SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant /X/
Filed by a Party other than the Registrant / /
Check the appropriate box:
/ / Preliminary Proxy Statement
/ / Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
/X/ Definitive Proxy Statement
/ / Definitive Additional Materials
/ / Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

Minnesota Power, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

/X/ No fee required.
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(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Proposed maximum aggregate value of transaction:

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/ / Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

[GRAPHIC MATERIAL OMITTED]
MINNESOTA POWER, INC.
NOTICE AND PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS
[LOGO] Tuesday, May 9, 2000
Duluth, Minnesota

[LOGO OF MINNESOTA POWER]

March 17, 2000

Dear Shareholder:

You are cordially invited to attend Minnesota Power's 2000 Annual Meeting of Shareholders on Tuesday, May 9, 2000 at 10:00 a.m. in the auditorium at the Duluth Entertainment Convention Center (DECC). The DECC is located on the waterfront at 350 Harbor Drive in Duluth. Free parking is available in the adjoining lot. On behalf of the Board of Directors, I encourage you to attend.

Minnesota Power's strong 1999 operating results were spurred by significant earnings growth in our automotive and water businesses. This performance reflects the successful implementation of our strategy, "The Drive Toward 2000," crafted in 1995. At our Annual Shareholders Meeting this year, we will share the exciting vision of our new five-year plan, "Horizon 2005." Our goals: market leadership in each of our four businesses, accelerated financial performance, enhanced shareholder return, and completion of our transition to a multi-services company. Now, more than ever, Minnesota Power is more than Minnesota ... and more than power.

At the Shareholders Meeting, twelve nominees will stand for election to the Board. This year I am pleased to announce that Ms. Glenda Hood, Mayor of Orlando, Florida, will stand for election to the Board. Over seven years of experience leading Orlando under a strong mayor system provide her with excellent credentials for service on the Board as your representative. Also, shareholders will vote on a resolution to appoint PricewaterhouseCoopers LLP as the Company's independent accountants.

After our Annual Meeting, we invite you to visit with our directors, officers and employees over a box lunch in the Lake Superior Ballroom located within the DECC. If you plan to attend, please return the enclosed reservation card.

It is important that your shares be represented at the Annual Meeting. Please sign, date and promptly return the enclosed proxy card in the envelope provided, or, if applicable, follow the easy instructions for phone or Internet voting.

Thank you for your investment in Minnesota Power.

Sincerely,

Edwin L. Russell

Edwin L. Russell
Chairman, President and
Chief Executive Officer

MINNESOTA POWER, INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS - MAY 9, 2000

The Annual Meeting of Shareholders of Minnesota Power, Inc. will be held in the auditorium at the Duluth Entertainment Convention Center, 350 Harbor Drive, Duluth, Minnesota, on Tuesday, May 9, 2000 at 10:00 a.m. for the following purposes:

1. To elect a Board of 12 directors to serve for the ensuing year;

2. To approve the appointment of PricewaterhouseCoopers LLP as the Company's independent accountants for 2000; and

3. To transact such other business as may properly come before the meeting or any adjournments thereof.

Shareholders of record on the books of the Company at the close of business on March 10, 2000 are entitled to notice of and to vote at the Annual Meeting.

All shareholders are cordially invited and encouraged to attend the meeting in person. The holders of a majority of the shares entitled to vote at the meeting must be present in person or by proxy to constitute a quorum.

Your early response will facilitate an efficient tally of your votes. If voting by mail, please sign, date and return the enclosed proxy card in the envelope provided. Alternatively, follow the enclosed instructions to vote by phone or the Internet.

By order of the Board of Directors,

Philip R. Halverson

Philip R. Halverson
Vice President, General Counsel
and Secretary

Dated at Duluth, Minnesota
March 17, 2000

If you have not received the Minnesota Power 1999 Annual Report, which includes financial statements, kindly notify Minnesota Power Shareholder Services, 30 West Superior Street, Duluth, MN 55802-2093, telephone number 1-800-535-3056 or 1-218-723-3974, and a copy will be sent to you.

MINNESOTA POWER, INC.
30 West Superior Street
Duluth, Minnesota 55802

PROXY STATEMENT

SOLICITATION

The proxy accompanying this Proxy Statement is solicited on behalf of the Board of Directors of Minnesota Power, Inc. (Minnesota Power or Company) for use at the Annual Meeting of Shareholders to be held on May 9, 2000 and any adjournments thereof. The purpose of the meeting is to elect a Board of 12 directors to serve for the ensuing year, to approve the appointment of PricewaterhouseCoopers LLP as the Company's independent accountants for 2000 and to transact such other business as may properly come before the meeting. All properly submitted proxies received at or before the meeting, and entitled to vote, will be voted at the meeting.

This Proxy Statement and the enclosed proxy card were first mailed on or about March 17, 2000. Each proxy delivered pursuant to this solicitation is revocable any time before it is voted, by written notice delivered to the Secretary of the Company.

The Company expects to solicit proxies primarily by mail. Proxies also may be solicited in person and by telephone at a nominal cost by regular or retired employees of the Company. The expenses of such solicitation are the ordinary ones in connection with preparing, assembling and mailing the material, and also include charges and expenses of brokerage houses and other custodians, nominees, or other fiduciaries for communicating with shareholders. Additional solicitation of proxies will be made by mail, telephone and in person by Corporate Investor Communications, Inc., a firm specializing in the solicitation of proxies, at a cost to the Company of approximately $6,000 plus expenses. The total amount of such costs will be borne by the Company.

OUTSTANDING SHARES AND VOTING PROCEDURES

The outstanding shares of capital stock of the Company as of March 10, 2000 were as follows:

Preferred Stock 5% Series ($100 par value)	113,358 shares
Serial Preferred Stock A $7.125 Series (without par value)	100,000 shares
Serial Preferred Stock A $6.70 Series (without par value)	100,000 shares
Common Stock (without par value)	73,938,169 shares

Each share of the Common Stock and preferred stocks of record on the books of the Company at the close of business on March 10, 2000 is entitled to notice of the Annual Meeting and to one vote.

The affirmative vote of a majority of the shares of stock entitled to vote at the Annual Meeting is required for election of each director and the affirmative vote of a majority of the shares of stock present and entitled to vote is required for approval of the other items described in this Proxy Statement to be acted upon by shareholders. An automated system administered by Norwest Bank Minnesota, N.A. tabulates the votes. Abstentions are included in determining the number of shares present and voting and are treated as votes against the particular proposal. Broker non-votes are not counted for or against any proposal.

Unless contrary instructions are indicated on the proxy, all shares represented by valid proxies will be voted "FOR" the election of all nominees for director named herein, and "FOR" approval of PricewaterhouseCoopers LLP as the Company's independent accountants for 2000. If any other business is transacted at the meeting, all shares represented by valid proxies will be voted in accordance with the best judgment of the appointed Proxies.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table lists the only persons known to the Company who owned beneficially as of March 10, 2000 more than 5 percent of any class of the Company's voting securities. Unless otherwise indicated, the beneficial owners shown have sole voting and investment power over the shares listed.

Title of Class	Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of the Class
Serial Preferred Stock A	ISACO c/o IDS Trust P.O. Box 1450 Minneapolis, MN 55485	150,000	75.0%
Serial Preferred Stock A	HARE & Co. c/o The Bank of New York P.O. Box 11203 New York, NY 10286	30,000	15.0%
Serial Preferred Stock A	Polly & Co. c/o The Bank of New York P.O. Box 11203 New York, NY 10286	10,000	5.0%
Serial Preferred Stock A	Sigler & Co. Chase Manhattan Bank P.O. Box 35308 Newark, NJ 07101	10,000	5.0%
Common Stock	Mellon Bank, N.A. One Mellon Bank Center Pittsburgh, PA 15258	8,178,475*	11.1%*

*Mellon Bank holds 8,178,475 shares in its capacity as Trustee of the Minnesota Power and Affiliated Companies Employee Stock Ownership Plan and Trust (ESOP). Generally, these shares will be voted in accordance with instructions received by Mellon Bank from participants in the ESOP.

The following table presents the shares of Common Stock beneficially owned by directors, nominees for director, executive officers named in the Summary Compensation Table appearing subsequently in this Proxy Statement, and all directors and executive officers of the Company as a group, as of March 10, 2000. Unless otherwise indicated, the persons shown have sole voting and investment power over the shares listed.

Name of Beneficial Owner	Number of Shares Beneficially Owned	Options Exercisable within 60 days after March 10, 2000	Name of Beneficial Owner	Number of Shares Beneficially Owned	Options Exercisable within 60 days after March 10, 2000
Kathleen A. Brekken	5,763	3,180	Arend J. Sandbulte	71,560	4,496
Merrill K. Cragun	16,936	5,100	Nick Smith	9,009	5,100
Dennis E. Evans	29,777	5,100	Bruce W. Stender	11,965	5,100
Glenda E. Hood	400	0	Donald C. Wegmiller	16,221	5,100
Peter J. Johnson	20,990	5,100	John Cirello	18,717	36,495
George L. Mayer	11,688	4,616	Robert D. Edwards	42,432	45,224
Jack I. Rajala	12,050	5,100	John E. Fuller	11,250	27,990
Edwin L. Russell	140,541	58,097	James P. Hallett	14,403	40,914
All directors and executive officers as a group (26):	561,842	436,697			

Includes (i) shares as to which voting and investment power is shared with the person's spouse: Mr. Cragun - 1,000, Mr. Cirello - 16,717, Mr. Johnson - 20,990, Mr. Russell - 124,863, Mr. Sandbulte - 5,170, Mr. Fuller - 1,928, and all directors and officers as a group - 186,949; (ii) shares owned by the person's spouse: Mr. Cragun - 1,378, Mr. Smith - 50, and all directors and officers as a group - 24,952; and (iii) shares held beneficially for the person's children: Mr. Russell - 10,070; and (iv) shares held as trustee: Mr. Mayer - 400. Each director and executive officer owns only a fraction of 1 percent of any class of Company stock and all directors and executive officers as a group also own less than 1 percent of any class of Company stock.

ITEM NO. 1 - ELECTION OF DIRECTORS

It is intended that the shares represented by the proxy will be voted, unless authority is withheld, "FOR" the election of the 12 nominees for director named in the following section. Directors are elected to serve until the next annual election of directors and until a successor is elected and qualified or until a director's earlier resignation or removal. In the event that any nominee should become unavailable, which is not anticipated, the Board of Directors may provide by resolution for a lesser number of directors or designate substitute nominees, who would receive the votes represented by the enclosed proxy.

Nominees for Director		Director Since
PHOTO	KATHLEEN A. BREKKEN, 50, Cannon Falls, MN. Member of the Executive Compensation Committee. President 1997 and CEO of Midwest of Cannon Falls, Inc., a wholesale distributor of seasonal gift items, exclusive collectibles, and distinctive home decor, with fifteen showrooms in major markets throughout the United States and Canada. Board of Regents of St. Olaf College in Minnesota.	1997
PHOTO	MERRILL K. CRAGUN, 67, Brainerd, MN. President of Cragun Corp., a resort and conference center. Director of Northern Minnesota Public Television. Vice President of the Minnesota Safety Council.	1991
PHOTO	DENNIS E. EVANS, 61, Minneapolis, MN. Member of the Executive Committee and the Executive Compensation Committee. President and CEO of the Hanrow Financial Group, Ltd., a merchant banking firm. Director of Angeion Corporation.	1986
PHOTO	GLENDA E. HOOD, 50, Orlando, FL. Mayor of Orlando Florida, since 1992. Chief Executive Officer of Orlando's City Administration, Chairman of the City Council, and board member of the Orlando Utilities Commission. Past President of the National League of Cities.	-
PHOTO	PETER J. JOHNSON, 63, Tower, MN. Member of the Audit Committee. Chairman and CEO of Hoover Construction Company, a highway and heavy construction contractor. Chairman of Michigan Limestone Operations, which quarries and sells limestone on the Great Lakes. Director of Queen City Federal Savings and of Queen City Bancorp, Inc.	1994

		Director Since
PHOTO	GEORGE L. MAYER, 55, Essex, CT. Member of the Audit Committee. Founder and President of Manhattan Realty Group which manages various real estate properties located predominantly in northeastern United States. A consultant to the board of directors of Schwaab, Inc., one of the nation's largest manufacturers of handheld rubber stamps and associated products.	1996
PHOTO	JACK I. RAJALA, 60, Grand Rapids, MN. Member of the Executive Committee. Chairman and CEO of Rajala Companies and Director and President of Rajala Mill Company, which manufacture and trade lumber. Director of Grand Rapids State Bank. Board of Regents of Concordia College in Minnesota.	1985
PHOTO	EDWIN L. RUSSELL, 55, Duluth, MN. Chairman, President and CEO of Minnesota Power. Chairman of the Executive Committee. Director of Tennant Co., Edison Electric Institute, the Great Lakes Aquarium at Lake Superior Center, United Way of Greater Duluth and Minnesota Public Radio.	1995
PHOTO	AREND J. SANDBULTE, 66, Duluth, MN. Former Chairman, President and CEO of Minnesota Power. Member of the Executive Committee. Director of St. Mary Land and Exploration Company, and the Community Board of Norwest Bank Minnesota North. Chairman and Director of Iowa State University Foundation. Director and immediate past Chairman of the Great Lakes Aquarium at Lake Superior Center.	1983
PHOTO	NICK SMITH, 63, Duluth, MN. Member of the Executive Committee and the Executive Compensation Committee. Chairman and CEO of Northeast Ventures Corporation, a venture firm investing in northeastern Minnesota. Chairman of Community Development Venture Capital Alliance, a national association. Director of North Shore Bank of Commerce. Director and founding Chair of Great Lakes Aquarium at Lake Superior Center. Of counsel to Fryberger, Buchanan, Smith & Frederick, P.A.	1995
PHOTO	BRUCE W. STENDER, 58, Duluth, MN. Chairman of the Audit Committee. President and CEO of Labovitz Enterprises, Inc. which owns and manages hotel properties. Trustee of the C. K. Blandin Foundation and member of the Chancellor's Advisory Committee for the University of Minnesota Duluth.	1995
PHOTO	DONALD C. WEGMILLER, 61, Minneapolis, MN. Chairman of the Executive Compensation Committee. President and CEO of HealthCare Compensation Strategies, a national executive and physician compensation and benefits consulting firm. Director of LecTec Corporation, Medical Graphics Corporation, Possis Medical, Inc., SelectCare, Inc. and JLJ Medical Devices International, LLC.	1992

BOARD AND COMMITTEE MEETINGS IN 1999

During 1999 the Board of Directors held 5 meetings. The Executive Committee, which held 8 meetings during 1999, provides oversight of corporate financial matters, performs the functions of a director nominating committee, and is authorized to exercise the authority of the Board in the intervals between meetings. Shareholders may recommend nominees for director to the Executive Committee by addressing the Secretary of the Company, 30 West Superior Street, Duluth, Minnesota 55802. The Audit Committee, which held 7 meetings in 1999, recommends the selection of independent accountants, reviews and evaluates the Company's accounting practices, reviews periodic financial reports to be provided to the public and reviews and recommends approval of the annual audit report. The Executive Compensation Committee, which held 4 meetings in 1999, establishes compensation and benefit arrangements for Company officers and other key executives, intended to be equitable, competitive with the marketplace, and consistent with corporate objectives. All directors attended 75 percent or more of the aggregate number of meetings of the Board of Directors and applicable committee meetings in 1999.

DIRECTOR COMPENSATION

Employee directors receive no additional compensation for their services as directors. In 1999 the Company paid each non-employee director an annual retainer fee of $5,000 and 1,000 shares of Common Stock under the terms of the Company's Director Stock Plan. In addition, each non-employee director was paid $950 for each Board, Committee, and subsidiary board meeting attended, except that $500 was paid for attendance at a second meeting held the same day as another meeting. Each non-employee director who is the Chairman of a Committee received an additional $150 for each Committee meeting attended. A $250 fee was paid for all conference call meetings. Directors may elect to defer all or a part of the cash portion of their retainer and meeting fees. The shares of Common Stock paid to directors with respect to 1999 had an average market price of $19.64 per share.

Under the Director Long-Term Stock Incentive Plan, effective January 1, 1996, non-employee directors receive automatic grants of 1,500 stock options every year and performance shares valued at $10,000 every other year. The stock options vest 50 percent after the first year, the remaining 50 percent after the second year and expire on the tenth anniversary of the date of grant. The exercise price for each grant is the closing sale price of Company Common Stock on the date of grant. The performance periods for performance shares end on December 31, the year following the date of grant. Dividend equivalents in the form of additional performance shares accrue during the performance period and are paid only to the extent the underlying grant is earned. The performance goal of each performance period is based on Total Shareholder Return for the Company in comparison to Total Shareholder Return for 16 diversified electric utilities. During the four-year performance period ending December 31, 1999, shareholders of the Company realized a Total Shareholder Return of 52.2 percent on their investment in Minnesota Power Common Stock, ranking the Company number 10 among the 16 diversified utilities. With this ranking under the plan, the directors each earned 321 shares of Common Stock, an award equal to 62.5 percent of their target performance share award. Fifty percent of this performance share award was paid in stock at the end of the performance period. The remaining 50 percent will be paid in stock, half on the first anniversary of the end of the performance period and half on the second anniversary thereof.

PROPOSALS OF SHAREHOLDERS FOR THE 2001 ANNUAL MEETING

All proposals from shareholders to be considered for inclusion in the Proxy Statement relating to the Annual Meeting scheduled for May 8, 2001 must be received by the Secretary of the Company at 30 West Superior Street, Duluth, Minnesota 55802, not later than November 16, 2000. In addition, the persons to be named as proxies in the proxy cards relating to that Annual Meeting may have the discretion to vote their proxies in accordance with their judgment on any matter as to which the Company did not have notice prior to February 5, 2001, without discussion of such matter in the proxy statement relating to that Annual Meeting.

COMPENSATION OF EXECUTIVE OFFICERS

The following information describes compensation paid in the years 1997 through 1999 for the Company's named executive officers.

SUMMARY COMPENSATION TABLE

		Annual Compensation		Long-Term Compensation			
				Awards		Payouts	
Name and Principal Position	Year	Salary ($)	Bonus ($)	Restricted Stock Award(s) ($)	Securities Underlying Options (#)	LTIP Payouts ($)	All Other Comp. ($)
Edwin L. Russell	1999	475,939	744,110	0	94,241	197,396	69,477
Chairman, President	1998	423,847	580,285	100,000	40,000	347,318	63,212
and Chief Executive Officer	1997	356,731	700,789	0	27,320	401,138	40,912
James P. Hallett	1999	271,908	276,210	0	26,004	266,107	32,963
Executive Vice President;	1998	236,178	268,570	0	7,480	28,343	30,660
President and CEO of ADESA	1997	209,820	193,600	0	20,432	53,182	13,556
John E. Fuller	1999	254,923	265,980	0	32,046	78,539	37,672
Executive Vice President; President	1998	220,231	251,450	0	6,902	28,343	30,723
and CEO of Automotive Finance Corp.	1997	200,731	190,820	0	15,932	53,182	9,572
Robert D. Edwards	1999	276,308	234,199	0	27,764	93,192	44,403
Executive Vice President;	1998	254,885	223,356	0	8,058	214,942	36,190
President of MP Electric	1997	232,769	176,593	0	12,144	234,233	32,926
John Cirello	1999	240,538	212,320	0	24,346	83,449	30,271
Executive Vice President; President	1998	222,731	172,591	0	7,004	46,220	25,144
and CEO of MP Water Resources	1997	209,874	112,474	109,500	10,432	86,587	26,236

Amounts shown include compensation earned by the named executive officers, as well as amounts earned but deferred at the election of those officers. The "Bonus" column is comprised of amounts earned pursuant to Results Sharing and the Executive Annual Incentive Plan.

The amount shown represents the value of 5,094 shares of restricted Common Stock granted on May 7, 1998 pursuant to the Executive Long-Term Incentive Compensation Plan. The award vested in full on January 2, 2000. On December 31, 1999, 5,094 shares, valued at $86,280, remained restricted. Mr. Russell receives non-preferential dividends on this stock.

The amount shown represents the value of 8,000 shares of restricted Common Stock granted on January 2, 1997 pursuant to the Executive Long-Term Incentive Compensation Plan. The award vested in full on January 2, 2000. On December 31, 1999, 2,000 shares, valued at $33,875, remained restricted. Mr. Cirello receives non-preferential dividends on this stock.

Includes a supplemental payment based upon significantly exceeding multi-year financial performance targets established in 1996.

The amounts shown for 1999 include the following Company contributions for the named executive officers:

Name	Annual Company Contribution to the Flexible Benefit/ 401(K) Plans	Annual Company Contribution to the Employee Stock Ownership Plan	Annual Company Contribution to the Supplemental Executive Retirement Plan
Edwin L. Russell	$7,280	$3,751	$58,446
James P. Hallett	1,600	0	31,363
John E. Fuller	3,840	0	33,832
Robert D. Edwards*	7,280	3,751	25,194
John Cirello	16,056	0	14,215

*The amount shown in the Summary Compensation Table for Mr. Edwards includes $8,178 of above-market interest on compensation deferred under an executive investment plan. The Company made investments in corporate-owned life insurance which will recover the cost of this above-market benefit if actuarial factors and other assumptions are realized.

OPTION GRANTS IN LAST FISCAL YEAR

Individual Grants					Grant Date Value
Name	Number of Securities Underlying Options Granted (#)	% of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price ($/Sh)	Expiration Date	Grant Date Present Value ($)
Edwin L. Russell					
New Options	40,000	4.6	21.9375	Jan. 4, 2009	135,132
New Options	15,890	1.8	21.5000	Jan. 4, 2009	53,681
Replacement Options	19,297	2.2	19.6250	Jan. 2, 2006	65,031
Replacement Options	19,054	2.2	19.6250	Jan. 2, 2007	67,070
James P. Hallett					
New Options	26,004	3.0	21.9375	Jan. 4, 2009	87,849
John E. Fuller					
New Options	25,692	2.9	21.9375	Jan. 4, 2009	86,795
Replacement Options	6,354	0.7	16.5625	Jan. 2, 2007	18,490
Robert D. Edwards					
New Options	27,764	3.2	21.9375	Jan. 4, 2009	93,795
John Cirello					
New Options	24,346	2.8	21.9375	Jan. 4, 2009	82,248

New options vest 50 percent on January 4, 2000 and 50 percent on January 4, 2001. Options granted to the top 7 executives of the Company include a replacement option feature (see note 2 below) and are subject to a change-in-control acceleration provision.

Replacement options (also known as ownership retention options or reload options) are intended to encourage share ownership. They typically do not provide stock appreciation opportunity greater than the original options. In addition, they do not result in an increase in equity position, which is the total combined number of shares and options held. Replacement options are granted when the executive uses his shares of Common Stock to fund the exercise price of stock options. One replacement option is granted to replace each share that is delivered by the executive as payment for the purchase price of shares being acquired through the exercise of a stock option. Replacement options become exercisable twelve months after their grant date and terminate on the expiration date of the option that they replace. The exercise price of replacement options is equal to the closing price of Minnesota Power's Common Stock on the grant date of the replacement options. All replacement options granted in 1999 have a replacement option feature.

The grant date dollar value of the new options is based on a Minnesota Power binomial ratio (as of January 4, 1999) of .154. The binomial method is a complicated mathematical formula premised on immediate exercisability and transferability of the options, which are not features of the Company's options granted to executive officers and other employees. The values shown are theoretical and do not necessarily reflect the actual values the recipients may eventually realize. Any actual value to the officer or other employee will depend on the extent to which the market value of the Company's Common Stock at a future date exceeds the exercise price. In addition to the option exercise price, and the ten-year term of each option, the following assumptions for modeling were used to calculate the values shown for the new options granted in 1999: expected dividend yield of 4.839 percent (based on the most recent quarterly dividend), expected stock price volatility of .168 (based on 250 trading days previous to January 4, 1999), and the ten-year option term and a risk-free rate of return of 4.65 percent (based on Treasury yields). The grant date dollar value of the replacement options is based on a Minnesota Power binomial ratio determined using assumptions that are materially similar to those applicable to the new options.

AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR
AND FY-END OPTION VALUES

Name	Shares Acquired on Exercise (#)	Value Realized ($)	Number of Securities Underlying Unexercised Options at FY-End (#)		Value of Unexercised In-the-Money Options at FY-End ($)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Edwin L. Russell	53,780	302,781	20,000	114,241	0	0
James P. Hallett	0	0	24,172	29,744	66,404	0
John E. Fuller	7,690	22,109	11,693	35,497	26,787	2,383
Robert D. Edwards	0	0	27,313	31,793	68,711	0
John Cirello	0	0	20,820	27,848	49,970	0

RETIREMENT PLANS

The following table sets forth examples of the estimated annual retirement benefits that would be payable to participants in the Company's Retirement Plan and Supplemental Executive Retirement Plan after various periods of service, assuming no changes to the plans and retirement at the normal retirement age of 65:

PENSION PLAN
Years of Service

Remuneration*	15	20	25	30	35
$100,000	$12,000	$26,200	$31,200	$36,200	$41,200
125,000	15,000	32,750	39,000	45,250	51,500
150,000	18,000	39,300	46,800	54,300	61,800
175,000	21,000	45,850	54,600	63,350	72,100
200,000	24,000	52,400	62,400	72,400	82,400
225,000	27,000	58,950	70,200	81,450	92,700
250,000	30,000	65,500	78,000	90,500	103,000
300,000	36,000	78,600	93,600	108,600	123,600
400,000	48,000	104,800	124,800	144,800	164,800
450,000	54,000	117,900	140,400	162,900	185,400
500,000	60,000	131,000	156,000	181,000	206,000
600,000	72,000	157,200	187,200	217,200	247,200
700,000	84,000	183,400	218,400	253,400	288,400
800,000	96,000	209,600	249,600	289,600	329,600
900,000	108,000	235,800	280,800	325,800	370,800
1,000,000	120,000	262,000	312,000	362,000	412,000
1,100,000	132,000	288,200	343,200	398,200	453,200
1,200,000	144,000	314,400	374,400	434,400	494,400

*Represents the highest annualized average compensation (salary and bonus) received for 48 consecutive months during the employee's last 15 years of service with the Company. For determination of the pension benefit, the 48-month period for highest average salary may be different from the 48-month period of highest aggregate bonus compensation.

Retirement benefit amounts shown are in the form of a straight-life annuity to the employee and are based on amounts listed in the Summary Compensation Table under the headings Salary and Bonus. Retirement benefit amounts shown are not subject to any deduction for Social Security or other offset amounts. The Retirement Plan provides that the benefit amount at retirement is subject to adjustment in future years to reflect cost of living increases to a maximum adjustment of 3 percent per year. As of December 31, 1999, the executive officers named in the Summary Compensation Table had the following number of years of credited service under the plan:

Edwin L. Russell	5 years	Robert D. Edwards	23 years
James P. Hallett	5 years	John Cirello	5 years
John E. Fuller	5 years		

With certain exceptions, the Internal Revenue Code of 1986, as amended, (Code) restricts the aggregate amount of annual pension which may be paid to an employee under the Retirement Plan to $130,000 for 1999. This amount is subject to adjustment in future years to reflect cost of living increases. The Company's Supplemental Executive Retirement Plan provides for supplemental payments by the Company to eligible executives (including the executive officers named in the Summary Compensation Table) in amounts sufficient to maintain total retirement benefits upon retirement at a level which would have been provided by the Retirement Plan if benefits were not restricted by the Code.

REPORT OF BOARDS'S EXECUTIVE COMPENSATION COMMITTEE ON EXECUTIVE COMPENSATION

Described below are the compensation policies of the Executive Compensation Committee of the Board of Directors effective for 1999 with respect to the executive officers of the Company. Composed entirely of independent outside directors, the Executive Compensation Committee is responsible for recommending to the Board policies which govern the executive compensation program of the Company and for administering those policies. Since 1995 the Board has retained the services of William M. Mercer, Incorporated (Mercer), a benefits and compensation consulting firm, to assist the Executive Compensation Committee in connection with the performance of such responsibilities.

The role of the executive compensation program is to help the Company achieve its corporate goals by motivating performance, rewarding positive results and enhancing Total Shareholder Return. Recognizing that the potential impact an individual employee has on the attainment of corporate goals tends to increase at higher levels within the Company, the executive compensation program provides greater variability in compensating individuals based on results achieved as their levels within the Company rise. In other words, individuals with the greatest potential impact on achieving the stated goals have the greatest amount to gain when goals are achieved and the greatest amount at risk when goals are not achieved.

The program recognizes that, in order to attract and retain exceptional executive talent needed to lead and grow the Company's businesses, compensation must be competitive in the national market. To determine market levels of compensation for executive officers in 1999, the Executive Compensation Committee relied upon comparative information for general industrial companies provided by Mercer. The Committee determined that, because of the Company's diversified operations, general industry data is the most appropriate market benchmark for the executive officers. All data were analyzed to determine median compensation levels for comparable positions in comparably sized companies, as measured by revenue. While the companies represented in the Mercer survey data are not the same as those in the peer group used in the performance graph, the Committee believes that these companies are appropriate for market compensation comparison, primarily because they are approximately the same size as the Company as measured by revenue.

Code Section 162(m) generally disallows a tax deduction to public companies for compensation over $1 million paid for any fiscal year to each of the corporation's CEO and four other most highly compensated executive officers as of the end of any fiscal year. Qualifying performance-based compensation will not be subject to the deduction limit if certain requirements are met. The stock options and performance shares granted to the executive officers under the Executive Long-Term Incentive Compensation Plan are intended to qualify as performance-based compensation within the meaning of Code Section 162(m) and should therefore be fully deductible for federal income tax purposes.

As described below, executive officers of the Company receive a compensation package which consists of four basic elements: base salary, performance-based compensation, supplemental executive benefits and perquisites. The CEO's compensation is discussed separately.

BASE SALARY

Base salaries are set at a level so that, if the target level of performance is achieved under the performance-based plans as described below, executive officers' total compensation, including amounts paid under each of the performance-based compensation plans, will be near the midpoint of market compensation as described above.

PERFORMANCE-BASED COMPENSATION

The performance-based compensation plans of the Company are intended by the Executive Compensation Committee to reward executives for achieving financial and non-financial goals which the Committee determines will be required to achieve the Company's strategic and budgeted goals.

Performance goals under performance-based plans are established in advance by the Executive Compensation Committee and the Board of Directors. Target performance meets budgeted financial goals and, in the case of the long-term plan, may for some executives include a Total Shareholder Return goal of at least median performance as measured against the peer group companies described below. Total Shareholder Return is defined as stock price appreciation plus dividends reinvested on the ex-dividend date throughout the relevant performance period, divided by the fair market value of a share at the beginning of the performance period. With target performance, plus the value of stock options granted, executive compensation will be near the midpoint of the relevant market. If no performance awards are earned, and no value is attributed to the stock options granted, compensation of the Company's executive officers would be significantly below the midpoint market compensation level, while performance at increments above the target level will result in total compensation above the midpoint of the market.

The Company's performance-based compensation plans include:

- RESULTS SHARING. The Results Sharing award opportunity rewards annual performance of the executive's responsibility area as well as overall corporate performance. Awards are available to all employees in the electric, water and corporate groups on the same percentage-of-pay basis. Target financial performance will result in an award of 5 percent of base salary, assuming non-financial goals established by the Executive Compensation Committee are also accomplished.

- EXECUTIVE ANNUAL INCENTIVE PLAN. The Executive Annual Incentive Plan is intended to focus executive attention on meeting and exceeding annual financial and non-financial business unit goals established by the Executive Compensation Committee. For 1999, financial goals were business unit contributions to net income, operating cash returns on investment, operating free cash flow, and earnings per share. These financial performance measures were chosen by the Committee because of their positive correlation over time with the Total Shareholder Return achieved by the Company for its shareholders. Target level performance is earned if budgeted financial results are achieved. The results shown on the Summary Compensation Table reflect substantially above-budget financial operating performance of the Company in 1999.

- LONG-TERM INCENTIVE PLAN (LTIP). Under the Executive Long-Term Incentive Compensation Plan implemented in 1996, the executive officers, other than the CEO, of the Company have been awarded stock options annually and performance shares biennially having in the aggregate target award values ranging from 30 percent to 50 percent of their base salaries. The value of the award opportunity is allocated between stock options and performance shares. The stock options will have value only if the Common Stock price appreciates. The performance shares granted to the corporate group have value if, in 2 years from the grant date, the Total Shareholder Return of the Company, over a 4-year performance measurement period determined in advance by the Board of Directors, ranks at least 11th in a peer group of 16 diversified electric utilities adopted by the Executive Compensation Committee as appropriate comparators. Twenty-five percent of the performance share award to business unit executives is based on the foregoing ranking, and 75 percent is based on other financial measures selected by the Committee because of their correlation over time with Total Shareholder Return. Dividend equivalents accrue on performance shares during the performance period and are paid in Common Stock only to the extent performance goals are achieved. The maximum payout is 200 percent of the target award. If earned, the performance shares will be paid in Common Stock with 50 percent of the award paid after the end of the performance period, 25 percent on the first anniversary of the end of the performance period and 25 percent on the second anniversary. For the 4-year performance period ending December 31, 1999, shareholders of the Company realized a Total Shareholder Return of 52.2 percent on their investment in Minnesota Power Common Stock, ranking the Company number 10 among the 16-member peer group.

The Executive Compensation Committee has determined that these awards are consistent with its philosophy of linking a significant portion of the executive officers' compensation to the performance of the Company as measured by Total Shareholder Return or by other measures of financial performance which correlate over time with Total Shareholder Return.

SUPPLEMENTAL EXECUTIVE BENEFITS

The Company has established a Supplemental Executive Retirement Plan (SERP) to compensate certain employees, including the executive officers, equitably by replacing benefits not provided by the Company's Flexible

Benefit Plan and the Employee Stock Ownership Plan due to government-imposed limits and to provide retirement benefits which are competitive with those offered by other businesses with which the Company competes for executive talent. The SERP also provides employees whose salaries exceed the salary limitations for tax-qualified plans imposed by the Code with additional benefits such that they receive in aggregate the benefits they would have been entitled to receive had such limitations not been imposed.

CHIEF EXECUTIVE OFFICER COMPENSATION

The Executive Compensation Committee has endeavored to provide Mr. Russell with a compensation package that is at the 50th percentile of compensation paid by general industrial companies with revenue comparable to the Company. The Committee has designed Mr. Russell's compensation package to provide substantial incentive to achieve and exceed the Board's financial performance goals for the Company and Total Shareholder Return goals for the Company's shareholders.

In June 1999, the Board of Directors increased Mr. Russell's annual base salary 7.9 percent. Approximately half of this increase was to align his base salary with the median of comparably sized companies and the other half related to his contributions to the performance of the Company. Under the Company's Results Sharing Plan, Mr. Russell was awarded $44,738, or 9.1 percent of his base salary, based 50 percent on earnings performance and 50 percent on an average of business unit Results Sharing awards. Under the Executive Annual Incentive Plan in 1999, Mr. Russell earned an award of $699,372, or 142 percent of his base salary, which rewarded Mr. Russell for achieving 1999 earnings results significantly above target, as well as for achievement of non-financial goals, all established by the Executive Compensation Committee.

Mr. Russell's compensation also contains elements which motivate him to focus on the longer-term performance of the Company. Under the Executive Long-Term Incentive Compensation Plan, Mr. Russell was awarded annual target opportunities with a value equal to 80 percent of his base salary. This value has been allocated 70 percent to stock options awarded annually and 30 percent to performance shares awarded in even-numbered years. The stock options and performance shares have the same characteristics as those issued to other executive officers as described above. For the 4-year period ending December 31, 1999, shareholders of the Company realized a Total Shareholder Return of 52.2 percent on their investment, ranking the Company number 10 among the 16-member utility peer group. As a result, Mr. Russell earned performance shares equalling 62.5 percent of the target award.

March 17, 2000

Executive Compensation Committee

Donald C. Wegmiller, Chairman
Kathleen A. Brekken
Dennis E. Evans
Nick Smith

MINNESOTA POWER COMMON STOCK PERFORMANCE

The following graph compares the Company's cumulative Total Shareholder Return on its Common Stock with the cumulative return of the S&P 500 Index and the S&P Utilities Index, a capitalization-weighted index of 26 stocks, which is designed to measure the performance of the electric power utility company sector of the S&P 500 Index. The S&P 500 Index is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. Because this composite index has a broad industry base, its performance may not closely track that of a composite index comprised solely of electric utilities. The calculations assume a $100 investment on December 31, 1994 and reinvestment of dividends on the ex-dividend date.

[GRAPHIC MATERIAL OMITTED - PERFORMANCE GRAPH]

Total Shareholder Return for the Five Years Ending December 31, 1999

	1994	1995	1996	1997	1998	1999
Minnesota Power	100.00	121.12	126.40	213.31	226.37	184.31
S&P Utilities Index (Electric)	100.00	131.09	130.68	164.98	190.50	153.73
S&P 500 Index	100.00	137.54	169.09	225.48	289.93	350.93

ITEM NO. 2 - APPOINTMENT OF INDEPENDENT ACCOUNTANTS

The Audit Committee of the Board of Directors of the Company has recommended the appointment of PricewaterhouseCoopers LLP as independent accountants for the Company for the year 2000. PricewaterhouseCoopers LLP has acted in this capacity since October 1963.

A representative of the accounting firm will be present at the Annual Meeting of Shareholders, will have an opportunity to make a statement if he or she so desires, and will be available to respond to appropriate questions.

In connection with the 1999 audit, PricewaterhouseCoopers LLP reviewed the Company's annual report, examined the related financial statements, and reviewed interim financial statements and certain of the Company's filings with the Federal Energy Regulatory Commission and the Securities and Exchange Commission.

The Board of Directors recommends a vote "FOR" approving the appointment of PricewaterhouseCoopers LLP as the Company's independent accountants for 2000.

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OTHER BUSINESS

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The Board of Directors does not know of any other business to be presented at the meeting. However, if any other matters properly come before the meeting, it is the intention of the persons named in the accompanying proxy card to vote pursuant to the proxies in accordance with their judgment in such matters.

All shareholders are asked to promptly return their proxy in order that the necessary vote may be present at the meeting. We respectfully request that you sign and return the accompanying proxy card at your earliest convenience.

By order of the Board of Directors,
Dated March 17, 2000

Philip R. Halverson

Philip R. Halverson
Vice President, General Counsel
and Secretary

"Printed with soy based inks on recycled paper containing at least 10 percent fibers from paper recycled by consumers."

[RECYCLE LOGO] [LOGO PRINTED WITH SOY INK]

[LOGO OF MINNESOTA POWER]

[LOGO OF MINNESOTA POWER] PROXY CARD AND VOTING INSTRUCTIONS

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

This Proxy is Solicited on Behalf of the Board of Directors.

Edwin L. Russell and Philip R. Halverson or either of them, with power of substitution, are hereby appointed Proxies of the undersigned to vote all shares of Minnesota Power stock owned by the undersigned at the Annual Meeting of Shareholders to be held in the auditorium at the Duluth Entertainment Convention Center, 350 Harbor Drive, Duluth, Minnesota, at 10:00 a.m. on Tuesday, May 9, 2000, or any adjournments thereof, with respect to the election of Directors, the appointment of independent accountants, and any other matters as may properly come before the meeting.

This Proxy confers authority to vote each proposal listed on the other side unless otherwise indicated. If any other business is transacted at said meeting, this Proxy shall be voted in accordance with the best judgment of the Proxies. The Board of Directors recommends a vote "FOR" each of the listed proposals. This Proxy is solicited on behalf of the Board of Directors of Minnesota Power and may be revoked prior to its exercise. Please mark, sign, date and return this Proxy card using the enclosed envelope. Shares cannot be voted unless this Proxy card is signed and returned, or other specific arrangements are made to have the shares represented at the meeting. By returning your Proxy promptly, you may help save the costs of additional Proxy solicitations.

See reverse for voting instructions.

COMPANY #
CONTROL #

There are three ways to vote your Proxy

Your telephone or Internet vote authorizes the Named Proxies to vote your shares in the same manner as if you marked, signed and returned your proxy card.

VOTE BY PHONE - TOLL FREE - 1-800-240-6326 - QUICK *** EASY *** IMMEDIATE

- - Use any touch-tone telephone to vote your proxy 24 hours a day, 7 days a week, until 12:00 p.m. on May 8, 2000.
- - You will be prompted to enter your 3-digit Company Number and your 7-digit Control Number which is located above.
- - Follow the simple instructions the Voice provides you.

VOTE BY INTERNET - http://www.eproxy.com/mpl/ - QUICK *** EASY *** IMMEDIATE

- - Use the Internet to vote your proxy 24 hours a day, 7 days a week, until 12:00 p.m. on May 8, 2000.
- - You will be prompted to enter your 3-digit Company Number and your 7-digit Control Number which is located above to obtain your records and create an electronic ballot.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we've provided or return it to Minnesota Power, Inc., c/o Shareowner Services, P.O. Box 64873, St. Paul, MN 55164-0873.

If you vote by Phone or Internet, Please do not mail your Proxy Card

Please detach here

The Board of Directors Recommends a Vote FOR Items 1 and 2.

1. Election of Directors:

01 Brekken	05 Johnson	09 Sandbulte	/ / Vote FOR all nominees except as marked	/ / Vote WITHHELD from all nominees
02 Cragun	06 Mayer	10 Smith		
03 Evans	07 Rajala	11 Stender		
04 Hood	08 Russell	12 Wegmiller		

(Instructions: To withhold authority to vote for any indicated nominee, write the number(s) of the nominee(s) in the box provided to the right.)

/ /

2. Appointment of PricewaterhouseCoopers LLP as independent accountants. / / FOR / / AGAINST / / ABSTAIN

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED AS DIRECTED OR, IF NO DIRECTION IS GIVEN, WILL BE VOTED FOR EACH PROPOSAL.

Address Change? Mark Box / / Indicate changes below: Date: _______________, 2000

/ /

Signature(s) in Box

Please sign exactly as your name(s) appear on Proxy. If held in joint tenancy, all persons must sign. Trustees, administrators, etc., should include title and authority. Corporations should provide full name of corporation and title of authorized officer signing the proxy.

April __, 2000

Dear Shareholder:

We have not yet received your vote on issues to come before the Annual Meeting of Minnesota Power shareholders on May 9, 2000. Proxy materials were sent to you on March 17, 2000. Please take time to vote the enclosed copy of your proxy using one of the three options available to you:

1. Mail - Complete the enclosed duplicate proxy card and return it in the self-addressed stamped envelope;

2. Telephone - Call the 800 number listed on the proxy card and follow the instructions; or

3. Internet - Log onto the web site listed on the proxy card and follow the instructions.

We again extend to you a cordial invitation to attend Minnesota Power's Annual Meeting of Shareholders to be held in the auditorium of the Duluth Entertainment Convention Center, 350 Harbor Drive, Duluth, Minnesota on Tuesday, May 9, 2000 at 10:00 a.m..

Your prompt response will be appreciated.

Sincerely,

Philip R. Halverson

Enclosures