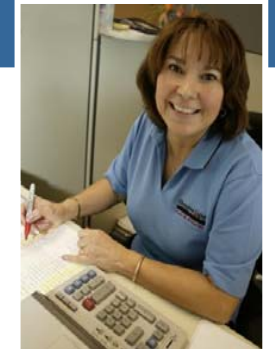


TRANSACTION OVERVIEW



Black Hills Corporation

AGREEMENT TO PURCHASE

Certain Utility and Related Assets of Aquila, Inc.
in Colorado, Kansas, Nebraska and Iowa

FEBRUARY 2007



Information concerning forward-looking statements

Statements made in this document that are not based on historical facts are forward-looking, may involve risks and uncertainties, and are intended to be as of the date when made. In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, Black Hills Corporation, Great Plains Energy and Aquila are providing a number of important factors, risks and uncertainties that could cause actual results to differ materially for the provided forward-looking information. These include: obtaining shareholder approvals required for the transactions (Great Plains and Aquila); the timing of, and the conditions imposed by, regulatory approvals required for the transactions; satisfying the conditions to the closing of the transactions; Great Plains and Black Hills successfully integrating the acquired Aquila businesses into their respective operations, avoiding problems which may result in either company not operating as effectively and efficiently as expected; the timing and amount of cost-cutting synergies; unexpected costs or unexpected liabilities, or the effects of purchase accounting may be different from the companies' expectations; the actual resulting credit ratings of the companies or their respective subsidiaries; the effects on the businesses of the companies resulting from uncertainty surrounding the transactions; the effect of future regulatory or legislative actions on the companies; and other economic, business, and/or competitive factors. Additional factors that may affect the future results of Black Hills, Great Plains and Aquila are set forth in their most recent quarterly report on Form 10-Q or annual report on Form 10-K with the Securities and Exchange Commission ("SEC"), which are available at www.blackhillscorporation.com, www.greatplainsenergy.com, and www.aquila.com respectively. Black Hills, Great Plains and Aquila undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Definitive agreements signed February 7, 2007

- Definitive agreements:
 - Black Hills Corporation to purchase certain Aquila utility assets in Colorado, Kansas, Nebraska and Iowa for \$940 million cash, subject to working capital adjustments at completion of transaction
 - Simultaneously, Great Plains Energy will acquire Aquila, Inc. and its subsidiaries;
 - At closing, Great Plains will retain utility operations in Missouri
- Black Hills transaction financing:
 - A bridge credit facility through a bank syndication;
 - Permanent financing at closing expected through a combination of newly-issued equity, mandatory convertible securities, corporate-level debt issuance and internally generated cash resources; and
 - Based on market conditions, Black Hills intends to issue equity, equity linked and debt securities in public or private markets and could execute such transaction prior to closing
- Deal expected to close in Q1 2008.
- Completion of transaction subject to state regulatory approvals, Federal Energy Regulatory Commission (FERC) and Federal Trade Commission (Hart-Scott-Rodino) review, plus customary closing conditions.
- Expected to be earnings-accretive after one year of temporary and transitional costs
- Cash flow from acquired operations expected to be positive from start.

How this deal came about

We are a diversified energy company with our roots in utility operations dating back to the 1880s. Our strategy is to capitalize on our core strengths:

- Strong utility operations with commitment to customer service
- Planning, construction and operations of energy assets
- Optimization of fuel assets to deliver value to investors and customers

Our search for energy partners led us to evaluate Aquila's utility operations in Colorado, Kansas, Nebraska and Iowa:

- We share similar demographics, community cultures and business relationships.
- The combination of our operations is a logical extension of our business
- Acquiring these operations will make us a financially stronger company with a larger, more diversified asset base and more stable and predictable cash flows and earnings with opportunity for significant growth in rate base, especially in Colorado
- Benefits of the deal extend to our customers, communities, investors and employees

Merits of acquisition

We have the strategy, skills, experience and track record to make this deal work:

- Strong utility operations with commitment to superior customer service, reliability, efficiency, and cost control
- Strong planning, construction, integration and maintenance of assets
- Strong regulatory relationships
- Strong record of technical innovation and environmental safety
- Strong tradition of corporate social responsibility
- Strong commitment to the communities we serve

Merits of acquisition

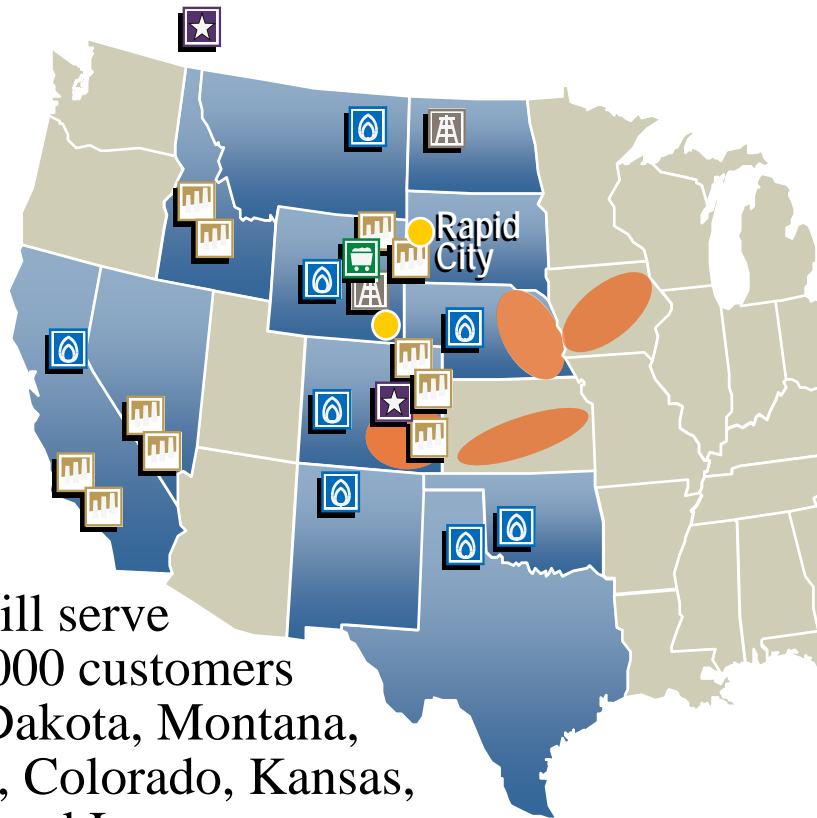
The transaction is good for customers, investors and employees:

- Customers will benefit from improved economies of scale, operational efficiencies and integrated business functions
- Investors should benefit from expanded operations, improved cash flow and earnings, improved growth potential, improved credit standing and improved risk profile
- Employees will have increased opportunity for personal and professional growth


The transaction is financially sound:

- Solid financial foundation
- We're buying earnings-producing assets only
- Strong cash flow and earnings base from stable, risk-managed and geographically diverse operations
- We are committed to maintaining, and expect to maintain, an investment-grade credit rating

Combination at a glance



Black Hills Assets

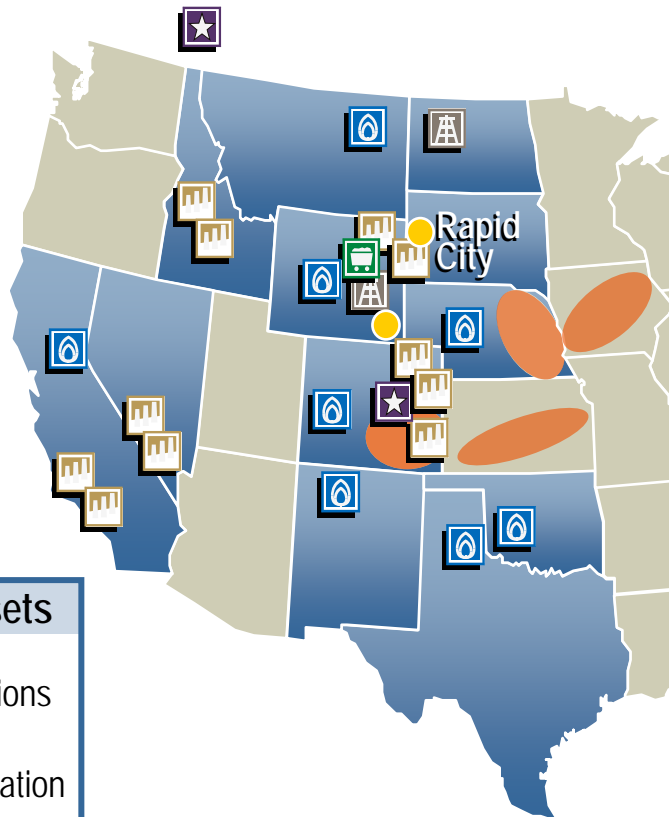
-  Utility operations
-  Power generation
-  Gas production
-  Oil production
-  Coal mine
-  Energy marketing

Proposed Acquisitions







-  Utilities in CO, KS, NE and IA

- Utilities will serve over 750,000 customers in South Dakota, Montana, Wyoming, Colorado, Kansas, Nebraska and Iowa
- Utilities will comprise ~50% of ~\$3 billion in total assets
- Wholesale energy operations include oil and gas production, coal mining, power generation and energy marketing


Assets of combination



Black Hills Assets

-  Utility operations
-  Power generation
-  Gas production
-  Oil production
-  Coal mine
-  Energy marketing

Acquired Assets

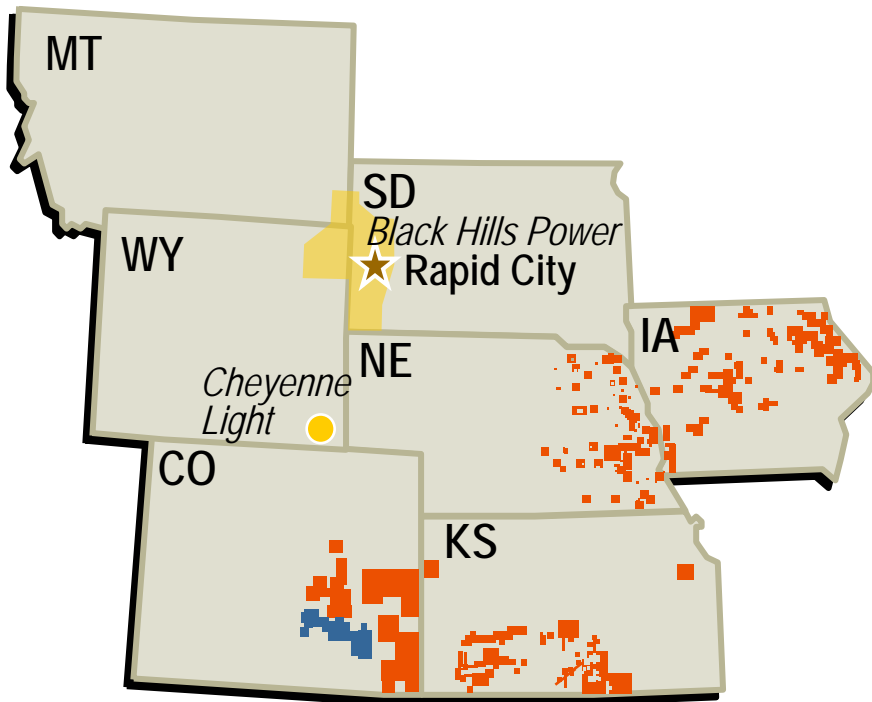
-  Utilities in CO, KS, KS, NE and IA

Profile of the Combined Company

(Based on recent public information)

■ Total assets	~ \$3 Billion
■ Regulated customers:	
Electric	197,000 Customers
Gas	556,000 Customers
Total regulated customers	753,000 Customers
■ Power generation resources:	
Regulated, operated	537 MW
Regulated, contracted	398 MW
Regulated, under construction	90 MW
Independent power production	1,000 MW
Total generation	2,025 MW
■ Natural gas and oil reserves	~ 170 BCFE
■ Coal reserves	~ 290 million tons
■ Natural gas marketing average daily physical volume	1.4 million MMBTU
■ Regulated operations in 7 states	
■ Wholesale energy operations in 12 states	

Utilities of combination



- Seven adjoining states in Midwest and Rockies with similar demographics and business environments
- Proximity should permit some consolidation of administrative functions while retaining quality of service

DESCRIPTION OF UTILITIES

Utility	Number of Customers	Annual Energy Sales
Black Hills Power	65,000	3.1 million MWH
Cheyenne Light (electric)	39,000	0.9 million MWH
Cheyenne Light (gas)	33,000	8.1 BCF
Subtotal, existing	137,000	4.0 million MWH 8.1 BCF
Colorado Electric (■)	93,000	2.0 million MWH
Colorado Gas (■)	68,000	7.1 BCF
Kansas Gas (■)	108,000	22.5 BCF
Nebraska Gas (■)	198,000	18.0 BCF
Iowa Gas (■)	149,000	27.3 BCF
Subtotal, new	616,000	2.0 million MWH 74.9 BCF
Total, combined	753,000	6.0 million MWH 83.0 BCF

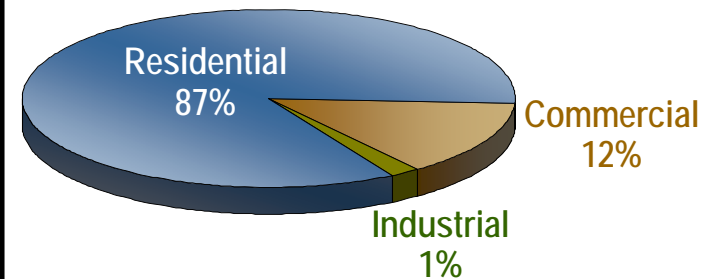
Colorado electric properties

- Territory is experiencing strong population and load growth
- Current RFP seeks 225 MW baseload and 140 MW intermediate and peaking energy supply beginning in 2013
- Potential to construct new coal-fired power plant and to utilize our Colorado gas-fired plants to serve long-term needs and foster off-system sales opportunities
- 100% fuel and purchased power pass-through



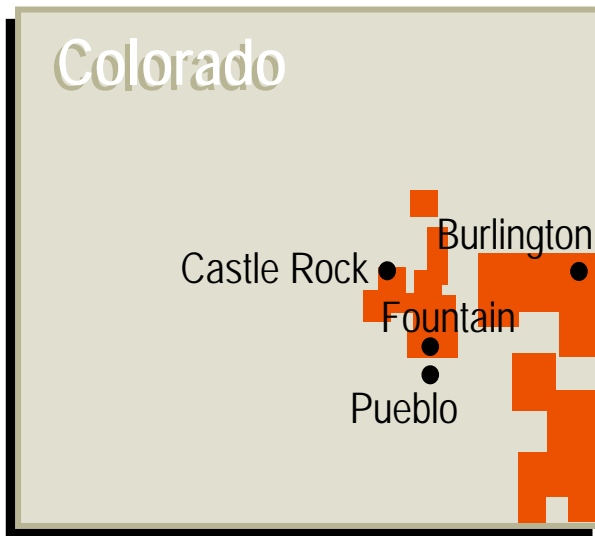
COLORADO ELECTRIC FACTS (2005)

Annual sales volume	1,980 GWh
Power generation	102 MW
Power contracts	285 MW
Customers	93,000
Annual customer growth	>3 %
Customer mix	



Colorado gas properties

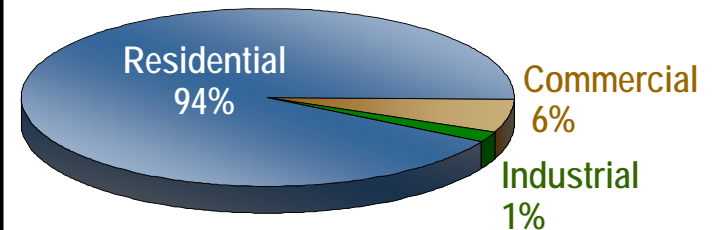
- Territory experiencing strong population and customer growth
- Proximity to existing Black Hills operations in Colorado
- 100% fuel pass-through



COLORADO GAS FACTS

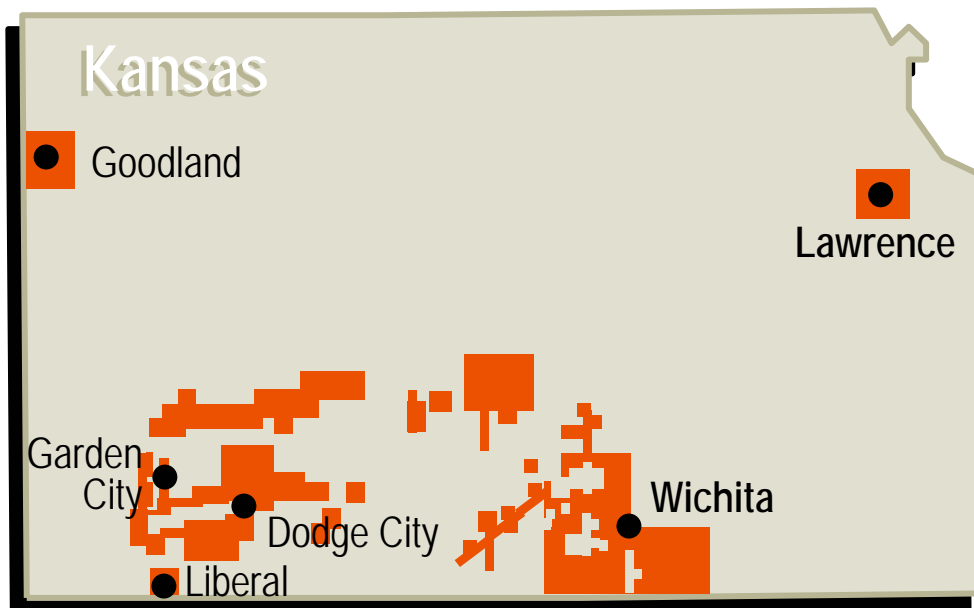
(2005)

Annual sales volume	7 Bcf
Customers	68,000
Annual customer growth	>3 %
Customer mix	



Kansas gas properties

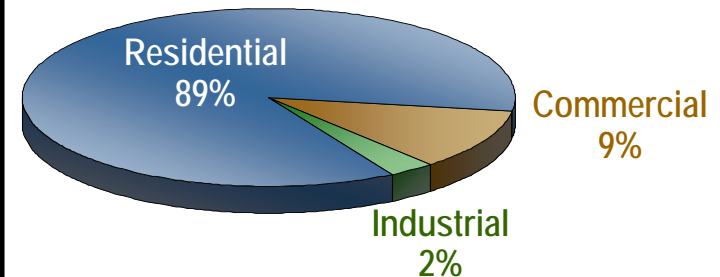
- Stable customer counts
- Stable cash flows
- Rate case filed in November 2006 seeking \$7.3 million increase
- 100% fuel cost pass-through
- Other favorable regulatory treatment: bad debt pass-through, decoupling and weather normalization



KANSAS GAS FACTS

(2005)

Annual sales volume	23 Bcf
Customers	108,000
Annual customer growth	< 1 %
Customer mix	



Nebraska gas properties

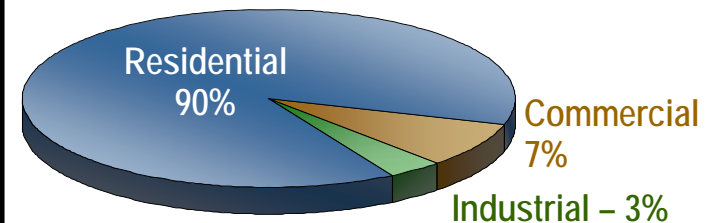
- Stable customer counts
- Attractive regulatory environment
- Lincoln is also home to regional customer service center
- Omaha is headquarters for regional gas operations center
- Rate case filed in November 2006 seeking \$16.3 million increase
- 100% fuel cost pass-through
- Other favorable regulatory treatment: bad debt pass-through and decoupling



NEBRASKA GAS FACTS

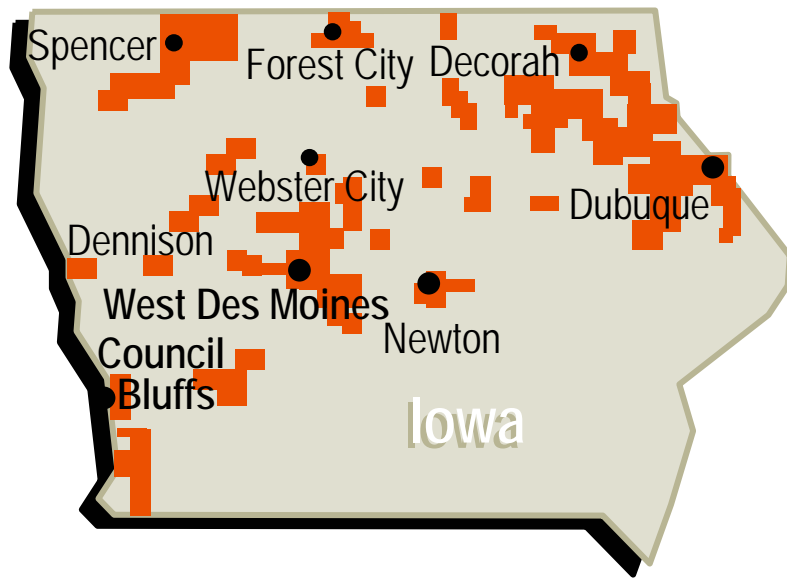
(2005)

Annual sales volume	18 Bcf
Customers	198,000
Annual customer growth	< 1 %
Customer mix	



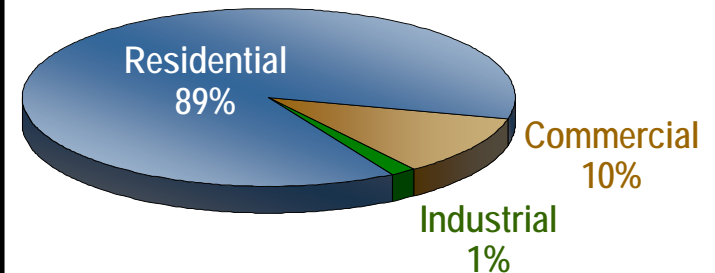
Iowa gas properties

- Stable customer counts and cash flows
- 100% fuel cost pass-through
- Other favorable regulatory treatment: bad debt pass-through, decoupling and weather normalization



IOWA GAS FACTS (2005)

Annual sales volume	27 Bcf
Customers	149,000
Annual customer growth	< 1 %
Customer mix	



Strategic rationale

Significant scale and scope expansion for Black Hills from utilities and operations to be acquired

- Acquisition represents about 93,000 electric and 523,000 gas customers
- Operational efficiency with new resources and larger customer base
- Opportunity to advance Black Hills' relationship-based business approach and reputation for superior customer service and satisfaction
- Opportunity to benefit from workforce innovation, adaptability and business practices

Lower overall business risk

- Expanded utility operations provide more stable cash flows with more predictable capital needs
- Diversifies regulatory and geographic exposure with opportunity to build upon Black Hills' successful regulatory relationship-based approach

Financial rationale

More stable and predictable financial results

- Earnings per share break-even expected after a year of transitional costs following transaction, with EPS accretion beginning in second full year
- Positive cash flows from operations expected immediately
- We are acquiring earnings-producing assets only, with stable service territories in Kansas, Nebraska and Iowa, and with higher growth in Colorado
- Constructive regulatory environments; gas cost pass-throughs; weather-normalization mechanisms

Longer-term upside earnings potential from customer growth and possible power generation construction and integration in Colorado

- Our intention will be to mirror our strategy at Cheyenne Light, where we will be integrating generation as a rate-base asset later this year
- Current Aquila RFP seeks 225 MW baseload and 140MW intermediate and peaking energy supply beginning in 2013, and increasing to 290 MW /190 MW, respectively, by 2022
- Potential to construct new coal-fired power plant and to utilize our three existing Colorado gas-fired plants to serve long-term needs

Financing the acquisition

Initial bridge financing

- Commitment for bridge credit facility obtained from bank syndicate, including ABN AMRO, Credit Suisse, BMO Capital Markets, and Union Bank of CA

Targeted permanent financing

- Equity contribution through stock offering;
- Mandatory convertible securities offering;
- Unsecured corporate debt;
- Internally generated cash resources
- May fund certain amounts prior to closing based on market conditions.

Logic of financing strategy

- Balanced combination of financing sources retains investment-grade corporate credit rating while
- Accelerating accretive cash flow and earnings per share results.

Summary

A sound transaction – strategically, operationally and financially

- Attractive, stable, geographically diverse assets with stable or growing customer bases
- Balanced financing strategy with access to capital markets at reasonable rates
- Accretive to EPS after one year of transition costs

Improvement in overall corporate risk profile

- Expansion of retail footprint and addition of rate-base assets assure stable, predictable cash flows and earnings
- Low integration risk:
 - Experience with retail operations and customer care
 - Familiarity with demographics and business environments of new states
 - Commitment to relationship-based regulatory processes

Upside potential with vertical integration of electric properties

- We are expert planners, builders and operators of power plants
- We understand transmission systems and regulatory processes in region

We are committed to remaining an investment-grade Company as we grow to serve more customers and communities and to build more value for investors in responsible, safe and environmentally conscious ways.

Please visit our web site for
up-to-date investor news
and information:

www.blackhillscorporation.com

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and follow instructions to review,
download or print press releases,
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annual report and other publications.



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