



Cap Re investment exchanged for ACE Ltd. shares, cash

Minnesota Power, Inc. has exchanged 7.3 million shares of Capital Re Corporation (NYSE: KRE) common stock for 4.7 million shares of ACE Limited (NYSE: ACL) common stock plus \$25.1 million in cash.

The exchange of stock is the result of a revised merger announced October 26, 1999 that called for each Capital Re share to be exchanged for 0.65 ordinary shares of ACE plus \$3.4456 in cash. Minnesota Power owned 20 percent of Capital Re before its merger with ACE Limited and now owns two percent of ACE.

"This exchange in shares has significant advantages for Minnesota Power," said Ed Russell, Minnesota Power chief executive officer. "ACE Limited is a larger, more diversified and financially stronger insurance and reinsurance company that has demonstrated strong growth. Due to the significant reduction in relative ownership, Minnesota Power has better financial liquidity to fund our exciting growth initiatives."

As a result of the completed merger, Minnesota Power will record a \$12.1 million non-cash charge to net income for the fourth quarter of 1999, reflecting the final valuation of this transaction. This charge, combined with the \$24.1 million non-cash charge recorded in June 1999, will result in an aggregate non-cash charge of \$36.2 million to Minnesota Power's net income for the year ending December 31, 1999.

At the close of business on December 29, 1999, the 4.7 million shares of ACE stock were valued at \$79.3 million or \$16.75 a share. Combined with the \$25.1 million in cash, the total value of the proceeds received is \$104.4 million.

Minnesota Power is a diversified services company with headquarters in Duluth, Minnesota. Minnesota Power holdings include a low-cost electric utility that serves some of the largest industrial customers in the United States; the second largest wholesale automobile auction network in North America; the leading provider of independent auto dealer inventory financing; the largest investor-owned water utilities in Florida and North Carolina and significant real estate holdings in Florida.