



ALLETE Receives Approval to Invest \$60 Million in American Transmission Co.

ALLETE (NYSE: ALE) expects to make its first installment on a \$60 million investment in the American Transmission Company this month following a decision May 4 from the Public Service Commission of Wisconsin (PSCW).

The commission approved a request that will allow ALLETE to invest in ATC through its Wisconsin subsidiary Rainy River Energy Corporation-Wisconsin.

ATC is a Wisconsin-based public utility that owns and maintains electric transmission assets in parts of Wisconsin, Michigan and Illinois. ALLETE signed an agreement with ATC last December that allows Rainy River to invest \$60 million in cash in ATC by the end of 2006. The structure of the transaction was subject to review by the PSCW. The investment by ALLETE would represent an estimated nine percent ownership interest in ATC by year end.

"The commission's review of this transaction took longer than we anticipated, but we're very pleased to be able to move ahead," said ALLETE CEO Don Shippar. "This investment is consistent with our strategy of investing in utility-related opportunities in our region."

ALLETE's corporate headquarters are located in Duluth, Minnesota. ALLETE provides energy services in the upper Midwest and has significant real estate holdings in Florida. More information about the company is available on ALLETE's Web site 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. 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