



ALLETE Makes its First Investment in American Transmission Company

ALLETE (NYSE: ALE), through a subsidiary, made its first installment of a \$60 million investment in the American Transmission Company today.

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 enables its subsidiary Rainy River Energy Corporation-Wisconsin to invest \$60 million in cash in ATC by the end of 2006. In early May, the Public Service Commission of Wisconsin authorized an Order that allowed the investment to proceed.

ALLETE's subsidiary will be responding to ATC's monthly capital calls to arrive at the total planned contribution by year end. When completed, this investment would represent an estimated nine percent ownership interest in ATC. In addition, Rainy River is also eligible to participate in ATC's quarterly general equity capital calls, which would increase the total amount of this investment.

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.