



Minnesota Power reports strong operating results for 1999

Minnesota Power, Inc. has announced 1999 net income from operations of \$104.2 million, excluding a non-cash charge (described below) of \$36.2 million, resulting in reported net income of \$68 million on revenue of \$1.1 billion. Earnings per share rose to \$1.49 from \$1.35 last year, excluding the non-cash adjustment. Reported earnings per share for 1999 are 97 cents.

"Minnesota Power had a strong year in 1999," said Ed Russell, Minnesota Power chief executive officer. "Our net income from operations was up almost 18 percent and earnings per share increased by 10 percent. In addition we exchanged our shares in Capital Re Corporation for shares of ACE Limited, plus cash. This investment gives us better liquidity and the ability to pursue growth opportunities in our other businesses," Russell said.

The non-cash adjustment mentioned above reflects the final valuation of the acquisition of Capital Re by ACE Limited which was completed December 30, 1999. In this transaction, Minnesota Power exchanged 7.3 million shares of Capital Re Corporation common stock for 4.7 million shares of ACE Limited (NYSE: ACL) common stock at \$16.75 per share plus \$25.1 million in cash. On January 14, 2000, ACE Limited closed at \$20.5625 per share.

Net income from automotive services grew by 57 percent over last year. The number of vehicles financed by Automotive Finance Corporation (AFC) jumped 31 percent while the number of vehicles consigned at ADESA auctions climbed 13 percent.

Growth through acquisitions, higher consumption and regulatory relief helped water services boost its net income by 63 percent compared to 1998.

"Electric operations had another solid year," Russell said. "Net income, however, was down by \$2.4 million due to a one-time property tax levy of \$2 million on an industrial development project and regulatory denial of recovery of \$2.2 million in lost margins related to conservation programs."

While real estate performance was steady, net income from the investments segment decreased \$2.8 million, reflecting lower portfolio returns.

Fourth quarter 1999 net income from operations was \$22.8 million, excluding \$12.1 million of the previously mentioned non-cash charge. Earnings per share for the quarter, excluding the adjustment, were 32 cents versus 31 cents a year ago. Operating revenue for the quarter was up 11.5 percent from \$257.3 million to \$286.9 million.

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

To listen to a recording of a conference call discussion about financial results involving Minnesota Power's management team, dial 800-475-6701 or (international) 320-365-3844 and access code 492178. The recording will be available from 1 p.m. ET Jan. 18, 2000 through 11:59 p.m. ET Jan. 24, 2000.

The statements contained in this release and statements that the company may make orally in connection with this release that are not historical facts are forward-looking statements. Actual results may differ materially from those projected in the forward-looking statements. These forward-looking statements involve risks and uncertainties and investors are directed to the risks discussed in documents filed by the company with the Securities and Exchange Commission.