

-----

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549  
FORM U-3A-2

Statement by Holding Company Claiming Exemption Under  
Rule U-3A-2 from the Provisions of the Public Utility  
Holding Company Act of 1935

To Be Filed Annually Prior to March 1

MINNESOTA POWER & LIGHT COMPANY

-----  
(Name of company)

hereby files with the Securities Exchange Commission pursuant to Rule 2, its statement claiming exemption as a holding company from the provisions of the Public Utility Holding Company Act of 1935, and submits the following information:

1. Name, State of organization, location and nature of business of claimant and every subsidiary thereof, other than any exempt wholesale generator (EWG) or foreign utility company in which claimant directly or indirectly holds an interest.

Name -----	State of Organization -----	Location -----	Nature of Business -----
Minnesota Power & Light Company	Minnesota	Duluth, MN	Electric Utility
Superior Water, Light and Power Company	Wisconsin	Superior, WI	Electric, Gas and Water Utility
Energy Land, Incorporated	Wisconsin	Duluth, MN	Inactive
Capital Re Corporation	Delaware	New York, NY	Financial Guaranty Reinsurance and Insurance
RendField Land Company, Inc.	Minnesota	Duluth, MN	Land Holding
UtilEquip, Incorporated	Minnesota	Duluth, MN	Inactive
Minnesota Power Enterprises, Inc.	Minnesota	Duluth, MN	Product and Marketing Coordination
Rainy River Energy Corporation	Minnesota	Duluth, MN	Contract Services
Synertec, Incorporated	Minnesota	Duluth, MN	Contract Services
Minnesota Pulp, Incorporated	Minnesota	Duluth, MN	Dissolved
Minnesota Pulp II, Incorporated	Minnesota	Duluth, MN	Dissolved
Lakeview Financial Corporation I	Minnesota	Duluth, MN	Inactive
Lakeview Financial Corporation II	Minnesota	Duluth, MN	Inactive

Upper Minnesota Properties, Inc.	Minnesota	Duluth, MN	Projects and Economic Development
Upper Minnesota Properties-Meadowlands, Inc.	Minnesota	Duluth, MN	Project
Upper Minnesota Properties-Irving, Inc.	Minnesota	Duluth, MN	Project
Upper Minnesota Properties-Development, Inc.	Minnesota	Duluth, MN	Economic Development
BNI Coal, Ltd.	North Dakota	Bismarck, ND	Coal Mining
MP Affiliate Resources, Inc.	Minnesota	Duluth, MN	Administrative Operations
Minnesota Power Services Group, Inc.	Minnesota	Duluth, MN	Product Development
Electric Outlet, Inc.	Minnesota	Duluth, MN	Retailer
Minnesota Power Telecom, Inc.	Minnesota	Duluth, MN	Fiberoptic Communications
MP Real Estate Holdings, Inc.	Minnesota	Duluth, MN	Real Estate
MP&L Capital I	Minnesota	Duluth, MN	Trust
PCUC Acquisition Sub, Inc.	Minnesota	Duluth, MN	Inactive
MP Water Resources Group, Inc.	Minnesota	Orlando, FL	Water and Wastewater
Fibercore, Incorporated	Minnesota	Duluth, MN	Inactive
Heater Utilities, Inc.	South Carolina	Cary, NC	Water and Wastewater Treatment Utility
LaGrange Waterworks Corporation	North Carolina	Fayetteville, NC	Water Utility
Brookwood Water Corporation	North Carolina	Fayetteville, NC	Water Utility
Upstate Heater Utilities, Inc.	South Carolina	Anderson, SC	Water Utility
Florida Water Services Corporation	Florida	Orlando, FL	Water and Wastewater Treatment Utility
Florida Gas Services Corporation	Florida	Orlando, FL	Liquefied Propane Gas Distributor
Instrumentation Services, Inc.	Florida	Orlando, FL	Predictive Maintenance Services

Predictive Maintenance and Operational Services, Inc.	North Carolina	Orlando, FL	Inactive
U.S. Maintenance and Management Services Corporation	Florida	Orlando, FL	Full Maintenance Services
Americas' Water Services Corporation	Florida	Orlando, FL	Contract Operations Services
Florida Water Consumer Products Corporation	Florida	Orlando, FL	Residential Water Products and Services
Lehigh Acquisition Corporation	Delaware	Lehigh Acres, FL	Subdivider, Developer
Lehigh Corporation	Florida	Lehigh Acres, FL	Subdivider, Developer
Lehigh Land & Investment, Inc.	Florida	Lehigh Acres, FL	Inactive
Cliffside Properties, Inc.	California	Lehigh Acres, FL	Inactive
Palm Coast Holdings, Inc.	Florida	Palm Coast, FL	Subdivider, Developer
Sugarmill Woods Communities, Inc.	Florida	Homosassa, FL	Subdivider, Developer
Enterprise Lehigh, Inc.	Florida	Lehigh Acres, FL	Subdivider, Developer
Interlachen Lakes Estates, Inc.	Florida	Interlachen, FL	Subdivider, Developer
Sundowner Properties, Inc.	Pennsylvania	Williston, FL	Subdivider, Developer
SRC of Florida, Inc.	Florida	Lehigh Acres, FL	Subdivider, Developer
MP Automotive Services, Inc.	Minnesota	Duluth, MN	Automotive Services
ADESA Houston, Inc.	Texas	Houston, TX	Vehicle Auction
ADESA San Antonio, Inc.	Texas	San Antonio, TX	Vehicle Auction
ADESA Corporation	Indiana	Indianapolis, IN	Vehicle Auction - Corporate Operation
ADESA Southern Indiana, Inc.	Indiana	Columbus, IN	Vehicle Auction
A.D.E. of Birmingham, Inc.	Alabama	Moody, AL	Vehicle Auction
ADESA Ohio, Inc.	Ohio	Cleveland, OH Franklin, OH	Vehicle Auction
Auto Dealers Exchange of Memphis, Inc.	Tennessee	Memphis, TN	Vehicle Auction
A.D.E. of Lexington, Inc.	Kentucky	Lexington, KY	Vehicle Auction

Auto Dealers Exchange of Concord, Inc.	Massachusetts	Framingham, MA	Vehicle Auction
Greater Buffalo Auto Auction, Inc.	New York	Akron, NY	Vehicle Auction
ADESA Indianapolis, Inc.	Indiana	Plainfield, IN	Vehicle Auction
Great Rigs Incorporated	Indiana	Moody, AL	Vehicle Transport
ADESA Funding Corporation	Indiana	Indianapolis, IN	Inactive
A.D.E. Management Company	Indiana	Indianapolis, IN	Vehicle Auction Management Company
A.D.E. of Jacksonville, Inc.	Florida	Jacksonville, FL	Vehicle Auction
A.D.E. of Knoxville, Inc.	Tennessee	Knoxville, TN	Vehicle Auction
ADESA Charlotte, Inc.	North Carolina	Charlotte, NC	Vehicle Auction
ADESA Texas, Inc.	Texas	Austin, TX Dallas, TX	Vehicle Auction
Auto Banc Corporation	New Jersey	Manville, NJ	Wholesale Vehicle Redistributor
ADESA New Jersey, Inc.	New Jersey	Manville, NJ	Vehicle Auction
ADESA Wisconsin, Inc.	Wisconsin	Portage, WI	Vehicle Auction
ADESA Sacramento, Inc.	California	Sacramento, CA	Vehicle Auction
ADESA Pennsylvania, Inc.	Pennsylvania	Pittsburgh, PA	Vehicle Auction
Automotive Finance Corporation	Indiana	Indianapolis, IN	Financial Services
AFC Funding Corporation	Indiana	Indianapolis, IN	Financial Services
ADESA Canada, Inc.	Quebec	Vars, Ontario, Canada	Vehicle Auction Corporate Operations
ADESA Montreal, Inc.	Quebec	St. Eustache, Quebec, Canada	Vehicle Auction
3095-1115 Quebec Inc.	Quebec	St. Eustache, Quebec, Canada	Inactive
ADESA Halifax, Inc.	Nova Scotia	Lr. Sackville, Nova Scotia, Canada	Vehicle Auction
Professional Auto Remarketing Canada, Inc.	Ontario Canada	Vars, Ontario,	Vehicle Remarketing

ADESA Moncton, Inc.	New Brunswick	Moncton, New Brunswick, Canada	Vehicle Auction
ADESA Ottawa, Inc.	Ontario	Vars, Ontario, Canada	Vehicle Auction
ADESA Remarketing Services, Inc.	Ontario	Vars, Ontario, Canada	Vehicle Remarketing

Footnotes

Subsidiary of Minnesota Power & Light Company.

Contributed less than 1 percent of consolidated net income for the year ended December 31, 1997.

Consisted of less than 1 percent of consolidated assets at December 31, 1997.

Minnesota Power & Light Company has a 21 percent ownership interest in Capital Re Corporation (Capital Re). Capital Re is an investment accounted for by the equity method.

Subsidiary of RendField Land Company, Inc.

Subsidiary of Minnesota Power Enterprises, Inc.

MP Water Resources Group, Inc. had an 80 percent ownership interest in this corporation. At Dec. 31, 1997 ownership was transferred to MP Real Estate Holdings, Inc.

Subsidiary of Minnesota Power Services Group, Inc.

Subsidiary of Upper Minnesota Properties, Inc.

Subsidiary of MP Water Resources Group, Inc.

Subsidiary of Heater Utilities, Inc.

Heater Utilities, Inc. is, at the request of the North Carolina Utilities Commission, the emergency operator of Scotsdale Water and Sewer, Inc. and Mobile Hills Estates. Both are small water utilities in North Carolina.

Subsidiary of Instrumentation Services, Inc.

Subsidiary of Lehigh Acquisition Corporation.

SRC of Florida, Inc. is a 50 percent partner in Guardian Title of Lehigh, a title company in Lehigh Acres, FL.

Subsidiary of Lehigh Corporation.

Lehigh Corporation owns 100 percent of J.W. Ford, Inc., an investment accounted for under the equity method. J.W. Ford, Inc. owned 50 percent of Joel/Bell Property, Inc. a land management company in Lehigh Acres, FL. that was dissolved in 1997. Lehigh Corporation is also a 40 percent participant in Westminster L.L.P. which is involved in residential development in Lehigh Acres, FL.

Sold or dissolved in 1997.

Subsidiary of MP Automotive Services, Inc.

Subsidiary of ADESA Corporation.

ADESA Canada, Inc. owns 20 percent of Impact Auto Auctions Ltd.

Subsidiary of ADESA Canada, Inc.

Subsidiary of Automotive Finance Corporation.

Subsidiary of A.D.E. Management Company.

ADESA Corporation owns 51 percent of ADESA South Florida, L.L.C. which is an automobile auction in Opa-Locka, FL; 95 percent of Great Rigs Incorporated; and 51 percent of ADESA Southern Indiana, Inc.

ADESA Indianapolis, Inc. owns 5 percent of Great Rigs Incorporated.

Subsidiary of ADESA Ottawa, Inc.

In process of dissolution.

2. A brief description of the properties of claimant and each of its subsidiary public utility companies used for the generation, transmission, and distribution of electric energy for sale, or for the production, transmission, and distribution of natural or manufactured gas, indicating the location of principal generating plants, transmission lines, producing fields, gas manufacturing plants, and electric and gas distribution facilities, including all such properties which are outside the State in which claimant and its subsidiaries are organized and all transmission or pipelines which deliver or receive electric energy or gas at the borders of such State.

Claimant - Minnesota Power & Light Company

Reference is made to Annual Report Form 10-K (File No. 1-3548), filed by the claimant with the Commission on March 28, 1997, for the fiscal year ended December 31, 1996, particularly pages 21 and 22, which is hereby incorporated by reference in this statement.

Subsidiary - Superior Water, Light and Power Company

Same reference as under claimant.

3. The following information for the last calendar year with respect to claimant and each of its subsidiary public utility companies:

(a) Number of kWh of electric energy sold (at retail or wholesale), and Mcf. of natural or manufactured gas distributed at retail.

	Electricity	Gas
Minnesota Power & Light Company	9,256,580,358	None
Superior Water, Light and Power Company	554,816,879	26,899,614
Florida Water Services Corporation	None	25,494 (Liquefied Propane Gas)

(b) Number of kWh of electric energy and Mcf. of natural or manufactured gas distributed at retail outside the State in which each such company is organized.

None

(c) Number of kWh of electric energy and Mcf. of natural or manufactured gas sold at wholesale outside the State in which each such company is organized, or at the State line.

	Electricity	Gas
Minnesota Power & Light Company	1,425,102,000	None
Superior Water, Light and Power Company	None	None
Florida Water Services Corporation	None	None

(d) Number of kWh of electric energy and Mcf. of natural or manufactured gas purchased outside the State in which each company is organized or at the State line.

	Electricity	Gas
Minnesota Power & Light Company	6,103,893,608	None
Superior Water, Light and Power Company	564,200,178	None
Florida Water Services Corporation*	None	None

\* Purchased only liquefied propane gas and all such purchases were made from local distributors and delivered in Florida.

4. The following information for the reporting period with respect to claimant and each interest it holds directly or indirectly in an EWG or a foreign utility company, stating monetary amounts in United States dollars:

Not applicable to Minnesota Power & Light Company



## Exhibits

Exhibit A is the consolidating balance sheet of the claimant and its subsidiary companies at the close of such calendar year, together with a consolidating statement of income and consolidating statement of retained earnings of the claimant and its subsidiary companies for the last calendar year.

Exhibit A-1 is the consolidating financial statements for Minnesota Power Enterprises, Inc. (MP Enterprises). These statements are combined in the consolidating financial statements of Minnesota Power & Light Company which are filed as Exhibit A.

Exhibit A-2 - Consolidating financial statements for Minnesota Power Services Group, Inc. are combined in the consolidating financial statements of MP Enterprises which are filed as Exhibit A-1. These statements have been excluded from this exhibit because each subsidiary within this consolidated group is not material to Minnesota Power & Light Company's consolidating financial statements.

Exhibit A-3 is the consolidating financial statements for MP Water Resources Group, Inc. (MP Water Resources). These statements are combined in the consolidating financial statements of Minnesota Power & Light Company which are filed as Exhibit A.

Exhibit A-4 - Consolidating financial statements for MP Real Estate Holdings, Inc. are combined in the consolidating financial statements of Minnesota Power & Light Company which are filed as Exhibit A. Consolidating financial statements for MP Real Estate Holdings, Inc. have been excluded from this exhibit because for 1997 the material subsidiary, Lehigh Acquisition Corporation, is included in other exhibits. The consolidated statement of income for Lehigh Acquisition Corporation is combined with the consolidating financial statements of MP Water Resources and filed as Exhibit A-3. The consolidating balance sheet is presented as MP Real Estate in the consolidating financial statements of Minnesota Power & Light Company filed as Exhibit A. The assets of Lehigh Acquisition Corporation were transferred from MP Water Resources to MP Real Estate Holdings, Inc. on December 31, 1997.

Exhibit A-5 is the consolidating financial statements for Lehigh Acquisition Corporation. The consolidated statement of income is combined with the consolidating financial statements of MP Water Resources and filed as Exhibit A-3. The consolidating balance sheet is combined with the consolidating financial statements of MP Real Estate Holdings, Inc. See Exhibit A-4.

Exhibit A-6 is the consolidating financial statements for Heater Utilities, Inc. These statements are combined in the consolidated financial statements for MP Water Resources and filed as Exhibit A-3.

Exhibit A-7 is the consolidating financial statements for MP Automotive Services, Inc. These statements are combined in the consolidating financial statements of Minnesota Power & Light Company which are filed as Exhibit A.

Exhibit A-8 - Consolidating financial statements for ADESA Corporation are combined in the consolidating financial statements for MP Automotive Services, Inc. and are filed as Exhibit A-7. Consolidating financial statements for ADESA Corporation have been excluded from this exhibit because the majority of the subsidiaries included in this consolidation are not material to Minnesota Power & Light Company. This exhibit was also excluded due to the competitive nature of the business.

Exhibit A-9 - Consolidating financial statements for RendField Land Company, Inc. are combined in the consolidating financial statements of Minnesota Power & Light Company which are filed as Exhibit A. These statements have been excluded from this exhibit because each subsidiary within this consolidated group is not material to Minnesota Power & Light Company's consolidating financial statements.

Exhibit A-10 - Consolidating financial statements for Upper Minnesota Properties, Inc. are combined in the consolidating financial statements of MP Enterprises which are filed as Exhibit A-1. These statements have been excluded from this exhibit because each subsidiary within this consolidated group is not material to Minnesota Power & Light Company's consolidating financial statements.

Exhibit A-11 is a list of abbreviations used in the Exhibits.

Exhibit B is the Financial Data Schedule.

Exhibit C is not applicable to Minnesota Power & Light Company.

The above-named claimant has caused this statement to be duly executed on its behalf by its authorized officer on this 24th day of February 1998.

MINNESOTA POWER & LIGHT COMPANY  
-----  
(Name of Claimant)

[CORPORATE SEAL]

By D.G. Gartzke  
-----  
Senior Vice President -  
Finance and Chief Financial Officer

Attest:

Mark A. Schober  
-----  
Controller

Name, title, and address of officer to whom notices and correspondence concerning this statement should be addressed:

David G. Gartzke Senior Vice President - Finance and Chief Financial Officer  
-----  
(Name) (Title)

Minnesota Power & Light Company  
30 West Superior Street  
Duluth, Minnesota 55802  
-----  
(Address)

Minnesota Power - Consolidated  
Minnesota Power Consolidated Balance Sheet  
Current Period: Dec-97

	YTD Dec-97 Consolidated	Elimination	Minnesota Power	SWL&P	Cons. MP Enterprises	Cons. Water Resources
<b>Plant and Other Assets</b>						
Electric	1,234,550,937	3,043,726	1,206,893,354	24,613,858	0	0
Electric Miscellaneous	23,699,040	0	17,189,443	88,908	6,420,689	0
Gas	15,875,239	1,323,530	0	14,551,709	0	0
Water (SWLP)	19,343,291	2,366,015	0	16,977,276	0	0
Coal	40,903,971	0	0	0	40,903,971	0
Common	0	(6,733,271)	0	6,733,271	0	0
<b>Total Electric Operations</b>	<b>1,334,372,478</b>	<b>0</b>	<b>1,224,082,797</b>	<b>62,965,021</b>	<b>47,324,660</b>	<b>0</b>
Water	425,111,770	0	0	0	0	425,111,770
Water Miscellaneous	10,459,112	0	0	0	0	10,459,112
<b>Total Water Operation</b>	<b>435,570,882</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>435,570,882</b>
Auto Restribution	174,189,000	0	0	0	0	0
Afford Housing & Other						
<b>Total Investment Operations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Plant</b>	<b>1,944,132,360</b>	<b>0</b>	<b>1,224,082,797</b>	<b>62,965,021</b>	<b>47,324,660</b>	<b>435,570,882</b>
Accumulated Depreciation	(697,497,068)	0	(517,915,568)	(22,217,429)	(21,973,985)	(122,890,086)
Construction Work in Progress	26,211,330	0	10,625,538	232,091	407,626	9,574,075
<b>Net Plant</b>	<b>1,272,846,622</b>	<b>0</b>	<b>716,792,766</b>	<b>40,979,683</b>	<b>25,758,301</b>	<b>322,254,871</b>
Securities Investments	73,908,721	(306,720)	73,968,263	0	0	247,179
Equity Investments	118,759,527	0	118,754,527	0	5,000	0
Real Estate	55,539,476	0	0	0	0	0
Other	4,651,908	0	3,948,231	1,344	0	0
Investment in Subsidiaries	0	(581,839,554)	581,839,553	0	0	0
<b>Total Plant and Assets</b>	<b>1,525,706,253</b>	<b>(582,146,274)</b>	<b>1,495,303,340</b>	<b>40,981,027</b>	<b>25,763,300</b>	<b>322,502,050</b>
<b>Current Assets</b>						
Cash	40,057,452	1	2,417,209	277,273	3,824,747	3,494,699
Temporary Cash Investments	1,701,356	0	87,387	0	472,968	1,141,000
Trading Securities	123,533,059	(999,476)	124,532,535	0	0	0
Customer Accounts Receivable	154,781,574	0	39,402,863	5,561,958	4,019,574	11,742,152
Reserve for Uncol Accounts	(12,559,034)	0	(1,167,319)	(301,239)	0	(437,476)
Notes Receivable	1,524,327	0	335,840	0	0	155,408
Accounts Receivable - Other	14,796,427	(431,410)	6,556,015	624,783	36,648	779,650
Accounts Receivable - Associates	(1)	(292,341,031)	54,546,638	0	16,047,235	29,301,712

	Cons. MP Automotive	Energy Land	MP Real Estate	CNRD, LFC1, MPC1
<b>Plant and Other Assets</b>				
Electric	0	0	0	0
Electric Miscellaneous	0	0	0	0
Gas	0	0	0	0
Water (SWLP)	0	0	0	0
Coal	0	0	0	0
Common	0	0	0	0
<b>Total Electric Operations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Water	0	0	0	0
Water Miscellaneous	0	0	0	0
<b>Total Water Operation</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Auto Restribution	174,189,000	0	0	0
Afford Housing & Other				
<b>Total Investment Operations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Total Plant	174,189,000	0	0	0
Accumulated Depreciation	(12,500,000)	0	0	0
Construction Work in Progress	5,372,000	0	0	0
	-----	-----	-----	-----
Net Plant	167,061,000	0	0	0
Securities Investments	0	0	0	0
Equity Investments	0	0	0	0
Real Estate	0	0	55,539,476	0
Other	0	0	0	702,333
Investment in Subsidiaries	1	0	0	0
	-----	-----	-----	-----
Total Plant and Assets	167,061,001	0	55,539,476	702,333
	-----	-----	-----	-----
Current Assets				
Cash	27,309,000	5,845	2,713,423	15,256
Temporary Cash Investments	0	0	0	0
Trading Securities	0	0	0	0
Customer Accounts Receivable	94,055,027	0	0	0
Reserve for Uncol Accounts	(10,653,000)	0	0	0
Notes Receivable	1,033,079	0	0	0
Accounts Receivable - Other	0	0	7,224,745	5,996
Accounts Receivable - Associates	89,067,121	10,658,282	4,071,029	88,649,015

Minnesota Power - Consolidated  
Minnesota Power Consolidated Balance Sheet  
Current Period: Dec-97

	YTD Dec-97 Consolidated	Elimination	Minnesota Power	SWL&P	Cons. MP Enterprises
Fuel Stock	8,985,993	0	8,985,993	0	0
Plant & Operating Supplies	16,055,661	0	9,330,047	1,340,537	3,495,503
Prepayments	6,382,560	0	1,587,534	891,344	71,946
Other Current & Accrued Assets	13,469,035	0	11,220,545	616,147	1,404
<b>Total Current Assets</b>	<b>368,728,409</b>	<b>(293,771,916)</b>	<b>257,835,286</b>	<b>9,010,802</b>	<b>27,970,025</b>
Deferred Charges	108,365,812	3,131,903	70,378,001	1,427,441	5,128,955
Intangibles					
Goodwill	158,939,892	0	0	0	0
Other	10,576,503	0	0	0	659,503
<b>Total Intangibles</b>	<b>169,516,395</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>659,503</b>
<b>Total Assets</b>	<b>2,172,316,869</b>	<b>(872,786,287)</b>	<b>1,823,516,627</b>	<b>51,419,271</b>	<b>59,521,783</b>

	Cons. Water Resources	Cons. MP Automotive	Energy Land	MP Real Estate	CNRD, LFC1, MPC1
Fuel Stock	0	0	0	0	0
Plant & Operating Supplies	858,575	1,031,000	0	0	0
Prepayments	821,336	3,010,400	0	0	0
Other Current & Accrued Assets	1,418,094	0	0	212,845	0
<b>Total Current Assets</b>	<b>49,275,150</b>	<b>204,852,627</b>	<b>10,664,126</b>	<b>14,222,042</b>	<b>88,670,266</b>
Deferred Charges	20,896,080	7,386,000	0	0	17,432
Intangibles					
Goodwill	0	157,925,000	0	1,014,892	0
Other	0	9,917,000	0	0	0
<b>Total Intangibles</b>	<b>0</b>	<b>167,842,000</b>	<b>0</b>	<b>1,014,892</b>	<b>0</b>
<b>Total Assets</b>	<b>392,673,280</b>	<b>547,141,627</b>	<b>10,664,126</b>	<b>70,776,410</b>	<b>89,390,032</b>

Minnesota Power - Consolidated  
Minnesota Power Consolidated Balance Sheet  
Current Period: Dec-97

	YTD Dec-97 Consolidated	Elimination	Minnesota Power	SWL&P	Cons. MP Enterprises
<b>Capitalization</b>					
Common Equity					
Common Stock & PD in Capital	416,033,112	(495,297,709)	416,033,111	5,800,000	26,234,451
Loan to Leveraged ESOP	(65,848,290)	0	(65,848,290)	0	0
Unrealized Gains-Investments	5,468,656	0	5,468,656	0	0
Cumul Translation Adjustment	(832,000)	0	0	0	0
Retained Earnings	296,125,422	(86,541,844)	296,125,415	12,416,047	1,985,166
Preferred Stock					
5%	11,491,693	0	11,491,693	0	0
\$6.70 Series	10,000,000	0	10,000,000	0	0
\$7.125 Series	10,000,000	0	10,000,000	0	0
QUIPS	75,000,000	0	0	0	0
Long-Term Debt					
Bonds	536,493,423	(400,000)	408,180,000	10,600,000	0
Other Long-Term Debt	150,122,136	(78,611,999)	88,819,866	7,350,000	14,894,683
Unamortized Discount - Debt	(1,230,373)	0	(1,105,608)	(124,765)	0
<b>Total Capitalization</b>	<b>1,442,823,779</b>	<b>(660,851,552)</b>	<b>1,179,164,844</b>	<b>36,041,282</b>	<b>43,114,300</b>
<b>Current Liabilities</b>					
Notes Payable	129,084,146	0	128,741,267	0	0
Current Maturities	4,748,450	1,511,998	0	0	2,241,003
Accounts Payable					
Accounts Payable - Other	78,656,686	(1,642,837)	26,132,839	1,067,244	527,251
Accounts Payable - Associates	0	(214,613,948)	154,994,340	2,208,259	7,425,318
Accrued Taxes					
Federal Income Taxes	11,047,080	0	5,924,401	251,070	458,325
State Income Taxes	1,353,958	0	1,156,545	4,582	(218,815)
Other Accrued Taxes	41,232,957	0	31,328,868	110,875	504,327
Accrued Dividends & Interest					
Interest Accrued	13,209,170	0	8,336,409	274,976	225,980
Dividends Declared	487,323	0	487,323	0	0
Other					
Customer Deposits	2,512,487	0	350,824	17,839	0
Tax Collections Payable	656,775	0	576,675	67,729	12,372
Misc Current & Accrued Liabilities	42,156,884	(321,851)	17,433,899	1,593,424	1,121,361
<b>Total Current Liabilities</b>	<b>325,145,915</b>	<b>(215,066,638)</b>	<b>375,463,390</b>	<b>5,595,998</b>	<b>12,297,121</b>
<b>Deferred Credits</b>					
Cont in Aid of Const	102,565,114	0	0	1,333,977	0
Accum Deferred Income Taxes	120,053,451	0	127,835,848	2,338,211	1,781,749
Accum Def Inv Tax Credits	31,268,690	0	28,685,818	909,644	0
Other					
Minority Interest	14,467,396	0	0	0	1,552
Other Deferred Credits	135,992,524	3,131,903	112,366,727	5,200,159	2,327,062
<b>Total Deferred Credits</b>	<b>404,347,175</b>	<b>3,131,903</b>	<b>268,888,393</b>	<b>9,781,991</b>	<b>4,110,363</b>
<b>Total Liab &amp; Capitalization</b>	<b>2,172,316,869</b>	<b>(872,786,287)</b>	<b>1,823,516,627</b>	<b>51,419,271</b>	<b>59,521,783</b>

	Cons. Water Resources	Cons. MP Automotive	Energy Land	MP Real Estate	CNRD, LFC1, MPC1
<b>Capitalization</b>					
Common Equity					
Common Stock & PD in Capital	63,605,714	333,035,847	2,500	58,621,698	7,997,500
Loan to Leveraged ESOP	0	0	0	0	0
Unrealized Gains-Investments	0	0	0	0	0
Cumul Translation Adjustment	0	(832,000)	0	0	0
Retained Earnings	55,723,562	22,673,994	6,390,152	0	(12,647,071)
Preferred Stock					
5%	0	0	0	0	0
\$6.70 Series	0	0	0	0	0
\$7.125 Series	0	0	0	0	0
QUIPS	0	0	0	0	75,000,000
Long-Term Debt					
Bonds	118,113,423	0	0	0	0
Other Long-Term Debt	14,246,821	98,914,000	0	4,508,765	0
Unamortized Discount - Debt	0	0	0	0	0
<b>Total Capitalization</b>	<b>251,689,520</b>	<b>453,791,841</b>	<b>6,392,652</b>	<b>63,130,463</b>	<b>70,350,429</b>
<b>Current Liabilities</b>					
Notes Payable	0	334,000	0	8,879	0
Current Maturities	555,452	439,997	0	0	0

Accounts Payable					
Accounts Payable - Other	5,495,526	46,100,034	0	788,444	188,185
Accounts Payable - Associates	2,562,459	23,495,673	3,541,574	1,004,184	19,382,141
Accrued Taxes					
Federal Income Taxes	(207,440)	4,592,213	7,330	74,891	(53,710)
State Income Taxes	(149,558)	(55,080)	722,570	0	(106,287)
Other Accrued Taxes	8,452,623	820,805	0	7,455	8,004
Accrued Dividends & Interest					
Interest Accrued	2,841,561	1,530,245	0	0	0
Dividends Declared	0	0	0	0	0
Other					
Customer Deposits	2,143,824	0	0	0	0
Tax Collections Payable	0	0	0	0	0
Misc Current & Accrued Liabilities	5,179,452	14,991,943	0	2,158,656	0
	-----	-----	-----	-----	-----
Total Current Liabilities	26,873,898	92,249,830	4,271,474	4,042,509	19,418,333
	-----	-----	-----	-----	-----
Deferred Credits					
Cont in Aid of Const	101,231,137	0	0	0	0
Accum Deferred Income Taxes	4,324,059	1,029,956	0	(16,877,642)	(378,731)
Accum Def Inv Tax Credits	1,673,228	0	0	0	0
Other					
Minority Interest	0	70,000	0	14,395,844	0
Other Deferred Credits	6,881,438	0	0	6,085,236	0
	-----	-----	-----	-----	-----
Total Deferred Credits	114,109,862	1,099,956	0	3,603,438	(378,731)
	-----	-----	-----	-----	-----
Total Liab & Capitalization	392,673,280	547,141,627	10,664,126	70,776,410	89,390,032
	=====	=====	=====	=====	=====

Minnesota Power - Consolidated  
Minnesota Power Consolidated Statement of Income  
Current Period: Dec-97

	YTD Dec-97 Consolidated	Elimination	Minnesota Power	SWL&P	Cons. MP Enterprises
<b>Revenue and Income</b>					
<b>Electric Operations</b>					
Electric	474,043,685	(17,227,747)	467,273,549	23,997,883	0
Electric - Misc	19,224,292	(67,512)	14,583,517	508,564	4,199,724
AFDC - Equity	0	0	0	0	0
Gas	13,707,755	0	0	13,707,755	0
Water (SWL&P)	4,219,025	0	0	4,219,025	0
Coal	30,660,344	0	0	0	30,660,344
<b>Total Electric Operations</b>	<b>541,855,100</b>	<b>(17,295,259)</b>	<b>481,857,065</b>	<b>42,433,226</b>	<b>34,860,068</b>
<b>Water Operations</b>					
Water	78,069,089	0	0	0	0
Water - Misc	17,210,582	0	0	0	0
AFDC - Equity	246,268	0	0	0	0
<b>Total Water Operations</b>	<b>95,525,939</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Auto Redistribution</b>	<b>255,487,999</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Investments</b>					
Investment	21,842,105	(7,562,989)	11,329,758	0	0
Real Estate	38,803,716	0	0	0	0
Other	106,351	(114,587)	0	0	0
Equity in Subs	0	(39,907,281)	39,907,282	0	0
<b>Total Investments</b>	<b>60,752,173</b>	<b>(47,584,857)</b>	<b>51,237,040</b>	<b>0</b>	<b>0</b>
<b>Total Operating Revenue and Income</b>	<b>953,621,211</b>	<b>(64,880,116)</b>	<b>533,094,105</b>	<b>42,433,226</b>	<b>34,860,067</b>
<b>Operating Expenses</b>					
Fuel	75,974,108	0	75,974,108	0	0
Purchased Power	118,087,529	(16,557,366)	118,087,529	16,557,366	0
<b>Operations</b>					
Operation	273,296,678	(686,666)	85,215,369	15,608,965	22,113,316
Maintenance	34,647,327	0	24,635,075	763,729	1,740,000
Depreciation	70,842,825	0	40,911,267	1,949,382	2,392,442
Property Taxes	36,104,083	0	29,121,197	796,330	47,288
Other Taxes	10,674,816	0	4,957,702	289,431	634,972
Administrative and General	152,039,622	(114,587)	25,816,496	1,303,110	4,871,110
Minority Interest	2,309,390	0	0	0	(94)
<b>Interest Expense</b>					
Interest on Long-Term Debt	49,281,104	0	27,494,827	1,223,140	1,260,355
Other Interest Expense	14,251,999	(7,412,965)	19,737,319	311,637	79,588
Amort of Interest Expense	1,146,066	0	1,108,407	37,659	0
AFDC - Debt	(419,633)	0	(77,986)	0	0
<b>Total Operating Expenses</b>	<b>838,235,914</b>	<b>(24,771,584)</b>	<b>452,981,308</b>	<b>38,840,749</b>	<b>33,138,975</b>

	Cons. Water Resources	Cons. MP Automotive	Energy Land	MP Real Estate	CNRD, LFC1, MPC1
<b>Revenue and Income</b>					
<b>Electric Operations</b>					
Electric	0	0	0	0	0
Electric - Misc	0	0	0	0	0
AFDC - Equity	0	0	0	0	0
Gas	0	0	0	0	0
Water (SWL&P)	0	0	0	0	0
Coal	0	0	0	0	0
<b>Total Electric Operations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Water Operations</b>					
Water	78,069,089	0	0	0	0
Water - Misc	17,210,582	0	0	0	0
AFDC - Equity	246,268	0	0	0	0
<b>Total Water Operations</b>	<b>95,525,939</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Auto Redistribution</b>	<b>0</b>	<b>255,487,999</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Investments</b>					
Investment	4,533,109	5,996,072	1,307,405	0	6,238,750
Real Estate	38,803,716	0	0	0	0
Other	230,517	0	0	0	(9,579)
Equity in Subs	0	0	0	0	0
<b>Total Investments</b>	<b>43,567,343</b>	<b>5,996,072</b>	<b>1,307,405</b>	<b>0</b>	<b>6,229,171</b>



Total Operating Revenue and Income	139,093,282	261,484,071	1,307,405	0	6,229,171
Operating Expenses					
Fuel	0	0	0	0	0
Purchased Power	0	0	0	0	0
Operations					
Operation	40,758,694	110,287,000	0	0	0
Maintenance	5,441,523	2,067,000	0	0	0
Depreciation	11,622,734	13,967,000	0	0	0
Property Taxes	4,235,139	1,896,000	0	0	8,130
Other Taxes	4,792,712	0	0	0	0
Administrative and General	28,041,865	91,983,761	126,355	0	11,513
Minority Interest	2,309,484	0	0	0	0
Interest Expense					
Interest on Long-Term Debt	11,454,757	7,848,026	0	0	0
Other Interest Expense	437,847	26,793	11,788	0	1,059,992
Amort of Interest Expense	0	0	0	0	0
AFDC - Debt	(341,647)	0	0	0	0
	-----	-----	-----	-----	-----
Total Operating Expenses	108,753,108	228,075,579	138,143	0	1,079,635

Minnesota Power - Consolidated  
Minnesota Power Consolidated Statement of Income  
Current Period: Dec-97

	YTD Dec-97 Consolidated	Elimination	Minnesota Power	SWL&P	Cons. MP Enterprises
Income from Equity Investments	14,829,154	0	14,829,154	0	0
Operating Income	130,214,451	(40,108,532)	94,941,951	3,592,477	1,721,092
Distribution - QUIPS	(6,037,499)	201,251	0	0	0
Income Tax (Expense)	(46,599,507)	0	(17,364,505)	(1,331,792)	264,074
Net Income	77,577,445	(39,907,281)	77,577,446	2,260,685	1,985,166
Preferred Dividends	(1,949,290)	0	(1,949,290)	0	0
Earnings Available for Common	75,628,155	(39,907,281)	75,628,156	2,260,685	1,985,166

	Cons. Water Resources	Cons. MP Automotive	Energy Land	MP Real Estate	CNRD, LFC1, MPC1
Income from Equity Investments	0	0	0	0	0
Operating Income	30,340,174	33,408,492	1,169,262	0	5,149,536
Distribution - QUIPS	0	0	0	0	(6,238,750)
Income Tax (Expense)	(12,033,784)	(16,537,990)	(42,642)	0	447,132
Net Income	18,306,390	16,870,502	1,126,620	0	(642,082)
Preferred Dividends	0	0	0	0	0
Earnings Available for Common	18,306,390	16,870,502	1,126,620	0	(642,082)

Minnesota Power & Light Company and Subsidiaries  
Consolidating Statement of Retained Earnings  
for the Year Ended December 31, 1997

	Consolidated Total	Eliminations and Adjustments	Minnesota Power & Light Company	Superior Water, Light and Power Company	Consolidated MP Enterprises	Consolidated MP Water Resources Group, Inc.
Balance at Beginning of Period	\$ 282,959,751	\$ (147,218,574)	\$282,959,751	\$11,755,362	\$ 10,418,619	\$124,640,539
<b>Additions</b>						
Net Income (Loss) from Statement of Income	77,577,445	(39,907,278)	77,577,445	2,260,685	1,985,166	18,306,392
	360,537,196	(187,125,852)	360,537,196	14,016,047	12,403,785	142,946,931
<b>Deductions</b>						
Dividends - Cash 5% Preferred Stock (\$5.00 per share)	566,790		566,790			
Serial (A) Preferred Stock (\$6.70 per share)	670,000		670,000			
Serial Preferred Stock (\$7.125 per share)	712,500		712,500			
Common Stock	62,462,491	(1,600,000)	62,462,491	1,600,000		
Other		(98,984,006)			10,418,619	87,223,369
<b>Total Deductions</b>	64,411,781	(100,584,006)	64,411,781	1,600,000	10,418,619	87,223,369
Balance at End of Period	\$ 296,125,415	\$ (86,541,846)	\$296,125,415	\$12,416,047	\$ 1,985,166	\$ 55,723,562

	Consolidated MP Automotive Services, Inc.	Energy Land Incorporated	MP Real Estate	Consolidated RendField, Lakeview, MP&L Capital
Balance at Beginning of Period	\$ 5,803,495	\$5,263,532	\$ 0	\$(10,662,973)
<b>Additions</b>				
Net Income (Loss) from Statement of Income	16,870,499	1,126,619	0	(642,083)
	22,673,994	6,390,151	0	(11,305,056)
<b>Deductions</b>				
Dividends - Cash 5% Preferred Stock (\$5.00 per share)				
Serial (A) Preferred Stock (\$6.70 per share)				
Serial Preferred Stock (\$7.125 per share)				
Common Stock				
Other				1,342,018
<b>Total Deductions</b>				1,342,018
Balance at End of Period	\$22,673,994	\$ 6,390,151	\$ 0	\$ (12,647,074)

Includes balances from subsidiaries reorganized during 1997.  
Dividends from Superior Water, Light and Power Company.  
Transfers due to 1997 reorganization.

Minnesota Power - Consolidated  
MP Enterprises Consolidated Balance Sheet  
Current Period: Dec-97

	YTD-Dec-97 Consolidated	Eliminations	MP Enterprises	BNI Coal	Consol Services	Rainy River
<b>Plant and Other Assets</b>						
Electric	0	0	0	0	0	0
Electric Miscellaneous	6,420,689	0	0	0	331,334	313,012
Gas	0	0	0	0	0	0
Water (SWLP)	0	0	0	0	0	0
Coal	40,903,971	0	0	40,903,971	0	0
Common	0	0	0	0	0	0
<b>Total Electric Operations</b>	<b>47,324,660</b>	<b>0</b>	<b>0</b>	<b>40,903,971</b>	<b>331,334</b>	<b>313,012</b>
<b>Water</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Water Miscellaneous	0	0	0	0	0	0
<b>Total Water Operation</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Auto Restribution	0	0	0	0	0	0
Afford Housing & Other						
<b>Total Investment Operations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Plant</b>	<b>47,324,660</b>	<b>0</b>	<b>0</b>	<b>40,903,971</b>	<b>331,334</b>	<b>313,012</b>
Accumulated Depreciation	(21,973,985)	0	0	(21,310,735)	(116,970)	(18,781)
Construction Work in Progress	407,626	0	0	0	0	0
<b>Net Plant</b>	<b>25,758,301</b>	<b>0</b>	<b>0</b>	<b>19,593,237</b>	<b>214,364</b>	<b>294,231</b>
Securities Investments	0	0	0	0	0	0
Equity Investments	5,000	0	0	0	0	0
Real Estate	0	0	0	0	0	0
Other	0	0	0	0	0	0
Investment in Subsidiaries	0	(25,498,776)	25,498,776	0	0	0
<b>Total Plant and Assets</b>	<b>25,763,300</b>	<b>(25,498,776)</b>	<b>25,498,776</b>	<b>19,593,237</b>	<b>214,364</b>	<b>294,231</b>
<b>Current Assets</b>						
Cash	3,824,747	0	0	3,683,645	4,813	21,814
Temporary Cash Investments	472,968	0	0	442,968	0	0
Trading Securities	0	0	0	0	0	0
Customer Accounts Receivable	4,019,574	0	0	3,652,942	172,968	32,940
Reserve for Uncol Accounts	0	0	0	0	0	0
Notes Receivable	0	0	0	0	0	0
Accounts Receivable - Other	36,648	0	0	0	36,648	0
Accounts Receivable - Associates	16,047,235	(2,020,000)	4,914,194	348	58,200	4,000,537

	Consol UMPI	Synertec	MP Telecom	MP Affiliates
<b>Plant and Other Assets</b>				
Electric	0	0	0	0
Electric Miscellaneous	5,109,443	55,218	611,683	0
Gas	0	0	0	0
Water (SWLP)	0	0	0	0
Coal	0	0	0	0
Common	0	0	0	0
<b>Total Electric Operations</b>	<b>5,109,443</b>	<b>55,218</b>	<b>611,683</b>	<b>0</b>
<b>Water</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Water Miscellaneous	0	0	0	0
<b>Total Water Operation</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Auto Restribution	0	0	0	0
Afford Housing & Other				
<b>Total Investment Operations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Plant</b>	<b>5,109,443</b>	<b>55,218</b>	<b>611,683</b>	<b>0</b>
Accumulated Depreciation	(466,503)	(50,524)	(10,472)	0

Construction Work in Progress	0	0	407,626	0
	-----	-----	-----	-----
Net Plant	4,642,939	4,694	1,008,836	0
Securities Investments	0	0	0	0
Equity Investments	5,000	0	0	0
Real Estate	0	0	0	0
Other	0	0	0	0
Investment in Subsidiaries	0	0	0	0
	-----	-----	-----	-----
Total Plant and Assets	4,647,939	4,694	1,008,836	0
	-----	-----	-----	-----
Current Assets				
Cash	95,245	19,933	0	(704)
Temporary Cash Investments	30,000	0	0	0
Trading Securities	0	0	0	0
Customer Accounts Receivable	9,413	151,310	0	0
Reserve for Uncol Accounts	0	0	0	0
Notes Receivable	0	0	0	0
Accounts Receivable - Other	0	0	0	0
Accounts Receivable - Associates	2,449,037	4,568,044	2,053,800	23,075

Minnesota Power - Consolidated  
MP Enterprises Consolidated Balance Sheet  
Current Period: Dec-97

	YTD-Dec-97 Consolidated	Eliminations	MP Enterprises	BNI Coal	Consol Services	Rainy River
Fuel Stock	0	0	0	0	0	0
Plant & Operating Supplies	3,495,503	0	0	3,137,569	357,933	0
Prepayments	71,946	0	0	62,828	0	4,127
Other Current & Accrued Assets	1,404	0	0	1,404	0	0
<b>Total Current Assets</b>	<b>27,970,025</b>	<b>(2,020,000)</b>	<b>4,914,194</b>	<b>10,981,705</b>	<b>630,564</b>	<b>4,059,418</b>
Deferred Charges	5,128,955	0	0	5,082,269	0	0
Intangibles						
Goodwill	0	0	0	0	0	0
Other	659,503	0	0	0	659,503	0
<b>Total Intangibles</b>	<b>659,503</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>659,503</b>	<b>0</b>
<b>Total Assets</b>	<b>59,521,783</b>	<b>(27,518,776)</b>	<b>30,412,970</b>	<b>35,657,211</b>	<b>1,504,430</b>	<b>4,353,650</b>

	Consol UMPI	Synertec	MP Telecom	MP Affiliates
Fuel Stock	0	0	0	0
Plant & Operating Supplies	0	0	0	0
Prepayments	4,991	0	0	0
Other Current & Accrued Assets	0	0	0	0
<b>Total Current Assets</b>	<b>2,588,686</b>	<b>4,739,286</b>	<b>2,053,800</b>	<b>22,371</b>
Deferred Charges	46,686	0	0	0
Intangibles				
Goodwill	0	0	0	0
Other	0	0	0	0
<b>Total Intangibles</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Assets</b>	<b>7,283,312</b>	<b>4,743,979</b>	<b>3,062,636</b>	<b>22,371</b>

Minnesota Power - Consolidated  
MP Enterprises Consolidated Balance Sheet  
Current Period: Dec-97

	YTD-Dec-97 Consolidated	Eliminations	MP Enterprises	BNI Coal	Consol Services	Rainy River
<b>Capitalization</b>						
<b>Common Equity</b>						
Common Stock & PD in Capital	26,234,451	(15,467,914)	26,234,451	2,027,426	1,482,082	1,350,000
Loan to Leveraged ESOP	0	0	0	0	0	0
Unrealized Gains-Investments	0	0	0	0	0	0
Cumul Translation Adjustment	0	0	0	0	0	0
Retained Earnings	1,985,166	(10,030,862)	1,985,167	12,531,545	(1,054,810)	(1,886,325)
<b>Preferred Stock</b>						
5%	0	0	0	0	0	0
\$6.70 Series	0	0	0	0	0	0
\$7.125 Series	0	0	0	0	0	0
QUIPS	0	0	0	0	0	0
<b>Long-Term Debt</b>						
Bonds	0	0	0	0	0	0
Other Long-Term Debt	14,894,683	0	0	12,630,671	0	0
Unamortized Discount - Debt	0	0	0	0	0	0
<b>Total Capitalization</b>	<b>43,114,300</b>	<b>(25,498,776)</b>	<b>28,219,619</b>	<b>27,189,641</b>	<b>427,273</b>	<b>(536,325)</b>
<b>Current Liabilities</b>						
Notes Payable	0	0	0	0	0	0
Current Maturities	2,241,003	0	0	2,066,181	0	0
<b>Accounts Payable</b>						
Accounts Payable - Other	527,251	0	0	465,234	41,400	0
Accounts Payable - Associates	7,425,318	(2,020,000)	2,222,951	212,919	704,928	4,996,379
<b>Accrued Taxes</b>						
Federal Income Taxes	458,325	0	20,410	237,887	232,900	(20,490)
State Income Taxes	(218,815)	0	(50,010)	75,545	(153,510)	(39,850)
Other Accrued Taxes	504,327	0	0	491,278	0	0
<b>Accrued Dividends &amp; Interest</b>						
Interest Accrued	225,980	0	0	181,197	0	0
Dividends Declared	0	0	0	0	0	0
<b>Other</b>						
Customer Deposits	0	0	0	0	0	0
Tax Collections Payable	12,372	0	0	0	12,030	0
Misc Current & Accrued Liabilities	1,121,361	0	0	1,109,631	(822)	0
<b>Total Current Liabilities</b>	<b>12,297,121</b>	<b>(2,020,000)</b>	<b>2,193,351</b>	<b>4,839,872</b>	<b>836,927</b>	<b>4,936,039</b>
<b>Deferred Credits</b>						
Cont in Aid of Const	0	0	0	0	0	0
Accum Deferred Income Taxes	1,781,749	0	0	1,300,635	240,231	(46,065)
Accum Def Inv Tax Credits	0	0	0	0	0	0
<b>Other</b>						
Minority Interest	1,552	0	0	0	0	0
Other Deferred Credits	2,327,062	0	0	2,327,062	0	0
<b>Total Deferred Credits</b>	<b>4,110,363</b>	<b>0</b>	<b>0</b>	<b>3,627,697</b>	<b>240,231</b>	<b>(46,065)</b>
<b>Total Liab &amp; Capitalization</b>	<b>59,521,783</b>	<b>(27,518,776)</b>	<b>30,412,970</b>	<b>35,657,211</b>	<b>1,504,430</b>	<b>4,353,650</b>

	Consol UMPI	Synertec	MP Telecom	MP Affiliates
<b>Capitalization</b>				
<b>Common Equity</b>				
Common Stock & PD in Capital	3,524,189	5,074,217	2,000,000	10,000
Loan to Leveraged ESOP	0	0	0	0
Unrealized Gains-Investments	0	0	0	0
Cumul Translation Adjustment	0	0	0	0
Retained Earnings	946,544	(410,788)	(95,307)	0
<b>Preferred Stock</b>				
5%	0	0	0	0
\$6.70 Series	0	0	0	0
\$7.125 Series	0	0	0	0
QUIPS	0	0	0	0
<b>Long-Term Debt</b>				
Bonds	0	0	0	0
Other Long-Term Debt	2,264,012	0	0	0
Unamortized Discount - Debt	0	0	0	0
<b>Total Capitalization</b>	<b>6,734,745</b>	<b>4,663,429</b>	<b>1,904,693</b>	<b>10,000</b>
<b>Current Liabilities</b>				
Notes Payable	0	0	0	0

Current Maturities	174,821	0	0	0
Accounts Payable				
Accounts Payable - Other	20,617	0	0	0
Accounts Payable - Associates	29,587	95,121	1,171,402	12,030
Accrued Taxes				
Federal Income Taxes	(48,842)	42,750	(6,290)	0
State Income Taxes	(35,430)	3,090	(18,650)	0
Other Accrued Taxes	13,049	0	0	0
Accrued Dividends & Interest				
Interest Accrued	44,783	0	0	0
Dividends Declared	0	0	0	0
Other				
Customer Deposits	0	0	0	0
Tax Collections Payable	0	0	0	341
Misc Current & Accrued Liabilities	12,552	0	0	0
	-----	-----	-----	-----
Total Current Liabilities	211,136	140,961	1,146,462	12,371
	-----	-----	-----	-----
Deferred Credits				
Cont in Aid of Const	0	0	0	0
Accum Deferred Income Taxes	335,878	(60,410)	11,480	0
Accum Def Inv Tax Credits	0	0	0	0
Other				
Minority Interest	1,552	0	0	0
Other Deferred Credits	0	0	0	0
	-----	-----	-----	-----
Total Deferred Credits	337,430	(60,410)	11,480	0
	-----	-----	-----	-----
Total Liab & Capitalization	7,283,312	4,743,979	3,062,636	22,371
	=====	=====	=====	=====



Minnesota Power - Consolidated  
MP Enterprises Consolidated Statement of Income  
Current Period: Dec-97

	YTD-Dec-97 Consolidated	Eliminations	MP Enterprises	BNI Coal	Consol Services	Rainy River
<b>Revenue and Income</b>						
Electric Operations						
Electric	0	0	0	0	0	0
Electric - Misc	4,199,724	0	27,637	0	724,529	2,555,619
AFDC - Equity	0	0	0	0	0	0
Gas	0	0	0	0	0	0
Water (SWL&P)	0	0	0	0	0	0
Coal	30,660,344	0	0	30,660,344	0	0
Total Electric Operations	34,860,068	0	27,637	30,660,344	724,529	2,555,619
Water Operations						
Water	0	0	0	0	0	0
Water - Misc	0	0	0	0	0	0
AFDC - Equity	0	0	0	0	0	0
Total Water Operations	0	0	0	0	0	0
Auto Redistribution	0	0	0	0	0	0
Investments						
Investment	0	0	0	0	0	0
Real Estate	0	0	0	0	0	0
Other	0	0	0	0	0	0
Equity in Subs	0	(2,284,325)	2,284,325	0	0	0
Total Investments	0	(2,284,325)	2,284,325	0	0	0
<b>Total Operating Revenue and Income</b>	<b>34,860,067</b>	<b>(2,284,325)</b>	<b>2,311,962</b>	<b>30,660,344</b>	<b>724,528</b>	<b>2,555,619</b>
<b>Operating Expenses</b>						
Fuel	0	0	0	0	0	0
Purchased Power	0	0	0	0	0	0
Operations						
Operation	22,113,316	0	20,950	18,933,381	663,675	2,219,221
Maintenance	1,740,000	0	0	1,740,000	0	0
Depreciation	2,392,442	0	0	1,942,527	277,429	12,520
Property Taxes	47,288	0	0	31,303	4,677	0
Other Taxes	634,972	0	0	634,972	0	0
Administrative and General	4,871,110	0	516,944	1,321,062	1,577,711	849,296
Minority Interest	(94)	0	0	0	0	0
Interest Expense						
Interest on Long-Term Debt	1,260,355	0	0	1,091,351	0	0
Other Interest Expense	79,588	0	0	25,482	0	0
Amort of Interest Expense	0	0	0	0	0	0
AFDC - Debt	0	0	0	0	0	0
Total Operating Expenses	33,138,975	0	537,894	25,720,076	2,523,491	3,081,037

	Consol UMPI	Synertec	MP Telecom	MP Affiliates
<b>Revenue and Income</b>				
Electric Operations				
Electric	0	0	0	0
Electric - Misc	348,170	527,213	16,555	0
AFDC - Equity	0	0	0	0
Gas	0	0	0	0
Water (SWL&P)	0	0	0	0
Coal	0	0	0	0
Total Electric Operations	348,170	527,213	16,555	0
Water Operations				
Water	0	0	0	0
Water - Misc	0	0	0	0
AFDC - Equity	0	0	0	0
Total Water Operations	0	0	0	0
Auto Redistribution	0	0	0	0
Investments				
Investment	0	0	0	0
Real Estate	0	0	0	0
Other	0	0	0	0
Equity in Subs	0	0	0	0
Total Investments	0	0	0	0

Total Operating Revenue and Income	348,171	527,213	16,555	0
Operating Expenses				
Fuel	0	0	0	0
Purchased Power	0	0	0	0
Operations				
Operation	177,112	0	112,053	(13,075)
Maintenance	0	0	0	0
Depreciation	146,386	3,108	10,472	0
Property Taxes	11,308	0	0	0
Other Taxes	0	0	0	0
Administrative and General	113,040	423,386	56,596	13,075
Minority Interest	(94)	0	0	0
Interest Expense				
Interest on Long-Term Debt	169,004	0	0	0
Other Interest Expense	54,106	0	0	0
Amort of Interest Expense	0	0	0	0
AFDC - Debt	0	0	0	0
	-----	-----	-----	-----
Total Operating Expenses	670,861	426,494	179,122	0

Minnesota Power - Consolidated  
MP Enterprises Consolidated Statement of Income  
Current Period: Dec-97

	YTD-Dec-97 Consolidated	Eliminations	MP Enterprises	BNI Coal	Consol Services	Rainy River
Income from Equity Investments	0	0	0	0	0	0
Operating Income	1,721,092	(2,284,325)	1,774,067	4,940,268	(1,798,963)	(525,418)
Distribution - QUIPS	0	0	0	0	0	0
Income Tax (Expense)	264,074	0	211,100	(1,369,921)	744,153	217,178
Net Income	1,985,166	(2,284,325)	1,985,167	3,570,347	(1,054,810)	(308,240)
Preferred Dividends	0	0	0	0	0	0
Earnings Available for Common	1,985,166	(2,284,325)	1,985,167	3,570,347	(1,054,810)	(308,240)

	Consol UMPI	Synertec	MP Telecom	MP Affiliates
Income from Equity Investments	0	0	0	0
Operating Income	(322,691)	100,720	(162,567)	0
Distribution - QUIPS	0	0	0	0
Income Tax (Expense)	435,980	(41,676)	67,260	0
Net Income	113,289	59,044	(95,307)	0
Preferred Dividends	0	0	0	0
Earnings Available for Common	113,289	59,044	(95,307)	0

Minnesota Power Services Group, Inc.

Consolidating financial statements for Minnesota Power Services Group, Inc. have been excluded from this exhibit because each subsidiary within this consolidated group is not material to Minnesota Power & Light Company's consolidating financial statements.

Minnesota Power - Consolidated  
MP Water Resources Consolidated Balance Sheet  
Current Period: Dec-97

	YTD Dec-97 Consolidated	Eliminations	MP Water Resources	Florida Water Res	Heater	Instr Ser (ISI)	LAC	Florida Gas Services
<b>Assets</b>								
Utility Plant- Water	425,111,770	0	0	371,204,980	53,906,790	0	0	0
Accumulated Depreciation	(120,698,902)	0	0	(105,399,682)	(15,299,220)	0	0	0
Construction Work in Progress	9,574,075	0	0	9,563,730	0	0	0	10,345
<b>Net Utility Plant</b>	<b>313,986,943</b>	<b>0</b>	<b>0</b>	<b>275,369,028</b>	<b>38,607,570</b>	<b>0</b>	<b>0</b>	<b>10,345</b>
<b>Nonutility Property &amp; Investments</b>								
Nonutility & Other								
Nonutility Plant	10,459,112	0	0	5,547,097	10,520	2,296,913	0	2,604,582
Accum Depreciation- Non Utility	(2,191,184)	0	0	0	0	(821,890)	0	(1,369,294)
Goodwill	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
Investments	247,179	0	0	0	247,179	0	0	0
Investment in Assoc Company	0	(104,340,462)	104,340,462	0	0	0	0	0
<b>Total Non utility Prop &amp; Inv</b>	<b>8,515,107</b>	<b>(104,340,462)</b>	<b>104,340,462</b>	<b>5,547,097</b>	<b>257,698</b>	<b>1,475,023</b>	<b>0</b>	<b>1,235,288</b>
<b>Current Assets</b>								
Cash	3,494,699	0	180,338	1,914,451	644,702	455,208	0	300,000
Temporary Cash Investments	1,141,000	0	0	0	1,141,000	0	0	0
Trade Accounts Receivable								
Customer Accounts Receivable	11,742,152	0	0	8,015,042	949,305	2,705,032	0	72,772
Accum Provision for Uncol Acct	(437,476)	0	0	(418,265)	(19,211)	0	0	0
Other Accounts Receivable								
Notes Receivable	155,408	0	0	0	155,408	0	0	0
Other Account Receivable	779,650	0	0	350,744	428,905	0	0	0
Accounts Rec from Assoc	29,301,712	(8,639,567)	14,988,806	20,194,696	2,608,168	94,601	0	55,008
Plant and Operating Supplies	858,575	0	0	113,061	424,112	163,117	0	158,285
Prepayments	821,336	0	0	147,569	672,623	1,144	0	0
Other Current Assets	1,418,094	0	0	571,545	759,697	86,853	0	0
<b>Total Current Assets</b>	<b>49,275,150</b>	<b>(8,639,567)</b>	<b>15,169,144</b>	<b>30,888,844</b>	<b>7,764,709</b>	<b>3,505,954</b>	<b>0</b>	<b>586,066</b>
<b>Deferred Debits</b>								
Accum Deferred Income Taxes	16,468,483	0	0	16,457,541	0	10,942	0	0
Other	20,896,080	0	0	20,094,995	0	801,085	0	0
<b>Total Deferred Debits</b>	<b>37,364,563</b>	<b>0</b>	<b>0</b>	<b>36,552,536</b>	<b>0</b>	<b>812,027</b>	<b>0</b>	<b>0</b>
<b>Total Assets</b>	<b>409,141,763</b>	<b>(112,980,029)</b>	<b>119,509,606</b>	<b>348,357,506</b>	<b>46,629,978</b>	<b>5,793,004</b>	<b>0</b>	<b>1,831,699</b>

Minnesota Power - Consolidated  
MP Water Resources Consolidated Balance Sheet  
Current Period: Dec-97

	YTD Dec-97 Consolidated	Eliminations	MP Water Resources	Florida Water Res	Heater	Instr Ser (ISI)	LAC	Florida Gas Services
<b>Capitalization</b>								
Common Equity								
Common Stock & Paid in Capital	63,605,714	(83,660,581)	63,605,714	76,337,777	5,819,036	9,140	0	1,494,628
Retained Earnings	55,723,562	(20,679,881)	55,723,555	13,641,218	6,783,384	229,950	0	25,336
Bonds	118,113,423	0	0	118,113,423	0	0	0	0
Other Long Term Debt	14,246,821	0	0	0	14,246,821	0	0	0
<b>Total Capitalization</b>	<b>251,689,520</b>	<b>(104,340,462)</b>	<b>119,329,268</b>	<b>208,092,419</b>	<b>26,849,241</b>	<b>239,090</b>	<b>0</b>	<b>1,519,964</b>
<b>Current Liabilities</b>								
Notes Payable	0	0	0	0	0	0	0	0
Current Maturities	555,452	0	0	194,529	360,924	0	0	0
Accounts Payable								
Accounts Payable	5,495,526	0	0	3,975,078	211,045	1,309,404	0	0
Acct Payable Assoc Co	2,562,459	(4,650,761)	180,338	2,737,590	64,252	3,931,040	0	300,000
Accrued Taxes								
Federal Income Taxes	(207,440)	0	0	0	3,001	(210,441)	0	0
State Income Taxes	(149,558)	0	0	0	(149,558)	0	0	0
Other Accrued Taxes	8,452,623	0	0	7,970,940	89,581	384,492	0	7,611
Accrued Interest	2,841,561	0	0	2,841,561	0	0	0	0
Other								
Customer Deposits	2,143,824	0	0	1,838,717	305,107	0	0	0
Tax Collections Payable	0	0	0	0	0	0	0	0
Misc Curr & Accrued Liabilities	5,179,452	0	0	3,367,071	1,743,760	68,622	0	0
<b>Total Current Liabilities</b>	<b>26,873,898</b>	<b>(4,650,761)</b>	<b>180,338</b>	<b>22,925,484</b>	<b>2,628,111</b>	<b>5,483,116</b>	<b>0</b>	<b>307,611</b>
<b>Deferred Credits</b>								
Contributions in Aid of Constr	101,231,137	0	0	82,238,762	18,988,251	0	0	4,124
Deferred Income Taxes	20,792,542	0	0	22,557,369	(1,835,625)	70,798	0	0
Deferred Investment Tax Credits	1,673,228	0	0	1,673,228	0	0	0	0
Other								
Minority Interest	0	0	0	0	0	0	0	0
Other Deferred Credits	6,881,438	(3,988,806)	0	10,870,244	0	0	0	0
<b>Total Deferred Credits</b>	<b>130,578,345</b>	<b>(3,988,806)</b>	<b>0</b>	<b>117,339,603</b>	<b>17,152,626</b>	<b>70,798</b>	<b>0</b>	<b>4,124</b>
<b>Total Liabilities and Capitalization</b>	<b>409,141,763</b>	<b>(112,980,029)</b>	<b>119,509,606</b>	<b>348,357,506</b>	<b>46,629,978</b>	<b>5,793,004</b>	<b>0</b>	<b>1,831,699</b>

Minnesota Power - Consolidated  
MP Water Resources Consolidated Statement of Income  
Current Period: Dec-97

	YTD Dec-97 Consolidated	Eliminations	MP Water Resources	Florida Water Res	Heater	Instr Ser (ISI)	LAC	Florida Gas Services
Revenue								
Water	78,069,089	0	0	68,874,642	9,194,447	0	0	0
Water Misc	14,962,937	(2,467,408)	0	7,598,586	837,605	8,001,341	0	992,813
AFDC	246,268	0	0	246,268	0	0	0	0
<b>Total Water Operations</b>	<b>93,278,295</b>	<b>(2,467,408)</b>	<b>0</b>	<b>76,719,496</b>	<b>10,032,053</b>	<b>8,001,341</b>	<b>0</b>	<b>992,813</b>
Investment	6,780,754	(1,641,395)	6,174,504	1,530,891	716,753	0	0	0
Real Estate	38,803,716	0	0	0	0	0	38,803,716	0
Other	230,517	0	230,517	0	0	0	0	0
Gain on Sale	0	0	0	0	0	0	0	0
Equity in Subs	0	(17,373,996)	17,373,996	0	0	0	0	0
<b>Total Inv and Other Income</b>	<b>45,814,987</b>	<b>(19,015,391)</b>	<b>23,779,018</b>	<b>1,530,891</b>	<b>716,753</b>	<b>0</b>	<b>38,803,716</b>	<b>0</b>
<b>Total Oper Revenue and Income</b>	<b>139,093,282</b>	<b>(21,482,799)</b>	<b>23,779,018</b>	<b>78,250,387</b>	<b>10,748,806</b>	<b>8,001,341</b>	<b>38,803,716</b>	<b>992,813</b>
Operating Expenses								
Operation	40,758,694	(2,467,408)	0	26,421,593	3,393,479	5,715,753	7,010,253	685,023
Maintenance	5,441,523	0	0	5,242,167	199,356	0	0	0
Depreciation	11,622,734	0	289,968	9,222,557	1,466,117	389,527	153,169	101,395
Property Taxes	4,235,139	0	0	4,113,458	121,681	0	0	0
Other Taxes	4,792,712	0	0	4,227,419	539,341	0	0	25,952
Admin and General	28,041,865	0	2,910,751	7,924,802	2,060,109	2,387,487	12,620,079	138,636
Minority Interest	2,309,484	2,309,484	0	0	0	0	0	0
Interest Expense								
Interest on LTD	11,454,757	(1,641,395)	1,287,600	9,969,088	1,007,979	0	831,485	0
Other Interest Exp	437,847	0	78,621	257,887	72,081	28,699	0	559
Amort of Debt Exp	0	0	0	0	0	0	0	0
AFDC-Debt	(341,647)	0	0	(341,647)	0	0	0	0
<b>Total Operating Expenses</b>	<b>108,753,108</b>	<b>(1,799,319)</b>	<b>4,566,941</b>	<b>67,037,324</b>	<b>8,860,144</b>	<b>8,521,466</b>	<b>20,614,986</b>	<b>951,566</b>
Operating Income	30,340,174	(19,683,480)	19,212,077	11,213,063	1,888,662	(520,125)	18,188,730	41,247
Income Tax Expense	(12,033,784)	0	(905,687)	(3,957,745)	(782,430)	269,302	(6,641,313)	(15,911)
<b>Net Income</b>	<b>18,306,390</b>	<b>(19,683,480)</b>	<b>18,306,390</b>	<b>7,255,318</b>	<b>1,106,232</b>	<b>(250,823)</b>	<b>11,547,417</b>	<b>25,336</b>

MP Real Estate Holdings, Inc.

Consolidating financial statements for MP Real Estate Holdings, Inc. have been excluded from this exhibit because for 1997 the material subsidiary, Lehigh Acquisition Corporation, is included in other exhibits. The consolidated statement of income for Lehigh Acquisition Corporation is combined with the consolidating financial statements of MP Water Resources and filed as Exhibit A-3. The consolidating balance sheet is presented as MP Real Estate in the consolidating financial statements of Minnesota Power & Light Company filed as Exhibit A. The assets of Lehigh Acquisition Corporation were transferred from MP Water Resources to MP Real Estate Holdings, Inc. on December 31, 1997.



LEHIGH ACQUISITION CORPORATION AND SUBSIDIARIES CONSOLIDATING BALANCE SHEET AS OF  
INCOME STATEMENT FOR THE 12 MONTHS ENDED

31-Dec-97  
31-Dec-97

	COMBINED ENTITIES	PURCHASE ACCOUNTING ADJUSTMENTS DR	CR	COMBINED ENTITIES ADJUSTED FOR PURCHASE ADJUSTMENTS	LEHIGH ACQUISITION CORPORATION	ELIMINATIONS AND ADJUSTMENTS	CONSOLIDATED LEHIGH ACQUISITION CORPORATION
<b>ASSETS</b>							
Cash and cash equivalents	5,520,568			5,520,568	172,903		5,693,471
Inventory and supplies							
Residential construction in progress							
Trade and miscellaneous accounts rec	549,057			549,057			549,057
Contracts receivable-postacquisition:							
Homesites, net of allowance for cancels	5,496,960			5,496,960			5,496,960
Timeshare	406,599			406,599			406,599
Commercial notes	15,404,423			15,404,423			15,404,423
Total contracts receivable-postacq	21,307,982			21,307,982			21,307,982
Contracts receivable-preacquisition	6,440,385	235,303		6,675,688			6,675,688
Due from affiliates:							
Water and wastewater connections	4,061,029			4,061,029			4,061,029
Tax share					4,449,399	(4,403,399)	46,000
Other	13,711,999			13,711,999		(13,711,999)	
Total due from affiliates	17,773,028			17,773,028	4,449,399	(18,115,398)	4,107,029
Investments/advances to subsidiaries					64,191,274	(64,191,274)	
Property and equipment	1,684,571	2,760,653		4,445,224			4,445,224
Less accum depreciation	(1,082,501)		2,529,939	(3,612,440)			(3,612,440)
Less bargain differential-PP&E			140,073	(140,073)			(140,073)
Net property and equipment	602,070	2,760,653	2,670,012	692,711			692,711
Land, land improvements and CIP	42,000,142	4,671,722		46,671,864			46,671,864
Less bargain differential-land		4,589,704	21,174,529	(16,584,825)			(16,584,825)
Net land, land improvements	42,000,142	9,261,426	21,174,529	30,087,039			30,087,039
Investment in joint venture	923,396		451,699	471,697			471,697
Deferred Income Tax					16,877,642		16,877,642
Other assets	212,845			212,845			212,845
Total	95,329,473		12,038,858	83,290,615	85,691,218	(82,306,672)	86,675,161
<b>LIAB, CAP STOCK AND R/E (DEFICIT)</b>							
Trade accounts payable	602,060			602,060			602,060
Customer Deposits							
Accrued expenses:							
Real estate taxes	7,455			7,455			7,455
Other	3,245,922			3,245,922			3,245,922
Total accrued expenses	3,253,377			3,253,377			3,253,377
Due to affiliates:							
Utility fee credit	1,250,000			1,250,000			1,250,000
Tax share	4,403,400			4,403,400		(4,403,400)	
Other					13,711,999	(13,711,999)	
Total due to affiliates	5,653,400			5,653,400	13,711,999	(18,115,399)	1,250,000
Contingency reserves	3,851,274			3,851,274			3,851,274
Deferred income	888,014		258,682	1,146,696			1,146,696
Income taxes payable	74,891			74,891			74,891
Notes payable	8,879			8,879			8,879
Notes payable - long term	4,508,765			4,508,765			4,508,765
Minority interest							
Common stock and R/E (deficit):							
Common stock	21,100			21,100	117	(21,100)	117
Capital in excess of par value	88,738,150	56,219,827		32,518,323	5,952,293	(32,518,323)	5,952,293
Retained earnings (deficit)	(12,270,437)		43,922,287	31,651,850	66,026,809	(31,651,850)	66,026,809
Total C/S and R/E (deficit)	76,488,813	56,219,827	43,922,287	64,191,273	71,979,219	(64,191,273)	71,979,219
Total	95,329,473	12,038,858		83,290,615	85,691,218	(82,306,672)	86,675,161



LEHIGH ACQUISITION CORPORATION AND SUBSIDIARIES CONSOLIDATING BALANCE SHEET AS OF  
INCOME STATEMENT FOR THE 12 MONTHS ENDED

31-Dec-97  
31-Dec-97

	COMBINED ENTITIES	PURCHASE ACCOUNTING ADJUSTMENTS DR	CR	COMBINED ENTITIES FOR PURCHASE ADJUSTMNTS	LEHIGH ACQUISITION CORPORATION	ELIMINATIONS AND ADJUSTMENTS	CONSOLIDATED LEHIGH ACQUISITION CORPORATION
<b>Revenues:</b>							
Lots with roads only	1,738,722			1,738,722			1,738,722
Builder lots (serviced)	2,013,404			2,013,404			2,013,404
Other lot sales	7,696,954			7,696,954			7,696,954
Less estimated uncollectible sales	(328,785)			(328,785)			(328,785)
Net homesite sales	11,120,295			11,120,295			11,120,295
Commercial/bulk land sales	20,340,091		832,685	21,172,776			21,172,776
Timeshare sales							
Residential sales							
Discount earned on acquired receivables	2,601,855		1,024,319	3,626,174			3,626,174
<b>Bargain differential earned:</b>							
Lots with roads only			2,516,244	2,516,244			2,516,244
Builder lots (serviced)			837,208	837,208			837,208
Timeshare							
Commercial/bulk land			1,217,146	1,217,146			1,217,146
Receivables							
Property and equipment							
Total bargain differential earned			4,570,598	4,570,598			4,570,598
Finance income	1,312,333			1,312,333	13,378		1,325,711
Operating revenues - subsidiaries	200,842		19,257	220,099			220,099
Other revenues	4,887,582	3,548,921		1,338,661			1,338,661
Total revenues	40,462,998	3,548,921	6,446,859	43,360,936	13,378		43,374,314
<b>Cost of Sales:</b>							
Lots with roads only	6,174,977		3,023,014	3,151,963			3,151,963
Builder lots (serviced)	1,637,255	308,435		1,945,690			1,945,690
Other lot sales	1,448,757			1,448,757			1,448,757
Commercial/bulk land sales	4,314,245	720,196		5,034,441			5,034,441
Timeshare sales							
Residential sales							
Total cost of sales	13,575,234	1,028,631	3,023,014	11,580,851			11,580,851
<b>Expenses:</b>							
Selling expenses	6,174,105			6,174,105			6,174,105
Property taxes	2,724,681			2,724,681			2,724,681
General and administrative expenses	3,960,578		273,144	3,687,434	(210,449)		3,476,985
Operating expenses - subsidiaries	40,043		15,107	24,936			24,936
Other expenses	259,372		40,000	219,372			219,372
Depreciation	158,314		5,256	153,058	111		153,169
Interest expense	657,425			657,425	174,060		831,485
Total expenses	13,974,518		333,507	13,641,011	(36,278)		13,604,733
Income (loss) before income taxes, minority interest, and equity in earnings of subsidiaries	12,913,246	4,577,552	9,803,380	18,139,074	49,656		18,188,730
Provision for (reduction) income taxes: Current	5,134,232			5,134,232	(5,186,762)		(52,530)
Deferred					6,693,843		6,693,843
	5,134,232			5,134,232	1,507,081		6,641,313
Income (loss) before minority interest and equity in earnings of consolidated subsidiaries	7,779,014	4,577,552	9,803,380	13,004,842	(1,457,425)		11,547,417
Minority interest							
Net income (loss) before equity in earnings of consolidated subsidiaries	7,779,014	4,577,552	9,803,380	13,004,842	(1,457,425)		11,547,417
Equity in earnings of subsidiaries					13,004,842	(13,004,842)	
Net income (loss)	7,779,014	4,577,552	9,803,380	13,004,842	11,547,417	(13,004,842)	11,547,417
R/E (deficit) begin of period	(15,349,451)		38,696,459	23,347,008	54,479,392	(23,347,008)	54,479,392
Dividends from (advances to) subs	(4,700,000)			(4,700,000)		4,700,000	
R/E (deficit) end of period	(12,270,437)		43,922,287	31,651,850	66,026,809	(31,651,850)	66,026,809

COMBINED ENTITIES CONSOLIDATING BALANCE SHEET AS OF  
INCOME STATEMENT FOR THE 12 MONTHS ENDED

31-Dec-97  
31-Dec-97

	LEHIGH CORPORATION AND SUBSIDIARIES	INTERLACHEN LAKES ESTATES	SUNDOWNER PROPERTIES, INC.	SRC OF FLORIDA	TOTAL COMBINED ENTITIES
<b>ASSETS</b>					
Cash and cash equivalents	5,474,994	25,849	19,725		5,520,568
Inventory and supplies					
Residential construction in progress					
Trade and miscellaneous accounts rec	490,008	25,161	33,888		549,057
Contracts receivable-postacquisition:					
Homesites, net of allowance for cancels	5,222,584	102,052	172,324		5,496,960
Timeshare	406,599				406,599
Commercial notes	15,404,423				15,404,423
Total contracts receivable-postacq	21,033,606	102,052	172,324		21,307,982
Contracts receivable-preacquisition	6,440,385				6,440,385
Due from affiliates:					
Water and wastewater connections	4,061,029				4,061,029
Tax share					
Other	12,229,564	567,912	563,469	351,054	13,711,999
Total due from affiliates	16,290,593	567,912	563,469	351,054	17,773,028
Investments/advances to subsidiaries					
Property and equipment	1,684,571				1,684,571
Less accum depreciation	(1,082,501)				(1,082,501)
Less bargain differential-PP&E					
Net property and equipment	602,070				602,070
Land, land improvements and CIP	41,958,154		41,988		42,000,142
Less bargain differential-land					
Net land, land improvements	41,958,154		41,988		42,000,142
Investment in joint venture	923,396				923,396
Deferred Income Tax					
Other assets	212,845				212,845
	93,426,051	720,974	831,394	351,054	95,329,473
<b>LIAB, CAP STOCK AND R/E (DEFICIT)</b>					
Trade accounts payable	602,060				602,060
Customer Deposits					
Accrued expenses:					
Real estate taxes	7,455				7,455
Other	3,244,862		1,060		3,245,922
Total accrued expenses	3,252,317		1,060		3,253,377
Due to affiliates:					
Utility fee credit	1,250,000				1,250,000
Tax share	4,403,400				4,403,400
Other					
Total due to affiliates	5,653,400				5,653,400
Contingency reserves	3,851,274				3,851,274
Deferred income	888,014				888,014
Income taxes payable	74,891				74,891
Notes payable	8,879				8,879
Notes payable - long term	4,508,765				4,508,765
Minority interest					
Common stock and R/E (deficit):					
Common stock	500	20,000	500	100	21,100
Capital in excess of par value	79,290,534	2,089,678	7,249,487	108,451	88,738,150
Retained earnings (deficit)	(4,704,583)	(1,388,704)	(6,419,653)	242,503	(12,270,437)
Total C/S and R/E (deficit)	74,586,451	720,974	830,334	351,054	76,488,813
	93,426,051	720,974	831,394	351,054	95,329,473

COMBINED ENTITIES CONSOLIDATING BALANCE SHEET AS OF  
INCOME STATEMENT FOR THE 12 MONTHS ENDED

31-Dec-97  
31-Dec-97

	LEHIGH CORPORATION AND SUBSIDIARIES	INTERLACHEN LAKES ESTATES	SUNDOWNER PROPERTIES, INC.	SRC OF FLORIDA	TOTAL COMBINED ENTITIES
Revenues:					
Lots with roads only	1,738,722				1,738,722
Builder lots (serviced)	2,013,404				2,013,404
Other lot sales	7,696,954				7,696,954
Less estimated uncollectible sales	(328,785)				(328,785)
Net homesite sales	11,120,295				11,120,295
Commercial/bulk land sales	20,340,091				20,340,091
Timeshare sales					
Residential sales					
Discount earned on acquired receivables	2,014,947	277,889	309,019		2,601,855
Bargain differential earned:					
Lots with roads only					
Builder lots (serviced)					
Timeshare					
Commercial/bulk land					
Receivables					
Property and equipment					
Total bargain differential earned					
Finance income	1,284,669	11,616	16,048		1,312,333
Operating revenues - subsidiaries		32,353	143,415	25,074	200,842
Other revenues	4,887,582				4,887,582
Total revenues	39,647,584	321,858	468,482	25,074	40,462,998
Cost of Sales:					
Lots with roads only	6,174,977				6,174,977
Builder lots (serviced)	1,637,255				1,637,255
Other lot sales	1,448,757				1,448,757
Commercial/bulk land sales	4,314,245				4,314,245
Timeshare sales					
Residential sales					
Total cost of sales	13,575,234				13,575,234
Expenses:					
Selling expenses	6,165,548	3,822	4,735		6,174,105
Property taxes	2,708,292	4,526	11,863		2,724,681
General and administrative expenses	3,720,455	120,123	120,000		3,960,578
Operating expenses - subsidiaries	24,386		15,107	550	40,043
Other expenses	259,372				259,372
Depreciation	158,314				158,314
Interest expense	657,425				657,425
Total expenses	13,693,792	128,471	151,705	550	13,974,518
Income (loss) before income taxes, minority interest, and equity in earnings of subsidiaries	12,378,558	193,387	316,777	24,524	12,913,246
Provision for (reduction) income taxes:					
Current	5,124,177			10,055	5,134,232
Deferred					
	5,124,177			10,055	5,134,232
Income (loss) before minority interest and equity in earnings of consolidated subsidiaries	7,254,381	193,387	316,777	14,469	7,779,014
Minority interest					
Net income (loss) before equity in earnings of consolidated subsidiaries	7,254,381	193,387	316,777	14,469	7,779,014
Equity in earnings of subsidiaries					
Net income (loss)	7,254,381	193,387	316,777	14,469	7,779,014
R/E (deficit) begin of period	(7,258,964)	(1,582,091)	(6,736,430)	228,034	(15,349,451)
Dividends from (advances to) subs	(4,700,000)				(4,700,000)
R/E (deficit) end of period	(4,704,583)	(1,388,704)	(6,419,653)	242,503	(12,270,437)

LEHIGH CORPORATION AND SUBSIDIARIES CONSOLIDATING BALANCE SHEET AS OF  
INCOME STATEMENT FOR THE 12 MONTHS ENDED

31-Dec-97  
31-Dec-97

	SUGARMILL WOODS COMMUNITIES, INC.	PALM COAST HOLDINGS, INC.	CLIFFSIDE PROPERTIES INC.	ENTERPRISE LEHIGH, INC.	LEHIGH CORPORATION	ELIMINATIONS	TOTAL LEHIGH CORPORATION AND SUBSIDIARIES
<b>ASSETS</b>							
Cash and cash equivalents	223,205	1,719,018		2,246	3,530,525		5,474,994
Inventory and supplies							
Residential construction in progress							
Trade and miscellaneous accounts rec		188,274		37,844	263,890		490,008
Contracts receivable-postacquisition:							
Homesites, net of allowance for cancels	571,448	3,149,492			1,501,644		5,222,584
Timeshare					406,599		406,599
Commercial notes		7,415,051		1,350,000	6,639,372		15,404,423
Total contracts receivable-postacq	571,448	10,564,543		1,350,000	8,547,615		21,033,606
Contracts receivable-preacquisition		5,696,000			744,385		6,440,385
Due from affiliates:							
Water and wastewater connections					4,061,029		4,061,029
Tax share				56,400		(56,400)	
Other	816,874		3,302,877	150,595	17,071,550	(9,112,332)	12,229,564
Total due from affiliates	816,874		3,302,877	206,995	21,132,579	(9,168,732)	16,290,593
Investments/advances to subsidiaries					72,473,416	(72,473,416)	
Property and equipment	7,919	94,015			1,582,637		1,684,571
Less accum depreciation	(1,662)	(16,654)			(1,064,185)		(1,082,501)
Less bargain differential-PP&E							
Net property and equipment	6,257	77,361			518,452		602,070
Land, land improvements and CIP	2,917,265	20,147,215			18,893,674		41,958,154
Less bargain differential-land							
Net land, land improvements	2,917,265	20,147,215			18,893,674		41,958,154
Investment in joint venture					923,396		923,396
Deferred Income Tax							
Other assets	54,118	101,066		1,800	55,861		212,845
	4,589,167	38,493,477	3,302,877	1,598,885	127,083,793	(81,642,148)	93,426,051
<b>LIAB, CAP STOCK AND R/E (DEFICIT)</b>							
Trade accounts payable	4,514	540,500		28,211	28,835		602,060
Customer Deposits							
Accrued expenses:							
Real estate taxes	2,479	4,976					7,455
Other	69,136	2,021,507		24,500	1,129,719		3,244,862
Total accrued expenses	71,615	2,026,483		24,500	1,129,719		3,252,317
Due to affiliates:							
Utility fee credit					1,250,000		1,250,000
Tax share	52,600	1,227,900			3,179,300	(56,400)	4,403,400
Other		9,112,332				(9,112,332)	
Total due to affiliates	52,600	10,340,232			4,429,300	(9,168,732)	5,653,400
Contingency reserves		1,189,675			2,661,599		3,851,274
Deferred income				438,471	261,969	187,574	888,014
Income taxes payable	11,915	62,976					74,891
Notes payable					8,879		8,879
Notes payable - long term		4,508,765					4,508,765
Minority interest							
Common stock and R/E (deficit):							
Common stock	500	500	1,000	50	500	(2,050)	500
Capital in excess of par value	6,903,938	13,602,350	909,424	699,567	79,290,534	(22,115,279)	79,290,534
Retained earnings (deficit)	(2,455,915)	6,221,996	2,392,453	408,086	39,272,458	(50,543,661)	(4,704,583)
Total C/S and R/E (deficit)	4,448,523	19,824,846	3,302,877	1,107,703	118,563,492	(72,660,990)	74,586,451
	4,589,167	38,493,477	3,302,877	1,598,885	127,083,793	(81,642,148)	93,426,051



LEHIGH CORPORATION AND SUBSIDIARIES CONSOLIDATING BALANCE SHEET AS OF  
INCOME STATEMENT FOR THE 12 MONTHS ENDED

31-Dec-97  
31-Dec-97

	SUGARMILL WOODS COMMUNITIES, INC.	PALM COAST HOLDINGS, INC.	CLIFFSIDE PROPERTIES INC.	ENTERPRISE LEHIGH, INC.	LEHIGH CORPORATION	ELIMINATIONS	TOTAL LEHIGH CORPORATION AND SUBSIDIARIES
<b>Revenues:</b>							
Lots with roads only					1,738,722		1,738,722
Builder lots (serviced)					2,013,404		2,013,404
Other lot sales	2,042,275	5,654,679					7,696,954
Less estimated uncollectible sales	(700)	(328,085)					(328,785)
Net homesite sales	2,041,575	5,326,594			3,752,126		11,120,295
Commercial/bulk land sales	70,000	15,825,751		340,564	4,291,350	(187,574)	20,340,091
Timeshare sales							
Residential sales							
Discount earned on acquired receivables		1,691,310			323,637		2,014,947
<b>Bargain differential earned:</b>							
Lots with roads only							
Builder lots (serviced)							
Timeshare							
Commercial/bulk land							
Receivables							
Property and equipment							
Total bargain differential earned							
Finance income	34,210	508,078		41,030	701,351		1,284,669
Operating revenues - subsidiaries							
Other revenues		(423)			4,888,005		4,887,582
Total revenues	2,145,785	23,351,310		381,594	13,956,469	(187,574)	39,647,584
<b>Cost of Sales:</b>							
Lots with roads only					6,174,977		6,174,977
Builder lots (serviced)					1,637,255		1,637,255
Other lot sales	652,163	796,594					1,448,757
Commercial/bulk land sales	24,086	2,825,132			1,465,027		4,314,245
Timeshare sales							
Residential sales							
Total cost of sales	676,249	3,621,726			9,277,259		13,575,234
<b>Expenses:</b>							
Selling expenses	602,626	4,674,589			888,333		6,165,548
Property taxes	148,385	1,625,446			934,461		2,708,292
General and administrative expenses	285,690	1,749,028			1,685,737		3,720,455
Operating expenses - subsidiaries			1,360	23,026			24,386
Other expenses					259,372		259,372
Depreciation	1,150	15,282			141,882		158,314
Interest expense	68	656,110			1,247		657,425
Total expenses	1,037,919	8,720,455	1,360	23,026	3,911,032		13,693,792
Income (loss) before income taxes, minority interest, and equity in earnings of subsidiaries	431,617	11,009,129	(1,360)	358,568	768,178	(187,574)	12,378,558
Provision for (reduction) income taxes: Current	204,715	4,968,576	(17,976)	(31,138)			5,124,177
Deferred							
	204,715	4,968,576	(17,976)	(31,138)			5,124,177
Income (loss) before minority interest and equity in earnings of consolidated subsidiaries	226,902	6,040,553	16,616	389,706	768,178	(187,574)	7,254,381
Minority interest							
Net income (loss) before equity in earnings of consolidated subsidiaries	226,902	6,040,553	16,616	389,706	768,178	(187,574)	7,254,381
Equity in earnings of subsidiaries					11,712,031	(11,712,031)	
Net income (loss)	226,902	6,040,553	16,616	389,706	12,480,209	(11,999,605)	7,254,381
R/E (deficit) begin of period	(2,682,817)	181,443	2,375,837	18,380	31,492,249	(38,644,056)	(7,258,964)
Dividends from (advances to) subs					(4,700,000)		(4,700,000)
R/E (deficit) end of period	(2,455,915)	6,221,996	2,392,453	408,086	39,272,458	(50,543,661)	(4,704,583)



HEATER UTILITIES, INC.  
CONSOLIDATED BALANCE SHEET  
December 31, 1997

	HEATER UTILITIES	LAGRANGE WATERWORKS	BROOKWOOD WATER CORPORATION	UPSTATE HEATER UTILITIES	EMERGENCY UTILITY OPERATIONS	ELIMINATIONS	CONSOLIDATED
<b>ASSETS</b>							
Property Plant and Equipment							
Utility Plant	42,572,963	4,275,874	8,600,944	1,504,144	84,052		57,037,978
Non Utility Property	10,520						10,520
	42,583,483	4,275,874	8,600,944	1,504,144	84,052	0	57,048,497
Acquisition Adjustment	(3,054,649)	(37,682)	66,470	(105,326)			(3,131,187)
Allowance for Depreciation	(10,744,267)	(1,287,009)	(2,814,698)	(448,614)	(4,632)		(15,299,220)
	(13,798,916)	(1,324,691)	(2,748,228)	(553,940)	(4,632)	0	(18,430,407)
Investments							
Other Investments	2,882,019						2,882,019
Investments In Subs.	2,089,865					(2,089,865)	0
	4,971,884	0	0	0	0	(2,089,865)	2,882,019
Current Assets							
Cash	574,042	9,292	56,272	75			639,681
Working Funds	3,899	340	29	750			5,018
Investment in CD's	971,000	90,000	30,000	50,000			1,141,000
Customer Accounts Receivable	668,156	75,645	151,176	44,232	10,096		949,305
Allowance for Doubtful Accounts	(12,970)	(1,656)	(3,059)	(1,525)			(19,211)
Notes Receivable-Assoc. Co.	2,842,403		6,219			(2,842,403)	6,219
Notes Receivable	50,391	95,492	3,307				149,189
Other Accounts Receivable	393,491	2,862	5,879				402,233
Accounts Receivable - Assoc. Co.	(172,037)	3,604	(202,064)			370,497	(0)
Materials & Supplies	336,380	8,122	65,266	14,344			424,112
Prepayments	85,217	1,973	3,422	2,723	218		93,552
	5,739,970	285,674	116,447	110,599	10,314	(2,471,906)	3,791,098
Other Assets & Deferred Charges							
Deferred Rate Case Charges	97,851		10,371	300			108,522
Deferred Finance Charges	751,011						751,011
Miscellaneous Prepaids	371,975	2,796	93,020	2,152	1,106		471,049
Total Other Assets & Deferred Charges	1,220,837	2,796	103,391	2,452	1,106	0	1,330,582
Regulatory Assets	0		7,101	1,085		0	8,186
<b>Total Assets</b>	<b>40,717,258</b>	<b>3,239,654</b>	<b>6,079,655</b>	<b>1,064,341</b>	<b>90,839</b>	<b>(4,561,771)</b>	<b>46,629,975</b>

HEATER UTILITIES, INC.  
CONSOLIDATED BALANCE SHEET  
December 31, 1997

	HEATER UTILITIES	LAGRANGE WATERWORKS	BROOKWOOD WATER CORPORATION	UPSTATE HEATER UTILITIES	EMERGENCY UTILITY OPERATIONS	ELIMINATIONS	CONSOLIDATED
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>							
Shareholders' Equity							
Stock	(13,500)	21,214	(7,500)	(1,000)		(12,714)	(13,500)
Additional Paid In Capital	(5,805,536)		(213,428)	(464,864)		678,293	(5,805,536)
Retained Earnings	(6,108,187)	(1,092,379)	(1,170,407)	169,518	(7,921)	1,424,287	(6,785,090)
	(11,927,223)	(1,071,164)	(1,391,335)	(296,346)	(7,921)	2,089,865	(12,604,126)
Long-Term Debt	(14,246,820)	0	(2,314,476)	(527,926)		2,842,403	(14,246,820)
Current Liabilities							
Accounts Payable - Vendors	(176,832)	(41,718)	(40,805)	(6,985)	(1,767)		(268,107)
Accounts Payable to Assoc. Co.	(2,010)	(31,909)	567,351	(84,780)	(80,165)	(370,497)	(2,010)
Accounts Payable - MP&L	(3,472)	0	0	0			(3,472)
Income Taxes Payable - Federal	28,410	(64,617)	(34,380)	67,586			(3,001)
Income Taxes Payable - State	94,747	4,873	35,982	13,956			149,558
Other Accrued Taxes	(61,289)	(8,178)	(16,343)	(2,862)	(910)		(89,581)
Customer Deposits	(29,721)	(113,062)	(162,324)				(305,107)
Other Accrued Expenses	(917,214)	(399,873)	(257,298)	(155,583)			(1,729,969)
Current Portion of L-T Debt	(360,924)	0					(360,924)
Total Current Liabilities	(1,428,306)	(654,482)	92,183	(168,667)	(82,842)	(370,497)	(2,612,612)
CIAC	(14,079,780)	(2,175,226)	(2,620,199)	(112,971)	(75)		(18,988,251)
Accumulated Deferred Income Taxes	972,228	661,219	160,482	41,695			1,835,625
Regulatory Liabilities	(7,357)	0	(6,309)	(125)			(13,791)
<b>Total Liabilities</b>	<b>(40,717,258)</b>	<b>(3,239,654)</b>	<b>(6,079,655)</b>	<b>(1,064,341)</b>	<b>(90,839)</b>	<b>4,561,771</b>	<b>(46,629,975)</b>

HEATER UTILITIES, INC.  
CONSOLIDATED STATEMENT OF INCOME  
FOR THE YEAR ENDED DECEMBER 31, 1997

	HEATER UTILITIES	LAGRANGE WATERWORKS	BROOKWOOD WATER CORP	UPSTATE HEATER	EMERGENCY OPERATIONS	TOTAL
Operating Revenues						
Water	5,354,654	871,636	1,528,593	352,611	62,678	8,170,172
Sewer	656,422					656,422
Other	250,176	10,728	81,106	25,354	489	367,853
Total Operating Revenues	6,261,253	882,364	1,609,698	377,965	63,167	9,194,447
Operating Revenue Deductions						
Operations and Maintenance	2,206,151	339,219	475,281	168,407	21,284	3,210,343
Administrative and General	1,201,813	278,782	437,029	122,357	20,127	2,060,109
Taxes Other Than Income	374,564	53,317	98,095	9,522	3,843	539,341
Property Taxes	59,019	14,618	25,551	22,161	332	121,681
Depreciation	1,059,895	80,486	259,816	56,713	9,208	1,466,117
Total Operating Revenue Deductions	4,901,443	766,422	1,295,772	379,160	54,795	7,397,592
Income From Operations	1,359,811	115,942	313,927	(1,196)	8,372	1,796,856
Other Income						
Interest Income	508,229	194,835	8,186	5,504		716,753
Other Non-Utility Income	643,390	117,693	73,217	3,105	200	837,605
Other Income Deductions						
Interest Expense	766,122	60,779	194,926	54,352	3,881	1,080,061
Other Non-Utility Deductions	369,029	1,012	6,992	5,205	254	382,491
Total Other Income and Income Deductions	16,468	250,737	(120,516)	(50,948)	(3,935)	91,807
Net Income (Loss) Before Income Taxes	1,376,279	366,679	193,411	(52,143)	4,437	1,888,663
Estimated Income Taxes	599,809	126,744	77,340	(19,689)	(1,773)	782,431
Net Profit (Loss)	776,470	239,936	116,071	(32,454)	6,210	1,106,232

Minnesota Power - Consolidated  
MP Automotive Consolidated Working Papers Balance Sheet  
Current Period: Dec-97

	YTD Dec-97 Consolidated -----	Eliminations -----	MP Automotive Services -----	ADESA Corp -----
Current Assets				
Cash	27,309,000	0	0	27,309,000
Accounts Receivable				
Minnesota Power	89,067,119	0	89,067,119	0
ADESA	1	(29,194,301)	14,482,407	14,711,895
Other	0	0	0	0
Trade	94,055,027	0	0	94,055,027
Allow-Doubtful Acct	(10,653,000)	0	0	(10,653,000)
Inventory	1,031,000	0	0	1,031,000
Notes Receivable	1,033,079	(19,100,000)	19,100,000	1,033,079
Prepayments	3,010,400	0	4,400	3,006,000
Other Current Assets	0	0	0	0
	-----	-----	-----	-----
Total Current Assets	204,852,627	(48,294,301)	122,653,927	130,493,001
Investment in Subsidiary	1	(272,204,785)	272,204,786	0
Auto Plant - Net	161,689,000	0	0	161,689,000
CWIP	5,372,000	0	0	5,372,000
Deferred Cost	7,386,000	0	0	7,386,000
Goodwill	166,987,000	0	0	166,987,000
Goodwill Amortization	(9,062,000)	0	0	(9,062,000)
Intangible Assets	15,240,000	0	0	15,240,000
Intangible Amortization	(5,323,000)	0	0	(5,323,000)
	-----	-----	-----	-----
Total Other Assets	342,289,001	(272,204,785)	272,204,786	342,289,000
	-----	-----	-----	-----
Total Assets	547,141,627	(320,499,086)	394,858,712	472,782,001
	=====	=====	=====	=====

Minnesota Power - Consolidated  
MP Automotive Consolidated Working Papers Balance Sheet  
Current Period: Dec-97

	YTD Dec-97 Consolidated	Eliminations	MP Automotive Services	ADESA Corp
	-----	-----	-----	-----
Liabilities and Stockholder's Equity				
Current Liabilities				
Accounts Payable				
ADESA	1	(48,294,301)	14,711,895	33,582,407
Minnesota Power	23,495,673	0	23,495,673	0
Other	46,100,034	0	72,215	46,027,819
Current Maturities	439,997	0	0	439,997
Notes Payable	334,000	0	0	334,000
Accrued Income Taxes	4,537,133	0	878,133	3,659,000
Accrued Other Taxes	820,805	0	0	820,805
Accrued Other Liabilities	16,522,188	0	0	16,522,188
	-----	-----	-----	-----
Total Current Liabilities	92,249,830	(48,294,301)	39,157,915	101,386,216
	-----	-----	-----	-----
Long Term Debt	98,914,000	0	0	98,914,000
Deferred Income Taxes	1,029,956	0	(9,044)	1,039,000
Minority Interest	70,000	0	0	70,000
	-----	-----	-----	-----
Total Other Liabilities	100,013,956	0	(9,044)	100,023,000
	-----	-----	-----	-----
Total Liabilities	192,263,786	(48,294,301)	39,148,871	201,409,216
	-----	-----	-----	-----
Stockholder's Equity				
Common Stock, Without Par xxxx Shares Authorized				
Issued and Outstanding	333,035,847	(254,685,780)	333,035,847	254,685,780
Retained Earnings	22,673,994	(17,519,005)	22,673,994	17,519,005
Cum Translation ADJ	(832,000)	0	0	(832,000)
	-----	-----	-----	-----
Total Stockholder's Equity	354,877,841	(272,204,785)	355,709,841	271,372,785
	-----	-----	-----	-----
Total Liabilities and Stockholder's Equity	547,141,627	(320,499,086)	394,858,712	472,782,001
	=====	=====	=====	=====

Minnesota Power - Consolidated  
MP Automotive Consolidating Statement of Income  
Current Period: Dec-97

	YTD Dec-97 Consolidated	Eliminations	MP Automotive Services	ADESA Corp
	-----	-----	-----	-----
<b>Income</b>				
Auto Redistribution	254,038,000	0	0	254,038,000
Equity in Sub Earnings	0	(13,980,000)	13,980,000	0
Interest	7,446,071	(2,030,974)	8,027,045	1,450,000
Miscellaneous	0	0	0	0
Total Income	----- 261,484,071	----- (16,010,974)	----- 22,007,045	----- 255,488,000
<b>Expenses</b>				
Direct Auction	110,287,000	0	0	110,287,000
Maintenance	2,067,000	0	0	2,067,000
Property Taxes	1,896,000	0	0	1,896,000
Depreciation/Amortization	13,967,000	0	0	13,967,000
Interest Expense	7,874,819	(2,030,974)	26,793	9,879,000
Adm and General	91,983,761	0	3,027,761	88,956,000
Total Expenses	----- 228,075,579	----- (2,030,974)	----- 3,054,553	----- 227,052,000
Income (Loss) Before Taxes	33,408,492	(13,980,000)	18,952,492	28,436,000
Minority Interest	0	0	0	0
Inc Tx (Exp) Benefit	(16,537,990)	0	(2,081,990)	(14,456,000)
Net Income (Loss)	----- 16,870,502 =====	----- (13,980,000) =====	----- 16,870,502 =====	----- 13,980,000 =====

ADESA Corporation

Consolidating financial statements for ADESA Corporation have been excluded from this exhibit because the majority of the subsidiaries included in this consolidation are not material to Minnesota Power & Light Company. This exhibit was also excluded due to the competitive nature of the business. Summarized consolidated information is included in the consolidating financial statements of MP Automotive Services, Inc. filed as Exhibit A-7.  
nature of the information.

RendField Land Company, Inc.

Consolidating financial statements for RendField Land Company, Inc. have been excluded from this exhibit because each subsidiary within this consolidated group is not material to Minnesota Power & Light Company's consolidating financial statements.



Upper Minnesota Properties, Inc.

Consolidating financial statements for Upper Minnesota Properties, Inc. have been excluded from this exhibit because each subsidiary within this consolidated group is not material to Minnesota Power & Light Company's consolidating financial statements.

Abbreviations Used in Exhibits

Exhibit A

Minnesota Power & Light Company (Minnesota Power)  
Superior Water, Light and Power Company (SWL&P)  
Consolidated Minnesota Power Enterprises, Inc. (Cons. MP Enterprises)  
Consolidated MP Water Resources Group, Inc. (Cons. Water Resources)  
Consolidated MP Automotive Services, Inc. (Cons. MP Automotive)  
Energy Land, Incorporated (Energy Land)  
MP Real Estate Holdings, Inc. (MP Real Estate)  
Consolidated RendField Land Company, Inc. (CNRD)  
Lakeview Financial Corporation I (LFCI)  
MP&L Capital I (MPC1)

Exhibit A-1

Minnesota Power Enterprises, Inc. (MP Enterprises)  
BNI Coal, Ltd. (BNI Coal)  
Consolidated Minnesota Power Services Group, Inc. (Consol Services)  
Rainy River Energy Corporation (Rainy River)  
Consolidated Upper Minnesota Properties, Inc. (Consol UMPI)  
Synertec, Incorporated (Synertec)  
Minnesota Power Telecom, Inc. (MP Telecom)  
MP Affiliate Resources, Inc. (MP Affiliates)

Exhibit A-2

No abbreviations used

Exhibit A-3

MP Water Resources Group, Inc. (MP Water Resources)  
Florida Water Services Corporation (Florida Water Res)  
Heater Utilities, Inc. (Heater)  
Instrumentation Services, Inc. (ISI)  
Lehigh Acquisition Corporation (LAC)  
Florida Gas Services Corporation (Florida Gas Services)

Exhibit A-4

No abbreviations used

Exhibit A-5

Interlachen Lake Estates, Inc. (Interlachen Lake Estates)  
SRC of Florida, Inc. (SRC of Florida)

Exhibit A-6

Heater Utilities, Inc. (Heater Utilities)  
LaGrange Waterworks Corporation (LaGrange Waterworks)  
Upstate Heater Utilities, Inc. (Upstate Heater Utilities)

Exhibit A-7

MP Automotive Services, Inc. (MP Automotive Services)  
ADESA Corporation (ADESA Corp)

Exhibit A-8, A-9, A-10

No abbreviations used

OPUR3

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM MINNESOTA POWER'S CONSOLIDATED BALANCE SHEET AND STATEMENT OF INCOME FOR THE PERIOD ENDED DECEMBER 31, 1997, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000,000

YEAR

DEC-31-1997  
JAN-01-1997  
DEC-31-1997  
PER-BOOK  
2,172  
954  
78