

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934

(Amendment No. \_\_\_\_)\*

Capital Re Corporation

-----  
(Name of Issuer)

Common Stock, \$.01 par value

-----  
(Title of Class of Securities)

140432 10 5

-----  
(CUSIP Number)

Philip R. Halverson Minnesota Power, 30 West Superior Street, Duluth, MN  
55802 (218) 723-3964

-----  
(Name, Address and Telephone Number of Person Authorized to Receive Notices and  
Communications)

July 13, 1994

-----  
(Date of Event which Requires Filing this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(b)(3) or (4), check the following box / /.

Check the following box if a fee is being paid with this statement /X/. (A fee is not required only if the filing person: (1) has a previous statement on file reporting beneficial ownership of more than five percent of the class of securities described in Item 1; and (2) has filed no amendment subsequent thereto reporting beneficial ownership of five percent or less of such class.) (See Rule 13d-7).

Note: Six copies of this statement, including all exhibits, should be filed with the Commission. See Rule 13d-1(a) for other parties to whom copies are to be sent.

\* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosure provided in a prior cover page.

The information requested in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall to all other provisions of the Act (however, see the Notes).

CUSIP No. 140432 10 5

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1 NAME OF REPORTING PERSON  
S.S. or I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

Minnesota Power & Light Company  
41-0418150

-----

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP \* (a) / /  
(b) / /

-----

3 SEC USE ONLY

-----

4 SOURCE OF FUNDS \*  
WC

-----

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS  
IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) / /

-----

6 CITIZENSHIP OR PLACE OF ORGANIZATION  
Minnesota

-----

	7	SOLE VOTING POWER	
NUMBER OF		3,074,140	
SHARES			
BENEFICIALLY	8	SHARED VOTING POWER	
OWNED BY		- 0 -	
EACH			
REPORTING	9	SOLE DISPOSITIVE POWER	
PERSON		3,074,140	
WITH			
	10	SHARED DISPOSITIVE POWER	
		- 0 -	

-----

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
3,074,140

-----

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW 11  
EXCLUDES CERTAIN SHARES \* / /

-----

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 11  
20.8%

-----

14 TYPE OF REPORTING PERSON \*  
CO

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This Schedule 13D consists of 5 pages and 1 exhibit.

Item 1. Security and Issuer

This statement relates to Common Stock, \$.01 par value (the "Common Stock") of Capital Re Corporation, a Delaware corporation (the "Company"). The principal executive offices of the Company are located at 18th Floor, 1325 Avenue of the Americas, New York, NY 10019.

Prior to this filing, Minnesota Power was exempt from filing Schedule 13D under Section 13(d)(6)(B) of the Securities Exchange Act of 1934 (the "Act"). However, Minnesota Power has made annual filings of Schedule 13G disclosing ownership of the 2,748,640 shares of Common Stock of the Company owned by Minnesota Power prior to the acquisitions reported under Item 5(c) herein.

Item 2. Identity and Background

- (a) This statement is filed on behalf of Minnesota Power & Light Company, a Minnesota corporation ("Minnesota Power"). The principal executive offices of Minnesota Power are at 30 West Superior Street, Duluth, MN 55802.
- (b) Minnesota Power is a diversified electric utility.
- (c) In the last five years Minnesota Power has not been convicted in a criminal proceeding.
- (d) During the last five years, Minnesota Power was not a party to a civil proceeding of a judicial or administrative body of competent jurisdiction which resulted in a judgment, decree, or final order enjoining future violations of or prohibiting or mandating activities subject to federal or state securities laws, or a finding of any violation with respect to such laws.
- (e) Minnesota Power is organized in the state of Minnesota.

Attached hereto as Exhibit A is a listing of the name, business address, and principle occupation of each director and executive officer of Minnesota Power. Each such director and executive officer is a citizen of the United States of America and, in the last five years, none have been subject to proceedings described in paragraphs (c) and (d) above. As of the date hereof, no director or executive officer is the beneficial owner of Common Stock or is party to any agreements or arrangements with respect thereto.

Item 3. Source and Amount of Funds or Other Consideration

\$6,762,587 has been expended from Minnesota Power's working capital to purchase the Common Stock as described under Item 5(c) below.

Item 4. Purpose of Transaction

The Common Stock identified in Item 5(c) was purchased by Minnesota Power for investment purposes. Depending upon market conditions and Minnesota Power's internal investment requirements, additional Common Stock may be acquired by Minnesota Power, and Minnesota Power may determine to sell Common Stock at any time.

Minnesota Power has no plans or proposals relating to or which would result in the following with respect to the Company:

- An extraordinary corporate transaction, such as a merger, reorganization, or sale of a material amount of assets of the Company or its subsidiaries;

- A change in the present board of directors or management of the Company, including any change in the number or term of directors or the filling of any existing vacancies on the board;
- A material change in the present capitalization or dividend policy of the Company;
- A material change in the Company's business or corporate structure;
- A change in the Company's charter, bylaws, or instruments corresponding thereto or other actions which may impede the acquisition of control of the Company by any person;
- An action causing a class of securities of the Company to be delisted from a national securities exchange or cease to be quoted in an inter-dealer quotation system of a registered national securities association;
- An action that would cause a class of equity securities of the Company to become eligible for termination of registration pursuant to Section 12(g)(4) of the Act;
- An action similar to any of those enumerated above.

Pursuant to the Stockholders' Agreement described in Item 6 hereof, two nominees of Minnesota Power currently serve as directors of the Company. In their capacity as directors, such individuals may consider from time to time various plans or proposals of the nature described above presented by other parties. In such event, such directors intend to act upon such plans or proposals in accordance with their judgment at the time.

In addition to its representation on the Company's Board of Directors, Minnesota Power believes it is the largest single shareholder of the Company. However, Minnesota Power has no present intention of seeking to exercise control of the Company and disclaims the existence of any control relationship with the Company.

Item 5. Interest in Securities of the Issuer

- |     |   |           |
|-----|---|-----------|
| (a) | Aggregate number of shares of Common Stock owned  | 3,074,140 |
|     | Percent of Common Stock outstanding   | 20.8%     |
|     |   |           |
| (b) | Sole power to vote  | 3,074,140 |
|     | Shared power to vote  | 0         |
|     | Sole power to dispose   | 3,074,140 |
|     | Shared power to dispose   | 0         |
|     |   |           |
| (c) | Transactions in the Company Common Stock effected by Minnesota Power during the past 60 days are described below. The prices per share are exclusive of brokerage fees. All transactions were through a broker and executed on the New York Stock Exchange: |           |

Date of Transaction -----	Number of Shares Purchased -----	Price Per Share -----
June 27, 1994	5,300	\$20.000
	179,700	\$20.125
June 30, 1994	7,600	\$20.993
July 5, 1994	5,000	\$21.250
July 7, 1994	14,600	\$21.375
July 8, 1994	23,400	\$21.375
July 11, 1994	5,200	\$21.351
July 12, 1994	100	\$21.250
July 13, 1994	84,600	\$21.625

(d) Not applicable

(e) Not applicable

Item 6. Contracts, Arrangements, Understandings or Relationships to Securities of the Issuer

The Company, its management stockholders and three Institutional Stockholders, Minnesota Power, Constellation Investments, Inc. ("Constellation"), and Sibag Finance Corporation ("Sibag"), are parties to the Capital Re Corporation 1992 Stockholders' Agreement, dated January 17, 1992, as amended by the First Amendment to Capital Re Corporation 1992 Stockholders' Agreement dated December 28, 1992 (collectively referred to as the "Stockholders' Agreement"). The Stockholders' Agreement establishes, among other things, agreements with respect to election of directors and registration rights for shares of Common Stock held by the Institutional Stockholders. With proper notice, the Stockholders' Agreement may be terminated by any party effective January 17, 2002.

The Stockholders' Agreement requires each stockholder party thereto to vote its shares at all elections of directors in favor of two directors designated by each Institutional Stockholder holding at least 13% of the outstanding voting stock of the Company, and one director nominated by each Institutional Stockholder holding at least 8% and up to 13% of that stock. Under that arrangement, each of Minnesota Power, Constellation and Sibag currently have the right to designate two persons for election to the Board of Directors, and have the obligation to vote their shares in favor of election of those persons. These Institutional Stockholders have also agreed to vote for the removal of designated directors only for cause or if requested by the designating Institutional Stockholder. Minnesota Power will not gain additional representation on the Company's Board of Directors as a result of its acquisitions reported in Item 5(c) herein.

The Stockholders' Agreement also grants each Institutional Stockholder certain registration rights with respect to unregistered Common Stock held by it. One or more holders of at least 10% of the Institutional Stockholders' aggregate outstanding holdings of Common Stock may request the Company to register shares of Common Stock held by them on two occasions. Each of Minnesota Power, Constellation and Sibag own sufficient shares to exercise such rights individually. In addition, Institutional Stockholders have unlimited "piggyback" registration rights in an offering initiated by the Company.

Apart from the express provisions of the Stockholders' Agreement, Minnesota Power does not have any voting agreement with any other party with respect to the Common Stock.

Item 7. Material to Be Filed as Exhibits

Incorporated by reference are (i) the Capital Re Corporation Stockholders' Agreement dated January 17, 1992 described under Item 6 above which was filed in connection with Company's 1992 initial public offering as Exhibit 9.01 to the Company's Registration Statement on Form S-1, (Reg. No. 33-53618) and (ii) the First Amendment to Capital Re Corporation 1992 Stockholders' Agreement dated December 28, 1992 filed as Exhibit 9.03 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1992.

Signature

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

July 15, 1994

Minnesota Power & Light Company

-----  
Date

By: /s/ Philip R. Halverson

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Philip R. Halverson  
General Counsel and Corporate Secretary

## Exhibit A

## Directors and Executive Officers of Minnesota Power

Name	Title at Minnesota Power	Principal Occupation and Business Address
Merrill K. Cragun	Director	President Cragun Corporation 2001 Pine Beach Road East Gull Lake Brainerd, MN 56401
Dennis E. Evans	Director	President & CEO Hanrow Financial Group, Ltd. 3600 IDS Center Minneapolis, MN 55402
Sr. Kathleen Hofer	Director	CEO of BHS President & CEO of St. Mary's Med. Center Benedictine Health System 503 East Third Street Duluth, MN 55805
Peter J. Johnson	Director	President Hoover Construction Company P.O. Box 1007 Virginia, MN 55792
Mary E. Junck	Director	Publisher & CEO The Baltimore Sun 501 North Calvert Street Baltimore, MD 21278-0001
Robert S. Mars, Jr.	Director	Chairman W.P. & R.S. Mars Company 4410 Grand Avenue Duluth, MN 55807
Paula F. McQueen	Director	President Webb, McQueen & Company Certified Public Accountants Suite 6 1625 West Marion Avenue Punta Gorda, FL 33950
Robert S. Nickoloff	Director	Chairman of the Board Medical Innovation Capital, Inc. 9900 Bren Road East, Suite 421 Minnetonka, MN 55343
Jack I. Rajala	Director	President Rajala Lumber Company Box 578 Deer River, MN 56636
Charles A. Russell	Director	President Norwest Bank MN North, N.A. Duluth Office 230 West Superior Street Duluth, MN 55802

Exhibit A  
(Continued)

Name	Title at Minnesota Power	Principal Occupation and Business Address
Donald C. Wegmiller	Director	Vice Chairman and President Management Compensation Group/HealthCare Suite 370 608 Second Avenue South Minneapolis, MN 55402
Arend J. Sandbulte	Chairman, President and Chief Executive Officer	Minnesota Power 30 West Superior Street Duluth, MN 55802
Robert D. Edwards	Executive Vice President and Chief Operating Officer	Minnesota Power 30 West Superior Street Duluth, MN 55802
Jack R. McDonald	Executive Vice President-Finance and Corporate Development	Minnesota Power 30 West Superior Street Duluth, MN 55802
Warren Candy	Vice President	Minnesota Power 30 West Superior Street Duluth, MN 55802
Roger P. Engle	Vice President	Minnesota Power 30 West Superior Street Duluth, MN 55802
David G. Gartzke	Vice President-Finance and Chief Financial Officer	Minnesota Power 30 West Superior Street Duluth, MN 55802
Philip R. Halverson	General Counsel and Corporate Secretary	Minnesota Power 30 West Superior Street Duluth, MN 55802
Allen D. Harmon	Group Vice President-Electric Utility Operations	Minnesota Power 30 West Superior Street Duluth, MN 55802
Eugene G. McGillis	Vice President	Minnesota Power 30 West Superior Street Duluth, MN 55802
Gerald B. Ostroski	Vice President	Minnesota Power 30 West Superior Street Duluth, MN 55802
Bert T. Phillips	Group Vice President-Water Resource Operations	Minnesota Power 30 West Superior Street Duluth, MN 55802
Charles M. Reichert	Vice President	Minnesota Power 30 West Superior Street Duluth, MN 55802
Kevin G. Robb	Vice President	Minnesota Power 30 West Superior Street Duluth, MN 55802



Exhibit A  
(Continued)

Name	Title at Minnesota Power	Principal Occupation and Business Address
Mark A. Schober	Corporate Controller	Minnesota Power 30 West Superior Street Duluth, MN 55802
Stephen D. Sherner	Vice President-Power Sourcing and Delivery	Minnesota Power 30 West Superior Street Duluth, MN 55802
Geraldine R. VanTassel	Vice President - Corporate Resource Planning	Minnesota Power 30 West Superior Street Duluth, MN 55802
James K. Vizanko	Corporate Treasurer	Minnesota Power 30 West Superior Street Duluth, MN 55802