

IN THE MATTER OF  
THE SECURITIES LEGISLATION  
OF ALBERTA, SASKATCHEWAN, MANITOBA,  
NEW BRUNSWICK, NEWFOUNDLAND AND NOVA SCOTIA

AND

IN THE MATTER OF  
THE MUTUAL RELIANCE REVIEW SYSTEM  
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF MINNESOTA POWER INC.,  
carrying on business under the style ALLETE

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Saskatchewan, Manitoba, New Brunswick, Newfoundland and Nova Scotia (the "Jurisdictions") has received an application from Minnesota Power Inc. carrying on business under the style ALLETE (hereinafter referred to as "ALLETE") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the provisions contained in the Legislation regarding registration and prospectus requirements shall not apply to the first trade of the shares of common stock without par value of ALLETE (the "Common Stock") issued by ALLETE pursuant to the ALLETE and Affiliated Companies Employee Stock Purchase Plan (the "Plan");

2. AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System") the Alberta Securities Commission is the principal regulator for this application;

3. AND WHEREAS ALLETE has represented to the Decision Makers that:

3.1 ALLETE has been incorporated under the laws of the State of Minnesota in the United States of America and is subject to the reporting requirements of the *Securities Exchange Act of 1934* in the United States;

3.2 ALLETE is not a reporting issuer under the Legislation and has no present intention of becoming a reporting issuer under the Legislation;

3.3 the shares of Common Stock of ALLETE are listed and posted for trading on the New York Stock Exchange (the "NYSE"). As at December 31, 2000 there were 74,725,620 issued and outstanding shares of Common Stock in the capital of

ALLETE, all of which shares are listed and posted for trading under the symbol "ALE";

3.4 on December 21, 2000 the Employee Benefit Plans Committee under delegated authority from the Board of Directors of ALLETE adopted the Plan in its present amended and restated form;

3.5 the Plan allows employees of ALLETE and employees of those subsidiary companies of ALLETE, whose board of directors or managing board or council, or chief executive officer, as the case may be, requests participation in the Plan, and whose participation in the Plan is approved by a majority vote of the Board of ALLETE or the Employee Benefits Committee, to participate in the Plan. Participation in the Plan is entirely voluntary is available to all employees of ALLETE and its eligible subsidiaries except any of the following:

3.5.1 employees who have been employed less than 6 months at the time shares would be purchased,

3.5.2 employees who normally work less than 1,000 hours in a calendar year,

3.5.3 employees who normally work less than 5 months in any calendar year,

3.5.4 employees who immediately after a purchase of shares under the Plan would own stock possessing 5% or more of the total combined voting power or value of all classes of stock in Minnesota Power, or

3.5.5 directors who are not officers

(such qualifying employees being hereinafter referred to as "Qualifying Employees");

3.6 the Plan offers a simple and convenient method of purchasing, directly from ALLETE, shares of Common Stock through payroll deductions, optional cash payments and dividend reinvestment. The right to purchase such shares pursuant to the Plan is not transferable nor may shares credited to the account of a participant under the Plan be pledged.

3.7 Participation in the Plan is voluntary and Qualifying Employees will not be induced to participate in the Plan or to acquire shares under the Plan by expectation of employment or continued employment;

3.8 under the Plan, an agent, who is not a registrant under the Legislation, but is a registrant in the United States, will maintain an account on behalf of each

Qualifying Employee in the Jurisdictions that participates in the Plan and all shares registered under the Plan will be registered in the name of the agent or its nominees;

3.9 under the Plan, all sales of shares of Common Stock on behalf of Qualifying Employees in the Jurisdictions made by the agent will be made through the facilities of and in accordance with the rules of the NYSE;

3.10 neither ALLETE nor the agent will offer any advice to the Qualifying Employees in the Jurisdictions regarding the decision to acquire, hold or sell shares;

3.11 the earliest date when a Qualifying Employee resident in the Jurisdictions may sell shares of Common Stock acquired under the Plan will be the first business day after the date of an Order issued under this application;

3.12 the price of shares of Common Stock of ALLETE purchased under the Plan will be 95% of the closing price of the Common Stock on the NYSE on the investment date (or the next preceding day on which the NYSE is open, if it is closed on the investment date). In the event no trading occurs in ALLETE's Common Stock on the investment date, the purchase price will be 95% of the average of the reported bid and asked price on the NYSE on that date;

3.13 all disclosure material relating to ALLETE and the Plan, including a copy of ALLETE's most recent Annual Report to shareholders (unless a copy has otherwise been provided) and a copy of the then current prospectus for the Plan, which is furnished to Qualifying Employees resident in the United States of America will be concurrently furnished to Qualifying Employees resident in the Jurisdictions. Qualifying Employees resident in the Jurisdictions will also be provided with the ruling that results from this application;

4. AND WHEREAS pursuant to the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

5. AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

6. THE DECISION of the Decision Makers pursuant to the Legislation is that the requirements contained in the Legislation regarding registration and the filing of a prospectus shall not apply to the first trade of the Common Stock issued by ALLETE pursuant to the Plan, provided that:

6.1 at the time of the first trade, ALLETE is registered with the Securities and Exchange Commission in the United States of America, is subject to the requirements of the 1934 Act and is not exempt from the reporting requirements of the 1934 Act;

6.2 such first trade is executed through the facilities of the New York Stock Exchange in accordance with the rules of that stock exchange and in accordance with all laws applicable to that stock exchange and through an agent qualified to trade in securities in the jurisdiction where such exchange or market is located;

6.3 all disclosure material relating to ALLETE which is furnished to holders of Common Stock resident in the United States of America is concurrently furnished to holders of Common Stock resident in the Jurisdictions;

6.4 at the time of the acquisition of the Common Stock which is the subject of such first trade, residents of Canada hold not more than 10% of the issued and outstanding Common Stock and the number of residents in Canada holding Common Stock is not more than 10% of the total number of holders of Common Stock.

DATED this 27<sup>th</sup> day of March, 2001.

"original signed by"  
Eric T. Spink, Vice-Chair

"original signed by"  
Thomas G. Cooke, Q.C., Member

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief from registration and prospectus requirements in connection with the first trade of shares of common stock purchased under an employee stock purchase plan.

Applicable Alberta Statutory Provisions

Securities Act, S.A., 1981, c.S-6.1, as amended, s. 54, 81 and 116(1)