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NEWS

ALLETE Clean Energy plans expansion of North Dakota wind farm *25-year power purchase agreement with Montana-Dakota Utilities includes sale option*

Duluth, Minn.— ALLETE Clean Energy, a wholly-owned subsidiary of ALLETE, Inc. (NYSE: ALE), today announced its plan to work with Montana-Dakota Utilities (MDU) to expand the Thunder Spirit wind farm in North Dakota, reaching the 150-megawatt permitted capacity of the facility ALLETE Clean Energy developed in 2014 and 2015.

ALLETE Clean Energy secured a 25-year power purchase agreement with MDU to purchase energy from the expansion near Hettinger, North Dakota, about 100 miles southwest of Bismarck. Under the agreement, MDU, a division of MDU Resources Group (NYSE: MDU) also has the option to purchase the expansion when it is complete as it did with the first phase of Thunder Spirit.

In 2014, ALLETE Clean Energy acquired the rights to build the 107.5-megawatt first phase of Thunder Spirit, which comprises 43 turbines and generates enough electricity to power about 30,000 homes. After the project was completed in 2015, MDU bought Thunder Spirit from ALLETE Clean Energy for \$200 million and operates the wind farm for its customers.

MDU granted ALLETE Clean Energy the right to develop the 13- to 16-turbine Thunder Spirit expansion, with major construction on the \$85 million project expected to start in May 2018. ALLETE Clean Energy has qualified the Thunder Spirit expansion site for federal renewable energy production tax credits.

“We are pleased MDU has selected us to expand the Thunder Spirit Wind project and look forward to partnering with them, area landowners and Adams County officials as well as North Dakota regulators on this exciting project that will deliver additional carbon-free energy to serve its customers,” said Allan S. Rudeck Jr., President of ALLETE Clean Energy. “This transaction strengthens ALLETE Clean Energy’s renewable energy repertoire and is consistent with ACE’s multipronged growth strategy to expand its clean energy project portfolio by pursuing acquisitions and new builds with long-term power sales agreements, build-transfers and renewal investments of existing facilities.”

The Thunder Spirit expansion helps MDU meet its energy needs.

“Our relationship with ALLETE Clean Energy on the first phase of Thunder Spirit Wind proved to be a winning formula,” said MDU President and CEO Nicole Kivisto. “We are in need of additional energy to meet our growing demands, and with the easements, interconnection to the grid and permits already in place from the first phase of Thunder Spirit Wind, it makes this a great project for Montana-Dakota.”

In addition to developing this expansion for MDU, ALLETE Clean Energy owns and operates wind generation facilities in Minnesota, Iowa, Oregon and Pennsylvania. ALLETE Clean Energy was established in 2011 to acquire and develop capital projects to create energy solutions by way of

wind, solar, biomass, hydro, natural gas, shale resources, clean coal technology and other emerging technologies.

ALLETE Inc. is an energy company headquartered in Duluth, Minnesota. In addition to its electric utilities, Minnesota Power and Superior Water, Light and Power of Wisconsin, ALLETE owns ALLETE Clean Energy, based in Duluth; BNI Energy in Center, North Dakota; U.S. Water Services in St. Michael, Minnesota; and has an eight percent equity interest in the American Transmission Co. More information about ALLETE is available at www.allete.com.

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. 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.

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