

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) - JANUARY 24, 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 January 24, 2002.

ALLETE Form 8-K dated January 24, 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 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.

January 24, 2002

James K. Vizanko

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

ALLETE Form 8-K dated January 24, 2002

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EXHIBIT INDEX

Exhibit
Number

99 - ALLETE News Release dated January 24, 2002

[ALLETE LOGO]

For Release: January 24, 2002
 CONTACT: Eric Olson
 218-723-3947
 eolson@allete.com

NEWS

INVESTOR Tim Thorp
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 tthorp@allete.com

ALLETE POSTS SOLID 2001 RESULTS

(Duluth, Minn.)--ALLETE, Inc. (NYSE: ALE) today announced earnings, before one-time events, of 37 cents per share for the fourth quarter of 2001, compared with 27 cents for the same period last year. Excluding the one-time events, annual earnings per share were \$1.87, compared with \$1.67 in 2000, an increase of 12 percent. The aforementioned earnings figures exclude a 6 cents per share exit charge recorded by ALLETE's vehicle transport company in 2001 and a 44 cent gain in 2000 relating to the company's past investment in ACE Limited. Reported earnings per share in 2001, including the one-time events, were 31 cents for the quarter and \$1.81 for the year, compared with 27 cents for the quarter and \$2.11 in 2000.

"The strength of our core business units--energy and automotive services became evident more than ever in 2001," said David Gartzke, chairman, president and chief executive officer of ALLETE. "Despite economic adversity both nationally and regionally, our people weathered the storms and helped us meet or exceed our growth targets for the year."

In the fourth quarter of 2001, AUTOMOTIVE SERVICES posted an earnings increase of \$8.6 million over the same period in 2000 due mainly to acquisitions and an increase in the number of vehicles sold at auction and financed by Automotive Finance Corporation (AFC). For the year, Automotive Services net income was \$74.8 million, a 50 percent increase over 2000, exceeding the company's stated growth goal of 40 percent. Same-store earnings at ADESA wholesale auctions increased by 13 percent over 2000 levels as measured by earnings before interest, taxes, depreciation, amortization and lease expense. At AFC, the number of vehicles financed in 2001 rose to 904,000, an increase of 14 percent over 2000.

ENERGY SERVICES reported fourth quarter earnings of \$11.4 million, about the same as the fourth quarter of 2000. For the year, net income increased to \$50 million, a 16 percent increase over 2000, due primarily to increased margins from wholesale power marketing and trading.

INVESTMENTS and CORPORATE CHARGES include the investment portfolio, real estate, emerging technology investments and corporate charges. For the quarter, net income from segment fell by \$300,000 compared with 2000. Earnings in 2001 were \$3.8 million.

ALLETE plans to exit its water business and is entertaining purchase offers from interested parties. This potential sale would provide additional funds for ALLETE to aggressively seek new growth initiatives.

Looking ahead to 2002, ALLETE anticipates earnings per share growth of between 8 and 10 percent over \$1.87, and 20 percent net income growth in Automotive Services. These projections do not reflect newly mandated changes in accounting standards. Taking these changes into account, ALLETE's growth projections for 2002 are between 14 and 16 percent, and over 30 percent for Automotive Services.

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ALLETE's corporate headquarters are located 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, 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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ALLETE - 30 West Superior Street, Duluth, Minnesota 55802
www.allete.com

ALLETE, INC.
 CONSOLIDATED STATEMENT OF INCOME
 FOR THE PERIODS ENDED DECEMBER 31, 2001 AND 2000
 Millions Except Per Share Amounts

	QUARTER ENDED		YEAR TO DATE	
	2001	2000	2001	2000
OPERATING REVENUE				
Energy Services	\$145.5	\$162.9	\$ 620.8	\$ 589.5
Automotive Services	205.9	153.6	832.1	522.6
Investments	10.2	7.4	74.8	77.4
Total Operating Revenue	361.6	323.9	1,527.7	1,189.5
OPERATING EXPENSES				
Fuel and Purchased Power	53.7	62.3	233.1	229.0
Operations	253.7	214.2	1,012.1	730.6
Interest Expense	16.9	19.4	74.7	58.8
Total Operating Expenses	324.3	295.9	1,319.9	1,018.4
OPERATING INCOME BEFORE ACE	37.3	28.0	207.8	171.1
INCOME FROM DISPOSITION OF INVESTMENT IN ACE	-	-	-	48.0
OPERATING INCOME	37.3	28.0	207.8	219.1
DISTRIBUTIONS ON REDEEMABLE PREFERRED SECURITIES OF ALLETE CAPITAL I				
INCOME TAX EXPENSE	11.1	9.8	73.2	76.2
INCOME FROM CONTINUING OPERATIONS	24.7	16.7	128.6	136.9
INCOME FROM DISCONTINUED OPERATIONS	0.8	2.3	10.1	11.7
NET INCOME	\$ 25.5	\$ 19.0	\$ 138.7	\$ 148.6
AVERAGE SHARES OF COMMON STOCK				
Basic	79.6	70.3	75.8	69.8
Diluted	80.4	70.6	76.5	70.1
EARNINGS PER SHARE OF COMMON STOCK				
Basic - Continuing Operations	\$0.30	\$0.24	\$1.70	\$1.95
Discontinued Operations	0.01	0.03	0.13	0.17
	\$0.31	\$0.27	\$1.83	\$2.12
Diluted - Continuing Operations	\$0.30	\$0.24	\$1.68	\$1.94
Discontinued Operations	0.01	0.03	0.13	0.17
	\$0.31	\$0.27	\$1.81	\$2.11
DIVIDENDS PER SHARE OF COMMON STOCK	\$0.2675	\$0.2675	\$1.07	\$1.07

ALLETE, INC.
 CONSOLIDATED BALANCE SHEET
 FOR THE PERIODS ENDED DECEMBER 31, 2001 AND 2000
 Millions

	2001	2000
ASSETS		
Current Assets	\$ 909.9	\$ 731.0
Property, Plant and Equipment	1,324.0	1,201.9
Investments	141.0	116.4
Goodwill	494.4	472.8
Other	103.6	87.3
Discontinued Operations	309.6	304.6
TOTAL ASSETS	\$3,282.5	\$2,914.0
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities	\$ 704.5	\$ 707.0
Long-Term Debt	933.8	817.2
Other Liabilities	270.3	257.5
Discontinued Operations	155.1	156.5
Mandatorily Redeemable Preferred Securities of ALLETE Capital I	75.0	75.0
Stockholders' Equity	1,143.8	900.8
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$3,282.5	\$2,914.0

ALLETE, INC.	QUARTER ENDED DECEMBER 31,		YEAR TO DATE DECEMBER 31,	
	2001	2000	2001	2000
NET INCOME Millions				
Energy Services	\$11.4	\$11.7	\$ 50.0	\$ 43.1
Automotive Services	15.6	7.0	74.8	49.9
Investments and Corporate Charges	(2.3)	(2.0)	3.8	13.5
Net Income Before ACE	24.7	16.7	128.6	106.5
ACE Transaction	-	-	-	30.4
Income from Continuing Operations	24.7	16.7	128.6	136.9
Income from Discontinued Operations	0.8	2.3	10.1	11.7
Net Income	\$25.5	\$19.0	\$138.7	\$148.6

DILUTED EARNINGS PER SHARE

Continuing Operations Before ACE Transaction	\$0.30	\$0.24	\$1.68	\$1.50
ACE Transaction	-	-	-	0.44
Discontinued Operations	0.01	0.03	0.13	0.17
	\$0.31	\$0.27	\$1.81	\$2.11

In May 2000 ALLETE, Inc. sold its investment in ACE Limited 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.

Discontinued operations included the operating results of ALLETE's Water Services businesses and its auto transport company. During the fourth quarter of 2001 ALLETE recognized a \$4.4 million, or \$0.06 per share, estimated charge to exit the auto transport company.

STATISTICAL DATA	QUARTER ENDED DECEMBER 31,		YEAR TO DATE DECEMBER 31,	
	2001	2000	2001	2000
CORPORATE				
Common Stock				
High	\$25.85	\$25.50	\$26.89	\$25.50
Low	\$21.14	\$20.13	\$20.19	\$14.75
Close	\$25.20	\$24.81	\$25.20	\$24.81
Book Value	\$13.63	\$12.06	\$13.63	\$12.06
ENERGY SERVICES Millions of Kilowatthours Sold				
Retail				
Residential	233.7	248.8	997.5	980.1
Commercial	268.5	272.3	1,233.9	1,207.9
Industrial	1,541.9	1,699.7	6,549.3	7,193.7
Other	18.0	18.8	75.3	76.1
Resale	605.4	655.7	2,085.8	2,272.9
	2,667.5	2,895.3	10,941.8	11,730.7
AUTOMOTIVE SERVICES				
Vehicles Sold				
Wholesale	408,000	364,000	1,761,000	1,286,000
Total Loss	45,000	16,000	148,000	33,000
	453,000	380,000	1,909,000	1,319,000
Conversion Rate - Wholesale Vehicles	54.5%	54.1%	58.1%	59.4%
Vehicles Financed	228,000	200,000	904,000	795,000
EBITDAL (Millions)	\$47.7	\$36.3	\$221.2	\$151.8

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