

## Selected Financial Data

Years Ended December 31,	2007	2006	2005	2004	2003
<b>Total Assets</b> (in thousands)	\$ 2,472,866	\$ 2,244,676	\$ 2,120,258	\$ 2,029,588	\$ 2,044,555
<b>Property, Plant and Equipment</b> (in thousands)					
Total property, plant and equipment	\$ 2,490,565	\$ 2,242,396	\$ 1,928,559	\$ 1,778,615	\$ 1,698,411
Accumulated depreciation and depletion	(667,031)	(596,029)	(518,525)	(465,845)	(395,518)
<b>Capital Expenditures</b> (in thousands)	\$ 267,047	\$ 308,450	\$ 208,856	\$ 90,974	\$ 116,691
<b>Capitalization</b> (in thousands)					
Long-term debt, net of current maturities	\$ 564,372	\$ 628,340	\$ 670,193	\$ 733,581	\$ 868,459
Preferred stock equity	—	—	—	7,167	8,143
Common stock equity	969,855	790,041	738,879	728,598	701,604
Total capitalization	\$ 1,534,227	\$ 1,418,381	\$ 1,409,072	\$ 1,469,346	\$ 1,578,206
<b>Capitalization Ratios</b>					
Long-term debt, net of current maturities	36.8%	44.3%	47.6%	49.9%	55.0%
Preferred stock equity	—	—	—	0.5	0.5
Common stock equity	63.2	55.7	52.4	49.6	44.5
Total	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Total Operating Revenues</b> (in thousands)	\$ 695,914	\$ 656,882	\$ 613,541	\$ 445,543	\$ 559,315 <sup>(1)</sup>
<b>Net Income Available for Common</b> (in thousands):					
Utilities	\$ 31,633	\$ 24,188	\$ 20,119	\$ 19,209	\$ 23,999
Non-regulated energy	74,363 <sup>(2)</sup>	55,372	26,164 <sup>(2)</sup>	40,862	42,961 <sup>(2)</sup>
Corporate expenses and intersegment eliminations	(5,872)	(5,514)	(13,491)	(3,790)	(7,970)
<b>Income from Continuing Operations Before Changes in Accounting Principles</b>	100,124	74,046	32,792	56,281	58,990
Discontinued operations	(1,352)	6,973	628	1,692	7,427
Changes in accounting principles, net of tax	—	—	—	—	(5,195)
Preferred dividends	—	—	(159)	(321)	(258)
	\$ 98,772	\$ 81,019	\$ 33,261	\$ 57,652	\$ 60,964
<b>Dividends Paid on Common Stock</b> (in thousands)	\$ 50,300	\$ 43,960	\$ 42,053	\$ 40,210	\$ 37,025
<b>Common Stock Data</b> (in thousands)					
Shares outstanding, average	37,024	33,179	32,765	32,387	30,496
Shares outstanding, average diluted	37,414	33,549	33,288	32,912	31,015
Shares outstanding, end of year	37,796	33,369	33,156	32,478	32,298
<b>Earnings Per Share of Common Stock</b> (in dollars) <sup>(3)</sup>					
Basic earnings (losses) per average share -					
Continuing operations	\$ 2.70	\$ 2.23	\$ 1.00	\$ 1.73	\$ 1.93
Discontinued operations	(0.04)	0.21	0.02	0.05	0.24
Change in accounting principle	—	—	—	—	(0.17)
Total	\$ 2.66	\$ 2.44	\$ 1.02	\$ 1.78	\$ 2.00
Diluted earnings (losses) per average share -					
Continuing operations	\$ 2.68	\$ 2.21	\$ 0.98	\$ 1.71	\$ 1.90
Discontinued operations	(0.04)	0.21	0.02	0.05	0.24
Changes in accounting principles	—	—	—	—	(0.17)
Total	\$ 2.64	\$ 2.42	\$ 1.00	\$ 1.76	\$ 1.97
<b>Dividends Paid per Share</b>	\$ 1.37	\$ 1.32	\$ 1.28	\$ 1.24	\$ 1.20
<b>Book Value Per Share, End of Year</b>	\$ 25.66	\$ 23.68	\$ 22.28	\$ 22.43	\$ 21.72
<b>Return on Average Common Stock Equity</b> (year-end)	11.2%	10.6%	4.5%	8.1%	9.9%

Years Ended December 31,	2007	2006	2005	2004	2003
<b>Operating Statistics:</b>					
Generating capacity (MW):					
Utility (owned generation)	435	435	435	435	435
Utility (purchased capacity)	50	50	50	50	55
Independent power generation <sup>(4)</sup>	983	989	1,000	1,004	1,002
Total generating capacity	1,468	1,474	1,485	1,489	1,492
Electric utility sales (MW-hours):					
Retail electric sales	1,678,138	1,632,352	1,582,841	1,509,635	1,536,836
Contracted wholesale sales	652,931	647,444	619,369	614,700	614,888
Wholesale off-system	678,581	942,045	869,161	926,461	773,801
Total utility electric sales	3,009,650	3,221,841	3,071,371	3,050,796	2,925,525
Electric and gas utility sales:					
Electric MW-hours	958,287	919,938	889,210	—	—
Gas sales Dth	4,427,902	4,387,767	4,062,590	—	—
Oil and gas production sold (MMcfe)	14,627	14,414	13,745	12,595	10,843
Oil and gas reserves (MMcfe)	207,806	199,092	169,583	173,417	156,396
Tons of coal sold (thousands of tons)	5,049	4,717	4,702	4,780	4,812
Coal reserves (thousands of tons)	280,000	285,000	290,000	294,000	263,000
Average daily marketing volumes:					
Natural gas physical sales (MMBtu)	1,743,500	1,598,200	1,427,400	1,226,600	897,850
Crude oil physical sales (Bbls) <sup>(5)</sup>	8,600	8,800	—	—	—

Certain items related to 2003 through 2005 have been restated from prior year presentations to reflect the classification of the oil marketing and transportation business as discontinued operations in 2006 (see Notes 1 and 16 of Item 8. Financial Statements and Supplementary Data).

(1) Includes \$114.0 million of contract termination revenue.

(2) Impairment charges to reduce the carrying value of long-lived assets to fair value and record related costs were approximately \$2.2 million after-tax in 2007, \$33.9 million after-tax in 2005, and \$76.2 million after-tax in 2003.

(3) In February 2007, we issued 4.2 million shares of common stock and in May 2003 we issued 4.6 million shares of common stock, which dilutes our earnings per share in subsequent periods.

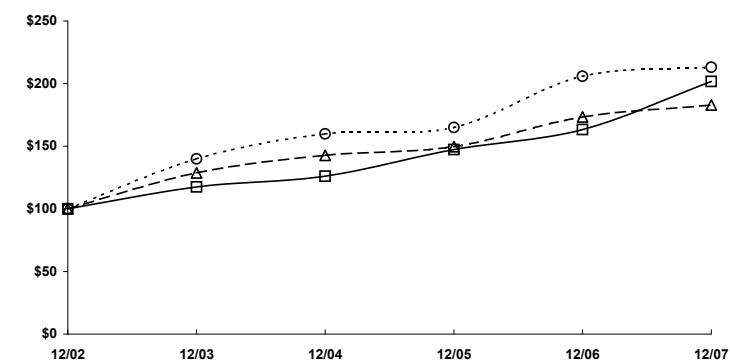
(4) Includes 40 MW in 2004 and 2003, which have been reported as "Discontinued operations."

(5) Represents crude oil marketing activities in the Rocky Mountain region, which began May 1, 2006

For additional information on our business segments see — ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK AND NOTE 20 TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN THIS ANNUAL REPORT ON FORM 10-K.

## Comparison of 5 Year Cumulative Total Return\*

Among Black Hills Corporation, the S&P 500 Index and the S&P MidCap Electric Utilities



—■— Black Hills Corporation    -▲- S&P 500    -○- S&P MidCap Electric Utilities

\*\$100 invested on 12/31/02 in stock or index-including reinvestment of dividends. Fiscal year ending December 31.