



ALLETE To Invest In American Transmission Company

DULUTH, Minn.—ALLETE, Inc. (NYSE: ALE) announced today it has signed an agreement with American Transmission Company (ATC) that will allow ALLETE, through its Wisconsin subsidiary Rainy River Energy Corporation - Wisconsin, to invest \$60 million in cash in ATC by the end of 2006, which would represent an estimated nine percent ownership interest in ATC. ATC, with assets of approximately \$1.4 billion, is a Wisconsin-based public utility that owns and maintains electric transmission assets in parts of Wisconsin, Michigan and Illinois. The investment by ALLETE's subsidiary in ATC is subject to review by the Public Service Commission of Wisconsin.

ATC provides transmission service under rates regulated by the Federal Energy Regulatory Commission (FERC) that are set to further the FERC's policy of establishing the independent operation and ownership of, and investment in, transmission facilities. The FERC approved the transaction on December 16, 2005.

"The ATC transaction is consistent with our strategy to use our cash to invest in utility-related growth opportunities in our region," said Don Shippar, ALLETE President and CEO. "We are excited about this opportunity because ATC has a solid track record and offers strong earnings and the potential for growth."

"ATC has plans to invest approximately \$3.4 billion over the next 10 years to upgrade the region's transmission infrastructure," said Jose Delgado, ATC President and CEO. "We are pleased that ALLETE has elected to join our efforts to improve the reliability of the transmission system." ALLETE will have the opportunity to participate in future ATC capital calls.

ALLETE, headquartered in Duluth, Minn., provides energy services in the Upper Midwest and has significant real estate holdings in Florida. More information about ALLETE can be found at: www.allete.com. ATC's Web site address is: www.atcllc.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. 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.

Investor Contact:
Tim Thorp
218-723-3953
tthorp@allete.com