

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, 2001

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 is filed herewith in accordance with Item 601 of Regulation S-K:

Exhibit  
Number

99 - ALLETE News Release dated July 19, 2001.

ALLETE Form 8-K dated July 19, 2001

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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 that term is defined in the Private Securities Litigation Reform Act of 1995) made by or on behalf of ALLETE which are made 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," "predicts," "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 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 to differ materially from those contained in forward-looking statements:

- 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, 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);
- 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;
- competition for retail and wholesale customers;
- pricing and transportation of commodities;
- market demand, including structural market changes;
- changes in tax rates or policies or in rates of inflation;
- changes in project costs;
- unanticipated changes in operating expenses and capital expenditures;
- capital market conditions;
- competition for new energy development opportunities; and
- legal and administrative proceedings (whether civil or criminal) and settlements that influence 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, 2001

D. G. Gartzke

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D. G. Gartzke  
Senior Vice President - Finance  
and Chief Financial Officer

EXHIBIT INDEX

Exhibit  
Number

99 - ALLETE News Release dated July 19, 2001

[ALLETE LOGO]

For Release: July 19, 2001  
CONTACT: Eric Olson  
218-723-3947  
eolson@allete.com

NEWS INVESTOR CONTACT: Tim Thorp  
218-723-3953  
tthorp@allete.com

ALLETE REPORTS SOLID SECOND QUARTER EARNINGS  
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ALLETE, Inc. (NYSE: ALE) today reported earnings of 57 cents per share for the second quarter of 2001, a 19 percent increase over a year ago. The stated increase excludes a gain of 44 cents per share from the sale of the company's investment in ACE Limited last year. Quarterly revenue was \$443.0 million, compared to \$327.0 million in 2000. This 35 percent increase reflects the success of ALLETE's growth initiatives. The second quarter results bring year-to-date earnings to \$1.03 per share, 13 percent ahead of last year, excluding ACE. ALLETE remains on track to achieve its target of 12 percent annual earnings growth for 2001.

"Being a diversified company, we're not dependent on a single business to deliver value to our shareholders," said Ed Russell, ALLETE President and CEO. "Our strong second quarter is a clear example of this strategy at work, and we're delighted with the results."

AUTOMOTIVE SERVICES net income climbed 37 percent for the quarter, 42 percent year-to-date, which is in line with expectations set for 2001. ADESA vehicle sales for the quarter rose 60 percent over a year ago, due primarily to the addition of 28 vehicle auctions. At Automotive Finance Corporation, the number of vehicles financed grew by 15 percent.

ALLETE's INVESTMENTS portfolio recorded a 70 percent increase in net income, boosted by a \$29 million real estate sale at Cape Coral, Florida, along with strong sales at other Florida locations. Year-to-date, Investments contributed \$22.8 million, compared to \$21.7 million, illustrating the strength of this segment.

ENERGY SERVICES net income for the quarter was up modestly compared to last year, despite approximately \$1.3 million in additional costs incurred by Minnesota Power caused by a severe April ice storm and wind damage. Even with these unexpected costs, year-to-date net income is up by 7 percent over last year.

WATER SERVICES net income declined slightly in the quarter, due in large part to a 9 percent decrease in water consumption primarily attributable to above-average rainfall in Florida. Customer growth, however, climbed a robust 7 percent compared to a year ago.

ALLETE is a multi-services company with corporate headquarters in Duluth, Minnesota. ALLETE's holdings include the second-largest wholesale automobile auction network in North America; the leading provider of independent auto dealer inventory financing; the largest investor-owned water utilities in Florida and North Carolina; significant real estate holdings in Florida; and a low-cost electric utility that serves some of the largest industrial customers in the United States.

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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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[RECYCLE LOGO] RECYCLED PAPER  
ALLETE - 30 WEST SUPERIOR STREET, DULUTH, MINNESOTA 55802  
WWW.ALLETE.COM

ALLETE, Inc.  
CONSOLIDATED STATEMENT OF INCOME  
FOR THE PERIODS ENDED JUNE 30, 2001 AND 2000  
Millions Except Per Share Amounts

	QUARTER ENDED		YEAR TO DATE	
	2001	2000	2001	2000
OPERATING REVENUE				
Energy Services	\$147.9	\$138.9	\$307.3	\$280.5
Automotive Services	220.8	129.7	431.9	249.2
Water Services	31.4	31.7	60.9	59.7
Investments	42.9	26.7	55.9	60.2
Total Operating Revenue	443.0	327.0	856.0	649.6
OPERATING EXPENSES				
Fuel and Purchased Power	56.8	53.5	119.2	106.6
Operations	292.6	201.2	565.2	402.4
Interest Expense	21.4	15.2	43.4	31.5
Total Operating Expenses	370.8	269.9	727.8	540.5
OPERATING INCOME BEFORE ACE	72.2	57.1	128.2	109.1
DISPOSITION OF INVESTMENT IN ACE	-	48.0	-	48.0
OPERATING INCOME	72.2	105.1	128.2	157.1
DISTRIBUTIONS ON REDEEMABLE PREFERRED SECURITIES OF ALLETE CAPITAL I	1.5	1.5	3.0	3.0
INCOME TAX EXPENSE	28.2	39.4	49.8	59.5
NET INCOME	\$ 42.5	\$ 64.2	\$ 75.4	\$ 94.6
AVERAGE SHARES OF COMMON STOCK				
Basic	73.4	69.6	72.4	69.4
Diluted	74.0	69.9	73.0	69.5
EARNINGS PER SHARE OF COMMON STOCK				
Basic	\$0.58	\$0.92	\$1.04	\$1.35
Diluted	\$0.57	\$0.92	\$1.03	\$1.35
DIVIDENDS PER SHARE OF COMMON STOCK	\$0.2675	\$0.2675	\$0.535	\$0.535

ALLETE, INC.  
CONSOLIDATED BALANCE SHEET  
Millions

	JUN. 30, 2001	DEC. 31, 2000
ASSETS		
Current Assets	\$1,024.8	\$ 731.0
Property, Plant and Equipment	1,528.3	1,479.7
Investments	114.6	116.4
Goodwill	503.6	472.8
Other	122.5	114.1
Total Assets	\$3,293.8	\$2,914.0
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities	\$ 739.5	\$ 707.0
Long-Term Debt	1,068.8	952.3
Other Liabilities	300.1	278.9
Mandatorily Redeemable Preferred Securities of ALLETE Capital I	75.0	75.0
Stockholders' Equity	1,110.4	900.8
Total Liabilities and Stockholders' Equity	\$3,293.8	\$2,914.0



ALLETE, INC.	QUARTER ENDED JUNE 30,		YEAR TO DATE JUNE 30,	
	2001	2000	2001	2000
NET INCOME				
Millions				
Energy Services	\$ 9.5	\$ 9.3	\$21.4	\$20.0
Automotive Services	20.1	14.7	37.8	26.6
Water Services	3.7	4.1	6.8	6.5
Investments	17.3	10.2	22.8	21.7
Corporate Charges	(8.1)	(4.5)	(13.4)	(10.6)
Net Income Before ACE	42.5	33.8	75.4	64.2
ACE Transaction	-	30.4	-	30.4
Net Income	\$42.5	\$64.2	\$75.4	\$94.6
DILUTED EARNINGS PER SHARE				
Before ACE Transaction	\$0.57	\$0.48	\$1.03	\$0.91
ACE Transaction	-	0.44	-	0.44
	\$0.57	\$0.92	\$1.03	\$1.35
STATISTICAL DATA				
CORPORATE				
Common Stock				
High	\$26.13	\$20.75	\$26.13	\$20.75
Low	\$22.04	\$16.00	\$20.19	\$14.75
Close	\$22.50	\$17.31	\$22.50	\$17.31
Book Value	\$13.45	\$11.79	\$13.45	\$11.79
ENERGY SERVICES				
Millions of Kilowatthours Sold				
Retail				
Residential	199.0	192.0	469.4	449.9
Commercial	257.6	245.0	543.0	521.7
Industrial	1,630.4	1,719.4	3,154.7	3,438.3
Other	17.3	17.3	36.1	35.6
Resale	542.6	686.1	1,356.7	1,534.0
	2,646.9	2,859.8	5,559.9	5,979.5
AUTOMOTIVE SERVICES				
Vehicles Sold	492,000	307,000	993,000	602,000
Vehicles Financed	232,000	202,000	453,000	397,000
EBITDAL (Millions)	\$60.4	\$39.6	\$118.2	\$74.0
WATER SERVICES				
Millions of Gallons Billed				
Florida Water Services				
Water	5,120.9	5,713.7	9,539.1	9,951.9
Wastewater	1,347.3	1,278.0	2,644.3	2,477.7
Heater Utilities				
Water	992.5	973.3	1,664.6	1,656.8

In May 2000 ALLETE, Inc. sold its investment in ACE Limited (ACE) common stock, which resulted in an after-tax gain of \$30.4 million, or \$0.44 per share. The ACE shares were received in December 1999 upon completion of ACE's merger with Capital Re Corporation.

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