

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, 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 October 18, 2001.

ALLETE Form 8-K dated October 18, 2001

1

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:

- 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, 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.

October 18, 2001

James K. Vizanko

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

ALLETE Form 8-K dated October 18, 2001

3

EXHIBIT INDEX

Exhibit
Number

99 - ALLETE News Release dated October 18, 2001

[ALLETE LOGO]

For Release: October 18, 2001
CONTACT: Eric Olson
218-723-3947
eolson@allete.com

INVESTOR Tim Thorp
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tthorp@allete.com

NEWS

ALLETE REPORTS THIRD QUARTER EARNINGS

OF 47 CENTS PER SHARE

ALLETE, Inc. (NYSE: ALE) today reported third quarter 2001 earnings of 47 cents per share versus 50 cents last year. Net income was \$37.8 million on quarterly revenue of \$420.2 million, compared with net income of \$35.0 million and \$323.5 million of revenue for the same period a year ago.

"We are very pleased with our third quarter results, considering the current national situation," said David Gartzke, ALLETE president. "Energy Services and our real estate business posted strong earnings. However, the Sept. 11 terrorist attacks did have a negative impact on our financial performance this quarter, particularly at Automotive Services and our securities portfolio."

ENERGY SERVICES net income rose 51 percent over the same period a year ago, boosted by stronger trading margins than in 2000 with its cooler-than-normal summer. Expenses related to a scheduled outage at the Square Butte plant were recorded during the quarter. The outage has been extended into October, which is later than originally planned.

AUTOMOTIVE SERVICES quarterly net income rose 31 percent compared to last year, even though overall auction activity slowed significantly in the weeks following the Sept. 11 terrorist attacks. Dealer attendance, the number of vehicles brought to auction and the percentage of vehicles sold all dropped suddenly during the last half of September. Automotive Services estimates that the decreased activity reduced its net income by \$3.5 million for the quarter. Despite this, same-store growth at ADESA locations rose 13 percent for the quarter, as measured by earnings before interest, taxes, depreciation, amortization and lease expense.

At Automotive Finance Corporation, the number of vehicles financed increased 13 percent and the accounts receivable portfolio climbed 8 percent to \$425 million. Automotive Services remains on track to achieve 40 percent earnings growth for 2001.

- MORE -

WATER SERVICES net income for the quarter was flat compared to a year ago. A 6 percent decrease in water sales due to wet weather was offset by a gain on asset sales in Florida resulting from the condemnation of a small water system. The total number of water customers increased 4 percent compared to third quarter 2000.

Economic fallout from the Sept. 11 attacks also affected earnings from ALLETE's INVESTMENTS segment. Real estate sales were strong, but turbulence in the financial markets resulted in a short-term decline in ALLETE's securities portfolio, which has since recovered.

"As a result of the Sept. 11 attacks, the Square Butte outage extension and other factors, ALLETE is revising its earnings per share growth projection to between 6 and 8 percent for 2001 over 2000," Gartzke said.

ALLETE's corporate headquarters are in Duluth, Minn. 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. For more information about ALLETE, visit the company'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.

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[GRAPHIC OMITTED - 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 SEPTEMBER 30, 2001 AND 2000
 Millions Except Per Share Amounts

	QUARTER ENDED		YEAR TO DATE	
	2001	2000	2001	2000
OPERATING REVENUE				
Energy Services	\$168.0	\$146.1	\$ 475.3	\$426.6
Automotive Services	212.5	137.4	644.4	386.6
Water Services	31.0	30.2	91.9	89.9
Investments	8.7	9.8	64.6	70.0
Total Operating Revenue	420.2	323.5	1,276.2	973.1
OPERATING EXPENSES				
Fuel and Purchased Power	60.2	60.1	179.4	166.7
Operations	280.3	198.3	845.5	600.7
Interest Expense	22.3	15.7	65.7	47.2
Total Operating Expenses	362.8	274.1	1,090.6	814.6
OPERATING INCOME BEFORE ACE	57.4	49.4	185.6	158.5
INCOME FROM DISPOSITION OF INVESTMENT IN ACE	-	-	-	48.0
OPERATING INCOME	57.4	49.4	185.6	206.5
DISTRIBUTIONS ON REDEEMABLE PREFERRED SECURITIES OF ALLETE CAPITAL I				
INCOME TAX EXPENSE	18.1	12.9	67.9	72.4
NET INCOME	\$ 37.8	\$ 35.0	\$ 113.2	\$129.6
AVERAGE SHARES OF COMMON STOCK				
Basic	79.0	70.0	74.6	69.6
Diluted	79.8	70.4	75.3	69.8
EARNINGS PER SHARE OF COMMON STOCK				
Basic	\$0.48	\$0.50	\$1.52	\$1.85
Diluted	\$0.47	\$0.50	\$1.50	\$1.84
DIVIDENDS PER SHARE OF COMMON STOCK	\$0.2675	\$0.2675	\$0.8025	\$0.8025

ALLETE, INC.
 CONSOLIDATED BALANCE SHEET
 Millions

	SEPT. 30, 2001	DEC. 31, 2000
ASSETS		
Current Assets	\$ 998.7	\$ 731.0
Property, Plant and Equipment	1,536.5	1,479.7
Investments	122.3	116.4
Goodwill	498.3	472.8
Other	121.6	114.1
TOTAL ASSETS	\$3,277.4	\$2,914.0
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities	\$ 717.5	\$ 707.0
Long-Term Debt	1,066.1	952.3
Other Liabilities	293.6	278.9
Mandatorily Redeemable Preferred Securities of ALLETE Capital I	75.0	75.0

Stockholders' Equity

1,125.2

900.8

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY

\$3,277.4

\$2,914.0

ALLETE, INC.	QUARTER ENDED SEPTEMBER 30,		YEAR TO DATE SEPTEMBER 30,	
	2001	2000	2001	2000
NET INCOME				
Millions				
Energy Services	\$17.2	\$11.4	\$ 38.6	\$ 31.4
Automotive Services	20.1	15.4	57.9	42.0
Water Services	3.8	3.8	10.6	10.3
Investments	2.0	5.0	24.8	26.7
Corporate Charges	(5.3)	(0.6)	(18.7)	(11.2)
Net Income Before ACE	37.8	35.0	113.2	99.2
ACE Transaction	-	-	-	30.4
Net Income	\$37.8	\$35.0	\$113.2	\$129.6
DILUTED EARNINGS PER SHARE				
Before ACE Transaction	\$0.47	\$0.50	\$1.50	\$1.40
ACE Transaction	-	-	-	0.44
	\$0.47	\$0.50	\$1.50	\$1.84
STATISTICAL DATA				
CORPORATE				
Common Stock				
High	\$26.89	\$24.25	\$26.89	\$24.25
Low	\$21.50	\$17.31	\$20.19	\$14.75
Close	\$25.64	\$22.13	\$25.64	\$22.13
Book Value	\$13.52	\$12.02	\$13.52	\$12.02
ENERGY SERVICES				
Millions of Kilowatthours Sold				
Retail				
Residential	213.0	202.2	682.5	652.0
Commercial	289.7	286.3	832.7	808.1
Industrial	1,524.4	1,714.0	4,679.0	5,152.3
Other	19.0	19.2	55.1	54.8
Resale	683.7	644.6	2,040.4	2,178.6
	2,729.8	2,866.3	8,289.7	8,845.8
AUTOMOTIVE SERVICES				
Vehicles Sold	463,000	337,000	1,456,000	940,000
Vehicles Financed	223,000	198,000	676,000	595,000
EBITDAL (Millions)	\$56.0	\$43.1	\$174.2	\$117.1
WATER SERVICES				
Millions of Gallons Billed				
Florida Water Services				
Water	4,279.9	4,704.3	13,819.0	14,656.2
Wastewater	1,200.4	1,148.8	3,844.8	3,596.5
Heater Utilities				
Water	1,023.1	950.0	2,687.7	2,606.8

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