETE | \$50.6 | \$51.5 | \$179.3 | \$247.1 |
| Diluted Earnings Per Share | \$0.87 | \$0.89 | \$3.10 | \$4.30 |
| Statistical Data | | | | |
| Corporate | | | | |
| Common Stock | | | | |
| High | \$65.67 | \$62.16 | \$65.86 | \$66.69 |
| Low | \$63.80 | \$49.29 | \$55.86 | \$49.29 |
| Close | \$64.80 | \$61.16 | \$64.80 | \$61.16 |
| Book Value | \$49.20 | \$48.81 | \$49.20 | \$48.81 |
| Kilowatt-hours Sold | | | | |
| Millions | | | | |
| Regulated Utility | | | | |
| Retail and Municipal | | | | |
| Residential | 276 | 277 | 1,069 | 1,089 |
| Commercial | 323 | 325 | 1,322 | 1,347 |
| Industrial | 1,780 | 1,866 | 7,022 | 7,044 |
| Municipal | 119 | 116 | 469 | 466 |
| Total Retail and Municipal | 2,498 | 2,584 | 9,882 | 9,946 |
| Other Power Suppliers | 728 | 811 | 2,680 | 2,819 |
| Total Regulated Utility | 3,226 | 3,395 | 12,562 | 12,765 |
| Regulated Utility Revenue | | | | |
| Millions | | | | |
| Regulated Utility Revenue | | | | |
| Retail and Municipal Electric Revenue | | | | |
| Residential | \$42.2 | \$38.7 | \$163.3 | \$150.3 |
| Commercial | 44.9 | 42.0 | 184.0 | 177.5 |
| Industrial | 153.8 | 153.3 | 607.8 | 590.2 |
| Municipal | 8.6 | 8.2 | 34.2 | 33.4 |
| Total Retail and Municipal | 249.5 | 242.2 | 989.3 | 951.4 |
| Other Power Suppliers | 34.8 | 42.9 | 137.2 | 146.1 |
| Other (Includes Water and Gas Revenue) | 29.8 | 34.1 | 116.2 | 140.8 |
| Total Regulated Utility Revenue | \$314.1 | \$319.2 | \$1,242.7 | \$1,238.3 |

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.