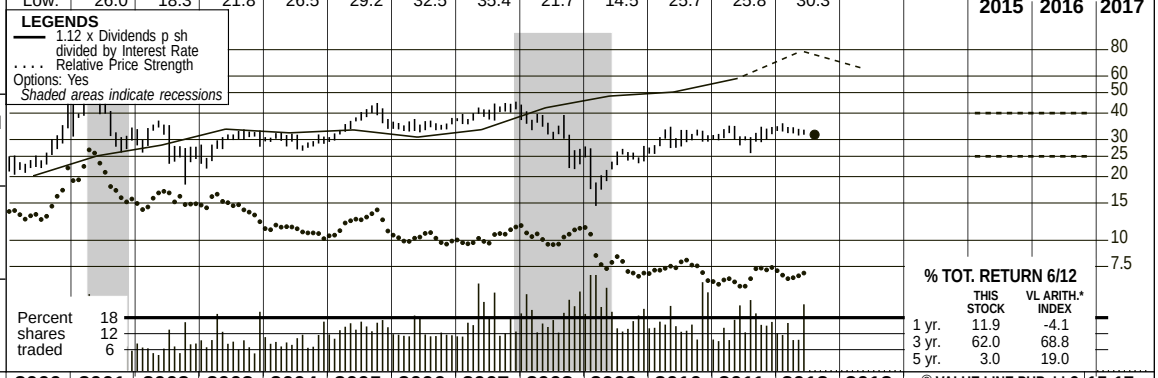
BLACK HILLS CORP. NYSE-BKH

RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD	
31.60	14.4	(Trailing: 41.0 / Median: 17.0)	1.01	4.7%	VALUE LINE

TIMELINESS 3 Raised 2/12/10
SAFETY 3 Lowered 8/15/03
TECHNICAL 4 Lowered 6/29/12
BETA .85 (1.00 = Market)

High:	58.5	36.9	33.5	32.5	44.6	37.9	45.4	44.0	28.0	34.5	34.8	35.8
Low:	26.0	18.3	21.8	26.5	29.2	32.5	35.4	21.7	14.5	25.7	25.8	30.3

Target Price Range
2015 | 2016 | 2017



2015-17 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	40	(+25%)	10%
Low	25	(-20%)	Nil

Insider Decisions

	S	O	N	D	J	F	M	A	M
to Buy	0	0	0	0	0	1	0	0	1
Options	0	0	0	0	0	1	0	0	0
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	3Q2011	4Q2011	1Q2012
to Buy	73	67	82
to Sell	76	70	65
Hld's(000)	29150	28653	29480

% TOT. RETURN 6/12

	THIS STOCK	VL ARITH.* INDEX
1 yr.	11.9	-4.1
3 yr.	62.0	68.8
5 yr.	3.0	19.0

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
7.50	14.45	31.48	37.05	69.69	57.96	15.74	35.17	34.54	41.97	19.69	18.41	26.03	32.58	33.29	28.96	*29.05*	*31.30*	Revenues per sh	*35.25*
2.45	2.52	2.72	2.88	3.68	5.27	4.93	4.26	4.46	4.81	5.04	5.29	2.95	5.41	4.88	4.01	*5.45*	*5.70*	"Cash Flow" per sh	*6.75*
1.40	1.49	1.60	1.70	2.37	3.42	2.33	1.84	1.74	2.11	2.21	2.68	.18	2.32	1.66	1.01	*2.20*	*2.20*	Earnings per sh A	*2.50*
.92	.95	1.00	1.04	1.08	1.12	1.16	1.20	1.24	1.28	1.32	1.37	1.40	1.42	1.44	1.46	*1.48*	*1.50*	Div'd Decl'd per sh B ■	*1.60*
1.13	.98	1.18	4.89	5.79	14.07	8.65	2.80	2.80	4.18	9.24	6.92	8.51	8.90	12.04	10.03	*8.95*	*10.60*	Cap'l Spending per sh	*9.00*
8.91	9.46	9.58	10.14	11.95	18.95	19.66	21.72	22.43	22.29	23.68	25.66	27.19	27.84	28.02	27.53	*28.00*	*28.65*	Book Value per sh C	*31.00*
21.68	21.70	21.58	21.37	23.30	26.89	26.93	32.30	32.48	33.16	33.37	37.80	38.64	38.97	39.27	43.92	*44.20*	*44.40*	Common Shs Outst'g D	*45.00*
11.9	13.0	14.9	13.6	10.9	11.4	12.5	15.9	17.1	17.3	15.8	15.0	NMF	9.9	18.1	31.1	*Bold figures are*		Avg Ann'l P/E Ratio	*13.5*
.75	.75	.77	.78	.71	.58	.68	.91	.90	.92	.85	.80	NMF	.66	1.15	1.96	*Value Line*		Relative P/E Ratio	*.90*
5.5%	4.9%	4.2%	4.5%	4.2%	2.9%	4.0%	4.1%	4.2%	3.5%	3.8%	3.4%	4.2%	6.2%	4.8%	4.6%	*estimates*		Avg Ann'l Div'd Yield	*4.8%*

CAPITAL STRUCTURE as of 3/31/12
Total Debt $1506.0 mill. **Due in 5 Yrs** $911.0 mill.
LT Debt $1272.0 mill. **LT Interest** $78.9 mill.
(LT interest earned: 1.5x)
Leases, Uncapitalized Annual rentals $2.8 mill.

Pension Assets-12/11 $221.7 mill. **Oblig.** $325.9 mill.

Pfd Stock None

Common Stock 44.1 mill. shs.

MARKET CAP: $1.4 billion (Mid Cap)

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013		15-17
423.9	1136.1	1121.7	1391.6	656.9	695.9	1005.8	1269.6	1307.3	1272.2	*1285*	*1390*	Revenues ($mill)	*1590*
63.2	57.1	57.2	70.3	74.0	100.1	6.8	89.7	64.6	40.4	*95.0*	*100*	Net Profit ($mill)	*115*
31.9%	34.4%	31.8%	33.8%	31.3%	31.3%	33.1%	30.7%	26.4%	31.1%	*32.0%*	*32.0%*	Income Tax Rate	*32.0%*
18.2%	.7%	.3%	1.0%	9.7%	14.8%	173.2%	20.1%	28.0%	65.0%	*10.0%*	*10.0%*	AFUDC % to Net Profit	*9.0%*
53.6%	55.0%	49.9%	47.6%	44.3%	36.8%	32.3%	48.4%	51.9%	51.4%	*47.0%*	*47.0%*	Long-Term Debt Ratio	*50.5%*
45.9%	44.5%	49.6%	52.4%	55.7%	63.2%	67.7%	51.6%	48.1%	48.6%	*53.0%*	*53.0%*	Common Equity Ratio	*49.5%*
1154.0	1578.2	1469.3	1409.1	1418.4	1534.2	1551.8	2100.7	2286.3	2489.7	*2340*	*2410*	Total Capital ($mill)	*2825*
1476.3	1442.4	1445.7	1435.4	1646.4	1823.5	2022.2	2160.7	2495.4	2789.6	*3040*	*3355*	Net Plant ($mill)	*4000*
6.6%	4.8%	5.3%	6.6%	6.8%	7.9%	1.6%	5.9%	4.4%	3.3%	*5.5%*	*5.5%*	Return on Total Cap'l	*5.5%*
11.8%	8.0%	7.8%	9.5%	9.4%	10.3%	.7%	8.3%	5.9%	3.3%	*8.0%*	*7.5%*	Return on Shr. Equity	*8.0%*
11.9%	8.1%	7.8%	9.5%	9.4%	10.3%	.7%	8.3%	5.9%	3.3%	*8.0%*	*7.5%*	Return on Com Equity E	*8.0%*
6.0%	2.8%	2.3%	3.8%	3.8%	5.1%	NMF	3.2%	.7%	NMF	*2.5%*	*2.5%*	Retained to Com Eq	*3.0%*
50%	65%	71%	60%	59%	50%	NMF	62%	87%	NMF	*67%*	*68%*	All Div'ds to Net Prof	*63%*

ELECTRIC OPERATING STATISTICS

	2009	2010	2011
% Change Retail Sales (KWH)	+24.7	+2.9	+1.3
Avg. Indust. Use (MWH)	7542	8489	8113
Avg. Indust. Revs. per KWH (¢)	6.34	6.95	7.58
Capacity at Yearend (Mw)	1060	1127	1315
Peak Load, Summer (Mw)	921	956	1025
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	-.5	-.1	+.3
Fixed Charge Cov. (%)	149	174	160

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '09-'11 to '15-'17
Revenues	-5.5%	-.5%	*2.0%*
"Cash Flow"	2.0%	- -	*6.0%*
Earnings	-4.0%	-4.0%	*7.0%*
Dividends	3.0%	2.5%	*2.0%*
Book Value	7.5%	4.0%	*2.0%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	437.9	257.4	225.8	348.5	1269.6
2010	442.3	271.3	264.4	329.3	1307.3
2011	400.8	260.7	249.5	361.2	1272.2
2012	365.9	*280*	*275*	*364.1*	*1285*
2013	*420*	*295*	*290*	*385*	*1390*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	.94	.64	d.10	.84	2.32
2010	.81	d.22	.22	.85	1.66
2011	.73	.09	d.29	.44	1.01
2012	.80	*.35*	*.40*	*.65*	*2.20*
2013	*.70*	*.40*	*.45*	*.65*	*2.20*

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	.35	.35	.35	.35	1.40
2009	.355	.355	.355	.355	1.42
2010	.36	.36	.36	.36	1.44
2011	.365	.365	.365	.365	1.46
2012	.37	.37			

BUSINESS: Black Hills Corporation is a holding company for utilities that serve 201,000 electric customers in CO, SD, WY and MT, and 564,000 gas customers in NE, IA, KS, CO and WY. Electric revenue breakdown: res'l, 31%; comm'l, 35%; ind'l, 12%; wholesale, 13%; other, 9%. Generating sources: coal, 38%; purchased, 62%. Mines coal & has a gas & oil E&P business. Acq'd Wickford Energy Mktg. 7/97 (discontinued in '11); Mallon Resources 3/03; Cheyenne Light 1/05; utility ops. from Aquila 7/08. Discont. telecom in '05; oil mktg. in '06. Fuel costs: 45% of revs. '11 depr. rate: 3.6%. Has 2,000 empls. Chairman, President & CEO: David R. Emery. Inc.: SD. Address: P.O. Box 1400, 625 Ninth St., Rapid City, SD 57701. Tel.: 605-721-1700. Internet: www.blackhillscorp.com.

One of Black Hills' utility subsidiaries received a rate order in Wyoming. The state commission granted Cheyenne Light, Fuel & Power tariff hikes of $2.7 million (2.7%) for electricity and $1.6 million (4.9%) for gas, based on a return of 9.6% on a common-equity ratio of 54%. New rates took effect at the start of July.

Another regulatory matter is pending in the state. The company is asking the commission for permission to build 132 megawatts of gas-fired generating capacity at an estimated cost of $237 million. The targeted in-service date is in 2014. A ruling is expected by yearend.

Another utility subsidiary filed a general rate case. Black Hills Energy asked the Colorado regulators for a $1.0 million (4.9%) gas base rate increase, based on a 10.25% return on equity. When a decision will be announced is not known.

As always, mark-to-market gains or losses will affect the company's earnings. These items arise from interest-rate swaps. Because they are ongoing each quarter, we *include* them in our earnings presentation, but because they are impossible to predict, we don't assume any in our estimates. (Management excludes them from its earnings guidance.) Mark-to-market items hurt 2011 profits by $0.68 a share (primarily in the third quarter), but added $0.18 a share to March-quarter 2012 results. That's why our $2.20-a-share earnings estimate for the full year is above Black Hills' targeted range of $1.90-$2.10. We estimate the same level of profits next year. Rate relief is a positive factor, but low natural gas prices are hurting the company's gas exploration and production subsidiary.

Black Hills raised $166.3 million from the sale of its energy marketing business in the first quarter. These funds will enable the company to avoid an equity issuance this year. Black Hills recorded a $0.12-a-share loss from discontinued operations in the period.

This stock's dividend yield is fractionally above the utility average. However, we project only modest dividend growth over the 3- to 5-year period, and with the share price already near the midpoint of our 2015-2017 Target Price Range, total return potential is unspectacular.

Paul E. Debbas, CFA *August 3, 2012*

(A) Diluted EPS. Excl. nonrec. gain (losses): '05, (99¢); '08, ($1.55); '09, (28¢); '10, 10¢; gains (losses) on disc. ops.: '03, 30¢; '04, 2¢; '05, (7¢); '06, 21¢; '07, (4¢); '08, $4.12; '09, 7¢; '11, 23¢; '12, (12¢). '11 EPS don't add due to chg. in shs. Next egs. due early Nov. (B) Div'ds paid in early Mar., Jun., Sept. and Dec. ■ Div'd reinv. plan avail. (C) Incl. def'd chgs. In '11: $12.28/sh. (D) In mill. (E) Rate base: Net orig. cost. Rate all'd on com. eq. in SD in '10: none spec.; in CO in '12: 9.8%-10.2%; earn. on avg. com. eq., '11: 3.5%. Reg. Climate: Above Avg.

Company's Financial Strength	B+
Stock's Price Stability	90
Price Growth Persistence	30
Earnings Predictability	35

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