

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) - OCTOBER 18, 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

- - - - -

99 - ALLETE News Release dated October 18, 2002.

ALLETE Form 8-K dated October 18, 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
- the outcome of 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.

October 18, 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 October 18, 2002.

ALLETE Form 8-K dated October 18, 2002

[ALLETE LOGO]

For Release: October 18, 2002  
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NEWS

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ALLETE REPORTS SOLID THIRD QUARTER  
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Duluth, Minn. - ALLETE, Inc. (NYSE: ALE) today reported earnings of 55 cents per share for the third quarter of 2002, compared with 47 cents over the comparable period a year ago, an increase of 17 percent. Net income was \$45.1 million, up 19 percent from the third quarter of 2001. Operating revenue was \$390 million in the quarter compared with \$383.1 million a year ago. Year-to-date, earnings are \$1.46 per share, compared with \$1.50 for the first nine months of 2001. Excluding exit charges related to the vehicle transport business and Electric Odyssey, year-to-date earnings per share are \$1.51 this year.

"We reported earnings comparable to last year despite difficult market conditions for both the energy and automotive businesses," said Dave Gartzke, ALLETE Chairman, President and CEO. "We are confident that the company is well-positioned to contend with current market conditions and will show stronger earnings performance once the economic environment improves."

While total kilowatt-hour sales increased 24 percent, earnings at ENERGY SERVICES for the quarter were down three percent compared to a year ago due to weak wholesale power prices. Revenue and earnings from our core retail electric business remain strong.

INVESTMENTS AND CORPORATE CHARGES in the third quarter were flat compared with the comparable period in 2001.

Earnings at AUTOMOTIVE SERVICES increased by \$3.5 million for the quarter compared with the third quarter of 2001. At ADESA, growth was due to mandated goodwill accounting changes, lower interest expense and increased auction efficiency. Total receivables at Automotive Finance Corporation have increased by eight percent over 2001 to \$535 million, and its strong credit quality helped AFC post another strong quarter. Year-to-date, net income for Automotive Services is 33 percent over the same period last year.

"In the first few weeks of October we were surprised to see conversion rates fall to 50 percent at our U.S. auctions," Gartzke said. "New car manufacturers have extended zero-percent financing into the 2003 model year, causing a further reduction in wholesale used car prices. This has slowed the sale of vehicles at our auctions."

The conversion rate represents the number of vehicles sold compared with the number of vehicles offered at auction.

(MORE)

"We expect the sellers of used cars will ultimately accept the lower prices at auction and begin selling again," Gartzke said. "But timing is uncertain. Based on current market conditions we believe Automotive Services will not achieve its stated earnings growth goal of 30 percent this year. We now expect ALLETE's earnings per share to be at the low end of the range with respect to our estimate for 2002 of \$1.80 to \$1.90."

ALLETE's corporate headquarters are located in Duluth, Minnesota. ALLETE's holdings include ADESA, the second largest wholesale automobile 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 significant real estate holdings in Florida. 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 SEPTEMBER 30, 2002 AND 2001  
 Millions Except Per Share Amounts

	QUARTER ENDED		YEAR TO DATE	
	2002	2001	2002	2001
<b>OPERATING REVENUE</b>				
Energy Services	\$171.2	\$167.8	\$ 468.2	\$ 474.3
Automotive Services	211.2	206.6	643.2	626.2
Investments	7.6	8.7	29.2	64.6
<b>Total Operating Revenue</b>	<b>390.0</b>	<b>383.1</b>	<b>1,140.6</b>	<b>1,165.1</b>
<b>OPERATING EXPENSES</b>				
Fuel and Purchased Power	66.1	60.2	174.7	179.4
Operations	246.0	249.9	741.8	754.9
Interest	15.8	19.7	47.9	57.8
<b>Total Operating Expenses</b>	<b>327.9</b>	<b>329.8</b>	<b>964.4</b>	<b>992.1</b>
<b>OPERATING INCOME FROM CONTINUING OPERATIONS</b>	<b>62.1</b>	<b>53.3</b>	<b>176.2</b>	<b>173.0</b>
<b>DISTRIBUTIONS ON REDEEMABLE</b>				
PREFERRED SECURITIES OF ALLETE CAPITAL I	1.5	1.5	4.5	4.5
<b>INCOME TAX EXPENSE</b>	<b>22.3</b>	<b>16.5</b>	<b>66.0</b>	<b>63.0</b>
<b>INCOME FROM CONTINUING OPERATIONS</b>	<b>38.3</b>	<b>35.3</b>	<b>105.7</b>	<b>105.5</b>
<b>INCOME FROM DISCONTINUED OPERATIONS</b>	<b>6.8</b>	<b>2.5</b>	<b>13.4</b>	<b>7.7</b>
<b>NET INCOME</b>	<b>\$ 45.1</b>	<b>\$ 37.8</b>	<b>\$ 119.1</b>	<b>\$ 113.2</b>
<b>AVERAGE SHARES OF COMMON STOCK</b>				
Basic	81.5	79.0	80.9	74.6
Diluted	81.9	79.8	81.5	75.3
<b>EARNINGS PER SHARE OF COMMON STOCK</b>				
Basic - Continuing Operations	\$0.47	\$0.45	\$1.31	\$1.42
Discontinued Operations	0.08	0.03	0.16	0.10
	\$0.55	\$0.48	\$1.47	\$1.52
Diluted - Continuing Operations	\$0.47	\$0.44	\$1.30	\$1.40
Discontinued Operations	0.08	0.03	0.16	0.10
	\$0.55	\$0.47	\$1.46	\$1.50
<b>DIVIDENDS PER SHARE OF COMMON STOCK</b>	<b>\$0.275</b>	<b>\$0.2675</b>	<b>\$0.825</b>	<b>\$0.8025</b>

ALLETE, INC.  
 CONSOLIDATED BALANCE SHEET  
 Millions

	SEPT. 30, 2002	DEC. 31, 2001
<b>ASSETS</b>		
Current Assets	\$ 759.3	\$ 909.9
Property, Plant and Equipment	1,380.6	1,323.3
Investments	144.5	141.0
Goodwill	496.9	494.4
Other	122.1	103.6
Discontinued Operations	334.8	310.3
<b>TOTAL ASSETS</b>	<b>\$ 3,238.2</b>	<b>\$ 3,282.5</b>
	SEPT. 30, 2002	DEC. 31, 2001
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		



Current Liabilities	\$ 590.4	\$ 704.5
Long-Term Debt	915.5	933.8
Other Liabilities	268.9	270.5
Discontinued Operations	159.9	154.9
Mandatorily Redeemable Preferred Securities of ALLETE Capital I	75.0	75.0
Shareholders' Equity	1,228.5	1,143.8

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TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY      \$ 3,238.2                      \$ 3,282.5  
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ALLETE, INC.	QUARTER ENDED SEPTEMBER 30,		YEAR TO DATE SEPTEMBER 30,	
	2002	2001	2002	2001
NET INCOME Millions				
Energy Services	\$17.5	\$18.0	\$ 36.3	\$ 40.2
Automotive Services	24.1	20.6	78.8	59.2
Investments and Corporate Charges	(3.3)	(3.3)	(9.4)	6.1
Income from Continuing Operations	38.3	35.3	105.7	105.5
Income from Discontinued Operations	6.8	2.5	13.4	7.7
Net Income	\$45.1	\$37.8	\$119.1	\$113.2

## DILUTED EARNINGS PER SHARE

Continuing Operations	\$0.47	\$0.44	\$1.30	\$1.40
Discontinued Operations	0.08	0.03	0.16	0.10
	\$0.55	\$0.47	\$1.46	\$1.50

Discontinued operations included the operating results of ALLETE's Water Services businesses, the auto transport business and the Electric Odyssey retail business. For the nine months ended September 30, 2002, ALLETE included \$3.9 million, or \$0.05 per share, in charges to complete the exit from the auto transport business and the retail business.

ALLETE, INC.	QUARTER ENDED SEPTEMBER 30,		YEAR TO DATE SEPTEMBER 30,	
	2002	2001	2002	2001
STATISTICAL DATA				
CORPORATE				
Common Stock				
High	\$27.62	\$26.89	\$31.10	\$26.89
Low	\$18.50	\$21.50	\$18.50	\$20.19
Close	\$21.60	\$25.64	\$21.60	\$25.64
Book Value	\$14.38	\$13.52	\$14.38	\$13.52
ENERGY SERVICES				
Millions of Kilowatthours Sold				
Regulated				
Retail				
Residential	240.1	231.5	758.7	743.2
Commercial	327.5	325.9	937.1	932.8
Industrial	1,745.8	1,600.4	5,150.8	4,922.3
Other	18.9	19.5	56.5	56.7
Resale	567.6	548.7	1,411.3	1,623.2
Merchant	2,899.9	2,726.0	8,314.4	8,278.2
	487.4	-	730.2	-
	3,387.3	2,726.0	9,044.6	8,278.2
AUTOMOTIVE SERVICES				
Vehicles Sold				
Wholesale	433,000	429,000	1,348,000	1,353,000
Total Loss	41,000	34,000	131,000	103,000
	474,000	463,000	1,479,000	1,456,000
Conversion Rate - Wholesale Vehicles	56.0%	55.9%	60.3%	59.3%
Vehicles Financed	237,000	223,000	715,000	676,000
EBITDAL (Millions)	\$57.0	\$55.8	\$186.6	\$173.5

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