

**BLACK HILLS CORPORATION**  
**Consolidated Statements of Income**

Years ended December 31,	2006	2005	2004
	(in thousands, except per share amounts)		
<b>Revenues:</b>			
Operating revenues	\$ 656,882	\$ 613,541	\$ 445,543
<b>Operating expenses:</b>			
Fuel and purchased power	203,473	189,752	82,920
Operations and maintenance	78,944	75,977	75,889
Administrative and general	91,883	91,246	57,890
Depreciation, depletion and amortization	94,083	88,116	72,979
Taxes, other than income taxes	35,827	34,424	27,195
Impairment of long-lived assets (Notes 1 and 11)	-	52,175	-
	504,210	531,690	316,873
<b>Operating income</b>	<b>152,672</b>	<b>81,851</b>	<b>128,670</b>
<b>Other income (expense):</b>			
Interest expense	(51,026)	(48,633)	(48,092)
Interest income	1,781	1,717	1,698
Allowance for funds used during construction - equity	2,647	-	-
Other expense	(155)	(290)	(484)
Other income	786	1,143	1,160
	(45,967)	(46,063)	(45,718)
Income from continuing operations before minority interest and income taxes	106,705	35,788	82,952
Equity in earnings of unconsolidated subsidiaries	1,653	14,325	(386)
Minority interest	(510)	(277)	(186)
Income taxes	(33,802)	(17,044)	(26,099)
Income from continuing operations	74,046	32,792	56,281
Income from discontinued operations, net of income taxes	6,973	628	1,692
<b>Net income</b>	<b>81,019</b>	<b>33,420</b>	<b>57,973</b>
Preferred stock dividends	-	(159)	(321)
<b>Net income available for common stock</b>	<b>\$ 81,019</b>	<b>\$ 33,261</b>	<b>\$ 57,652</b>
<b>Earnings per share of common stock:</b>			
<b>Basic-</b>			
Continuing operations	\$ 2.23	\$ 1.00	\$ 1.73
Discontinued operations	0.21	0.02	0.05
<b>Total</b>	<b>\$ 2.44</b>	<b>\$ 1.02</b>	<b>\$ 1.78</b>
<b>Diluted-</b>			
Continuing operations	\$ 2.21	\$ 0.98	\$ 1.71
Discontinued operations	0.21	0.02	0.05
<b>Total</b>	<b>\$ 2.42</b>	<b>\$ 1.00</b>	<b>\$ 1.76</b>
<b>Weighted average common shares outstanding:</b>			
Basic	33,179	32,765	32,387
Diluted	33,549	33,288	32,912

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