97-12522

MIDAMERICAN ENERGY HOLDINGS COMPANY SUMMARY ANNUAL REPORT 1997

MidAmerican
ENERGY

building a foundation

MIDAMERICAN ENERGY COMPANY BUSINESS UNITS

During 1997, MidAmerican Energy reorganized its operations into four new and distinct business units: energy delivery, transmission, generation and retail. These business units were developed to align with our expectations of the business needs of a restructured energy marketplace. Effective Jan. 1, 1998, the units began operating as individual entities and profit centers.

Business Unit Background	***Competitive Strengths***	***Strategic Focus***
Energy Delivery		
MidAmerican Energy has a long history of providing highly reliable electric and natural gas service. MidAmerican serves more than 647,800 electric customers and 618,600 natural gas customers.	Energy delivery is one of our core competencies and will continue to be a profitable and stable business unit for us in a competitive marketplace.	Customer-focused re-engineering of work processes, implementing competitive technology and building a strong labor-management partnership are goals of the energy delivery unit.
Transmission		
Thousands of miles of transmission lines connect MidAmerican's generation facilities with distribution substations and provide interconnections with five surrounding states.	The geographic position of MidAmerican's transmission system is a highly valued asset for its potential for serving opening markets.	Transmission's objective is reliable system operation and optimum utilization of facilities to achieve the best economic unit cost possible.
Generation		
MidAmerican has 4,378 megawatts of net generating capacity: 65 percent fueled by coal, 18 percent fueled by nuclear and 17 percent fueled by natural gas/oil.	MidAmerican has very competitive fossil generation costs — consistently among the lowest in the region and the nation. In addition to producing energy for MidAmerican's retail customers, the generation unit has a strong bulk power sales business.	Generation's primary focus is on cost reduction and growth. Working toward a cost structure that will be successful in a more competitive environment will be key. Unit cost improvement will be achieved through management of our costs and increases in our generation output.
Retail		
We are developing new products and services, forming alliance relationships that provide co-marketing opportunities, and investigating new markets that will allow us to grow our business. Our first new offering, an appliance warranty product, was introduced in late 1996 and now has customers in four states.	MidAmerican has recognized the need to build our capabilities in this area, and is devoting time and resources to developing a strong retail organization.	The retail unit is developing its people, infrastructure and product offerings. This unit's focus will be on growing the business by providing customers with the best value available in the market.

Contents

MIDAMERICAN ENERGY HOLDINGS COMPANY

MidAmerican Energy Holdings Company is a $4.3 billion utility holding company with 60,000 registered shareholders in all 50 states and 33 foreign countries. MidAmerican Energy Holdings has three subsidiaries:

MIDAMERICAN CAPITAL COMPANY

MidAmerican Capital Company, with assets of $671 million, is the Company's nonregulated investment subsidiary. MidAmerican Capital's investment strategy centers on using nonregulated businesses to broaden the Company's market base and strengthen our position as a regional player. MidAmerican Capital has investments in communications, home and business security, and energy marketing and trading.

MIDWEST CAPITAL GROUP

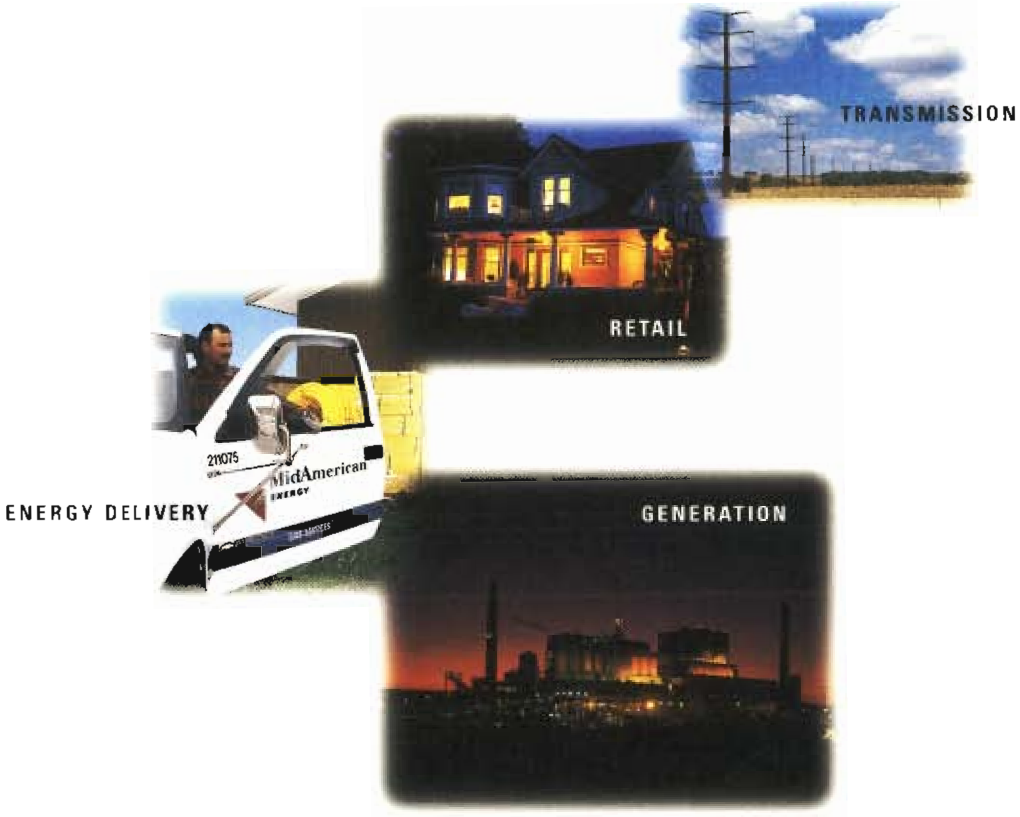
Midwest Capital Group, with assets of $65 million, is the Company's regional economic development arm that makes investments in development projects and works to attract business ventures to the MidAmerican region. Midwest Capital is the developer of the Dakota Dunes project, a planned community development near Sioux City, Iowa. The Company also has investments in sites that are available for economic development projects.

MIDAMERICAN ENERGY COMPANY

MidAmerican Energy Company is Iowa's largest energy company with assets of $3.5 billion and annual revenues of $1.7 billion. MidAmerican provides electric and natural gas service in Iowa, including the major population centers in the state, and in portions of Illinois, Nebraska and South Dakota. For information on MidAmerican Energy Company business units, see panel at right.

The MidAmerican Energy Region

We are strategically located in the middle of the major markets of the Midwest. Our service area is home to many international companies or major divisions of such companies, including ALCOA, John Deere, Gateway 2000, Pioneer Hi-Bred International and The Principal Financial Group.



MidAmerican Energy is building a foundation for competitiveness. By focusing on customer loyalty and shareholder value, we are working to make our vision — to become the leading regional provider of energy and complementary services — a reality.

building a foundation

One of the ways MidAmerican Energy is building a strong foundation is by restructuring its utility operations into four distinct business units, as represented above. Open this flap for more information on the units and MidAmerican's corporate structure. The numbers on the cover of the annual report represent new trading highs that MidAmerican stock reached during 1997. Refer to page one for a graph showing 1997 stock price appreciation.

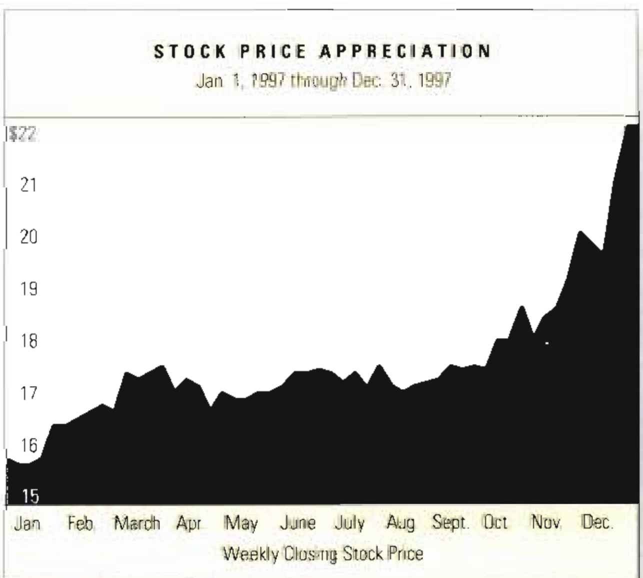
MidAmerican ENERGY

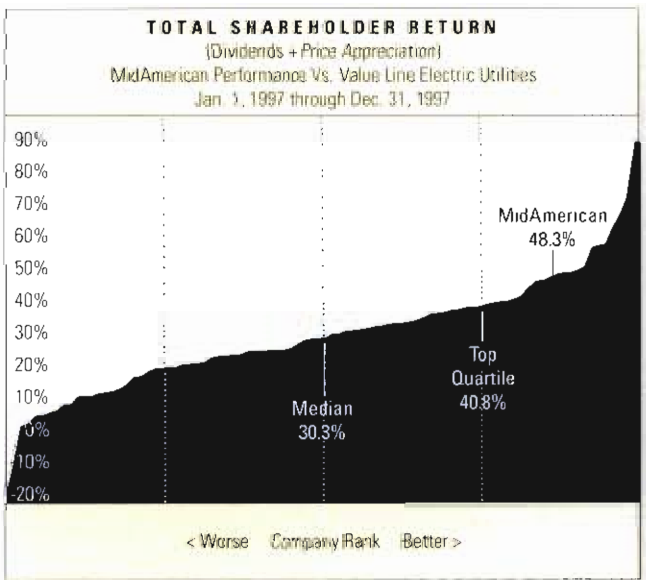
FINANCIAL HIGHLIGHTS

Consolidated Data	1997	1996
Operating revenues (000)	$1,922,281	$1,872,612
Net income (000)	$ 135,104	$ 131,046
Earnings per average common share	$ 1.38	$ 1.30
Average common shares outstanding (000)	98,058	100,752
Cash flows from operating activities (000)	$ 392,245	$ 321,387
Return on average common equity	10.8%	10.6%
Total assets (000)	$4,278,091	$4,521,848

Utility Operations	1997	1996
Operating revenues (000)	$1,662,606	$1,635,761
Electric sales (millions of kWh)	22,653	22,000
Summer peak load (net MW)	3,548	3,537
Natural gas throughput (000 MMBtu)	152,629	155,603
Utility construction expenditures (000)	$ 166,932	$ 154,198

Bond Rating Data	Moody's Investors Service	Standard & Poor's
Mortgage Bonds	A2	AA-
Unsecured Medium-Term Notes	A3	A
Preferred Stocks	a3	A
Commercial Paper	P-1	A-1





Our focus this past year was on building a strong foundation, both financially and operationally, upon which to realize our vision of becoming the leading regional provider of energy and complementary services. To meet the substantial challenges of the future competitive marketplace, we believe it is essential that the necessary elements be in place in order to achieve success in the long term.

Financial Performance

1997 was a year of strong financial performance for MidAmerican Energy. 1997 earnings are $135.1 million or $1.38 per share, compared with $131.0 million or $1.30 per share for 1996, an increase of 6.2 percent in earnings per share. Income from continuing operations for 1997 is $139.3 million or $1.42 per common share, compared with $143.8 million or $1.43 per share for 1996.

The 1997 results were affected by the electric pricing settlements achieved in 1996 and 1997 in Iowa and Illinois. The settlements included provisions for price reductions, which were possible as a result of cost reductions achieved in the 1995 merger that formed MidAmerican. The 1997 earnings also reflect higher utility operating expenses associated with the Company's strategic investments to develop the enhanced marketing and sales and customer service capabilities needed to position the Company for success in competitive markets. These transition costs, and those required to increase the Company's information technology resources, are an essential part of MidAmerican's transformation to become a strong competitor in the years ahead.

MidAmerican's stock price appreciated by 39 percent for the year, from $15.875 on Dec. 31, 1996 to $22 at year-end 1997. We believe a growing understanding of our strategy to become the leading regional provider of energy and complementary services, and the progress we have made in implementing that strategy, have contributed to the improvement.

In concert with our decision to focus on the regional strategy, MidAmerican has divested a number of nonregulated interests that were not aligned with that strategy. During 1997, these divestitures generated approximately $302 million in cash. Most recently, in December the Company completed the sale of UNITRAIN, Inc., a railcar management company, and Cornhusker Railcar Services, Inc., a railcar maintenance and repair shop operator, for a total of $23.1 million. The divestiture process, and the favorable market performance of our investment in McLeodUSA, have provided us with additional financial flexibility. Some of the proceeds from the sale of these nonregulated assets were used to reduce debt and to fund the $200 million share repurchase program announced in March 1997.

Since announcing our share repurchase program, we have acquired 5 million shares of the Company's common stock at a total cost of $89.2 million. The program is expected to be completed by year-end 1998. We believe the share repurchase program continues to be one of the best investments for our available cash. The program contributes to decreases in our dividend outlays and results in improvement in earnings per share and a lower dividend payout ratio.

We achieved top quartile performance in total shareholder return in 1997, as compared to the electric utilities followed by Value Line. Total shareholder return reflects the return earned on the value of the shareholders' investments, combining stock price appreciation and dividends paid. MidAmerican had a total shareholder return of 48.3 percent for 1997, substantially above the median electric utility company total return of 30.3 percent for the year.

Other Highlights

Implementation of new utility business unit structure. Throughout 1997, we worked on the development of a business unit model that is aligned with our expectation that a deregulated competitive market environment will require separation of the various businesses that have comprised our historical vertically integrated gas and electric utility business. Effective Jan. 1, 1998, four business units — energy delivery, transmission, generation and retail — were established as individual profit centers.

Approval of our pricing plan by Iowa regulators. MidAmerican designed this innovative plan and was successful in getting its approval with all essential elements intact. The plan gives MidAmerican unique flexibility in pricing. The plan also allows us the opportunity to earn returns above those that we would be likely to achieve under traditional rate base rate of return regulation to compensate for the added risk the Company is assuming as we move toward competitive market conditions. The plan eliminates the energy adjustment clause in customer billing and moves us toward more uniform electric prices for our residential customers across the state.

Initiating energy efficiency cost recovery. In October, MidAmerican began accelerated recovery of costs associated with the mandated energy efficiency programs that have been provided under legislation enacted in Iowa a number of years ago. These costs will be recovered over the next four years. Timely recovery is important because the costs might otherwise be difficult to recover in a competitive environment.

Passage of Illinois restructuring legislation. MidAmerican took an active role in the development and legislative consideration of the landmark electric industry restructuring bill recently adopted in Illinois. Signed into law in December, the legislation outlines a nine-year transition to full competition. Customers will be given choice in energy suppliers in phases beginning in 1999. MidAmerican was supportive of the bill because it properly addressed our key interests. MidAmerican will continue to take a lead role in shaping the discussion of restructuring in Iowa.

Development of a strong brand name. Activities taking place throughout the Company are coming together under our branding strategy. A new advertising and public relations campaign will be unveiled during the first

Above, Stan Bright, chairman, president and chief executive officer, visits with shareholders prior to an October shareholder meeting in Council Bluffs, Iowa.

MidAmerican Energy has expanded its regional shareholder meeting schedule, last year hosting meetings in Des Moines, Sioux City, Council Bluffs, Davenport and Waterloo, Iowa.

Because MidAmerican believes it is important to keep shareholders informed of the changing energy marketplace and what MidAmerican is doing to prepare, the Company will host meetings in those locations again in 1998, and will add meetings in Cedar Rapids, Iowa, and Minneapolis, Minn.

Shareholder meetings are just one way MidAmerican communicates with shareholders. Quarterly reports, the Company's Web site (http://www.midamerican.com), and our toll-free shareholder service number (1-800-247-5211), are other ways shareholders can get information about MidAmerican Energy.

part of 1998. The goal is to effectively differentiate our company in the marketplace in a way that will appeal to our customers. Our branding effort will reflect the way we think, feel and act as a company. We know that successful brand advertising efforts must be backed by strong performance, and we are committed to meeting this challenge. You will read more about our branding plans in the next few pages.

Strategic Business Objectives

As we look to the future, our efforts in 1998 and beyond will be guided by four strategic business objectives:

- To achieve higher levels of business growth
- To achieve continued cost reductions
- To improve the effectiveness of the management of our external environment
- To complete the transformation of MidAmerican from a regulated company to a strong competitive provider

Growth. We will pursue growth opportunities through the addition of products and services that complement our core utility offerings. Although the focus of our retail organization during the past year has been on the need to secure our existing core business base, the retail business unit has a wide range of product and service ideas at various stages of development, which represent growth opportunities. As an example, our new appliance warranty product, launched in late 1996, already has almost 10,000 customers.

Cost reductions. We are continuing to reduce costs in order to reinvest in customer service improvements. Our investment in a new customer information system is an example of this. The new technologies we are putting in the hands of our field service employees, such as mobile data terminals, which you will read about later in the report, are an additional example.

Management of the external environment. The effective management of our external environment requires that MidAmerican take a strong leadership role in legislative and regulatory activities that impact the Company. Our success in developing and securing approval of our Iowa electric pricing plan demonstrates the value of being proactive. MidAmerican has taken a lead role in designing and building support for a property tax reform proposal that is important to the success of industry restructuring in Iowa. This proposal, which is being discussed by the Iowa legislature, would preserve and stabilize local government and school tax revenues and ensure that out-of-state energy companies that do not own property in Iowa would not have an unfair advantage against the Company in a competitive market situation.

Our management team is committed to the successful transformation of MidAmerican Energy from a regulated utility into a leading customer-driven competitor.

Transformation. Our management team is committed to the successful transformation of MidAmerican Energy from a regulated utility into a leading customer-driven competitor. Recognizing the enormous challenge this transformation presents, senior managers have begun to spend significantly more time with our customers and our employees who are close to customers in order to ensure that we maintain a full awareness of our customers' evolving concerns and needs. They will be assigning a priority to the need to personally communicate with employees about the Company's objectives, why the attainment of those objectives is critical, and what each employee can do to help meet those objectives.

Building Customer Loyalty

As you will read in the next few pages, building stronger customer loyalty is receiving major emphasis at MidAmerican. We believe this effort and the achievement of our business objectives are intertwined. The foregoing strategic business objectives — growth, cost reduction, management of the external environment and transformation — reflect what we are doing to shape what the customer sees. As we succeed in achieving these objectives, the customer will see major improvements in price, service and reliability and will identify with a strong MidAmerican Energy brand. We believe the achievement of our strategic objectives will result in increased customer loyalty and improved returns for our shareholders.

Making it Happen

The changes the energy industry will experience in the next decade will be defining. The changes MidAmerican Energy must make are equally significant. The Company's success in making these changes will be the direct result of our employees' continued strong contributions. I want to recognize our employees for their achievements and their hard work on the Company's behalf during 1997. I deeply appreciate their contributions.

A personal goal of mine for the last year was to improve communications with employees about our mission, our vision and the major challenges we face. I and other members of the senior officer group spent a great deal of time traveling our service area, visiting our facilities and sharing this information with employees. We view this communication effort as a commitment to be met on a continuing basis in 1998 and the years ahead and a key part of the work we need to do to prepare our employees for the new world. Our commitment to developing employees is reflected in the expansion of our new company-wide education and development program. The program provides timely and purposeful learning as we work to transform the way we do business.

Russ Christiansen served as chairman of MidAmerican from the time of the merger that formed the Company on July 1, 1995 until his retirement on May 31, 1997. I was pleased to work closely with Russ from the time we negotiated the merger in mid-1994 until his retirement last year. His many contributions to the merger process and to helping deal with the complex issues that had to be addressed in the new Company's formative stages were much appreciated. Russ continues to serve on the board of directors and as a member of the executive committee of the board.

As we approach the year 2000 and anticipate the competitive market conditions in which our business will be conducted in the 21st century, it is appropriate to take note of the very significant contributions that are being made by the board of directors. The demands on our board continue to increase. Their advice and counsel are welcomed and highly valued.

Stanley J. Bright
Chairman, President and
Chief Executive Officer

STANLEY J. BRIGHT

building shareholder value

building customer loyalty

building a foundation

As we focus on building a foundation to compete successfully in a competitive marketplace, the link between building customer loyalty and building shareholder value becomes increasingly apparent.

The essence of a competitive environment in any industry is customer choice. Our challenge will be to provide customers with compelling reasons to select MidAmerican Energy products and services. We are taking major steps to meet that challenge now.

MidAmerican took a major step on Jan. 1, 1998, by structuring itself into four business units: generation, transmission, energy delivery and retail. Each was established as an individual profit center, charged with contributing to the realization of our vision to become the leading regional provider of energy and complementary services.

Customer loyalty is the essential ingredient in our formula to compete successfully. We define customer loyalty not as a "blind" loyalty, but as a solid confidence in MidAmerican that is earned by our actions. MidAmerican Energy will build that loyalty not by simply meeting customers' expectations, but by exceeding them — time and time again.

In 1997, we asked our customers what characteristics of an energy provider were most important to them. Our research identified key factors that "drive" our customers' loyalty. From these loyalty drivers we determined that it is imperative that our business units perform even better in these four areas:

- Reliability
- Service
- Price/Value
- Brand Identity

... so, what are we doing?

When customers flip a switch, they expect the lights to go on. MidAmerican Energy has an excellent record of providing our customers with that type of service, with reliability in excess of 99.9 percent. Nonetheless, the Company is committed to building on this record — first, by preventing interruptions of service and second, by restoring service as soon as possible when interruptions do occur.

Preventing Electric Outages

To prevent electric outages, MidAmerican is addressing three factors that account for half of the outages we do experience.

Animal Guards. Squirrels may be small, but they and other small animals are a big problem for MidAmerican, accounting for an estimated 24 percent of all outages. The outages occur when animals bridge the gap between transformers and the power lines overhead. These outages, which typically result in the death of the animals when they make contact with the electric equipment, inconvenience customers and result in significant service restoration costs.

MidAmerican Energy enhances the reliability of its electrical system by installing spider-like "critter control" devices atop transformers to prevent outages caused by squirrels and other animals. Here, Line Crew Foreman Larry Palmer installs an animal guard in Des Moines.

To thwart these incidents, last fall MidAmerican line crews began installing a protective metallic guard, with "spider-like" legs. The low-cost device delivers a mild shock to the animals before they contact the power lines and disrupt service. Tests have demonstrated that the guards can prevent up to 90 percent of these types of outages.

Lightning Arrestors. Lightning strikes cause 19 percent of all service disruptions. To address this problem, line crews are installing low-cost lightning arrestors, which protect sensitive electric equipment and maintain service.

Tree Trimming. Trees are also a source of outages (7 percent of the total) through contact with both overhead and underground lines. MidAmerican's major initiative in this area is a tree-trimming program with a three-year cycle. In addition, tree-planting guidelines have been developed and distributed to landscapers, nurseries and homeowners.

Improving Operations Processes

MidAmerican has initiated a review of processes within the energy delivery business unit to identify steps to improve response times during electric outages and at the report of gas leaks.

The electric outage process redesign team developed and is already implementing nearly three dozen action recommendations, including:

- Adding an electric system switching console to reduce switching times and speed outage restoration.
- Using technology to improve access to technical

data for coordinators in our distribution operations center.

▪ Creating a tracking system to identify problem trends in the restoration process and identify opportunities for further improvements.

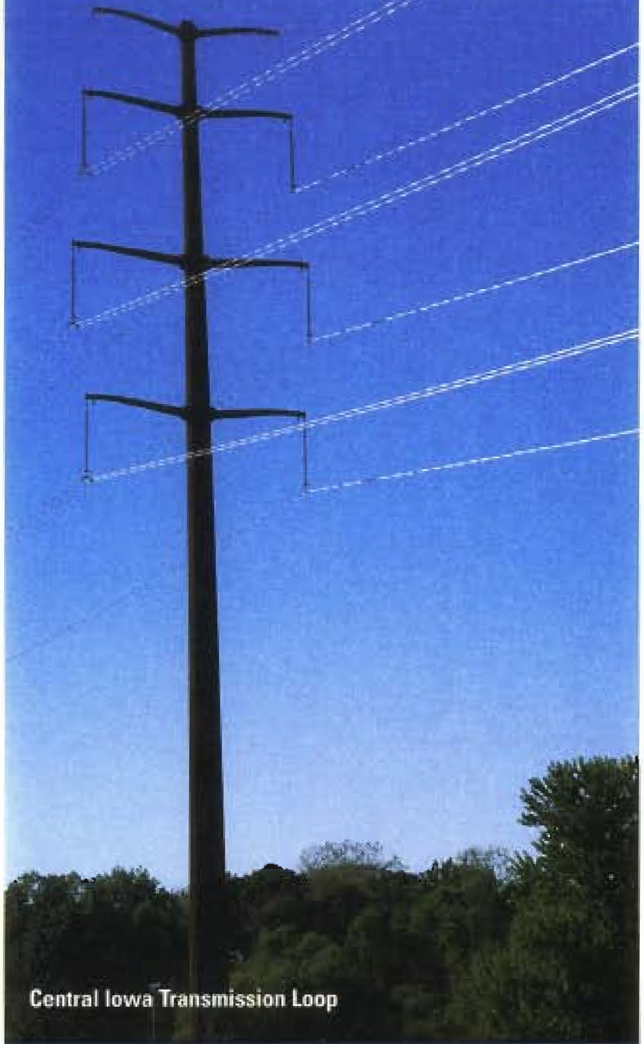
Likewise, the gas leak response team developed a number of recommendations. Here, too, some of the suggestions were quickly translated into action.

▪ Providing pagers and cellular phones to gas servicemen for greater flexibility and speed in responding to emergencies and for direct customer contact.

▪ Making programming changes to ensure flawless system routing for all emergency gas leak orders.

▪ Ensuring consistency in response and quick repair to ruptured gas lines by dispatching both service and distribution trucks simultaneously.

Looking for ways to prevent outages and improve service is an ongoing process. Even so, some service interruptions are unavoidable. Communication is important to maintaining customer loyalty during these infrequent occurrences. MidAmerican has a number of initiatives under way to improve the quality of our communication with customers during periods when outages exist. We see them as a key step to the next imperative.



Central Iowa Transmission Loop

MidAmerican Energy is making significant capital expenditures to improve system reliability. The Company is in the process of building a 345,000-volt transmission line that will circle the Des Moines area. The Central Iowa Transmission Loop will reduce the risk of system failure in the event of a major disruption. This loop will also allow MidAmerican to handle future energy needs in this growing part of Iowa.

To enhance the system's ability to withstand storms and other disruptive events, the new transmission lines are supported by massive steel poles, ranging from 117 to 167 feet in height. The poles are anchored into concrete foundations 27 to 69 feet deep. The project is scheduled to be completed in the fall of 1998.

Service, a natural corollary to reliability, is being taken to new levels at MidAmerican Energy. The Company is making major steps to provide state-of-the-art service to all of its customers.

Customer Call Response

Central to the efforts is the consolidation of our call centers into a single call center in Davenport, Iowa, employing leading-edge telecommunications and computer technology. The new call center will be fully operational by the summer of 1998 and all of the supporting computer technology will be online by the fall of 1998.

MidAmerican has already implemented significant service improvements, as a response to surveys that showed customers wanted better communications from the Company. MidAmerican has hired customer care specialists to get up-to-date information from crews to customer service representatives so that inquiries can be handled faster and more accurately.

For quicker information after regular hours, the Company set up an on-call customer service representative program. When large system outages occur, these representatives are charged with quickly staffing the Davenport center. One of the goals is a 100 percent call-back to customers who have reported outages to let them know when power restoration will occur.

Customer specialists and on-call representatives undergo special training, and MidAmerican's expanded training efforts extend into other service areas as well.

For example, during the first quarter of 1998, the Company is conducting "ambassador" training for all field employees (meter readers, field crew employees and others). Each of these employees is, in effect, an ambassador who can influence customer loyalty.

To serve as an umbrella for all training efforts, the Company has created MidAmerican Learning Systems, a new program that provides training in areas critical to the Company's success and shares best practices throughout the organization.

MidAmerican extends a new service to gas transportation customers with its pioneering Internet site.

Serving Business Customers

To better meet the needs of its general business customers, MidAmerican Energy has introduced a dedicated business service center. Called BusinessAdvantage℠, the service provides a unique toll-free phone number for business customers to call specially trained customer service representatives about their energy needs.

BusinessAdvantage resulted from market research that revealed the need to supply more extensive service to these larger volume customers. The program was announced to general business customers through a communications program with the message, "When your business has an energy need, help is just a call away."

Typical calls involve: answering billing and rate questions, ordering routine service work, providing energy-saving advice and providing information on MidAmerican products and services. The service representatives have a goal of handling 95 percent of the calls themselves, referring customers to the appropriate corporate resource for the remaining 5 percent.

On another front, early last year MidAmerican launched what we believe was the industry's first Internet site through which business customers can arrange for the transportation of natural gas they purchase on the open market. Customers also can monitor their gas shipments and usage, current weather conditions and much more through this interactive site.

Developed internally, this innovative system simplifies the process of monitoring the transportation of natural gas, putting MidAmerican at the forefront of gas transportation service.

MidAmerican also has taken a new approach to economic development. Traditionally, MidAmerican has supported economic development efforts to add to its customer base and improve the vitality of the communities it serves. In 1997, these efforts became more project-oriented, including supporting the development of individual businesses, industries and entrepreneurs. With this new approach, not only does MidAmerican help communities and add customers, but it also builds relationships with businesses for the future.

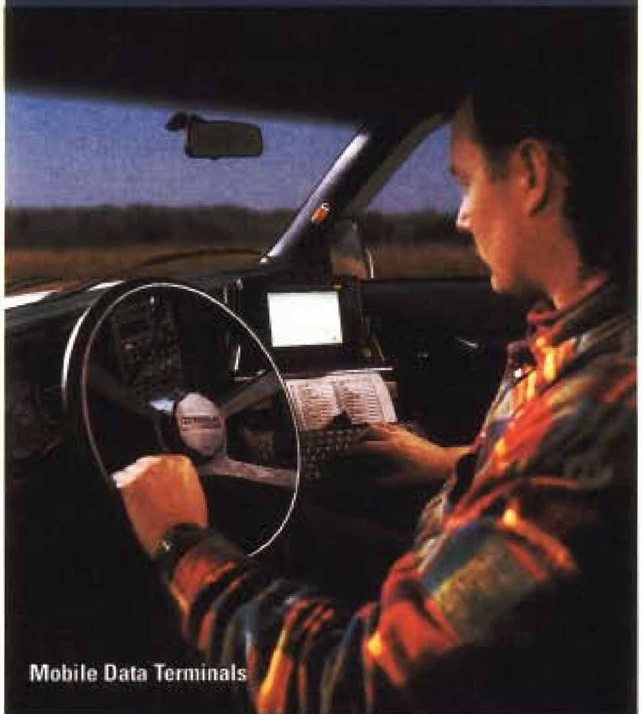
Field Operations Improvements
MidAmerican's commitment to customer service improvement extends to field operations. Integral to this effort are several technology-based applications that will allow field personnel to better and more quickly respond to customer needs.

MidAmerican has placed more than 100 state-of-the-art mobile data terminals in gas department service vehicles and more are on the way. The terminals schedule work, track the progress of jobs and eliminate paper forms (see sidebar).

Until the terminals are installed on a broad-scale basis, MidAmerican Energy is using pagers, cellular phones, laptop computers and hand-held radios in service vehicles to improve response time. Such communications equipment is projected to reduce the total time to respond to customer emergency calls by 1,300 hours annually.

Other field technology improvement projects under way include:

- Automated Information and Mapping System — This system is loaded on laptops and used by field personnel to quickly and accurately locate and identify gas valves, electric system switches, and other facilities.
- Electrical Outage Management System — When complete, this system will track electric outages from the time they are reported through dispatching and restoration.



Mobile Data Terminals

Mobile data terminals (MDT) are portable computers, similar to laptops, mounted in service vehicles between the driver and passenger front seats. The units decrease response time and also provide for more efficient scheduling of work. Above, Kent Wills, gas serviceman, checks on the status of an order.

MDTs communicate with MidAmerican's information systems and replace answering and logging service calls by radio, paper and pen. With a couple of strokes using a touch-screen pen or the keyboard, service technicians can monitor incoming messages, fill out service forms and send all the information back to the mainframe computer in seconds. Because current information is instantly available for call center representatives to access, customers can know the immediate status of any order. Installation of the terminals in the major cities of MidAmerican's service area is scheduled to be completed by the fall of 1998.

Price and value are extremely important to customers and are often the determining factor in selection among competing service providers. MidAmerican Energy is in an enviable position as a low-cost energy provider. Even so, the Company is working to bring down costs even more.

Supply Chain Review

During 1997, the Company initiated a review of its supply chain with the dual purpose of reducing costs and increasing inventory turnover. The numbers involved are significant: MidAmerican's average spending on materials and services, excluding coal, totals nearly $450 million annually, with more than $50 million in inventory at any time in 38 energy delivery locations and four generating facilities.

The study identified several opportunities for improvement. Significant savings are projected by the end of 2001.

More than 35 specific actions to increase efficiency and reduce costs were identified and are now being implemented.

Pricing Initiatives

A number of customer pricing initiatives will also help prepare for the approaching competitive climate.

In June, the Iowa Utilities Board (IUB) closely reviewed and approved an electric pricing settlement that was designed to decrease and stabilize prices for Iowa customers through the year 2000. The settlement encompasses all the major elements of an innovative plan MidAmerican proposed to the IUB in 1996.

Specific elements follow:

- Iowa residential customers received annual price reductions of $23.5 million, including a $5 million reduction to be made on June 1, 1998.
- Half of all earnings between 12 and 14 percent return on equity can be retained by shareholders.
- $10 million is available for Iowa business customers for innovative contracts, pilot programs or base rate reductions by June 1, 1998.
- Elimination of the energy adjustment clause in customer billing. While the elimination of this clause subjects the Company to the impact of any cost increases, it also creates opportunities for MidAmerican to manage these costs and benefit from the savings created.

In connection with the settlement and approval of MidAmerican's pricing plan, the Company also filed with the IUB in 1997 for permission to conduct a pilot competition program for large industrial and commercial electric customers. Within the limits established in the plan proposal, the Market Access Service project will allow these customers to select their electric supplier, with electricity delivered through MidAmerican's system. The program will offer a learning experience for the Company and customers alike on doing business in a competitive energy market.

Although initial participation is limited, it is expected the project will be expanded in the future. The program, which reflects a cooperative effort between MidAmerican Energy and major customers, requires approval by the IUB and the Federal Energy Regulatory Commission (FERC).

MidAmerican's pricing initiative will decrease and stabilize electricity costs for Iowa customers through the year 2000.

Reducing Generation Costs

The generation business unit is on the leading edge of MidAmerican's corporate-wide commitment to reduce costs. Generation is looking to reduce unit costs, or generation costs per megawatt-hour, by 25 percent by 2001.

As discussed earlier, MidAmerican's generation costs are lower than most of its regional competitors. On a national scale, MidAmerican's electric generation production costs ranked eighth lowest among the 100 largest investor-owned utilities, according to the most recent available FERC data. And, a 1997 Utility Data Institute report placed five of MidAmerican's steam generating units among the country's 25 lowest-cost fossil-fueled facilities out of a total of 777 units.

The generation business unit is continuing to look for ways to bring down its unit costs. One innovative step was to construct a 6.25 mile rail line into MidAmerican's Council Bluffs Energy Center. The additional rail route brought competition in rail services to the facility, lowering fuel costs significantly (see sidebar).

Fuel costs represented 74 percent of our generating plants' 1997 production costs. Other avenues to reduce fuel costs are being pursued. For instance, currently about 45 percent of MidAmerican's coal purchases are covered by long-term contracts expiring between 1998 and 2001. Since prices under these contracts are above spot coal prices, additional savings should be achievable. Some contracts have already been successfully renegotiated.

There were environmental developments in 1997 that may have a significant effect on the future of our industry and MidAmerican. First, the Environmental Protection Agency issued new air-quality standards on particulate matter and ozone. While Iowa is better positioned with respect to the combined impact of these standards than states to the east, the standards may impact the emissions at our generating units and will likely affect future market prices for electricity. Second, the global warming summit in Kyoto, Japan resulted in a commitment by the Clinton Administration to reduce emissions attributed with causing global warming — primarily carbon dioxide. We will be carefully watching activities in the environmental area and taking necessary steps to protect the Company's interests.


CBEC Railway

MidAmerican Energy's generation business unit has harnessed the power of competition to drive down fuel transportation costs. In an innovative approach, MidAmerican Energy built a 6.25 mile railroad line, driving in the final spike at Council Bluffs, Iowa, last November.

By creating multiple rail access, the Company has been able to obtain more favorable rail pricing for deliveries of coal to MidAmerican's Council Bluffs Energy Center — easily justifying the investment in the project. The railway also provides a key transportation link for a nearby 460-acre industrial park, enhancing the park's ability to attract major industry.

While reliability, price/value and service are the three operational imperatives that MidAmerican Energy must achieve, a fourth is needed to solidify our position in the market.

Advertising

This imperative is brand identity, which must answer this question: How will MidAmerican differentiate itself from its competition, and how will the Company communicate this difference to customers?

Highly regulated industries usually do not have the same impetus to launch branding campaigns that marketers of soft drinks, coffee, cereal and detergents do. But that, too, is changing. The telecommunications industry, which is ahead of the electric utility industry on the restructuring path, has long been aggressively marketing long-distance and cellular phone services. It is a prime example of how building a strong brand impacts a company's success.

During 1997, MidAmerican placed emphasis on beginning to develop a brand identity that will differentiate the Company in a competitive marketplace.

A series of newspaper ads and television commercials in 1997 focused on reliability and value, since these elements are important to customers. Ads will continue to stress these points in the future; however, MidAmerican believes that exceptional service will ultimately differentiate the Company from other providers. MidAmerican will focus on enhancing its ability to satisfy customer needs better than anyone else in the marketplace.

Our desired brand position can be stated as follows:

MidAmerican listens to its customers to best provide exceptional value in exceeding their expectations for energy and other essential needs.

The Company has distilled this positioning into the following simple overall promise to customers:

We're satisfied only when you are.

MidAmerican extends its brand identity through complementary services such as Extended Service Protection — ESP — an appliance warranty program. Here, a serviceman prepares to check an air conditioning unit.

This promise will be the focal point of a totally integrated marketing communications program that will play an important role in achieving the Company's vision. This initiative will be unveiled in the first part of 1998.

Complementary Services

Since part of MidAmerican's brand identity deals with essential services, the Company took concrete steps in 1997 to offer customers services they would find important and complementary to energy. The initial offerings in the Company's operating territory are appliance warranties and security systems.

MidAmerican began marketing appliance warranties in the Sioux Falls, South Dakota area and has expanded the service to Cedar Rapids, Sioux City, Iowa City, Fort Dodge, Ottumwa and Des Moines, Iowa; and the Quad Cities area of Iowa and Illinois. Response has been solid, with nearly 10,000 warranties in force at the end of 1997. Further expansion is planned during 1998. Participating customers paying a modest monthly fee receive protection against costly and unavoidable appliance repairs. And, they like dealing with a company that they trust.

MidAmerican also has secured a major ownership position in AAA Security, one of the leading providers of home security systems in the Midwest. AAA Security recently expanded into the Quad Cities and Cedar Rapids areas. Its Quad Cities operation was enhanced when

MidAmerican acquired Bettendorf Lock and Security Services, the area's largest lock company.

In December of 1997, MidAmerican extended its reach into this attractive field with the acquisition of Omaha-based A/C Security, one of the fastest-growing security companies in the Midwest. In addition to Omaha, A/C Security also operates in Sioux City, Iowa, and throughout Nebraska and South Dakota. In total, more than 15,000 homes and businesses receive security services through a MidAmerican security operation.

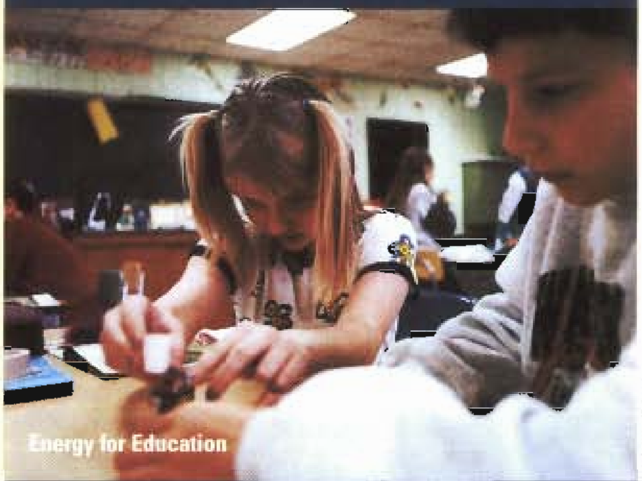
MidAmerican plans to offer other complementary services to capitalize on market needs.

Power of Focus

MidAmerican also is differentiating itself in the investment community as a part of its efforts to build shareholder value. This type of "branding" was initiated in March 1997, as MidAmerican undertook an effort to effectively communicate its vision and strategies to the investment community.

With the theme "Power of Focus," the program was implemented through several venues, including direct mail to 400 key investment professionals, group presentations in major financial markets, and scores of one-on-one meetings with financial analysts and institutional investors throughout the United States.

The "Power of Focus" program was well-received by analysts and institutional investors, with overwhelmingly positive feedback. As the year unfolded, the Company's common stock attracted more attention. MidAmerican's stock price rose 39 percent for the full year. That stock appreciation, plus the dividend yield, allowed the Company to reach its goal of being in the top quartile of returns to shareholders of publicly held utilities. Recognizing the need to continue effective communication with investors, an intensive communications program with investors and the financial media will continue in 1998.



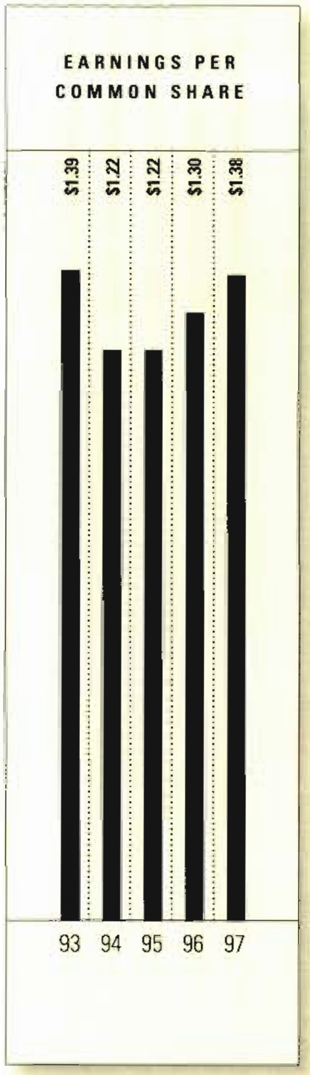
Energy for Education

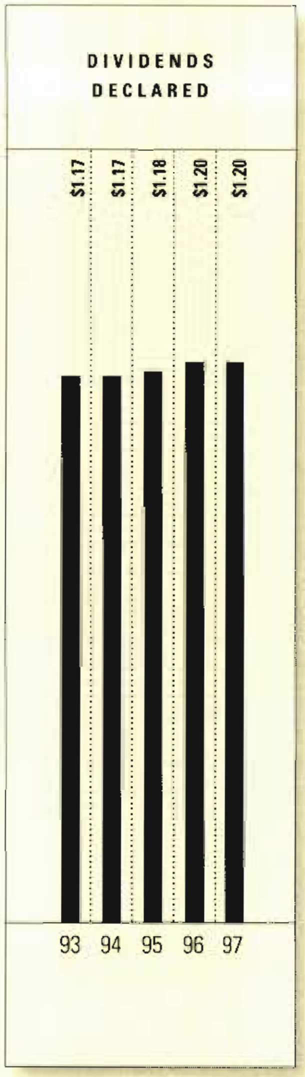
photo: Quad-City Times

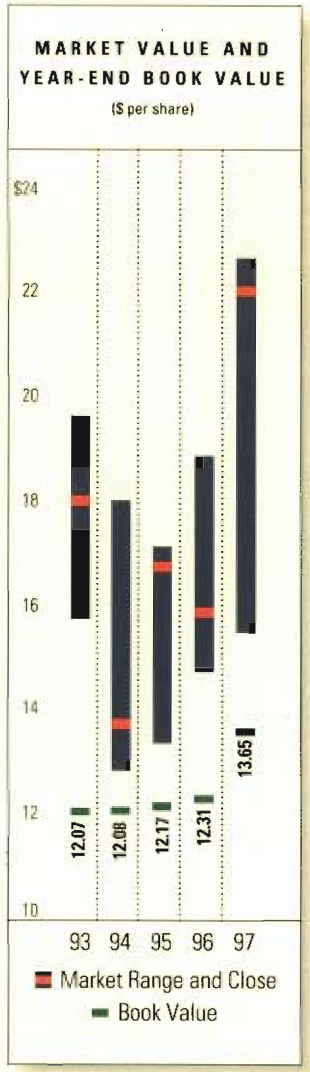
MidAmerican Energy consistently strives to be a good corporate citizen in the communities in which it operates. Reflecting that commitment, during the latter part of 1997 the Company launched a new education program — called Energy for Education — for elementary and secondary schools throughout its service area. Above, school children in the Quad-Cities area learn about energy and safety using materials provided by MidAmerican.

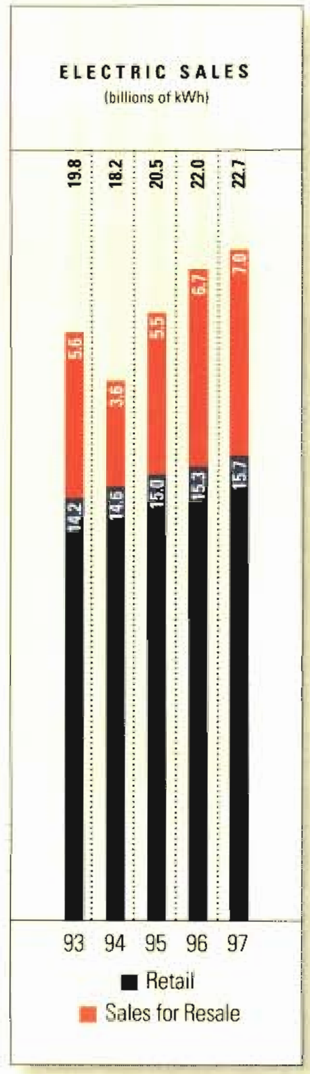
Free programs and information include after-school workshops for teachers on energy. The initial workshop, *It's a Wired World*, provides fourth- through sixth-grade teachers with information about electric currents and electric safety rules through experiments. In addition, sets of natural gas booklets, posters and videos, targeted at various grade levels, are offered free for kindergarten students through high school seniors.

On-site activities are also included. For instance, tours of five of the Company's generating stations are available to students from grades seven and above.







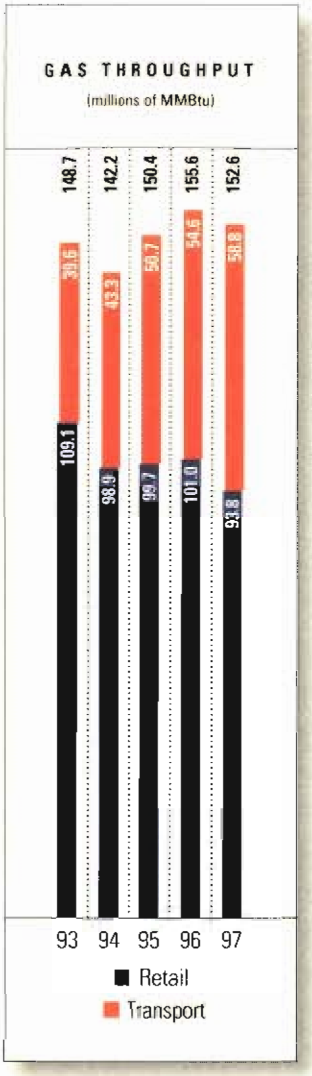


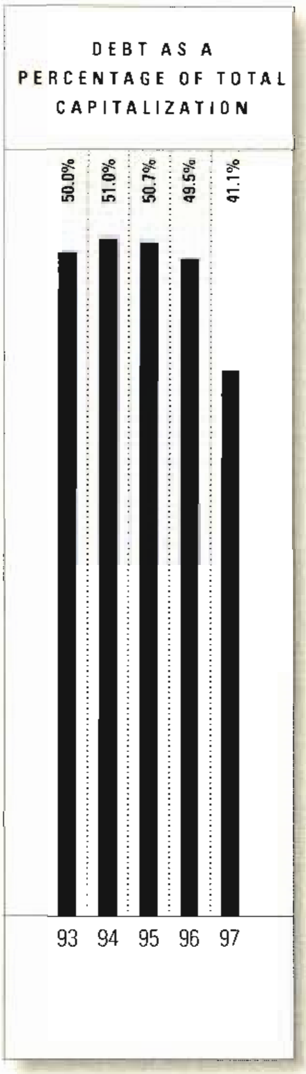
1997 earnings totaled $135.1 million or $1.38 per share. Redeployment of MidAmerican's nonregulated assets contributed to an increase in earnings per share. Utility income was reduced in part due to rate reductions implemented during late 1996 and 1997, and due to increases in operations expenses incurred as the Company continues its strategic initiatives.

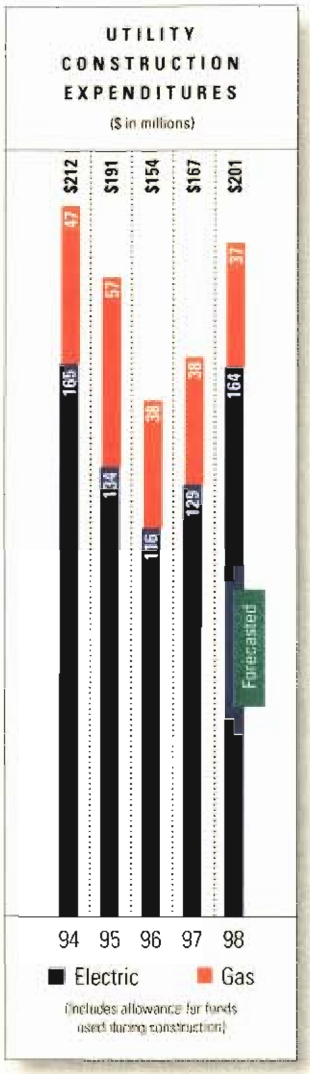
MidAmerican's indicated annual dividend is $1.20. MidAmerican, together with its predecessor companies, has paid a dividend continuously since 1950.

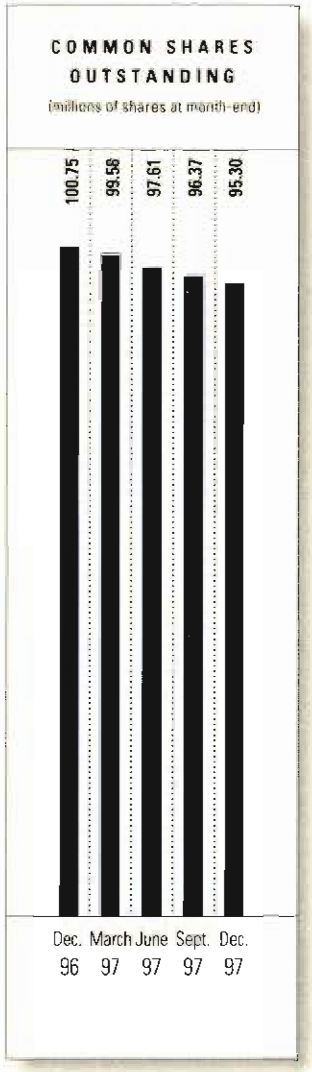
MidAmerican's stock price appreciated by 39 percent during 1997, compared with the Value Line Utilities Index appreciation of 22 percent.

1997 electric retail sales increased 2.6 percent, compared with 1996. Modest customer growth and a more favorable cooling season contributed to the increase.









Retail natural gas sales in 1997 decreased 7.1 percent, compared with 1996 retail sales, due mainly to warmer conditions during the first and fourth quarter heating seasons of 1997.

Two main factors have led to a reduction in MidAmerican's debt ratio compared to prior years. MidAmerican Energy Holdings reduced long-term debt (excluding current portion) by $361 million in 1997. Also, MidAmerican recorded its investment in McLeodUSA, a regional telecommunications provider, at market value resulting in an increase of $138.3 million in common equity.

1997 utility capital expenditures totaled $167 million. The increase in expenditures from 1996 is due to the significant capital investments MidAmerican is making to employ state-of-the-art information and communications technologies. We believe these technologies will be critical to our ability to be competitive in the future.

Since announcing a share repurchase program in March 1997, MidAmerican has reacquired roughly 5 million shares, or 5 percent of its outstanding common stock. Reacquired shares are retired, benefiting shareholders by increasing earnings per share and reducing dividend costs, while maintaining the indicated annual dividend.

The condensed financial statements presented in this summary annual report are derived from the audited financial statements of the Company. A copy of the Company's consolidated financial statements with the report of the independent accountants is included in Appendix A in the 1998 Proxy Statement. Forward-looking statements contained in this Summary Annual Report are qualified by the cautionary language included in Appendix A in the 1998 Proxy Statement. The following discussion is an overview of the more significant items in 1997 and prior years.

1997 Earnings

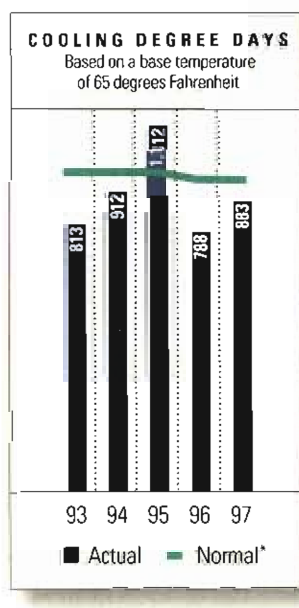
Earnings per share for 1997 totaled $1.38. The 8 cent increase over the $1.30 per share reported for 1996 was due primarily to continued redeployment of our nonregulated business investments. In 1997, the Company's nonregulated subsidiaries contributed 20 cents per share to continuing operations, an increase of 31 cents per share compared to 1996. As discussed below, the 1996 earnings of nonregulated subsidiaries included write-downs of certain energy-related investments which reduced earnings for that year. Utility earnings decreased in 1997 due in part to electric price reductions implemented in 1996 and 1997. Additionally, utility operating expenses increased as we continued strategic realignment of the Company and focused on preparing for a competitive environment.

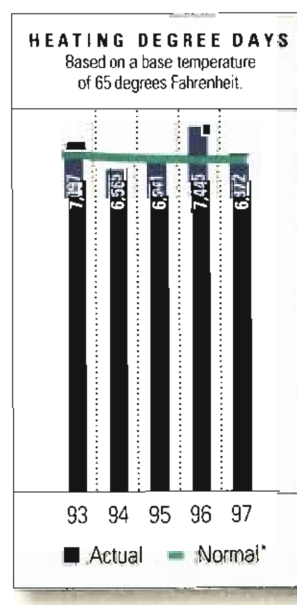
In 1997, the Company sold assets of its railcar leasing and repair businesses, recognizing an after-tax gain of 6 cents per share. An additional gain of 5 cents per share resulted from the sale of a portion of the Company's investment in the common stock of McLeodUSA Incorporated. The transfer of shares of McLeodUSA stock to the Company's tax exempt foundation contributed 3 cents per share to 1997 earnings. Also, the Company used a portion of the cash proceeds from the January 1997 sale of its oil and gas exploration and development business to retire long-term debt, significantly reducing interest costs for the nonregulated subsidiaries.

Reductions in MidAmerican's prices for basic electric services reduced earnings per share by approximately 7 cents compared to 1996. As a result of a negotiated settlement in Illinois, MidAmerican reduced its Illinois electric service prices by $13.1 million annually on November 3, 1996, and $2.4 million annually on June 1, 1997. Also in June 1997, the Iowa Utilities Board (IUB) approved a settlement agreement regarding MidAmerican's Iowa electric service prices. Accordingly, prices for Iowa residential customers were reduced by $8.5 million annually beginning November 1, 1996, and $10 million annually effective July 11, 1997. Residential prices will be reduced an additional $5 million annually beginning June 1, 1998. Prices for commercial and industrial customers will be reduced $10 million annually by June 1, 1998, in part through pilot projects and negotiated price reductions.

Modest customer growth and a hotter summer in 1997 than in 1996 (though cooler than normal) resulted in a 3 percent increase in electric retail sales. The number of natural gas customers also increased in 1997; however, the impact of milder heating seasons in 1997 than in 1996 resulted in a 7 percent decrease in retail sales of natural gas. Overall, the impact of customer growth and weather increased 1997 earnings by 5 cents per share compared to 1996.

Beginning September 29, 1997, revenues included an increase for additional recovery of costs related to the Company's energy efficiency programs. On that date, the IUB issued an order allowing MidAmerican to begin collecting all remaining energy efficiency costs related to prior years as well as the ongoing costs of those programs. Based on the current level of such costs, MidAmerican will collect approximately $49 million annually in additional revenues over the





* Normal changes once each decade and when service territory changes.

four-year period that began September 29, 1997. During that same period, other operating expenses will include an additional $42 million annually as the related costs are charged to expense.

Continued restructuring of the Company in preparation for a competitive utility industry has resulted in additional costs. MidAmerican has increased its emphasis in marketing-related efforts, as well as customer service operations, resulting in increases in consulting costs, advertising and other related expenses. Utility operating expenses for 1997 also reflect costs for the partial-year effect of the increase in energy efficiency expenses. The Company incurred $2 million in maintenance expenses related to a damaging snowstorm that hit the service territory in October 1997.

In September 1997, MidAmerican received a $15 million cash payment from Nebraska Public Power District (NPPD) as settlement for a lawsuit filed by MidAmerican against NPPD. Approximately $12 million was refunded to MidAmerican's customers. The remaining amount was retained by MidAmerican for recovery of litigation costs incurred in 1997 and prior years.

As in 1996, MidAmerican received awards for successful performance under its incentive gas procurement program. The awards contributed 3 cents per share to 1997 earnings.

Discontinued operations for 1997 include an additional loss for the sale of a subsidiary which developed and operated a computerized information system for real-time exchange of power in the electric industry. The Company disposed of the investment in October 1997. Discontinued operations reduced 1997 earnings by 4 cents per share.

1996 Earnings

The Company's earnings per share were $1.30 for 1996, an improvement of 8 cents from the $1.22 reported for 1995. Income from continuing operations for 1996 increased 24 cents per share to $1.43. The increase in earnings reflects the realization in 1996 of savings from the merger that created MidAmerican, as well as the absence of the costs which were incurred in 1995 to complete the merger and achieve the savings.

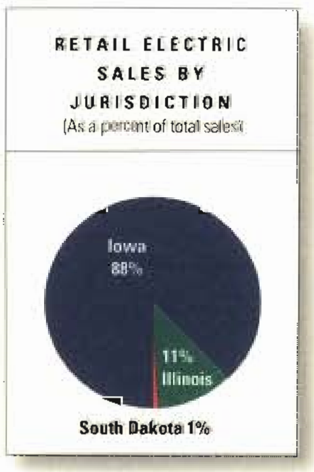
Electric retail sales in 1996 increased approximately 2 percent compared to 1995 sales. Modest customer growth, a favorable heating season and an increase in sales that are less dependent on weather all contributed to the improvement. The impact of these factors was partially offset by the effect of cooler-than-normal weather conditions during the summer of 1996.

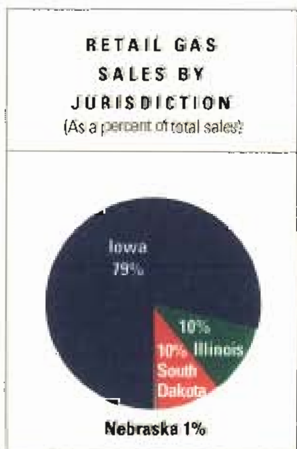
Retail sales of natural gas in 1996 improved approximately 3 percent compared to 1995 due to a colder-than-normal heating season and customer growth. Compared to normal, the net effect of weather on electric and gas sales reduced 1996 earnings by an estimated 4 cents per share.

Earnings for 1996 were also influenced by changes in electric and gas prices during 1996 and 1995. Electric and gas sales in 1996 reflect a full-year's effect of increases implemented in mid-1995. The benefit of these increases was offset by the price reductions in the last half of 1996.

The Company's gas utility operations sold certain storage gas supplies for a gain in 1996 and also received an award for success achieved under the Company's incentive gas procurement program. Together these transactions added 3 cents per share to 1996 earnings.

In August 1996, the Company proposed a merger with IES Industries Inc. (IES). The Company discontinued its attempt to merge with IES after the IES board of directors and holders of a majority of IES common stock rejected the proposal in favor of a pending merger with two other utility companies. Costs incurred in the effort reduced 1996 earnings by 5 cents per share.





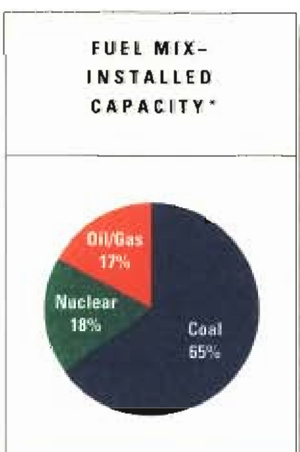
During 1996, the Company redeployed certain of its nonregulated investments as part of its strategy of becoming the leading regional provider of energy and complementary services. The Company decided to sell several subsidiaries that were not meeting earnings expectations or that no longer aligned with the Company's objectives. The Company's financial statements reflect these operations as discontinued.

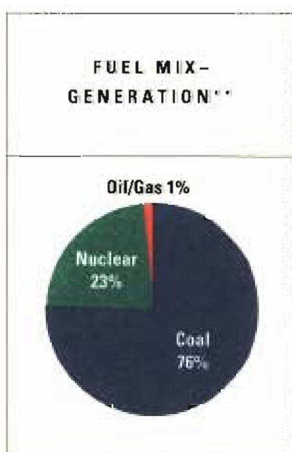
In December, the Company sold a portion of its nonregulated operations to KCS Energy Inc. for warrants to purchase KCS common stock and $210 million in cash. The sale, which was completed in January 1997, included the oil and gas exploration and development operations of the Company. The Company's 1996 earnings reflect a loss of 7 cents per share for the transaction.

In addition, the Company recorded in 1996 an anticipated loss of 4 cents per share for disposal of the computerized information system subsidiary sold in October 1997.

In October 1996, the Company received $15.3 million in cash as final settlement for the sale of a former coal mining subsidiary reflected as discontinued operations in 1982 by one of the Company's predecessors. The final settlement included reacquisition by the buyer of its preferred equity issued to the Company and settlement of reclamation reserves. The Company's 1996 earnings reflect a loss of 3 cents per share.

Further evaluation of nonregulated investments resulted in write-downs of certain assets, primarily alternative energy projects. These write-downs, totaling $15.6 million before taxes, reduced earnings by 9 cents per share.





*Nuclear includes a jointly owned plant and output purchased under a long-term power purchase contract from another facility. Coal and Oil/Gas are owned or jointly owned facilities.
**As a percent of 1997 generation

1995 Earnings

Earnings for 1995 totaled $1.22 per share. Temperatures in the summer were hotter than normal, which resulted in higher retail sales of electricity and a positive impact on earnings of approximately 15 cents per share. The benefit of this increase was offset by costs related to the Company's 1995 merger.

During 1995, the Company incurred merger-related costs which reduced 1995 earnings by 24 cents per share. Other operating expenses for 1995 include $33.4 million for costs of a restructuring plan that included a work force reduction. Costs to complete the merger totaled $4.6 million and are included in Other, Net in the Consolidated Statements of Income.

Write-downs of certain investments of the nonregulated subsidiaries reduced 1995 earnings by approximately 10 cents per share. The investments were primarily alternative energy projects. Earnings for 1995 also reflect 5 cents per share for gains on the sales of a partnership interest in a gas marketing organization and a telecommunications subsidiary. The pretax amount of the write-downs ($18.0 million) and the gains on sales ($8.5 million) are included in Other, Net in the Consolidated Statements of Income.

Common Stock Dividends and Prices

	Dividends Declared	*Price Range*		
		High	*Low*	*Close*
1997				
4th Quarter	$ 0.30	$ 22 5/8	$ 17	$ 22
3rd Quarter	0.30	17 5/8	16 5/16	17 1/4
2nd Quarter	0.30	17 7/16	16 3/8	17 5/16
1st Quarter	0.30	17 7/8	15 1/2	17 1/8
1996				
4th Quarter	$ 0.30	$ 16 1/4	$ 14 3/4	$ 15 7/8
3rd Quarter	0.30	17 3/4	15 3/8	15 7/8
2nd Quarter	0.30	17 7/8	16 1/4	17 1/4
1st Quarter	0.30	18 7/8	16 1/4	17 7/8

(In thousands, except per share amounts) *Years Ended December 31*	**1997**	*1996*	*1995*
Operating Revenues			
Electric utility	**$1,126,300**	$1,099,008	$1,094,647
Gas utility	**536,306**	536,753	459,588
Nonregulated	**259,675**	236,851	95,106
	1,922,281	1,872,612	1,649,341
Operating Expenses			
Utility:			
Cost of fuel, energy and capacity	**235,760**	234,317	230,261
Cost of gas sold	**346,016**	345,014	279,025
Other operating expenses	**429,794**	350,174	399,648
Maintenance	**98,090**	88,621	85,363
Depreciation and amortization	**170,540**	164,592	158,950
Property and other taxes	**101,317**	92,630	96,350
	1,381,517	1,275,348	1,249,597
Nonregulated:			
Cost of sales	**240,182**	218,256	70,209
Other	**30,076**	35,370	37,181
	270,258	253,626	107,390
Total operating expenses	**1,651,775**	1,528,974	1,356,987
Operating Income	**270,506**	343,638	292,354
Non-Operating Income			
Interest income	**5,318**	4,012	4,485
Dividend income	**13,792**	16,985	16,954
Realized gains and losses on securities, net	**7,798**	1,895	688
Other, net	**22,111**	(4,020)	(10,467)
	49,019	18,872	11,660
Fixed Charges			
Interest on long-term debt	**89,898**	102,909	105,550
Other interest expense	**10,034**	10,941	9,449
Preferred dividends of subsidiaries	**14,468**	10,689	8,059
Allowance for borrowed funds	**(2,597)**	(4,212)	(5,552)
	111,803	120,327	117,506
Income From Continuing Operations Before Income Taxes	**207,722**	242,183	186,508
Income Taxes	**68,390**	98,422	66,803
Income From Continuing Operations	**139,332**	143,761	119,705
Discontinued Operations			
Income (loss) from operations (net of income taxes)	**(118)**	2,117	3,059
Loss on disposal (net of income taxes)	**(4,110)**	(14,832)	–
	(4,228)	(12,715)	3,059
Net Income	**$ 135,104**	$ 131,046	$ 122,764
Average Common Shares Outstanding	**98,058**	100,752	100,401
Earnings Per Common Share			
Continuing operations	**$ 1.42**	$ 1.43	$ 1.19
Discontinued operations	**(0.04)**	(0.13)	0.03
	$ 1.38	$ 1.30	$ 1.22
Dividends Declared Per Share	**$ 1.20**	$ 1.20	$ 1.18

(In thousands) As of December 31	1997	1996
ASSETS		
Utility Plant		
Electric	**$4,084,920**	$4,010,847
Gas	**756,874**	723,491
	4,841,794	4,734,338
Less accumulated depreciation and amortization	**2,275,099**	2,153,058
	2,566,695	2,581,280
Construction work in progress	**55,418**	49,305
	2,622,113	2,630,585
Power Purchase Contract	**173,107**	190,897
Investment in Discontinued Operations	**–**	166,320
Current Assets		
Cash and cash equivalents	**10,468**	97,749
Receivables	**207,471**	312,015
Inventories	**86,091**	90,864
Other	**18,452**	11,031
	322,482	511,659
Investments	**799,524**	622,972
Other Assets	**360,865**	399,415
Total Assets	**$4,278,091**	$4,521,848

CAPITALIZATION AND LIABILITIES		
Capitalization		
Common shareholders' equity	**$1,301,286**	$1,239,946
Preferred securities	**181,763**	181,769
Long-term debt (excluding current portion)	**1,034,211**	1,395,103
	2,517,260	2,816,818
Current Liabilities		
Notes payable	**138,054**	161,990
Current portion of long-term debt	**144,558**	79,598
Current portion of power purchase contract	**14,361**	13,718
Accounts payable	**145,855**	169,806
Taxes accrued	**92,629**	82,254
Interest accrued	**22,355**	28,513
Other	**38,766**	22,830
	596,578	558,709
Other Liabilities		
Power purchase contract	**83,143**	97,504
Deferred income taxes	**761,795**	722,300
Investment tax credit	**83,127**	88,842
Other	**236,188**	237,675
	1,164,253	1,146,321
Total Capitalization and Liabilities	**$4,278,091**	$4,521,848

(In thousands) *Years Ended December 31*	*1997*	*1996*	*1995*
Net Cash Flows From Operating Activities			
Net income	**$ 135,104**	$ 131,046	$ 122,764
Adjustments to reconcile net income to net cash provided:			
Depreciation and amortization	**197,454**	190,511	181,636
Net increase (decrease) in deferred income taxes and investment tax credit, net	**(71,191)**	(7,894)	(961)
Amortization of other assets	**33,761**	20,541	19,630
Cash proceeds from accounts receivable sale	**70,000**	–	–
Capitalized cost of real estate sold	**1,859**	3,568	1,744
Loss (income) from discontinued operations	**4,228**	12,715	(3,059)
Gain on sale of securities, assets and other investments	**(9,996)**	(10,132)	(1,050)
Other-than-temporary decline in value of investments	**3,795**	15,566	17,971
Impact of changes in working capital, net of effects from discontinued operations	**28,098**	(53,752)	(21,024)
Other	**(867)**	19,218	19,369
Net cash provided	**392,245**	321,387	337,020
Net Cash Flows From Investing Activities			
Utility construction expenditures	**(166,932)**	(154,198)	(190,771)
Quad Cities Nuclear Power Station decommissioning trust fund	**(9,819)**	(8,607)	(8,636)
Deferred energy efficiency expenditures	**(12,258)**	(20,390)	(35,841)
Nonregulated capital expenditures	**(14,066)**	(55,788)	(12,881)
Purchase of securities	**(159,770)**	(198,947)	(164,521)
Proceeds from sale of securities	**180,890**	243,290	94,493
Proceeds from sale of assets and other investments	**57,433**	33,285	34,263
Investment in discontinued operations	**181,321**	(5,984)	(9,752)
Other investing activities, net	**(1,360)**	8,308	6,946
Net cash provided (used)	**55,439**	(159,031)	(286,700)
Net Cash Flows From Financing Activities			
Common dividends paid	**(117,605)**	(120,770)	(118,828)
Issuance of long-term debt, net of issuance cost	**–**	99,500	12,750
Retirement of long-term debt, including reacquisition cost	**(122,300)**	(136,616)	(110,351)
Reacquisition of preferred shares	**(6)**	(58,176)	(10)
Reacquisition of common shares	**(96,618)**	–	–
Issuance of preferred shares, net of issuance cost	**–**	96,850	–
Increase (decrease) in MidAmerican Capital Company unsecured revolving credit facility	**(174,500)**	44,500	95,000
Issuance of common shares	**–**	–	15,083
Net increase (decrease) in notes payable	**(23,936)**	(22,810)	60,300
Net cash used	**(534,965)**	(97,522)	(46,056)
Net Increase (Decrease) in Cash and Cash Equivalents	**(87,281)**	64,834	4,264
Cash and Cash Equivalents at Beginning of Year	**97,749**	32,915	28,651
Cash and Cash Equivalents at End of Year	**$ 10,468**	$ 97,749	$ 32,915
Additional Cash Flow Information:			
Interest paid, net of amounts capitalized	**$ 96,805**	$ 107,179	$ 116,843
Income taxes paid	**$ 130,521**	$ 85,894	$ 69,319

Report of Independent Accountants

To the Shareholders of MidAmerican Energy
Holdings Company:

We have audited, in accordance with generally accepted auditing standards, the consolidated balance sheets and statements of capitalization of MidAmerican Energy Holdings Company and subsidiaries as of December 31, 1997 and 1996, and the related consolidated statements of income, retained earnings, and cash flows for each of the three years in the period ended December 31, 1997, appearing in Appendix A to the proxy statement for the 1998 Annual Meeting of Shareholders of MidAmerican Energy Holdings Company (not presented herein). In our report dated January 23, 1998, also appearing in that proxy statement, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

Coopers & Lybrand L.L.P.

Coopers & Lybrand L.L.P.
Kansas City, Missouri
January 23, 1998

Report of Management

Management is responsible for the preparation of all information contained in this summary annual report, including the condensed financial statements. The statements and related financial information have been prepared in conformity with generally accepted accounting principles. In the opinion of management, the financial position, results of operation and cash flows of the Company are reflected fairly in the condensed statements. The consolidated financial statements, from which the information contained herein was derived, have been audited by the Company's independent public accountants, Coopers & Lybrand L.L.P.

The Company maintains a system of internal controls which is designed to provide reasonable assurance, on a cost-effective basis, that transactions are executed in accordance with management's authorization, the financial statements are reliable and the Company's assets are properly accounted for and safeguarded. The Company's internal auditors continually evaluate and test the system of internal controls and actions are taken when opportunities for improvement are identified. Management believes that the system of internal controls is effective.

The Audit Committee of the Board of Directors, the members of which are directors who are not employees of the Company, meets regularly with management, the internal auditors and Coopers & Lybrand L.L.P. to discuss accounting, auditing, internal control and financial reporting matters. The Company's independent public accountants are appointed annually by the Board of Directors on recommendation of the Audit Committee. The internal auditors and Coopers & Lybrand L.L.P. each have full access to the Audit Committee, without management representatives present.

Stanley J. Bright
Chairman, President and
Chief Executive Officer

Alan L. Wells
Senior Vice President–
Finance and Chief
Financial Officer

Years Ended December 31	*1997*	*1996*	*1995*	*1994*	*1993*
Revenues (In thousands)					
Residential	**$ 417,845**	$ 415,954	$ 434,105	$ 400,346	$ 386,047
Small general service	**246,927**	237,466	252,427	253,703	242,205
Large general service	**249,444**	241,172	219,075	204,481	193,616
Other sales	**62,261**	60,476	60,160	57,731	56,198
Sales for resale	**124,741**	121,452	105,472	84,260	104,461
Total from electric sales	**1,101,218**	1,076,520	1,071,239	1,000,521	982,527
Other electric revenue	**25,082**	22,488	23,408	21,139	20,443
	$ 1,126,300	$ 1,099,008	$ 1,094,647	$ 1,021,660	$ 1,002,970
Sales (KWh in thousands)					
Residential	**4,740,688**	4,652,031	4,767,608	4,500,265	4,475,883
Small general service	**3,725,873**	3,565,459	3,920,792	4,062,993	3,937,360
Large general service	**6,204,087**	6,067,325	5,351,933	5,091,685	4,851,493
Other	**995,295**	988,022	957,463	938,620	930,117
Sales for resale	**6,987,268**	6,727,326	5,509,161	3,605,092	5,566,208
	22,653,211	22,000,163	20,506,957	18,198,655	19,761,061
Revenues From Sales as a % of Total					
Residential	**37.9**	38.6	40.5	40.0	39.3
Small general service	**22.4**	22.1	23.6	25.4	24.7
Large general service	**22.7**	22.4	20.5	20.4	19.7
Other	**5.7**	5.6	5.6	5.8	5.7
Sales for resale	**11.3**	11.3	9.8	8.4	10.6
	100.0	100.0	100.0	100.0	100.0
Sales as a % of Total					
Residential	**20.9**	21.1	23.2	24.7	22.7
Small general service	**16.5**	16.2	19.1	22.3	19.9
Large general service	**27.4**	27.6	26.1	28.0	24.5
Other	**4.4**	4.5	4.7	5.2	4.7
Sales for resale	**30.8**	30.6	26.9	19.8	28.2
	100.0	100.0	100.0	100.0	100.0
Retail Electric Sales by Jurisdiction (%)					
Iowa	**88.6**	88.7	88.4	88.6	88.7
Illinois	**10.7**	10.6	11.0	10.9	10.9
South Dakota	**0.7**	0.7	0.6	0.5	0.4
	100.0	100.0	100.0	100.0	100.0
Customers (End of year)					
Residential	**563,189**	557,637	551,384	548,106	541,220
Small general service	**73,488**	73,022	72,616	69,905	68,829
Large general service	**1,000**	982	945	743	744
Other	**10,047**	9,937	9,744	9,518	9,572
Sales for resale	**47**	55	55	59	63
	647,771	641,633	634,744	628,331	620,428
Annual Average Per Residential Customer					
Revenue per kWh (Cents)	**8.81**	8.94	9.11	8.90	8.62
KWh sales	**8,463**	8,392	8,670	8,265	8,310
Cooling Degree Days					
Actual	**883**	788	1,112	912	813
Percent warmer (colder) than normal	**(7.5)**	(17.5)	14.1	(6.5)	(16.4)
Electric Peak Demand (Net MW)	**3,548**	3,537	3,553	3,226	3,284
Summer Net Accredited Capability (MW)	**4,293**	4,301	4,311	4,145	4,072

Years Ended December 31	1997	1996	1995	1994	1993
Revenues (In thousands)					
Residential	**$339,924**	$338,605	$279,819	$287,171	$319,359
Small general service	**152,661**	153,616	128,501	142,894	150,913
Large general service	**15,201**	17,670	23,280	36,729	37,761
Sales for resale and other	**2,914**	2,050	5,303	5,514	10,376
Total revenue from gas sales	**510,700**	511,941	436,903	472,308	518,409
Gas transported	**20,443**	20,155	16,677	12,842	13,457
Other gas revenues	**5,163**	4,657	6,008	6,865	7,123
	$536,306	$536,753	$459,588	$492,015	$538,989
Throughput (MMBtu in thousands)					
Sales					
Residential	**57,039**	61,732	57,153	54,732	60,612
Small general service	**31,066**	33,642	32,786	32,677	34,504
Large general service	**3,920**	4,634	6,222	8,253	9,681
Sales for resale and other	**1,800**	977	3,582	3,231	4,305
Total sales	**93,825**	100,985	99,743	98,893	109,102
Gas transported	**58,804**	54,618	50,695	43,293	39,570
	152,629	155,603	150,438	142,186	148,672
Revenues From Throughput as a % of Total					
Residential	**64.0**	63.6	61.7	59.2	60.0
Small general service	**28.7**	28.9	28.3	29.4	28.4
Large general service	**2.9**	3.3	5.1	7.6	7.1
Sales for resale and other	**0.5**	0.4	1.2	1.1	2.0
Gas transported	**3.9**	3.8	3.7	2.7	2.5
	100.0	100.0	100.0	100.0	100.0
Sales as a % of Total (Excludes gas transported)					
Residential	**60.8**	61.1	57.3	55.3	55.6
Small general service	**33.1**	33.3	32.9	33.0	31.6
Large general service	**4.2**	4.6	6.2	8.4	8.9
Sales for resale and other	**1.9**	1.0	3.6	3.3	3.9
	100.0	100.0	100.0	100.0	100.0
Retail Gas Sales by Jurisdiction (%)					
Iowa	**79.1**	78.0	77.1	76.6	74.5
Illinois	**10.4**	11.0	11.6	11.9	11.4
South Dakota	**9.8**	10.3	10.6	10.8	5.4
Other	**0.7**	0.7	0.7	0.7	8.7
	100.0	100.0	100.0	100.0	100.0
Customers (End of year)					
Residential	**558,501**	550,786	541,732	535,301	526,863
Small general service	**58,739**	58,059	57,207	55,855	54,972
Large general service	**767**	821	830	876	868
Gas transported and other	**569**	504	1,128	171	128
	618,576	610,170	600,897	592,203	582,831
Annual Averages Per Residential Customer					
Revenue per MMBtu	**$ 5.96**	$ 5.49	$ 4.90	$ 5.25	$ 5.27
MMBtu sales	**103**	113	106	103	111
Heating Degree Days					
Actual	**6,872**	7,445	6,841	6,565	7,097
Percent colder (warmer) than normal	**1.6**	10.1	0.9	(3.5)	3.2
Cost per MMBtu	**$ 3.69**	$ 3.42	$ 2.80	$ 3.30	$ 3.36

Years Ended December 31	**1997**	*1996*	*1995*	*1994*	*1993*
Earnings Statistics					
Earnings per average common share					
Continuing operations:					
Utility operations	**$ 1.22**	$ 1.54	$ 1.24	$ 1.12	$ 1.29
Nonregulated activities	**0.20**	(0.11)	(0.05)	0.13	0.09
Discontinued operations	**(0.04)**	(0.13)	0.03	(0.03)	0.01
	$ 1.38	$ 1.30	$ 1.22	$ 1.22	$ 1.39
Average shares of common stock outstanding (In thousands)	**98,058**	100,752	100,401	98,531	97,762
Return on average common equity (%)	**10.8**	10.6	10.1	10.1	11.6
Cash dividends declared per common share	**$ 1.20**	$ 1.20	$ 1.18	$ 1.17	$ 1.17
Common dividend payout ratio (%)	**87**	92	97	96	84
Ratio of earnings to fixed charges					
Holdings	**3.0**	3.2	2.8	2.8	2.8
MidAmerican	**3.1**	4.1	3.4	3.3	3.4
Ratio of earnings to fixed charges and Cooper Nuclear Station debt service					
Holdings	**2.9**	3.1	2.7	2.7	2.8
MidAmerican	**3.0**	4.0	3.3	3.2	3.3
Quarterly earnings per average common share outstanding					
1st quarter	**$ 0.34**	$ 0.51	$ 0.35	$ 0.45	$ 0.44
2nd quarter	**0.25**	0.29	0.25	0.22	0.22
3rd quarter	**0.48**	0.22	0.36	0.36	0.52
4th quarter	**0.31**	0.28	0.27	0.19	0.20
Balance Sheet Statistics					
Total assets (In millions)	**$ 4,278**	$ 4,522	$ 4,470	$ 4,389	$ 4,352
Capitalization (In millions)					
Common shareholders' equity	**$ 1,301**	$ 1,240	$ 1,226	$ 1,204	$ 1,181
Preferred shares, not subject to mandatory redemption	**32**	32	90	90	110
Preferred shares, subject to mandatory redemption	**150**	150	50	50	50
Long-term debt (excluding current portion)	**1,034**	1,395	1,403	1,398	1,341
Capitalization ratios (%)					
Common shareholders' equity	**51.7**	44.0	44.3	43.9	44.0
Preferred shares, not subject to mandatory redemption	**1.2**	1.1	3.2	3.3	4.1
Preferred shares, subject to mandatory redemption	**6.0**	5.4	1.8	1.8	1.9
Long-term debt (excluding current portion)	**41.1**	49.5	50.7	51.0	50.0
Book value per common share at year-end	**$ 13.65**	$ 12.31	$ 12.17	$ 12.08	$ 12.07
Utility construction expenditures (In thousands)	**$166,932**	$154,198	$190,771	$211,669	$215,081
Other					
Net cash from utility operations less dividends as a % of construction	**153**	127	108	99	86
Number of full-time employees					
Utility	**3,467**	3,370	3,331	4,077	4,196
Nonregulated	**163**	236	271	274	347

John W. Aalfs
Sioux City, Iowa
President, Aalfs Manufacturing, Inc.
(57/9)

Stanley J. Bright
Des Moines, Iowa
Chairman, President and CEO,
MidAmerican Energy Holdings Company
(57/11)

Ross D. Christensen
Waterloo, Iowa
Orthodontist in Private Practice
(57/15)

Russell E. Christiansen
Dakota Dunes, South Dakota
Retired Chairman,
MidAmerican Energy Holdings Company
(62/38)

John W. Colloton
Iowa City, Iowa
Vice President, Statewide Health Services,
University of Iowa
(67/5)

Frank S. Cottrell
Moline, Illinois
Vice President, General Counsel and Secretary,
Deere & Company
(55/5)

Jack W. Eugster
Minneapolis, Minnesota
Chairman, President and CEO, Musicland Stores Corp.
(52/10)

Mel Foster, Jr.
Davenport, Iowa
Chairman, Mel Foster Co., Inc.
(70/25)

Nolden Gentry
Des Moines, Iowa
Partner, Law Firm of Brick, Gentry, Bowers, Swartz, Stoltze, Schuling & Levis, P.C.
(60/14)

James M. Hoak, Jr.
Dallas, Texas
Chairman,
Hoak Capital Corp.
(54/14)

Richard L. Lawson
Washington, D.C.
President and CEO,
National Mining Association and General USAF (Ret.)
(68/9)

Robert L. Peterson
Dakota City, Nebraska
Chairman, President and CEO, IBP, inc.
(65/7)

Nancy L. Seifert
Cedar Rapids, Iowa
Executive Vice President,
James F. Seifert & Sons L.L.C.
(68/12)

W. Scott Tinsman
Davenport, Iowa
Co-owner and Vice President,
Twin-State Engineering and Chemical Company
(65/9)

Leonard L. Woodruff
Fort Dodge, Iowa
President, Woodruff Construction
(69/25)

(age/years of service)

WITH APPRECIATION

MidAmerican Energy would like to recognize the excellent leadership provided by Robert A. Burnett, who retired from the board of directors in 1997 after 14 years of service to the Company.

Several key executives also recently retired from the Company. Jim Bull, vice president-generation; Phil Lindner, senior vice president and chief financial officer; Steve Shelton, senior vice president-generation, and Lynn Vorbrich, executive vice president, made extraordinary contributions to MidAmerican Energy during their many years of combined service. Each of these outstanding individuals will be missed greatly, but their contributions will be felt for many years to come.

Stanley J. Bright
Chairman, President and CEO
(57/11)

Ronald W. Stepien
Executive Vice President–Transmission and Energy Delivery
(51/7)

Wayne O. Smith
Executive Vice President–Generation
(54/1)

John J. Cappello
Senior Vice President–Retail
(51/2)

David J. Levy
Senior Vice President–Technology and Customer Service
(43/21)

John A. Rasmussen, Jr.
Senior Vice President and General Counsel
(52/11)

Alan L. Wells
Senior Vice President–Finance and Chief Financial Officer
(38/5)

Beverly A. Wharton
Senior Vice President
(44/21)

Jack L. Alexander
Vice President–Human Resources
(50/25)

James Averweg
Vice President–Engineering and Operations Support
(51/27)

Brent E. Gale
Vice President–Regulatory Law
(46/21)

Ronald J. Giaier
Vice President and Treasurer
(49/1)

Keith D. Hartje
Vice President–Corporate Communications
(48/22)

Stephen E. Hollonbeck
Vice President
(48/11)

James J. Howard
Vice President–Regulatory Affairs
(55/33)

Paul J. Leighton
Vice President and Corporate Secretary
(44/19)

J. Sue Rozema
Vice President–Financial Services
(45/18)

Larry M. Smith
Vice President and Controller
(42/12)

1997 Annual Meeting
This year's annual meeting will be April 29, beginning at 10 a.m. at the Polk County Convention Complex in downtown Des Moines, Iowa. Shareholders of record Feb. 20, 1998, will be eligible to vote on matters to be addressed at the annual meeting.

Duplicate Annual Reports
Duplicate mailings of annual reports occur when the names on your stock certificates differ, or when other individuals in your home own stock. Duplicate annual report mailings are costly, so please notify us in writing about them. List which account numbers should not receive annual report materials. Each account will continue to receive separate dividend checks and proxies as required by the Securities and Exchange Commission.

Form 10-K Reports for MidAmerican Energy Holdings Company
The Form 10-K will be available after March 31. To request a copy, please write or call Shareholder Services.

Common Stock Listing
Common stock of MidAmerican Energy Holdings Company is traded on the New York Stock Exchange under the ticker symbol MEC. Daily newspapers carry quotes on the stock.

Dividend Reinvestment and Stock Purchase
The Company's Shareholder Options Plan provides individuals with a convenient method for purchasing additional shares of common stock by reinvesting their cash dividends, by making optional cash purchases, or both. A prospectus describing the plan may be obtained by contacting Shareholder Services.

Record and Payment Dates
Remaining record dates for 1998, to be set by the board of directors, are expected to be May 8, August 8 and November 7. Corresponding dividend payment dates are expected to be June 1, September 1 and December 1.

Stock Bought or Sold Close to Record Date
Stock is sometimes bought or sold soon before a record date, but the transaction is not transferred by the broker in time for the dividend check to be issued to the new owner. If you are the new owner, your broker will claim the payment from the previous owner for you.

Safekeeping
Safekeeping is a convenient feature of the Shareholder Options Plan designed for shareholders who prefer to have their shares held on account rather than receive a stock certificate. You do not have to reinvest your dividends to take advantage of safekeeping. When you sign up for safekeeping, you will receive a safekeeping receipt in place of your certificate. Contact Shareholder Services for additional information.

Direct Deposit of Dividends
You may elect to have your dividends electronically deposited into your checking or savings account at your bank, savings and loan institution or credit union. Direct deposit of dividends is a safe, efficient and reliable means of receiving your dividends. You may obtain an application form by contacting Shareholder Services.

Replacement of Dividend Check
If you do not receive a dividend check, please notify Shareholder Services in writing so that payment on your check can be stopped. When the bank confirms the stop order, a replacement check will be issued.

Transferring Stock
To transfer stock, endorse the certificate or Stock Power Form exactly as the name appears on the face of the certificate. Your signature must be guaranteed with a MEDALLION IMPRINT affixed by a financial institution enrolled in the MEDALLION PROGRAM. Fill in the name, address and Social Security number of the person to whom the shares are to be transferred. Send the certificate to us, or to our co-transfer agent if you prefer. To do this, we recommend registered mail, which allows you to insure the contents of the package. For registered mail, we suggest a value of 2 percent of the current market price, which is the fee you will be charged by the insurance company to replace certificates if they become lost.

Lost, Destroyed or Stolen Certificate
Please contact Shareholder Services immediately if a certificate becomes lost, stolen or destroyed. A stop transfer will be placed on our records to prevent an unauthorized person from transferring shares. An indemnity bond must be purchased by you to replace stock certificates. The cost of this bond is 2 percent of the current market value. As a security measure, keep certificates in a safe place and do not endorse one until you are ready to transfer it. Once endorsed, the certificates could be improperly transferred if lost or stolen.

Stock Held in Brokerage Accounts ("Street Name")
When you purchase your stock and it is held for you by your broker, it is listed with the Company in the broker's name, or "street name." The Company does not know the identity of individual shareholders who hold their shares in this manner; we simply know that a broker holds a certain number of shares, which may be for any number of customers. Accounts held in street name are not eligible to participate in the Company's Shareholder Options Plan. Also, you receive all dividend payments, annual reports and proxy materials through your broker. Regular quarterly financial reports may be obtained directly from the Company by contacting Shareholder Services.

Taxpayer Identification Number
The Internal Revenue Service requires shareholders to furnish a tax identification number to every company in which they own shares. Generally, it is your Social Security number (a W-9 Form is required to change a taxpayer identification number). If the number does not appear on your dividend check stub or reinvestment statement, or if it is incorrect, please contact Shareholder Services.

Address Changes
Please notify us of your former and current addresses. For your protection, we ask that changes be reported to us in writing.

Shareholders Services by Telephone
The Company maintains a toll-free number for you to call. If you live outside the Des Moines area, the number is 1-800-247-5211. If you live in the Des Moines area, you may call 281-2560.

Investor Relations
To make changes to or be added to our financial analyst mailing list, please call 515-281-2421.

Common Stock Transfer Agents
MidAmerican Energy
Holdings Company
Shareholder Services
P.O. Box 9244
666 Grand Avenue,
28th Floor
Des Moines, IA 50306-9244

Continental Stock Transfer
and Trust Co.
2 Broadway, 19th Floor
New York, NY 10004

Preferred Stock Transfer Agent
MidAmerican Energy
Holdings Company
Shareholder Services
P.O. Box 9244
666 Grand Avenue,
28th Floor
Des Moines, IA 50306-9244

Executive Offices
MidAmerican Energy
Holdings Company
P.O. Box 657
666 Grand Avenue
Des Moines, IA 50303-0657

Book Value
The value of a company determined by subtracting its liabilities from its assets. Usually expressed on a per share basis.

Capitalization
The total of long-term debt, preferred stock and common stock equity.

Customer Loyalty
Defined as those customers who say they are likely to stay a customer of a company, even when given a choice among suppliers.

Dividend Payout Ratio
The proportion of earnings a company pays to shareholders in the form of dividends. The annual dividend per share divided by the earnings per share for the same period provides the payout ratio.

Earnings per Average Share
The earnings available to common stock for a stated period divided by the weighted average number of shares outstanding during the period.

Federal Energy Regulatory Commission (FERC)
An independent agency within the U.S. Department of Energy, FERC is vested with broad regulatory authority. Virtually every facet of electric and natural gas production, transmission and sales conducted by private investor-owned utilities, corporations or public marketing agencies is under commission purview if any aspect of their operations is conducted in interstate commerce.

Illinois Commerce Commission (ICC)
The agency of Illinois government which has authority to regulate the retail sales, safety and services of public utilities operating in the state.

Iowa Utilities Board (IUB)
The Iowa government division which has authority to regulate the retail sales, safety and services of public utilities operating in the state.

Kilowatthour (kWh)
The basic unit of electric energy equal to one kilowatt (1,000 watts) of power supplied to or taken from an electric circuit steadily for one hour.

Megawatt (MW)
One megawatt equals one million watts, or 1,000 kilowatts.

MMBtu
One million British Thermal Units (Btu). A Btu is a standard unit for measuring heat energy. One thousand cubic feet of natural gas contain approximately one MMBtu of energy.

Office of Consumer Advocate (OCA)
A division of the Iowa Department of Justice established to investigate the legality of all rates, charges, rules and practices of utilities operating within the state of Iowa and to institute civil proceedings to address any illegality.

Peak Demand
The greatest demand which occurred at a specific time.

Retail Competition
A situation in which end-use customers or groups may select energy supplies from among a number of different providers.

Retained Earnings
The net accumulated earnings of a business which have not been distributed to shareholders and have not become a part of the common stock of the company.

Return on Average Common Equity
The ratio of net income to common equity which measures the rate of return on the common shareholders' investment.

South Dakota Public Utilities Commission (SDPUC)
The South Dakota governmental agency that has authority to regulate public utilities operating in the state.

Throughput
The total volume of natural gas moved through the Company's distribution system, including gas sold and gas transported.

Total Shareholder Return
A percentage expression of the annual change in worth of shareholders' investment in a company. Calculated by combining dividend yield and common stock price appreciation.

Value Line, Inc.
Publishes *The Value Line Investment Survey.* Provider of research on stocks, mutual funds, etc. Indexes the financial performance of industry groups including electric utilities.

Dear Shareholder

MidAmerican Energy is interested in shareholders' opinions of our annual report.

Please take a minute to answer the questions on the attached postage-free reply card and return to us at your earliest convenience.

Thank you for your continued support of MidAmerican Energy.

MidAmerican
ENERGY

Reader Survey - 1997 MidAmerican Energy Annual Report

How in-depth did you read the annual report?
( ) Read thoroughly ( ) Read selected portions ( ) Skimmed ( ) Did not read

Did you notice that this year's report was done in a "summary" format, with the full financial information contained in the proxy statement? ( ) Yes ( ) No

Which format do you prefer? ( ) Summary ( ) Detailed financials ( ) No preference

After reading the report, please indicate to what extent you agree with the following statements.

	strongly agree				strongly disagree
The report helped me better understand MidAmerican's strategy and vision for the future.	1	2	3	4	5
I feel MidAmerican is taking the necessary steps to prepare for a competitive energy marketplace.	1	2	3	4	5

Please rate the annual report on the factors below. (1 = best, 5 = worst)

Readability	1	2	3	4	5
Design	1	2	3	4	5
Charts	1	2	3	4	5

Comments...

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ENERGY

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http://www.midamerican.com