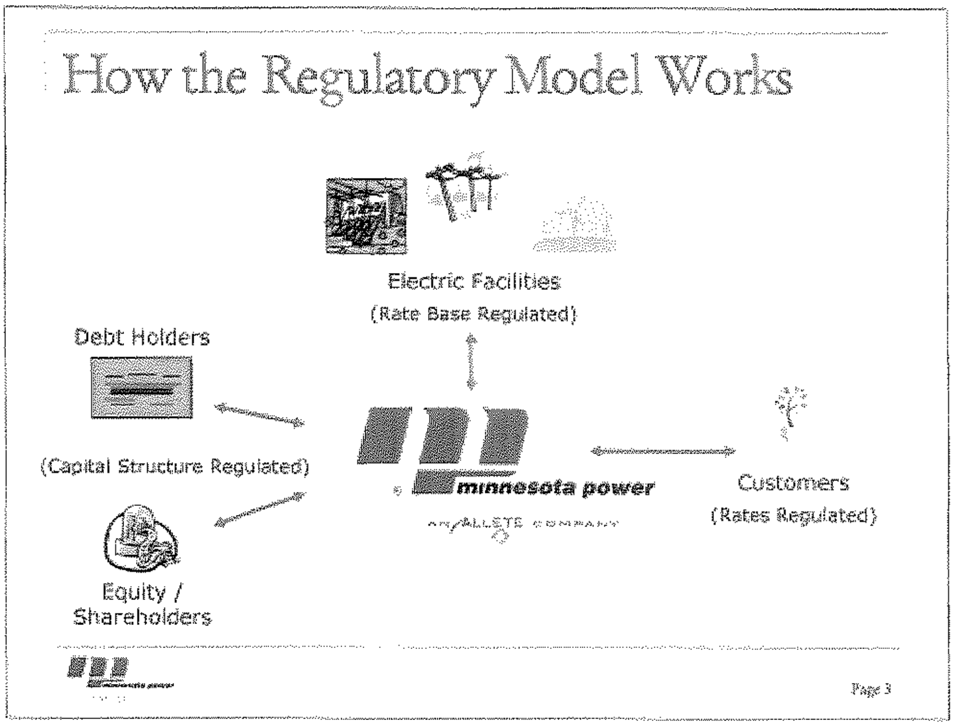

Step 1: Minnesota Power raises funds for investment in facilities from debt issuance to debt holders and equity issuances to shareholders

Step 2: Minnesota Power uses the funds to invest in the construction of the facilities—in advance of cost recovery approval

Step 3: Minnesota Power operates the facilities to generate electricity that is sold to customers

Step 4: Customers pay for electricity through rates established by regulators in a rate proceeding. Rates cover capital, other costs and the investor return

Step 5: Minnesota Power repays debt holders plus interest and compensates our equity investors through dividends on their shares of stock