

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 11-K

(Mark One)

- Annual Report Pursuant to Section 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended December 31, 2018

or

- Transition Report Pursuant to Section 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____

Commission File Number **1-3548**

**ALLETE AND AFFILIATED COMPANIES
RETIREMENT SAVINGS AND STOCK OWNERSHIP PLAN**

(Full title of the plan)

**ALLETE, Inc.
30 West Superior Street
Duluth, Minnesota 55802-2093**

(Name of issuer of securities
held pursuant to the plan and
the address of its principal
executive office)

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Note: Other schedules required by 29 CFR 2520.103.10 of the U.S. Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 are not applicable and as such, have been omitted.

Report of Independent Registered Public Accounting Firm

To the Participants and Administrator of the
ALLETE and Affiliated Companies
Retirement Savings and Stock Ownership Plan
Duluth, Minnesota

Opinion on the Financial Statements

We have audited the accompanying statements of net assets available for benefits of the ALLETE and Affiliated Companies Retirement Savings and Stock Ownership Plan (“Plan”) as of December 31, 2018 and 2017, and the related statement of changes in net assets available for benefits for the year ended December 31, 2018, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2018 and 2017, and the changes in net assets available for benefits for the year ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Plan’s management. Our responsibility is to express an opinion on the Plan’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Plan in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform our audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe our audits provide a reasonable basis for our opinion.

Supplemental

The Schedule of Assets (Held at End of Year) has been subjected to audit procedures performed in conjunction with the audit of the Plan’s financial statements. The supplemental information is the responsibility of the Plan’s management. Our audit procedures included determining whether the information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor’s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ Reilly, Penner & Benton LLP

We have served as the Plan's auditor since 2005.

June 28, 2019
Milwaukee, Wisconsin

ALLETE and Affiliated Companies
Retirement Savings and Stock Ownership Plan
Statement of Net Assets Available for Benefits

	December 31,	
	2018	2017
Thousands		
Assets		
Investments at Fair Value		
Participant Funds	\$476,866	\$482,740
Notes Receivable from Participants	5,697	5,414
Employer Contributions Receivable	2,699	2,811
Total Assets / Net Assets Available for Benefits	\$485,262	\$490,965

The accompanying notes are an integral part of these statements.

ALLETE and Affiliated Companies
Retirement Savings and Stock Ownership Plan
Statement of Changes in Net Assets Available for Benefits

	Year Ended December 31, 2018
	Participant Funds
Thousands	
Investment Activity	
Dividend Income	\$10,478
Interest Income	275
Net Depreciation in Fair Value of Investments	(23,471)
Total Investment Activity	(12,718)
Contributions	
Participant	14,885
Employer	11,410
Rollover	731
Total Contributions	27,026
Deductions	
Benefits Paid to Participants	(38,260)
Administrative Expenses	(358)
Total Deductions	(38,618)
Transfers and Allocations	
Transfers to Retirement Plans	(24,044)
Transfers from Other Plans	42,651
Total Transfers and Allocations	18,607
Net Decrease in Assets	(5,703)
Net Assets Available For Benefits	
Beginning of Year	490,965
End of Year	\$485,262

The accompanying notes are an integral part of these statements.

ALLETE and Affiliated Companies
Retirement Savings and Stock Ownership Plan
Notes to Financial Statements
December 31, 2018

NOTE 1. DESCRIPTION OF THE PLAN

The ALLETE and Affiliated Companies Retirement Savings and Stock Ownership Plan (RSOP or Plan) is a defined contribution plan subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA), and qualifies as an employee stock ownership plan and profit sharing plan. At December 31, 2018, there were 2,741 participants in the RSOP. Participating affiliated companies (collectively, the Companies) at December 31, 2018, included:

- ALLETE, Inc., including Minnesota Power, a division of ALLETE, Inc. (ALLETE or Company);
- ALLETE Clean Energy, Inc.;
- ALLETE Renewable Resources, Inc. (ARRI);
- BNI Coal, Ltd. (BNI);
- MP Affiliate Resources, Inc.;
- Superior Water, Light and Power Company; and
- U.S. Water Services, Inc. (U.S. Water Services). (See Note 2. Subsequent Events.)

The RSOP provides eligible employees of the Companies an opportunity to save for retirement by electing to make before-tax and after-tax contributions through payroll deduction, and directing the contributions into various 401(k) investment options. (See *Participant Investment Options*.) The RSOP also provides eligible employees of the Companies employee stock ownership benefits in ALLETE common stock (Common Stock).

Effective January 1, 2018, Palm Cost Holdings and Florida Landmark were removed as participating affiliated companies of the Plan.

Effective January 24, 2018, a new collective bargaining agreement was established between Minnesota Power and IBEW Local 1593.

Effective November 1, 2018, Empower Retirement replaced Wells Fargo as the Plan recordkeeper and trustee. The Plan was also amended to allow the BNI Coal, Ltd. 401(k) and Retirement Plan to merge into the Plan.

Basis of Presentation

Participant Funds represent the participants' 401(k) investment funds and shares allocated to participants in the ALLETE RSOP Stock Fund.

Administration

The Employee Benefit Plans Committee (Committee) administers the Plan for the Companies. The mailing address of the Committee is 30 West Superior Street, Duluth, Minnesota 55802-2093. The Committee consists of 9 members who are appointed by the Board of Directors of ALLETE. The Board of Directors of ALLETE has the power to remove members of the Committee from office. Members of the Committee are all employees of the Companies and receive no compensation for their services with respect to the Plan.

Committee responsibilities include the administration and payment of benefits in a manner consistent with the terms of the Plan and applicable law. The Committee has the authority to establish, modify, and repeal policies and procedures, as it deems necessary to carry out the provisions of the Plan. The Committee also has the authority to designate persons to carry out fiduciary responsibilities (other than trustee responsibilities) under the Plan. The Committee has the power to appoint an investment manager or managers (as defined by ERISA), attorneys, accountants, and such other persons as it shall deem necessary or desirable in the administration of the Plan. The Companies or the Plan pays administration fees and expenses of agents, outside experts, consultants, and investment managers. The Plan charges a participant who takes a participant loan, elects to have checks overnighted or use the Plan's self-directed brokerage account feature for expenses relating to such loans or accounts.

NOTE 1. DESCRIPTION OF THE PLAN (Continued)

Empower Retirement (Empower), a division of Great-West Life & Annuity Insurance Company, and its affiliates, is the service provider for the Plan and handles participant recordkeeping, asset custody, trustee, and certain other administrative responsibilities. Empower allows the Plan to value accounts daily and provides a participant with online, call center, and voice response capabilities to direct the investment of their account balances. Great-West Trust Company, located at 8515 East Orchard Road, Greenwood Village, CO 80111 provides trustee and asset custody services. Empower carries professional liability coverage of \$10 million per occurrence, and in aggregate, as well as errors and omissions coverage for the same amount.

Participant Investment Options

The Plan's 401(k) investment fund options at December 31, 2018, are listed below. Detailed descriptions of the investment options and risk profiles are available to a plan participant.

- Adirondack Small Cap Fund
- ALLETE Stock Fund
- Artisan International Investors Fund
- Dodge & Cox International Stock Fund
- Dodge & Cox Stock Fund
- Fidelity Contrafund Fund K
- Fidelity Managed Income Portfolio Fund
- Henderson Geneva Small Cap Growth SA
- LifePath Index Retirement Fund H
- LifePath Index 2020 Fund H
- LifePath Index 2025 Fund H
- LifePath Index 2030 Fund H
- LifePath Index 2035 Fund H
- LifePath Index 2040 Fund H
- LifePath Index 2045 Fund H
- LifePath Index 2050 Fund H
- LifePath Index 2055 Fund H
- LifePath Index 2060 Fund H
- Oppenheimer Developing Markets Fund I
- Vanguard Inflation-Protected Securities Investor Fund
- Vanguard Institutional Index Inst Fund
- Vanguard Mid-Cap Index Inst Fund I
- Vanguard Small-Cap Inst Index Fund I
- Vanguard Total Bond Market Index Inst Fund
- Vanguard Total International Stock Index Admiral Fund
- Wells Fargo Stable Return Fund Q

A participant may also establish a self-directed brokerage account with Empower Brokerage (through an agreement with Great-West Trust Company and GWFS Equities, Inc.), which allows the participant to make investments in or transfers to a wide range of securities, including publicly traded stocks, bonds, and mutual funds. A participant who has a self-directed brokerage account pays an annual fee in addition to any trading fees incurred upon investment changes.

Empower Retirement Advisory Services are available to participants with Online Advice or the Professional Management Program provided by Advised Assets Group, LLC, a registered investment advisor. Online Advice provides investment recommendations, at no additional cost, that a participant can implement. The Professional Management Program manages the participant's account, for additional fees.

A participant may change their level of contribution, change their investment elections for future contributions, and make transfers between investment options at any time by contacting Empower.

Certain mutual funds may charge redemption fees that are paid out of the participant's account. A redemption fee is charged when shares are transferred or exchanged out of the fund before the fund's minimum holding period has been met. None of the investment options included in the Plan as of December 31, 2018, currently charge redemption fees.

ALLETE sponsors an employee stock ownership plan (ESOP) within the RSOP. Eligible employees of the Companies receive Common Stock ownership benefits in the ALLETE RSOP Stock Fund. Employer contributions are paid either in cash or the issuance of ALLETE common stock at the Company's discretion. Shares of Common Stock or cash are allocated to each eligible employee as provided by the Plan (see *Basic Account, Special Account, Partnership Account, Bargaining Unit Account, Matching Account, U.S. Water Services Matching Contribution Account, BNI Energy Matching Contribution Account, and BNI Energy Non-Elective Contribution Account*). The shares of Common Stock allocated to a participant's account in the ALLETE RSOP Stock Fund come from issued shares, as determined by ALLETE. Each participant's account value, however, is determined on a unit basis and consists of both Common Stock and cash. (See Note 4. Investments.) The unit value is adjusted each business day to reflect investment results, including cash.

NOTE 1. DESCRIPTION OF THE PLAN (Continued)

Dividends are automatically reinvested in Common Stock held in the ALLETE RSOP Stock Fund; however, a participant may make an election, at any time, to receive cash dividends paid. Units within a participant's Pre-1989 Basic Account can be withdrawn at any time, while all other units within a participant's account in the ALLETE RSOP Stock Fund can be withdrawn when the participant reaches age 59 ½, terminates employment, severs employment to perform service in the uniformed services on active duty, becomes disabled, or dies. A participant may transfer all or any part of their ALLETE RSOP Stock Fund to other 401(k) investment options at any time.

Basic Account. Participants' Basic Accounts received shares of Common Stock purchased with incremental investment tax credit contributions and payroll-based tax credit contributions. Contributions to the participants' Basic Accounts ceased after 1986.

Special Account. For the years 1985 through 1989, eligible Companies received a tax deduction for cash dividends paid to participants on ALLETE RSOP Stock Fund shares in their Basic Account. The Companies contributed, to the ALLETE RSOP Stock Fund, an amount equal to the estimated income tax benefit of the dividend deduction associated with eligible shares in the Basic Account. Shares of Common Stock issued with these contributions were allocated to the participants' Special Account.

Partnership Account. The fixed-percentage partnership contribution to each non-union participant hired before October 1, 2006, ranges from 6 percent to 12 percent depending on the participant's age (not including ARRI, BNI, and U.S. Water Services participants). The fixed-percentage partnership contribution to each non-union participant hired on or after October 1, 2006, is 6 percent (not including BNI, and U.S. Water Services participants). The fixed-percentage partnership contribution to each Minnesota Power Bargaining Unit Local 31 union participant hired on or after February 1, 2011, to each ARRI Bargaining Unit participant, and to each Minnesota Power Bargaining Unit Local 1593 union participant is 6 percent. The partnership contributions are made quarterly and are based on periodic pay for the period. BNI and U.S. Water Services participants are not eligible for partnership contributions.

Bargaining Unit Account. Quarterly non-elective allocations are made to the ALLETE RSOP Stock Fund equal to 1 percent of each union participant's eligible compensation (not including Minnesota Power Bargaining Unit Local 1593 union participants and BNI Bargaining Unit union participants).

Matching Account. For a non-union participant hired before October 1, 2006, (not including BNI and U.S. Water Services participants), quarterly matching contributions are made equal to 100 percent of each non-union participant's 401(k) before-tax contributions and Roth 401(k) contributions, disregarding contributions in excess of 4 percent of the participant's periodic pay for the period.

For a non-union participant hired on or after October 1, 2006, (not including BNI and U.S. Water Services participants), quarterly matching contributions are made equal to 100 percent of each non-union participant's 401(k) before-tax contributions and Roth 401(k) contributions, disregarding contributions in excess of 5 percent of the participant's periodic pay for the period.

For each Minnesota Power Bargaining Unit Local 31 union participant hired on or after February 1, 2011, to each ARRI Bargaining Unit participant, and to each Minnesota Power Bargaining Unit Local 1593 union participant, quarterly matching contributions are made equal to 100 percent of each union participant's 401(k) before-tax contributions and Roth 401(k) contributions, disregarding contributions in excess of 5 percent of the participant's periodic pay for the period. BNI Bargaining Unit union participants are not eligible.

U.S. Water Services Matching Contribution Account. For each U.S. Water Services participant, bi-weekly matching contributions are made equal to 100 percent of each U.S. Water Services participant's 401(k) before-tax contributions and Roth 401(k) contributions, disregarding contributions in excess of 4 percent of the participant's salary for the period.

BNI Energy Matching Contribution Account. For each BNI participant, bi-weekly matching contributions are made equal to 100 percent of each BNI participant's 401(k) before-tax contributions and Roth 401(k) contributions, disregarding contributions less than 5 percent and in excess of 5 percent of the participant's salary for the period. BNI Energy Matching Contributions shall only apply to salary in excess of \$20,000.

BNI Energy Non-Elective Contribution Account. For each BNI participant, bi-weekly non-elective contributions are made equal to 100 percent of each BNI participant's 401(k) before-tax contributions and Roth 401(k) contributions, disregarding contributions in excess of 12 percent of the participant's salary for the period. BNI Energy Non-Elective Contributions shall only apply to salary up to \$20,000.

NOTE 1. DESCRIPTION OF THE PLAN (Continued)

Contributions

Participant Contributions. Participant contributions to the Plan consist of the following:

- **Before-Tax Contributions.** Before-tax contributions are salary reduction contributions equal to an amount the participant has elected to reduce his or her compensation pursuant to a salary reduction agreement.
- **Voluntary Contributions (After-Tax Contributions).** Each participant is also allowed to make voluntary after-tax contributions to the Plan through payroll deductions. Total voluntary contributions made by a participant may not exceed 25 percent of the participant's compensation in any pay period.
- **Rollovers.** Contributions by a participant may also be made through rollovers from other qualified plans or individual retirement accounts.
- **Roth 401(k) Contributions.** Roth 401(k) contributions are after-tax salary reduction contributions equal to an amount the participant has elected to reduce their compensation pursuant to a salary reduction agreement.

Contribution Limits. Total combined before-tax and Roth 401(k) contributions in 2018 could not exceed \$18,500 for a participant less than age 50 or \$24,500 for a participant at least age 50, as permitted under Section 401(k) of the Internal Revenue Code (Code).

Employer Contributions. Each year, employer contributions are paid to the trustee either in cash or in Common Stock. Expenses incurred in discretionary activities relating to the design, formation, and modification of the Plan (commonly characterized as "settlor" functions) are paid by the Companies.

Vesting and Forfeiture Account

As of July 1, 2001, all contributions to the Plan, plus actual earnings thereon, are fully vested and non-forfeitable, except for BNI Bargaining Unit non-elective contributions, which are 100 percent vested only after three years of service (except if the participant dies or becomes disabled while employed, or terminates employment after age 55). In 2005, the Plan was amended to allow distribution checks issued and outstanding for more than 180 days (unclaimed benefits) to be re-deposited into the Plan and treated as forfeitures. The forfeiture account consists of previously forfeited non-vested accounts and unclaimed benefits, totaling \$61,360 at December 31, 2018 (\$56,252 at December 31, 2017), and is invested in the Wells Fargo Stable Return Fund Q. In 2018, amounts in the forfeiture account were used for Plan expenses and may be used to reduce future Plan expenses.

Distributions and Withdrawals

A participant may elect, at any time, to receive future cash dividends paid on Common Stock shares in their ALLETE RSOP Stock Fund and ALLETE Stock Fund.

Prior to termination of employment, a participant may withdraw, at any time, all or any part of the amounts in their:

- Plan accounts, if the participant has attained age 59 ½;
- After-tax account;
- Pre-1989 Basic Account;
- Rollover Account; or
- Prior BNI Money Purchase Pension Account, if participant has reached normal retirement age.

A participant may withdraw amounts from their account, regardless of age for:

- Deemed Severance;
- Qualified Reservist;
- Disability; or
- Hardship.

When a participant terminates employment, becomes disabled, or dies, they or their beneficiaries may elect to receive any part or all of their Plan accounts.

NOTE 1. DESCRIPTION OF THE PLAN (Continued)

Transfers to Retirement Plans. Upon retirement an eligible participant may elect to transfer their Plan account balances to an ALLETE and Affiliated Companies Retirement Plan if the participant has elected to receive a benefit from one of these retirement plans. The amount of transfers to these retirement plans totaled \$24,044,008 for 2018 (\$13,505,611 for 2017). Starting in plan year 2015, certain limitations were implemented regarding eligibility, timing of elections, and the value of account balances that can be transferred to retirement plans.

Notes Receivable from Participants. The Plan allows a participant to borrow money from their Plan accounts. The maximum amount a participant may borrow is equal to the lesser of: (a) 50 percent of their total Plan balance; or (b) \$50,000, less the largest outstanding loan balance owed in the prior 12-month period. The loans may not be less than \$1,000. The loans are for terms up to five years for a general-purpose loan and ten years for the acquisition of a primary residence. A fixed interest rate of the prime rate plus 1 percent on the first day of the month that the loan is originated is charged until the loan is repaid. As loans are repaid, generally through payroll deductions, principal and interest amounts are re-deposited into the participant's Plan. A participant may repay principal amounts, pay off the entire loan balance, or continue paying loan payments after separation from service by providing payment directly to Empower. A participant is required to pay a \$50 loan application fee to cover the cost of processing the loan.

Plan Termination

The Companies reserve the right to reduce, suspend, or discontinue their contributions to the Plan at any time, or to terminate the Plan in its entirety subject to the provisions of ERISA and the Code. If the Plan is terminated, all of the account balances of the participants will be distributed in accordance with the terms of the Plan. The Companies have no intention of terminating the Plan.

NOTE 2. SUMMARY OF ACCOUNTING POLICIES

The Plan uses the accrual basis of accounting and, accordingly, reflects income in the year earned and expenses when incurred. Common stock and mutual fund investments are reported at fair value based on quoted market prices. Collective fund investments are reported at net asset value, which approximates fair value. Participant loans are classified as notes receivable from participants, which are segregated from plan investments and measured at their unpaid principal balance plus any accrued but unpaid interest.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

The Plan presents, in the Statement of Changes in Net Assets Available for Benefits, the net appreciation (depreciation) in the fair value of its investments which consists of the realized gains or losses on disposed investments and the unrealized appreciation (depreciation) on those investments owned at year-end.

The Plan invests in various funds that contain a combination of stocks, bonds and other investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the Statement of Net Assets Available for Benefits.

Certain expenses of maintaining the Plan are paid by the participants, unless otherwise paid by the Companies. Expenses that are paid by the Companies are excluded from these financial statements. Fees related to the administration of self-directed brokerage accounts, managed accounts, approval of hardship distributions, processing of QDRO splits, and notes receivable from participants are charged directly to the participants' accounts and included in administrative expenses. Investment related expenses are included in net appreciation in fair value of investments in the Statement of Net Assets Available for Benefits.

Subsequent Events. Management has evaluated subsequent events for possible recognition or disclosure through the date of financial statement issuance (June 28, 2019).

On March 26, 2019, ALLETE completed the sale of U.S. Water Services to Kurita Water Industries Ltd. Effective with the completion of the sale, the Plan was amended to remove U.S. Water Services as a participating affiliated company under the RSOP. Participants' accounts were transferred to a new plan in May 2019.

NOTE 3. INCOME TAX STATUS

A favorable determination letter dated March 14, 2018, was obtained from the Internal Revenue Service (IRS) stating that the RSOP, as amended and restated effective December 1, 2016, qualified as an employee stock ownership plan and a profit sharing plan under Section 401(a) of the Code.

The Plan administrator believes that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the Code; therefore, no provision for income tax has been made in the Plan financial statements. The Company is required to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that “more-likely-than-not” would not be sustained upon audit. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded as of December 31, 2018, there were no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset), or disclosure in the financial statements. The Plan is subject to routine audits by taxing authorities; however, there are currently no audits for any tax periods in process. The Plan is no longer subject to income tax examinations for years prior to 2015.

NOTE 4. INVESTMENTS

The ALLETE RSOP Stock Fund represents shares of Common Stock allocated to participants and cash invested in a money market fund.

		Number of Shares	Cost	Fair Value
Thousands				
December 31, 2018	Common Stock	1,294	\$32,802	\$98,628
December 31, 2017	Common Stock	1,433	\$38,117	\$106,534
	Money Market		999	999
			\$39,116	\$107,533

For the ALLETE Stock Fund and the ALLETE RSOP Stock Fund, each participant’s account value is determined on a unit basis and consists of both Common Stock and cash invested in a money market fund. The unit value is adjusted each business day to reflect investment results including cash.

At December 31,	ALLETE Stock Fund		ALLETE RSOP Stock Fund	
	2018	2017	2018	2017
Thousands				
Number of Units	3,000	3,335	9,717	10,855
Common Stock	\$28,231	\$30,232	\$98,628	\$106,534
Money Market	—	514	—	999
Net Value	\$28,231	\$30,746	\$98,628	\$107,533

NOTE 5. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). We utilize market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. These inputs, which are used to measure fair value, are prioritized through the fair value hierarchy. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reported date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets, but are either directly or indirectly observable as of the reported date. The types of assets and liabilities included in Level 2 are typically either comparable to actively traded securities or contracts, such as treasury securities with pricing interpolated from recent trades of similar securities, or priced with models using highly observable inputs, such as commodity options priced using observable forward prices and volatilities.

Level 3 - Significant inputs that are generally less observable from objective sources. The types of assets and liabilities included in Level 3 are those with inputs requiring significant management judgment or estimation, such as the complex and subjective models and forecasts used to determine the fair value.

Common stock and mutual funds are valued using their closing prices from the applicable exchanges. Self-directed brokerage accounts are valued using closing prices for the underlying securities from the applicable exchanges. Money market funds are valued using pricing for the underlying securities which may be based on recent trades of the same or similar securities. Collective trust funds and managed brokerage funds are valued at the net asset value (NAV) of shares of bank collective trust and managed brokerage funds held by the Plan on a daily basis. The NAV is based on the fair value of the underlying investments held by the funds. Participant transactions (issuances and redemptions) may occur daily. If the Plan were to initiate a full redemption of the collective trust, the investment advisor reserves the right to temporarily delay withdrawal from the trust in order to ensure that securities liquidations will be carried out in an orderly business manner. There have been no changes in the valuation methodologies used as of December 31, 2018, and 2017.

The following table presents, for each of these hierarchy levels, the Plan's assets that are measured at fair value on a recurring basis as of December 31, 2018.

Recurring Fair Value Measures	Fair Value as of December 31, 2018				
	Level 1	Level 2	Level 3	N/A	Total
Thousands					
Assets:					
Common Stock	\$126,859	—	—	—	\$126,859
Mutual Funds	175,417	—	—	—	175,417
Self-Directed Brokerage Accounts (a)	9,672	—	—	—	9,672
Investments Measured as Net Asset Value: (b)					
Collective Funds	—	—	—	\$152,672	152,672
Managed Brokerage Funds	—	—	—	12,246	12,246
Total Assets	\$311,948	—	—	\$164,918	\$476,866

(a) All investments held in the Self-Directed Brokerage Accounts are classified as Level 1 due to the observable market data for these securities.

(b) In accordance with Accounting Standards Codification (ASC) 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the Statement of Net Assets Available for Benefits.

NOTE 5. FAIR VALUE MEASUREMENTS (Continued)

The following table presents, for each of these hierarchy levels, the Plan's assets that are measured at fair value on a recurring basis as of December 31, 2017.

Recurring Fair Value Measures	Fair Value as of December 31, 2017				
	Level 1	Level 2	Level 3	N/A	Total
Thousands					
Assets:					
Common Stock	\$136,766	—	—	—	\$136,766
Mutual Funds	205,332	—	—	—	205,332
Money Market Funds	—	\$1,513	—	—	1,513
Self-Directed Brokerage Accounts (a)	10,185	—	—	—	10,185
Investments Measured as Net Asset Value: (b)					
Collective Funds	—	—	—	\$116,802	116,802
Managed Brokerage Funds	—	—	—	12,142	12,142
Total Assets	\$352,283	\$1,513	—	\$128,944	\$482,740

(a) All investments held in the Self-Directed Brokerage Accounts are classified as Level 1 due to the observable market data for these securities.

(b) In accordance with ASC 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the Statement of Net Assets Available for Benefits.

The Plan's policy is to recognize transfers in and transfers out of a given hierarchy level as of the actual date of the event or of the change in circumstances that caused the transfer. For the years ended December 31, 2018, and 2017, there were no transfers in or out of Levels 1, 2, or 3. There was no activity in Level 3 during the years ended December 31, 2018, and 2017.

The following table summarizes investments measured at fair value based on NAV per share as of December 31, 2018.

Fair Value Estimated Using Net Asset Value per Share as of December 31, 2018

	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Thousands				
Collective Funds:				
Fixed Income Funds (a)	\$52,164	n/a	Daily	Trade Date
Lifestyle Funds (b)	\$100,508	n/a	Daily	Trade Date
Managed Brokerage Funds - Stock (c)	\$12,246	n/a	Daily	Trade Date

(a) The fixed income funds seek to preserve principal through investment in a diversified portfolio of high quality fixed income investments.

(b) The lifestyle funds seek to provide an asset allocation strategy designed to maximize assets for retirement, or for other purposes, consistent with the risk that investors, on average, may be willing to accept given their investment time horizon.

(c) The managed brokerage funds seek long-term capital appreciation by normally investing in small capitalization U.S. common stocks of publicly traded companies that demonstrate strong growth characteristics.

NOTE 5. FAIR VALUE MEASUREMENTS (Continued)

The following table summarizes investments measured at fair value based on NAV per share as of December 31, 2017.

Fair Value Estimated Using Net Asset Value per Share as of December 31, 2017

	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Thousands				
Collective Funds:				
Fixed Income Funds (a)	\$50,947	n/a	Daily	Trade Date
Lifestyle Funds (b)	\$58,415	n/a	Daily	Trade Date
Index Funds (c)	\$7,440	n/a	Daily	Trade Date
Managed Brokerage Funds - Stock (d)	\$12,142	n/a	Daily	Trade Date

(a) The fixed income funds seek to preserve principal through investment in a diversified portfolio of high quality fixed income investments.

(b) The lifestyle funds seek to provide an asset allocation strategy designed to maximize assets for retirement, or for other purposes, consistent with the risk that investors, on average, may be willing to accept given their investment time horizon.

(c) The index funds seek an investment that approximates as closely as practicable, before expenses, the performance of the Russell 2000 Index over the long term.

(d) The managed brokerage funds seek long-term capital appreciation by normally investing in small capitalization U.S. common stocks of publicly traded companies that demonstrate strong growth characteristics.

NOTE 6. RELATED PARTY TRANSACTIONS

The Plan's investments include shares of ALLETE common stock. (See Note 4. Investments.) Transactions related to this investment qualify as party in interest transactions.

ALLETE and Affiliated Companies
Retirement Savings and Stock Ownership Plan
Plan Number 002 / Employer Identification Number 41-0418150
Schedule of Assets (Held at End of Year)
Form 5500 Schedule H Line 4i
At December 31, 2018
Thousands

Identity of Issuer	Description of Investment	Cost	Current Value
ALLETE RSOP Stock Fund			
* ALLETE, Inc.	Common Stock - 1,294 Shares	**	\$98,628
Total ALLETE RSOP Stock Fund			98,628
ALLETE Stock Fund			
* ALLETE, Inc.	Common Stock - 371 Shares	**	28,231
Total ALLETE Stock Fund			28,231
Collective Fund Securities			
Fidelity Managed Income Portfolio Fund	Collective Fund - 1,435 Shares	**	1,435
LifePath Index Retirement Fund H	Collective Fund - 642 Shares	**	8,067
LifePath Index 2020 Fund H	Collective Fund - 860 Shares	**	11,411
LifePath Index 2025 Fund H	Collective Fund - 1,253 Shares	**	17,211
LifePath Index 2030 Fund H	Collective Fund - 1,027 Shares	**	14,565
LifePath Index 2035 Fund H	Collective Fund - 878 Shares	**	12,811
LifePath Index 2040 Fund H	Collective Fund - 807 Shares	**	12,052
LifePath Index 2045 Fund H	Collective Fund - 702 Shares	**	10,677
LifePath Index 2050 Fund H	Collective Fund - 619 Shares	**	9,547
LifePath Index 2055 Fund H	Collective Fund - 198 Shares	**	3,022
LifePath Index 2060 Fund H	Collective Fund - 102 Shares	**	1,145
Wells Fargo Stable Return Fund Q	Collective Fund - 3,278 Shares	**	50,729
Total Collective Fund Securities			152,672
Mutual Fund Securities			
Adirondack Small Cap Fund	Mutual Fund - 546 Shares	**	8,134
Artisan International Investors Fund	Mutual Fund - 261 Shares	**	7,094
Dodge & Cox International Stock Fund	Mutual Fund - 244 Shares	**	9,004
Dodge & Cox Stock Fund	Mutual Fund - 131 Shares	**	22,579
Fidelity Contrafund Fund K	Mutual Fund - 334 Shares	**	3,674
Oppenheimer Developing Markets Fund I	Mutual Fund - 377 Shares	**	14,184
Vanguard Inflation-Protected Securities Investor Fund	Mutual Fund - 20 Shares	**	253
Vanguard Institutional Index Inst Fund	Mutual Fund - 255 Shares	**	57,912
Vanguard Mid-Cap Index Inst Fund I	Mutual Fund - 630 Shares	**	23,804
Vanguard Small-Cap Inst Index Fund I	Mutual Fund - 111 Shares	**	6,987
Vanguard Total Bond Market Index Inst Fund	Mutual Fund - 1,950 Shares	**	20,376
Vanguard Total International Stock Index Admiral Fund	Mutual Fund - 56 Shares	**	1,416
Total Mutual Fund Securities			175,417
Henderson Geneva Small Cap Growth SA	Managed Brokerage Fund - 686 Shares	**	12,246
Self-Directed Brokerage Accounts			9,672
* Participant Loans	Loans Receivable from Participants - 3.50% to 6.25%	—	5,697
Total Assets Held at End of Year			\$482,563

* Party in Interest

** Historical cost is not required for participant-directed funds.

See Independent Auditors' Report

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, ALLETE, Inc., as plan administrator, has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

**ALLETE and Affiliated Companies
Retirement Savings and Stock Ownership Plan**

By: ALLETE, Inc., its Plan Administrator

June 28, 2019

/s/ Alan R. Hodnik
Alan R. Hodnik
Chairman and Chief Executive Officer

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-162890) of ALLETE, Inc. of our report dated June 28, 2019 relating to the financial statements and schedule of the ALLETE and Affiliated Companies Retirement Savings and Stock Ownership Plan included in this Annual Report (Form 11-K).

/s/ Reilly, Penner & Benton LLP

Reilly, Penner & Benton LLP
Milwaukee, Wisconsin
June 28, 2019