



Minnesota Power net income up 30 percent, excluding gain

Propelled by continued strong performance across all business units, Minnesota Power, Inc. (NYSE: MPL) reported a 30 percent increase in operating net income for the second quarter. Operating earnings per share also increased 30 percent for the second quarter to 48 cents per share compared to 37 cents last year.

Excluding a one-time transaction relating to the company's investment in ACE Limited (described below), 2000 second quarter operating net income was \$33.8 million on quarterly revenue of \$327 million versus \$26.0 million of operating net income on \$279.2 million of revenue a year ago.

"I am pleased with the quarter-over-quarter increases for all of our business segments," said Edwin L. Russell, chief executive officer of Minnesota Power. "This steady progress reflects the growth in value of each business as well as the company as a whole. We continue to demonstrate a successful transition to a multi-services company."

Automotive Services continued its double-digit growth with a 23 percent increase in net income from the same quarter last year. The number of vehicles financed increased 16 percent, and the number of vehicles sold was up 14 percent. As announced in June, the company expects to complete two large auction acquisitions. These acquisitions will increase the number of cars sold by 60 percent in the near term with additional growth potential in the future.

Continued strong retail sales and reduced operating and maintenance expenses in Electric Services and a growing customer base and increased consumption in Water Services allowed each segment to increase net income eight percent over the same quarter last year.

Bolstered by real estate sales, the Investments segment income increased to \$10.2 million for the quarter versus \$6.4 million a year ago.

ACE Limited transaction: Minnesota Power recorded a one-time gain of 44 cents per share in the second quarter of 2000 resulting from the sale of 4.7 million shares of ACE Limited stock. Proceeds of \$127 million were redeployed in the Automotive Services business. Total earnings per share for the quarter are 92 cents.

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 investor-owned 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. For more information about Minnesota Power, visit the company's web site at www.mnpower.com.

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.