

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 8-K  
CURRENT REPORT

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

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED) - JULY 19, 2002

ALLETE, INC.

A Minnesota Corporation  
Commission File No. 1-3548  
IRS Employer Identification No. 41-0418150  
30 West Superior Street  
Duluth, Minnesota 55802-2093  
Telephone - (218) 279-5000

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

The following exhibit of ALLETE, Inc. is filed herewith in accordance with Item 601 of Regulation S-K:

Exhibit  
Number  
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99 - ALLETE News Release dated July 19, 2002.

ALLETE Form 8-K dated July 19, 2002

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SAFE HARBOR STATEMENT  
UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, ALLETE is hereby filing cautionary statements identifying important factors that could cause ALLETE's actual results to differ materially from those projected in forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995) made by or on behalf of ALLETE in this Form 8-K, in presentations, in response to questions or otherwise. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "anticipates," "believes," "estimates," "expects," "intends," "plans," "projects," "will likely result," "will continue" or similar expressions) are not statements of historical facts and may be forward-looking.

Forward-looking statements involve estimates, assumptions, risks and uncertainties and are qualified in their entirety by reference to, and are accompanied by, the following important factors, which are difficult to predict, contain uncertainties, are beyond the control of ALLETE and may cause actual results or outcomes to differ materially from those contained in forward-looking statements:

- war and acts of terrorism;
- prevailing governmental policies and regulatory actions, including those of the United States Congress, state legislatures, the Federal Energy Regulatory Commission, the Minnesota Public Utilities Commission, the Florida Public Service Commission, the North Carolina Utilities Commission, the Public Service Commission of Wisconsin and various county regulators, about allowed rates of return, financings, industry and rate structure, acquisition and disposal of assets and facilities, operation and construction of plant facilities, recovery of purchased power and capital investments, and present or prospective wholesale and retail competition (including but not limited to transmission costs) as well as general vehicle-related laws, including vehicle brokerage and auction laws;
- unanticipated impacts of restructuring initiatives in the electric industry;
- economic and geographic factors, including political and economic risks;
- changes in and compliance with environmental and safety laws and policies;
- weather conditions;
- population growth rates and demographic patterns;
- the effects of competition, including the competition for retail and wholesale customers, as well as suppliers and purchasers of vehicles;
- pricing and transportation of commodities;
- market demand, including structural market changes;
- changes in tax rates or policies or in rates of inflation;
- unanticipated project delays or changes in project costs;
- unanticipated changes in operating expenses and capital expenditures;
- capital market conditions;
- competition for economic expansion or development opportunities;
- our ability to manage expansion and integrate recent acquisitions; and
- legal and administrative proceedings (whether civil or criminal) and settlements that affect the business and profitability of ALLETE.

Any forward-looking statement speaks only as of the date on which that statement is made, and ALLETE undertakes 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 those factors, nor can it assess the impact of each of those 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.

SIGNATURES

Pursuant to the requirements 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.

July 19, 2002

James K. Vizanko

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James K. Vizanko  
Vice President, Chief Financial Officer  
and Treasurer

EXHIBIT INDEX

Exhibit  
Number

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99 ALLETE News Release dated July 19, 2002

ALLETE Form 8-K dated July 19, 2002

[ALLETE LOGO]

For Release: July 19, 2002  
 Contact: Eric Olson  
 218-723-3947  
 eolson@allete.com

NEWS

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

ALLETE REPORTS SECOND-QUARTER EARNINGS  
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Duluth, Minn. -- ALLETE, Inc. (NYSE: ALE) today reported earnings of 47 cents per share for the second quarter of 2002. Net income was \$38.8 million on quarterly operating revenue of \$376.7 million. Excluding exit charges related to the vehicle transport businesses, earnings were 50 cents per share for the quarter. In the second quarter of 2001, ALLETE reported \$42.5 million of net income on operating revenue of \$405.1 million, and earnings per share of 57 cents. Last year's results included the largest real estate transaction in company history.

"We remain bullish on our core businesses," said David Gartzke, ALLETE Chairman, President, and CEO. "We remain committed to our strategy that looks for ways to increase the value of our company."

Earnings from AUTOMOTIVE SERVICES increased by \$8.7 million in the quarter compared with the second quarter of 2001. The 42 percent earnings increase came from mandated goodwill accounting changes, lower interest expense and increased auction efficiency. The receivables portfolio at Automotive Finance Corporation rose by 12 percent for the quarter compared with last year.

ENERGY SERVICES earnings for the quarter were about the same as last year. While total kilowatt-hour sales were higher than in the second quarter of 2001, weak prices in the wholesale energy market contributed to flat earnings.

For the second quarter, ALLETE recorded a loss of \$5.7 million in INVESTMENTS AND CORPORATE CHARGES, compared with \$9.2 million in income during the same period last year. During the second quarter of 2001, the company realized an \$11.1 million gain on its largest real estate transaction ever. Difficult market conditions in the second quarter of 2002 contributed to less than acceptable returns from ALLETE's securities portfolio, which will be liquidated to eliminate future exposure to market uncertainties. Proceeds from this liquidation will be used to reduce the company's debt balance.

WATER SALE UPDATE  
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The company remains engaged in discussions relating to the proposed sale of ALLETE Water Services. The Florida Governmental Utility Authority has informed us it may not be taking any action regarding its potential purchase of Florida Water Services assets until September. Meanwhile, ALLETE continues to examine other opportunities for the sale of Florida Water. ALLETE has hired an investment banker to facilitate the sale of Heater Utilities and Georgia Water Services. That sale process is now in progress. The company expects to close both transactions in late 2002 or early 2003.

(more)

## EARNINGS GUIDANCE

ALLETE is revising its earnings-per-share estimate for 2002 to be in the \$2.00 to \$2.10 range excluding the 5 cents of year-to-date exit charges as well as any gain from the sale of Water Services assets. This estimate reflects year-to-date performance, the planned liquidation of the securities portfolio, operating losses incurred prior to the exit from the vehicle transport business, and lower wholesale power prices for the year. The company continues to expect that Automotive Services will grow earnings by 30 percent in 2002 over 2001.

ALLETE's corporate headquarters are located in Duluth, Minnesota. ALLETE's holdings include ADESA, the second largest wholesale vehicle auction network in North America; AFC, the leading provider of independent auto dealer inventory financing; Minnesota Power, a low-cost electric utility that serves some of the largest industrial customers in the United States; and Florida real estate investments. For more information about ALLETE, visit the company's Web site at [www.allete.com](http://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.

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[LOGO] recycled paper  
ALLETE - 30 West Superior Street, Duluth, Minnesota 55802  
[www.allete.com](http://www.allete.com)

ALLETE, INC.  
 CONSOLIDATED STATEMENT OF INCOME  
 FOR THE PERIODS ENDED JUNE 30, 2002 AND 2001  
 Millions Except Per Share Amounts

	QUARTER ENDED		YEAR TO DATE	
	2002	2001	2002	2001
<b>OPERATING REVENUE</b>				
Energy Services	\$ 154.1	\$ 147.5	\$ 297.0	\$ 306.5
Automotive Services	217.6	214.7	431.1	419.6
Investments	5.0	42.9	21.6	55.9
<b>Total Operating Revenue</b>	<b>376.7</b>	<b>405.1</b>	<b>749.7</b>	<b>782.0</b>
<b>OPERATING EXPENSES</b>				
Fuel and Purchased Power	59.2	56.8	108.6	119.2
Operations	244.5	262.2	495.8	505.0
Interest	16.2	18.8	32.1	38.1
<b>Total Operating Expenses</b>	<b>319.9</b>	<b>337.8</b>	<b>636.5</b>	<b>662.3</b>
<b>OPERATING INCOME FROM CONTINUING OPERATIONS</b>	<b>56.8</b>	<b>67.3</b>	<b>113.2</b>	<b>119.7</b>
<b>DISTRIBUTIONS ON REDEEMABLE PREFERRED SECURITIES OF ALLETE CAPITAL I</b>	<b>1.5</b>	<b>1.5</b>	<b>3.0</b>	<b>3.0</b>
<b>INCOME TAX EXPENSE</b>	<b>22.1</b>	<b>26.3</b>	<b>43.6</b>	<b>46.5</b>
<b>INCOME FROM CONTINUING OPERATIONS</b>	<b>33.2</b>	<b>39.5</b>	<b>66.6</b>	<b>70.2</b>
<b>INCOME FROM DISCONTINUED OPERATIONS</b>	<b>5.6</b>	<b>3.0</b>	<b>7.4</b>	<b>5.2</b>
<b>NET INCOME</b>	<b>\$ 38.8</b>	<b>\$ 42.5</b>	<b>\$ 74.0</b>	<b>\$ 75.4</b>
<b>AVERAGE SHARES OF COMMON STOCK</b>				
Basic	81.0	73.7	80.7	72.7
Diluted	81.7	74.3	81.3	73.3
<b>EARNINGS PER SHARE OF COMMON STOCK</b>				
Basic - Continuing Operations	\$0.41	\$0.54	\$0.83	\$0.97
Discontinued Operations	0.07	0.04	0.09	0.07
	<b>\$0.48</b>	<b>\$0.58</b>	<b>\$0.92</b>	<b>\$1.04</b>
Diluted - Continuing Operations	\$0.40	\$0.53	\$0.82	\$0.96
Discontinued Operations	0.07	0.04	0.09	0.07
	<b>\$0.47</b>	<b>\$0.57</b>	<b>\$0.91</b>	<b>\$1.03</b>
<b>DIVIDENDS PER SHARE OF COMMON STOCK</b>	<b>\$0.275</b>	<b>\$0.2675</b>	<b>\$0.55</b>	<b>\$0.535</b>

ALLETE, INC.  
 CONSOLIDATED BALANCE SHEET  
 Millions

	JUN. 30, 2002	DEC. 31, 2001
<b>ASSETS</b>		
Current Assets	\$ 958.1	\$ 909.9
Property, Plant and Equipment	1,368.6	1,323.3
Investments	129.2	141.0
Goodwill	501.0	494.4
Other	114.7	103.6
Discontinued Operations	330.3	310.3
<b>TOTAL ASSETS</b>	<b>\$3,401.9</b>	<b>\$ 3,282.5</b>
	JUN. 30, 2002	DEC. 31, 2001

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities	\$ 753.9	\$ 704.5
Long-Term Debt	935.2	933.8
Other Liabilities	266.9	270.5
Discontinued Operations	160.7	154.9
Mandatorily Redeemable Preferred Securities of ALLETE Capital I	75.0	75.0
Shareholders' Equity	1,210.2	1,143.8
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TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$3,401.9	\$3,282.5
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ALLETE, INC.	QUARTER ENDED JUNE 30,		YEAR TO DATE JUNE 30,	
	2002	2001	2002	2001
NET INCOME Millions				
Energy Services	\$ 9.7	\$ 9.8	\$18.8	\$22.2
Automotive Services	29.2	20.5	53.9	38.6
Investments and Corporate Charges	(5.7)	9.2	(6.1)	9.4
Income from Continuing Operations	33.2	39.5	66.6	70.2
Income from Discontinued Operations	5.6	3.0	7.4	5.2
Net Income	\$38.8	\$42.5	\$74.0	\$75.4
DILUTED EARNINGS PER SHARE				
Continuing Operations	\$0.40	\$0.53	\$0.82	\$0.96
Discontinued Operations	0.07	0.04	0.09	0.07
	\$0.47	\$0.57	\$0.91	\$1.03

Included a \$0.8 million, or \$0.01 per share, charge related to the exit from ALLETE's Canadian auto transport business.

Discontinued operations included the operating results of ALLETE's Water Services businesses, the Great Rigs auto transport company and the Electric Odyssey retail business. For the six months ended June 30, 2002, ALLETE included \$3.1 million, or \$0.04 per share, in charges to complete the exit from the auto transport company and the retail business. A total of \$2.3 million, or \$0.02 per share, was reported during the first quarter of 2002.

ALLETE, INC.	QUARTER ENDED JUNE 30,		YEAR TO DATE JUNE 30,	
	2002	2001	2002	2001
STATISTICAL DATA				
CORPORATE				
Common Stock				
High	\$31.10	\$26.13	\$31.10	\$26.13
Low	\$27.09	\$22.04	\$24.25	\$20.19
Close	\$27.10	\$22.50	\$27.10	\$22.50
Book Value	\$14.21	\$13.40	\$14.21	\$13.40
ENERGY SERVICES Millions of Kilowatthours Sold				
Regulated				
Retail				
Residential	232.8	217.6	518.6	511.7
Commercial	295.1	288.3	609.6	606.9
Industrial	1,755.2	1,714.9	3,405.0	3,322.0
Other	17.8	17.8	37.6	37.2
Resale	400.8	404.5	843.7	1,074.4
Merchant	2,701.7	2,643.1	5,414.5	5,552.2
	197.1	-	242.8	-
	2,898.8	2,643.1	5,657.3	5,552.2
AUTOMOTIVE SERVICES				
Vehicles Sold				
Wholesale	454,000	458,000	915,000	924,000
Total Loss	47,000	34,000	94,000	69,000
	501,000	492,000	1,009,000	993,000
Conversion Rate - Wholesale Vehicles	59.7%	58.5%	62.6%	61.0%
Vehicles Financed	241,000	232,000	478,000	453,000
EBITDAL (Millions)	\$68.0	\$60.2	\$128.7	\$117.7

Earnings Before Interest, Taxes, Depreciation, Amortization and Lease Expense

