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ALLETE INC
Form DEF 14A
March 25, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES EXCHANGE ACT OF 1934
(AMENDMENT NO.)

Filed by the Registrant /X/
Filed by a Party other than the Registrant / /
Check the appropriate box:
/ / Preliminary Proxy Statement
/ / CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE
14a-6(e)(2))
/X/ Definitive Proxy Statement
/ / Definitive Additional Materials
/ / Soliciting Material Pursuant to Section 240.14a-12

ALLETE, INC.

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

/X/ No fee required.
/ / Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

/ / Fee paid previously with preliminary materials.
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number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

[ALLETE LOGO]

Annual Meeting
of Shareholders

Tuesday, May 11, 2004
Duluth, Minnesota

=====
2004 NOTICE AND PROXY STATEMENT
=====

March 25, 2004

Dear Shareholder:

You are cordially invited to ALLETE's 2004 Annual Meeting of Shareholders to be held on Tuesday, May 11, 2004 at 10:30 a.m. in the auditorium of the Duluth Entertainment Convention Center (DECC). The DECC is located on the waterfront of Lake Superior at 350 Harbor Drive in Duluth, Minnesota. Free parking is available in the adjoining lot. On behalf of the Board of Directors,

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I encourage you to attend.

At this year's meeting you will be asked to elect eleven directors and to ratify the appointment of PricewaterhouseCoopers LLP as independent auditors.

Standing for election to the Board of Directors for the first time at the Annual Meeting is Roger Peirce. I think you will agree that Mr. Peirce brings an outstanding background in business and finance to the Board. Dennis Evans has retired from the Board. Mr. Evans has been a director since 1986 and all of us have greatly benefited from his experience, commitment and many contributions to ALLETE. Thomas Cunningham, who was elected to the Board of Directors in 2003, will not be standing for re-election this year. Mr. Cunningham, a former Ford Motor Company senior executive, will continue as a director of ALLETE's automotive services businesses.

After the Annual Meeting, we invite you to visit with our directors, officers and employees over lunch in the Lake Superior Ballroom located in the DECC. If you plan to join us for lunch, please return the enclosed reservation card.

Your vote is important to us. Whether or not you plan to attend our Annual Meeting in person, your shares should be represented and voted. After reading the enclosed Proxy Statement, please vote your shares online, by a toll-free telephone call or by returning the enclosed Proxy Card. Specific instructions on how to vote are provided on your Proxy Card.

Thank you for your investment in ALLETE.

Sincerely,

David G. Gartzke

David G. Gartzke
Chairman

ALLETE, INC.
30 WEST SUPERIOR STREET
DULUTH, MINNESOTA 55802

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS - MAY 11, 2004

The Annual Meeting of Shareholders of ALLETE, Inc. will be held in the auditorium of the Duluth Entertainment Convention Center, 350 Harbor Drive, Duluth, Minnesota, on Tuesday, May 11, 2004 at 10:30 a.m. for the following purposes:

1. To elect a Board of eleven directors to serve for the ensuing year;
2. To ratify the appointment of PricewaterhouseCoopers LLP as ALLETE's independent auditors for 2004; and
3. To transact such other business as may properly come before the meeting or any adjournments thereof.

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Shareholders of record on the books of ALLETE at the close of business on March 12, 2004 are entitled to notice of and to vote at the Annual Meeting.

All shareholders are cordially invited and encouraged to attend the meeting in person. The holders of a majority of the shares entitled to vote at the meeting must be present in person or by proxy to constitute a quorum.

Your early response will facilitate an efficient tally of your votes. If voting by mail, please sign, date and return the enclosed Proxy Card in the envelope provided. Alternatively, you can follow the instructions on your Proxy Card to vote your shares online or by a toll-free telephone call.

By order of the Board of Directors,

Deborah A. Amberg

Deborah A. Amberg
Vice President, General Counsel and Secretary

March 25, 2004
Duluth, Minnesota

ALLETE, INC.
30 WEST SUPERIOR STREET
DULUTH, MINNESOTA 55802

PROXY STATEMENT

SOLICITATION

The Proxy Card accompanying this Proxy Statement is solicited on behalf of the Board of Directors (Board) of ALLETE, Inc. (ALLETE or Company) for use at the Annual Meeting of Shareholders to be held on May 11, 2004 and any adjournments thereof. The purpose of the meeting is to elect a Board of eleven directors to serve for the ensuing year, to ratify the appointment of PricewaterhouseCoopers LLP (PricewaterhouseCoopers) as ALLETE's independent auditors for 2004 and to transact such other business as may properly come before the meeting. All properly submitted proxies received at or before the meeting and entitled to vote will be voted at the meeting.

This Proxy Statement and the enclosed Proxy Card were first mailed on or about March 25, 2004.

Any shareholder giving a Proxy has the right to revoke it at any time prior to its exercise by giving notice in writing to the Secretary of ALLETE.

ALLETE expects to solicit proxies primarily by mail. Proxies also may be solicited at a nominal cost in person and by telephone by employees or retirees of ALLETE. The expenses of such solicitation are the ordinary ones in connection with preparing, assembling and mailing the material, and also include charges and expenses of brokerage houses and other custodians, nominees or other fiduciaries for communicating with shareholders. Additional solicitation of proxies will be made by mail, telephone and in person by Georgeson Shareholder Communications, Inc., a firm specializing in the solicitation of proxies, at a

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cost to ALLETE of approximately \$15,000 plus expenses. The full amount of such costs will be paid by ALLETE.

OUTSTANDING SHARES AND VOTING PROCEDURES

The outstanding shares of capital stock of ALLETE as of March 12, 2004 were 87,920,807 shares of common stock, without par value (Common Stock).

Each share of the Common Stock of record on the books of ALLETE at the close of business on March 12, 2004 is entitled to notice of the Annual Meeting and to one vote.

The affirmative vote of a majority of the shares of stock entitled to vote at the Annual Meeting is required for election of each director, and the affirmative vote of a majority of the shares of stock present and entitled to vote is required for approval of the other items described in the Proxy Statement to be acted upon by shareholders. An automated system administered by Wells Fargo Bank Minnesota, N.A. tabulates the votes. Abstentions are included in determining the number of shares present and voting, and are treated as votes against the particular proposal. Broker non-votes are not counted for or against any proposal.

Unless contrary instructions are indicated on the Proxy, all shares represented by valid proxies will be voted "FOR" the election of all nominees for director named herein and "FOR" ratifying the appointment of PricewaterhouseCoopers as ALLETE's independent auditors for 2004. If any other business is transacted at the meeting, all shares represented by valid proxies will be voted in accordance with the judgment of the appointed proxies.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The only person known to ALLETE who as of March 12, 2004 owned beneficially more than 5 percent of any class of ALLETE's voting securities is American Express Trust Company, 928 AXP Financial Center, Minneapolis, MN 55474. As of March 12, 2004 American Express Trust Company held 7,687,287 shares, or 8.7 percent, of the Common Stock in its capacity as Trustee of the Minnesota Power and Affiliated Companies Retirement Savings and Stock Ownership Plan (RSOP). Generally, these shares will be voted in accordance with instructions received by American Express Trust Company from participants in the RSOP.

The following table presents the shares of Common Stock beneficially owned by directors, nominees for director, executive officers named in the Summary Compensation Table which appears subsequently in this Proxy Statement, and all directors and executive officers of ALLETE as a group, as of March 12, 2004. Unless otherwise indicated, the persons shown have sole voting and investment power over the shares listed.

| Name of Beneficial Owner | Number of Shares Beneficially Owned | Options Exercisable within 60 days | Name of | Number of Shares Beneficially Owned |
|--------------------------|-------------------------------------|------------------------------------|---------|-------------------------------------|
|--------------------------|-------------------------------------|------------------------------------|---------|-------------------------------------|