

BLACK HILLS CORPORATION
CONSOLIDATED STATEMENTS OF COMMON STOCKHOLDERS' EQUITY
AND COMPREHENSIVE INCOME

| Years ended December 31, | 2007 | 2006 | 2005 |
|---|--------------------------------------|------------|------------|
| | (in thousands, except share amounts) | | |
| Common stock: | | | |
| Balance beginning of year | \$ 33,405 | \$ 33,223 | \$ 32,595 |
| Issuance of common stock | 4,437 | 182 | 628 |
| Balance end of year (37,842,221 shares, 33,404,902, shares and 33,222,522 shares issued in 2007, 2006 and 2005, respectively) | 37,842 | 33,405 | 33,223 |
| Additional paid-in capital: | | | |
| Balance beginning of year | 409,826 | 404,035 | 384,439 |
| Issuance of common stock | 150,630 | 5,791 | 18,751 |
| Issuance of treasury stock, net | 19 | — | 845 |
| Balance end of year | 560,475 | 409,826 | 404,035 |
| Retained earnings: | | | |
| Balance beginning of year | 348,245 | 313,217 | 322,009 |
| Net income | 98,772 | 81,019 | 33,420 |
| Dividends on common stock | (50,300) | (43,960) | (42,053) |
| Dividends on preferred stock | — | — | (159) |
| Cumulative effect of change in accounting principle (see Notes 1 and 13) | 676 | (2,031) | — |
| Balance end of year | 397,393 | 348,245 | 313,217 |
| Treasury stock: | | | |
| Balance beginning of year | (920) | (1,766) | (2,838) |
| (Purchase) issuance of treasury stock, net | (427) | 846 | 1,072 |
| Balance end of year (45,916 shares, 35,700 shares and 66,938 shares issued in 2007, 2006 and 2005, respectively) | (1,347) | (920) | (1,766) |
| Accumulated other comprehensive (loss) income: | | | |
| Balance beginning of year | (515) | (9,830) | (7,607) |
| Other comprehensive (loss) income, net of tax (see Note 14) | (23,993) | 15,429 | (2,223) |
| Adoption of accounting pronouncement (see Note 17) | — | (6,114) | — |
| Balance end of year | (24,508) | (515) | (9,830) |
| Total stockholder's equity | \$ 969,855 | \$ 790,041 | \$ 738,879 |

| Years ended December 31, | 2007 | 2006 | 2005 |
|---|----------------|-----------|-----------|
| | (in thousands) | | |
| Comprehensive income: | | | |
| Net income available for common stock | \$ 98,772 | \$ 81,019 | \$ 33,261 |
| Other comprehensive (loss) income, net of tax (see Note 14) | (23,993) | 15,429 | (2,223) |
| | \$ 74,779 | \$ 96,448 | \$ 31,038 |

The accompanying notes to consolidated financial statements are an integral part of these consolidated financial statements.