



Forward Focused

Annual Shareholder Meeting

April 25, 2017

Presentation Agenda

David R. Emery
Chairman and CEO

Forward Looking Statements

Company Profile

2016 Review

Strategic Objectives

Questions

Investor Relations Information

COMPANY INFORMATION

Black Hills Corporation

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FORWARD LOOKING STATEMENTS

This presentation includes “forward-looking statements” as defined by the Securities and Exchange Commission, or SEC. We make these forward-looking statements in reliance on the safe harbor protections provided under the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included in this presentation that address activities, events or developments that we expect, believe or anticipate will or may occur in the future are forward-looking statements. These forward-looking statements are based on assumptions which we believe are reasonable based on current expectations and projections about future events and industry conditions and trends affecting our business. However, whether actual results and developments will conform to our expectations and predictions is subject to a number of risks and uncertainties that, among other things, could cause actual results to differ materially from those contained in the forward-looking statements, including without limitation, the risk factors described in Item 1A of Part I of our 2016 Annual Report on Form 10-K and other reports that we file with the SEC from time to time, and the following:

- The ability to meet our strategic objectives listed on slide 17;
- Our ability to realize the benefits of our recent acquisitions, and whether we are able to fully integrate them into our processes and systems and retain the related cost savings from such actions;
- Our ability to obtain adequate cost recovery for our utility operations through regulatory proceedings and favorable rulings in periodic applications to recover costs for capital additions, plant retirements and decommissioning, fuel, transmission, purchased power and other operating costs, and the timing in which new rates would go into effect;
- Our ability to complete our capital program in a cost-effective and timely manner;
- Our ability to file new cost of service gas applications with our utility regulatory commissions, seeking approval to implement a cost of service gas program with specific gas reserve properties and our ability to receive regulatory approval of the program;
- The impact of future governmental regulation and tax reform;
- The impact of the volatility and extent of changes in commodity prices on our earnings and the underlying value of our oil and gas assets, including the possibility that we may be required to take additional impairment charges, including those required under the SEC’s full cost ceiling test for natural gas and oil reserves; and
- Other factors discussed from time to time in our filings with the SEC.

New factors that could cause actual results to differ materially from those described in forward-looking statements emerge from time-to-time, and it is not possible for us to predict all such factors, or the extent to which any such factor or combination of factors may cause actual results to differ from those contained in any forward-looking statement. We assume no obligation to update publicly any such forward-looking statements, whether as a result of new information, future events or otherwise.

Company Overview



Our Southern Colorado grid is one of the newest and cleanest in the nation, fueled entirely by natural gas and renewable energy. Our renewable energy portfolio will provide significant benefits to Southern Colorado communities and Black Hills customers for years to come.

Black Hills Corporation Summary

- Legacy company started serving electric customers in Deadwood, South Dakota, in 1883
- Black Hills Power & Light incorporated in 1941
- BHC listed on NYSE in 1980 under symbol BKH
- Approximately 53.4 million shares outstanding at 12-31-16



Period	Stock Price*	Annual Total Return**
12-31-16	\$61.34	
1 Year	\$46.43	36.0%
3 Year	\$52.51	8.6%
10 Year	\$36.94	9.5%
20 Year	\$18.75	10.5%

- Average daily trading volume of approximately 469,000 shares for 12 months ending 12-31-16
- Market capitalization of approximately \$3.3 billion at 12-31-16
- 46 consecutive years of annual dividend increases

* Stock prices are BKH's daily closing price on the NYSE as reported on NYSE Connect

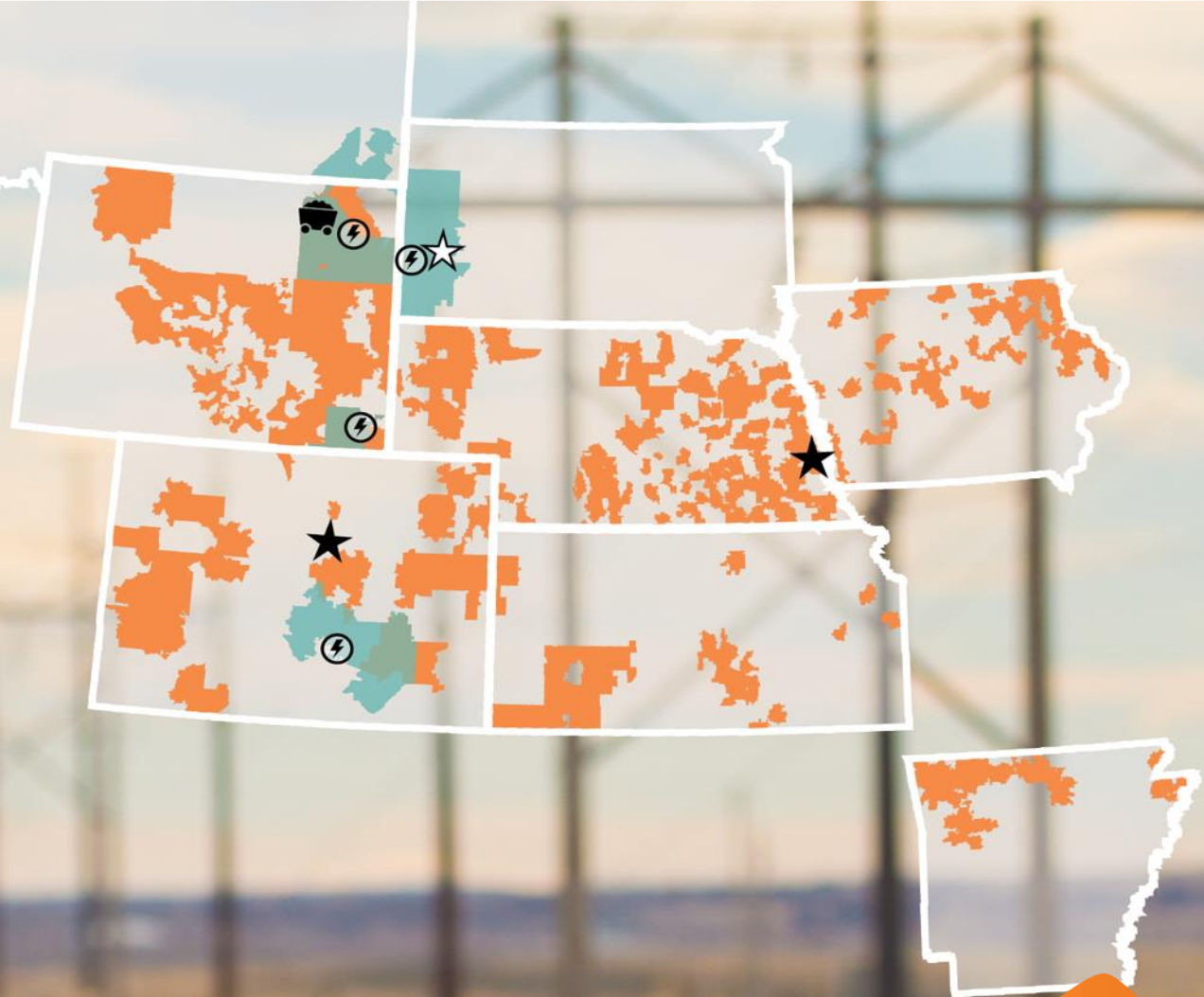
** Annual total returns calculated for the listed period through December 31, 2016

Notes: Annual total stock returns calculated on www.buyupside.com using stock return calculator. Total stock return considers dividends paid and stock splits. Black Hills Corporation does not guarantee the accuracy of these calculations, does not suggest our stock price will perform in the future comparable to the past, and does not provide this information as investment advice.

Overview

We are a **customer focused, growth-oriented utility company** with a tradition of exemplary service and a vision to be the energy partner of choice. Based in Rapid City, South Dakota, the company serves over **1.2 million electric and natural gas utility customers in nearly 800 communities** in Arkansas, Colorado, Iowa, Kansas, Montana, Nebraska, South Dakota and Wyoming. The company generates wholesale electricity and produces natural gas, crude oil and coal. Employees partner to produce results that improve our customers' lives with energy.

- Electric Utilities
- Natural Gas Utilities
- Power Generation
- Coal Mine
- Company Headquarters
- Corporate Office



2016 Highlights

SourceGas Acquisition Closed and Integrated

Transaction Overview

- Acquired SourceGas (privately held) for \$1.89 billion on Feb. 12, 2016
- Represents largest transaction in company history
- Received regulatory approvals and closed acquisition within seven months

Purpose / Benefits

- Creates stronger utility with enhanced operating scale - drives more efficient delivery of services and benefits customers
- Continues 10+ year strategic repositioning toward being pure-play utility
- Strengthens “excellent” business risk profile
- Reduces impact of earnings volatility from oil and gas business
- Supports continued solid investment grade credit ratings
- Increases Geographic and Regulatory Diversity
 - Expands presence in CO, NE, and WY and adds new state of AR
 - Increases customer base by 45% to more than 1.2 million electric and natural gas utility customers

2016 Highlights

SourceGas Acquisition Closed and Integrated

Financing

- Issued 6.325 million shares of common stock for net proceeds of \$246 million (November 2015)
- Issued 5.980 million equity units for net proceeds of \$290 million (November 2015)
- Issued \$550 million of senior unsecured debt
- Assumed \$760 million of debt at closing

Integration Complete

- Completed all substantial integration activities for newly added SourceGas employees, customers and operations
- Rebranded SourceGas, Black Hills Power and Cheyenne Light as Black Hills Energy; all electric and natural gas utilities now operate as Black Hills Energy

2016 Highlights

Successful execution of strategy drives earnings growth

Colorado Electric

- Placed in service \$109 million, 60-megawatt Peak View Wind Project on Nov. 4, 2016
- Placed in service \$63 million, 40-megawatt natural gas-fired turbine at Pueblo Airport Generating Station on Dec. 29, 2016
- Received settlement of electric resource plan filed June 3, 2016, to meet requirements under Colorado Renewable Energy Standard; includes addition of 60 megawatts of renewable energy to be in service by 2019

South Dakota Electric

- Continued construction of \$54 million, 144-mile transmission line from northeast Wyoming to Rapid City, South Dakota; first segment of project energized and serving customers Aug. 31, with remaining segment to be completed and serving customers during first half of 2017

Kansas Gas

- Purchased 37-mile segment of natural gas pipeline in southwest Kansas; added opportunities to serve customers along 87 miles of previously inaccessible transmission pipeline

2016 Highlights

Successful execution of strategy drives earnings growth

Oil and Gas

- Closed several non-core property sales; 380 gross wells (24 net wells) with total daily net production of approximately 2,800 Mcfe and reserves of approximately 5.8 Bcfe sold for total proceeds of approximately \$11 million

Cost of Service Gas

- Withdrew cost of service gas applications in Iowa, Kansas, South Dakota and Wyoming; considering filing new applications in first half of 2017

Record Electric Peak Loads

- Set multiple new all-time peak loads at Wyoming Electric of 236 megawatts on July 21, 231 megawatts on June 21 and 218 megawatts on June 10, surpassing the previous all-time peak load of 212 megawatts on July 27, 2015; also set new winter peak load of 230 megawatts on Dec. 7, 2016, surpassing previous winter peak load of 202 megawatts on Dec. 29, 2015
- Set multiple new all-time peak loads at Colorado Electric of 412 megawatts on July 20 and 406 megawatts on June 21, surpassing previous all-time peak load of 400 megawatts on June 26, 2012

2016 Highlights

Financial execution facilitates strategic growth

Dividend

- Board of directors approved quarterly dividend of \$0.42 per share for 2016, equivalent to an annual dividend rate of \$1.68 per share; dividend increased for 46 consecutive years

Financing Activities

- Completed financing for SourceGas acquisition
- Refinanced more than \$1 billion in debt, including \$760 million assumed as part of acquisition
- Upsized and extended revolving credit facility
- Implemented commercial paper program

ATM Program

- Implemented At-the-Market equity offering program of up to \$200 million; issued 1,968,738 shares at an average price of \$60.95 for net proceeds of \$119 million

Sale of Interest in COIPP

- Black Hills Electric Generation on April 14 sold for \$216 million a 49.9 percent, noncontrolling interest in Black Hills Colorado IPP, which owns and operates a 200-megawatt power plant in Pueblo, Colorado

2016 Highlights

Corporate leadership forward focused

Board of Directors Changes

- Added Theresa A. Taylor to board of directors effective Sep. 1, 2016
- Added retired U.S. Air Force Lt. Gen. Robert P. Otto to board of directors effective Jan. 1, 2017
- Mourned the unexpected passing of Gary L. Pechota

Leadership Changes

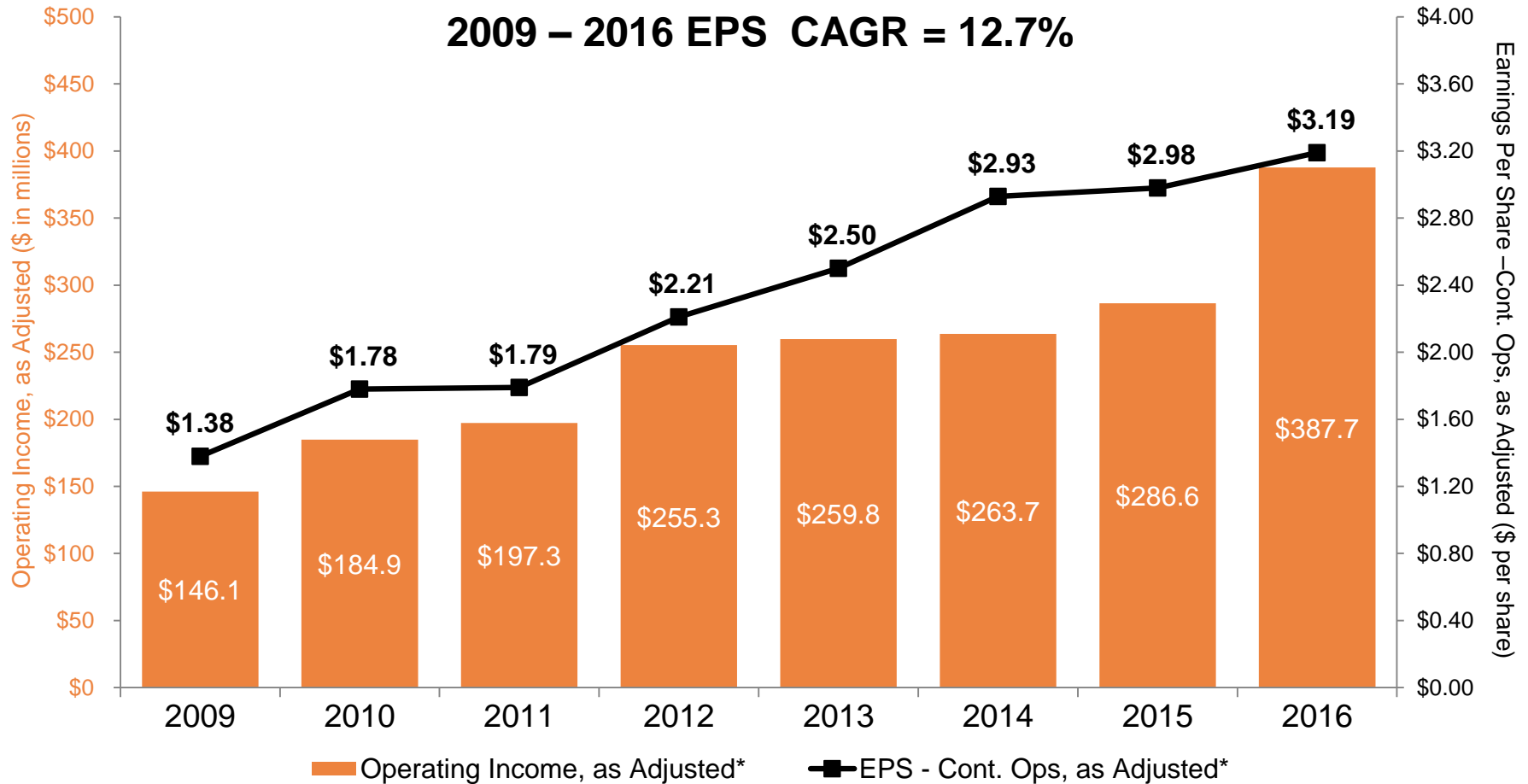
- Robert Myers, senior vice president of human resources, retired on April 1, 2017
- Jennifer Landis appointed senior vice president of human resources effective Feb. 1, 2017

Corporate Headquarters

- Construction of new corporate headquarters in Rapid City, named Horizon Point, well underway
- New headquarters will house more than 500 employees, consolidated from five different Rapid City locations
- Construction on schedule to be completed in late 2017

Creating Shareholder Value through Growth

Operating Income and EPS, as Adjusted

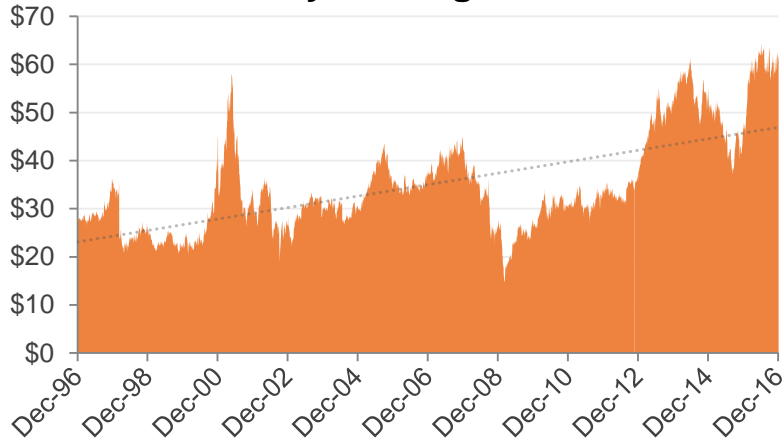


* Non-GAAP measures reconciled to GAAP in Appendix (operating income, as adjusted does not include corporate activity)

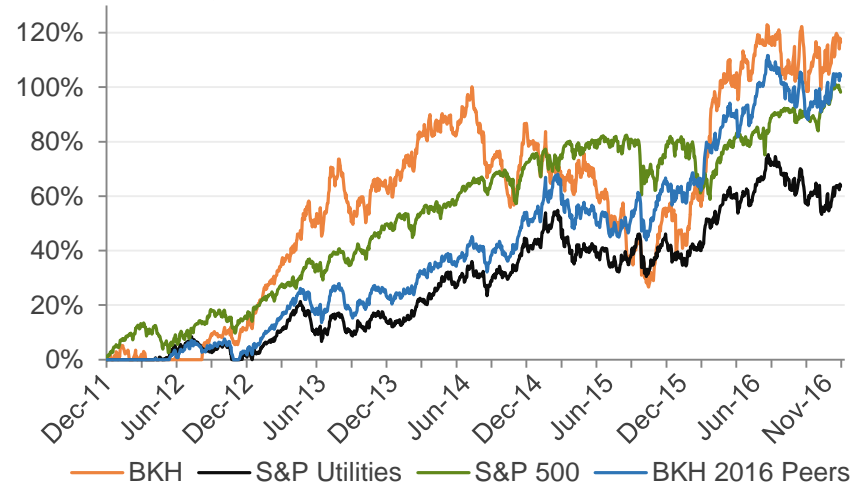
Delivering for Shareholders

Committed to providing long-term value

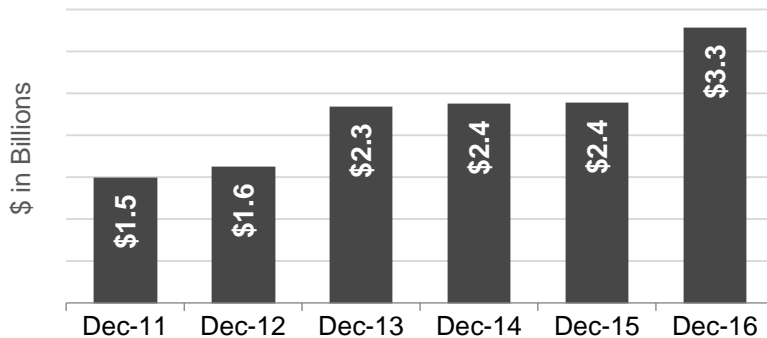
BKH Daily Closing Stock Price *



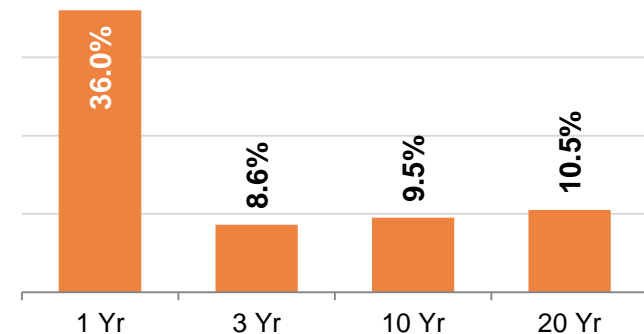
5-year Total Shareholder Return **



Market Capitalization



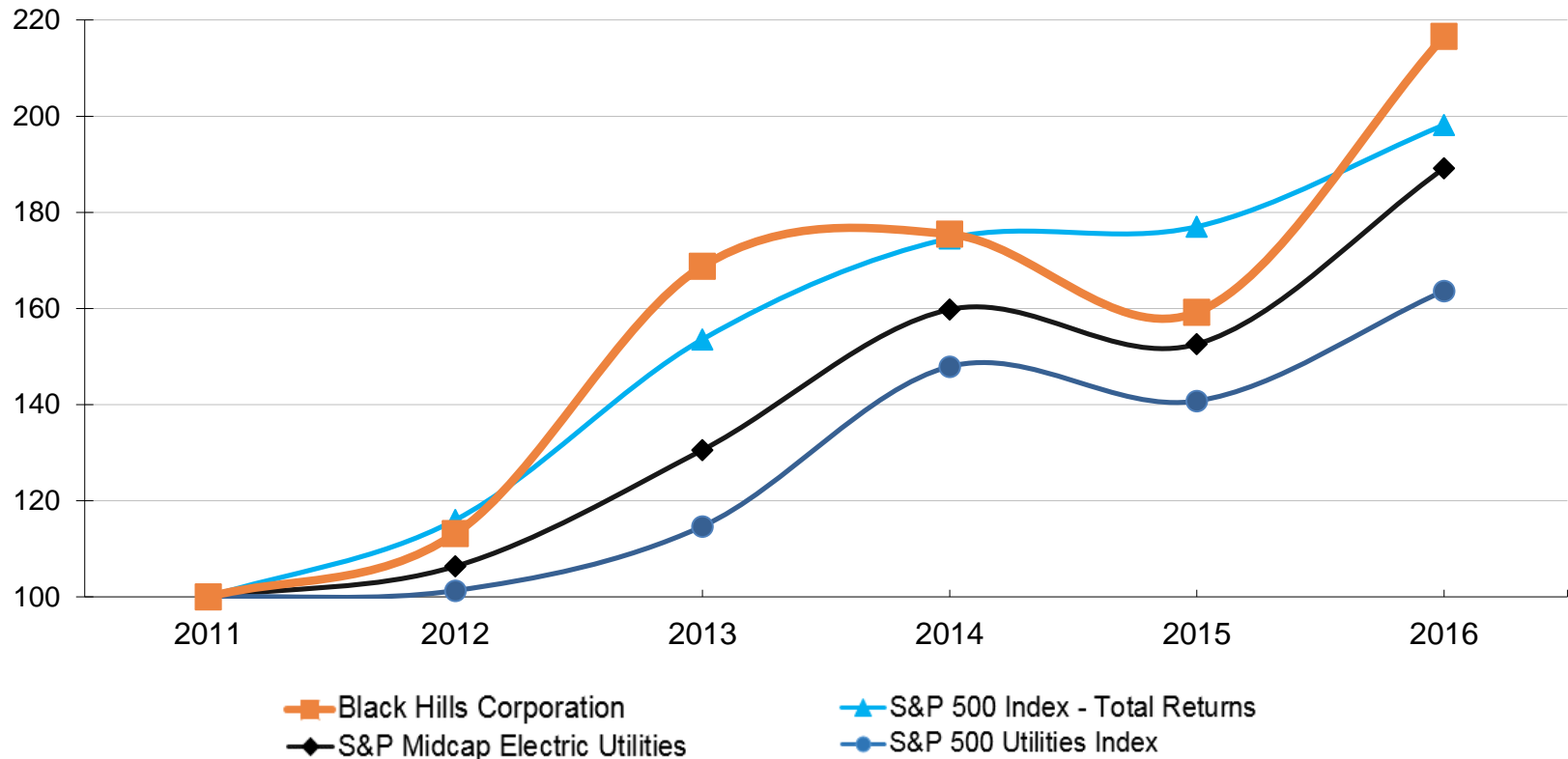
Annualized Total Shareholder Return ^



* BKH closing stock prices from Yahoo Finance ** Total shareholder return data from SNL Financial ^ Annualized total shareholder return data from www.buyside.com - returns calculated through 12/31/2016

5-Year Cumulative Total Return*

Comparison of 5-Year Cumulative Total Return
Black Hills Corp. versus S&P 500 Index,
S&P Midcap Electric Utilities and S&P 500 Utilities



* \$100 invested on Dec. 31, 2011, in stock or index, including reinvestment of dividends – fiscal year ending Dec. 31

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Strategic Overview



The Pueblo Airport Generating Station, with its highly efficient, gas turbine generators, provides 420-megawatts of safe, reliable energy for our customers in Southern Colorado.

Strategic Objectives

Utility-centered energy company well positioned to build upon a track record of successful utility growth

PROFITABLE GROWTH

Achieve consistent growth that creates value.

EARNINGS: Lead industry peers in earnings growth

EARNINGS UPSIDE: Capture value upside through cost-of-service gas program

DIVIDEND: Increase annual dividend, extending industry-leading dividend history

CREDIT RATING: Maintain solid investment-grade senior unsecured credit rating

BUSINESS DEVELOPMENT: Grow our core energy businesses through investments in organic business expansions and acquisitions that exceed our established hurdle rates and are accretive to earnings

VALUED SERVICE

Deliver reliable, highly valued products and services.

CUSTOMER: Provide quality products and services that cost effectively meet or exceed customer expectations with increased use of technology; effectively market these products and services to customers; and, share information to create understanding of energy-related issues

COMMUNITIES: Be a partner in growing the economies of the communities we serve

BETTER EVERY DAY

Continuously improve to achieve industry leading results.

OPERATIONAL PERFORMANCE: Achieve top-tier operational performance in a culture of continuous improvement

EFFICIENCY: Continuously engage BHC employees to identify and pursue efficiencies, and to simplify or eliminate unnecessary processes. Sustain annual improvements to metrics comparing costs as a percent of gross margin

EFFECTIVENESS: Identify the right projects and tools that allow employees to work effectively every day

MEASUREMENT: Benchmark our costs and processes with meaningful metrics to assist with real-time business management assessment of results and accountability

GREAT WORKPLACE

Promote a workplace that inspires individual growth and pride in what we do.

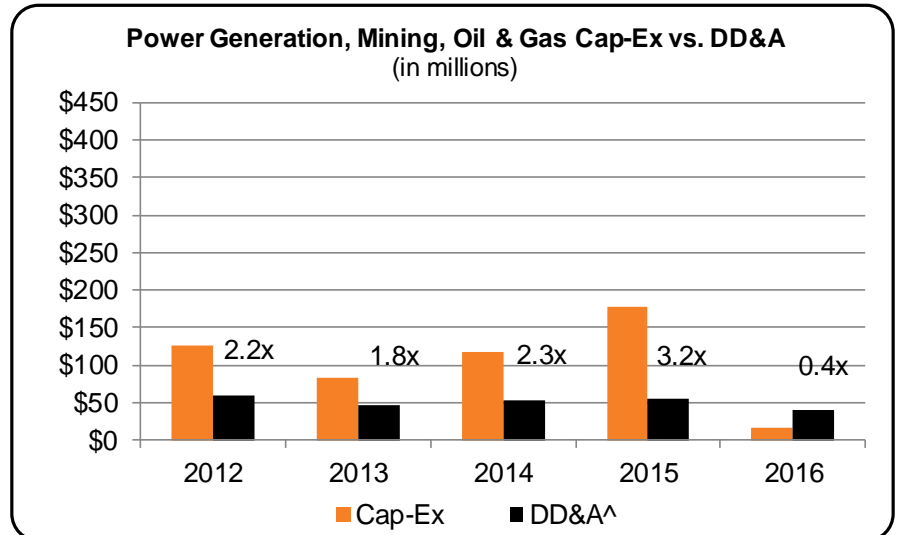
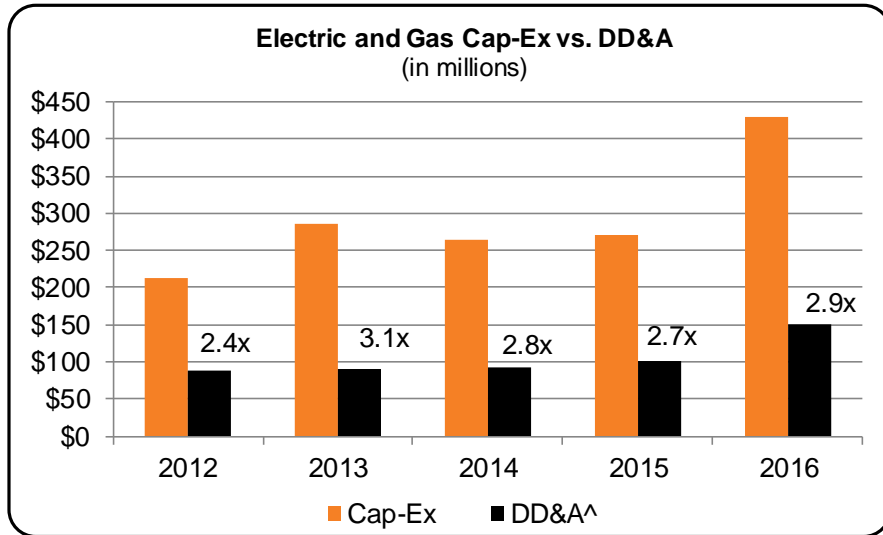
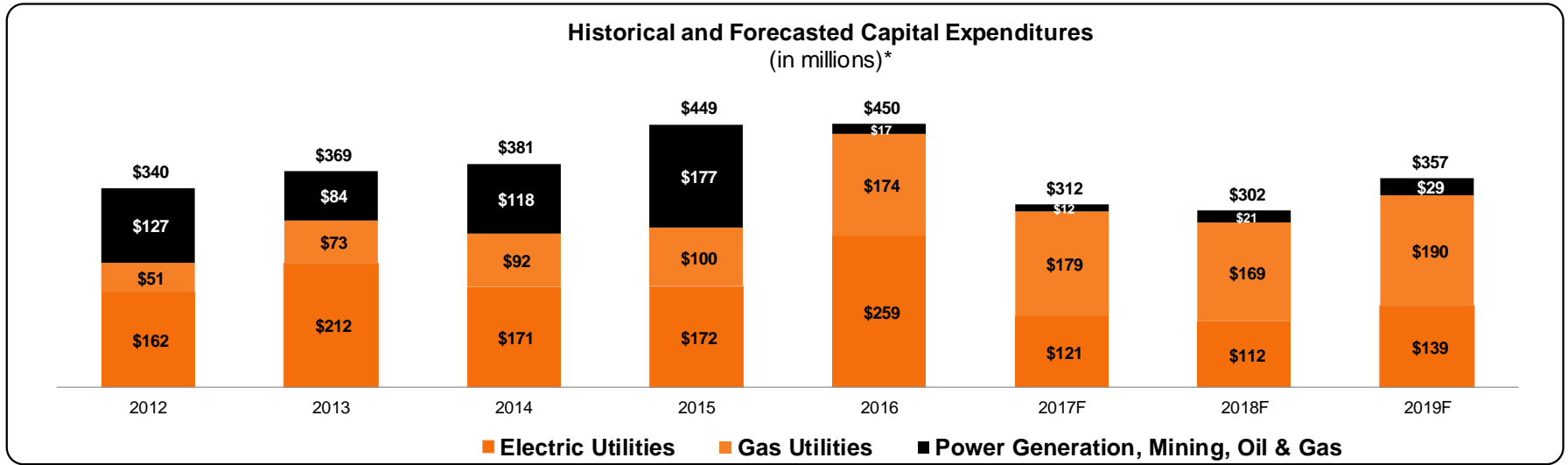
ENGAGEMENT: Achieve status as one of the “100 Great Places to Work” as measured by the Great Places to Work Institute

DIVERSITY: Increase workforce diversity (as measured as a percent of total workforce) to achieve improved performance and the innovations that come from inclusiveness

EMPLOYEE DEVELOPMENT: Establish robust development options enabling increased performance while preparing employees for additional career opportunities

TEAM WORK: Maintain top quartile results within a professional, and productive work environment

Capital Expenditures



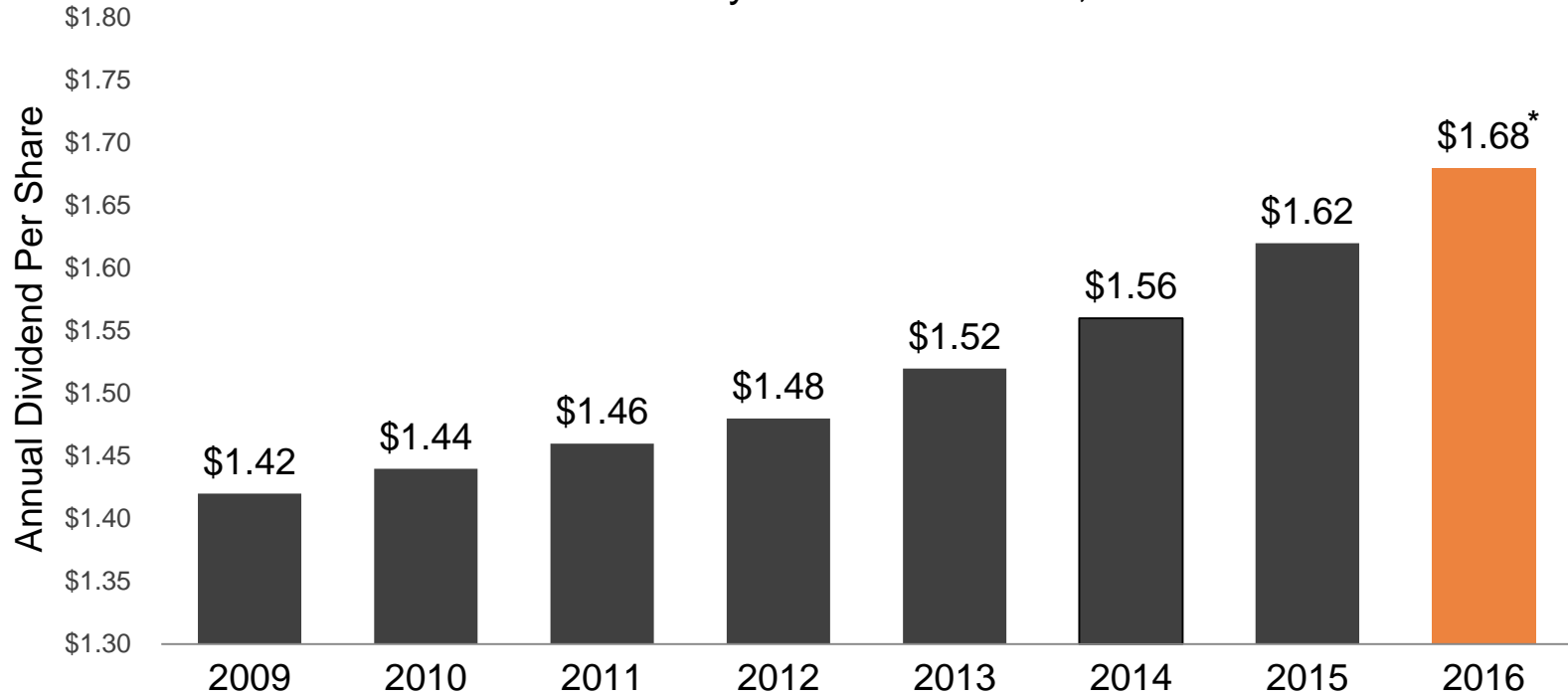
[^] Non-GAAP measure, reconciled to GAAP in Appendix

* Excludes Corporate Segment; minor differences due to rounding

Dividend Growth

Dividend Increased 46 Consecutive Years

2.7% dividend yield as of Dec. 31, 2016



* Board of Directors on Jan. 27, 2016, declared quarterly dividend of \$0.42 per share, equivalent to an annual rate of \$1.68 per share

Credit Rating

- Moody's Investor Service on Dec. 9, 2016, changed its corporate credit ratings of Black Hills Corp. to Baa2 with a stable outlook
- Standard and Poor's on Feb. 12, 2016, affirmed its corporate credit ratings of Black Hills Corp. at BBB and maintained its stable outlook
- Fitch on Feb. 12, 2016, affirmed its corporate credit ratings of Black Hills Corp. at BBB+ with a negative outlook; subsequent to year-end, Fitch affirmed its rating of Black Hills Corp. at BBB+ with a stable outlook

Black Hills Corporation	S&P	Moody's	Fitch
Corporate Credit Rating	BBB	Baa2	BBB+
Senior Unsecured	BBB	Baa2	BBB+
Outlook	<i>Stable</i>	<i>Stable</i>	<i>Stable</i>

2016 Scorecard



Strategy

- | | | | |
|--|--|--|---|
| <ul style="list-style-type: none"> • Construct cost effective rate-base generation and transmission to serve existing utility customers • Acquire regulated utility properties in our geographic region • Identify gas reserve assets for inclusion in the Cost of Service Gas program (COSG) | <ul style="list-style-type: none"> • Construct additional utility infrastructure that supports growing demand, maintains reliability and enables improved customer satisfaction • Balance integration of alternative and renewable energy with utility customer rate impacts | <ul style="list-style-type: none"> • Achieve top-tier operational performance in a culture of continuous improvement • Improve efficiencies through continued deployment of technology • Efficiently use coal resources through mine-mouth generation | <ul style="list-style-type: none"> • Be the safest company in the energy industry • Be one of the best places to work • Improve the wellness of employees • Become a workplace of choice for women and minorities |
|--|--|--|---|

2016 Future Initiatives and Progress

- | | | | |
|---|---|---|---|
| <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Obtain regulatory approvals and close SourceGas transaction <input checked="" type="checkbox"/> Complete construction of COE's 40 MW, natural gas-fired turbine and finalize associated rate case <input checked="" type="checkbox"/> Complete COE's purchase of 60 MW, Peak View Wind Project <input checked="" type="checkbox"/> Complete construction of Teckla to Osage transmission line <input type="checkbox"/> Complete construction of Osage to Rapid City transmission line <input type="checkbox"/> Obtain regulatory approvals necessary to commence COSG program <input checked="" type="checkbox"/> Increase annual dividend for 46th consecutive year | <ul style="list-style-type: none"> <input type="checkbox"/> Complete construction of the Northeast Nebraska Pipeline <input checked="" type="checkbox"/> Rebrand legacy utilities Black Hills Power and Cheyenne Light, Fuel & Power to Black Hills Energy <input checked="" type="checkbox"/> Rebrand SourceGas utilities to Black Hills Energy <input checked="" type="checkbox"/> Complete sale of minority interest in Colorado IPP <input checked="" type="checkbox"/> Evaluate upsizing and extending Revolving Credit Facility <input checked="" type="checkbox"/> Evaluate debt refinancing alternatives <input checked="" type="checkbox"/> Implement At-the-Market equity offering program | <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Begin implementation of the utility work and asset management project <input checked="" type="checkbox"/> Divest non-core oil and gas assets <input checked="" type="checkbox"/> Complete design and continue construction of new headquarters office building <input checked="" type="checkbox"/> Complete SourceGas financial and HR system integration <input checked="" type="checkbox"/> Complete SourceGas customer information system integration <input checked="" type="checkbox"/> Complete organization and staffing changes related to SourceGas acquisition | <ul style="list-style-type: none"> <input type="checkbox"/> Achieve safety TCIR of 1.0 <input checked="" type="checkbox"/> Review best practices in employee development, retention and compensation <p><u>Legend</u></p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Completed <input type="checkbox"/> Planned in 2016 |
|---|---|---|---|

2017 Scorecard



Strategy

- | | | | |
|---|--|--|---|
| <ul style="list-style-type: none"> • Construct cost effective rate-base generation and transmission to serve existing utility customers • Acquire regulated utility properties in our geographic region • Advance COSG Program | <ul style="list-style-type: none"> • Construct additional utility infrastructure that supports growing demand, maintains reliability and enables improved customer satisfaction • Balance integration of alternative and renewable energy with utility customer rate impacts | <ul style="list-style-type: none"> • Achieve top-tier operational performance in a culture of continuous improvement • Improve efficiencies through continued deployment of technology • Efficiently use coal resources through mine-mouth generation | <ul style="list-style-type: none"> • Be the safest company in the energy industry • Be one of the best places to work • Improve the wellness of employees • Become a workplace of choice for women and minorities |
|---|--|--|---|

2017 Future Initiatives and Progress

- | | | | |
|--|--|---|--|
| <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Increase annual dividend for 47th consecutive year <input type="checkbox"/> Complete construction of Osage to Rapid City 230 kv transmission line <input type="checkbox"/> Obtain regulatory approvals necessary to commence COSG program <input type="checkbox"/> Pursue satisfactory resolution of Colorado Electric 2016 rate review <input type="checkbox"/> Enhance earnings growth by improving efficiency and reducing costs | <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Complete construction of the Northeast Nebraska Pipeline <input type="checkbox"/> Obtain approval of Colorado Electric's ERP and complete RFP for 60 MW's of renewable energy | <ul style="list-style-type: none"> <input type="checkbox"/> Complete phase I of the utility work and asset management project <input type="checkbox"/> Divest non-core oil and gas assets <input type="checkbox"/> Enhance Field Service Optimization project (iPad and CLICK software technology) | <ul style="list-style-type: none"> <input type="checkbox"/> Achieve safety TCIR of 1.2 <input type="checkbox"/> Complete new corporate headquarters <input type="checkbox"/> Conduct an employee engagement survey to measure our progress and to continue efforts toward being a best place to work <input type="checkbox"/> Expand the availability of participation for women's affinity groups into all areas of operations <input type="checkbox"/> Further develop programs that develop, retain, and reward top performing employees |
|--|--|---|--|

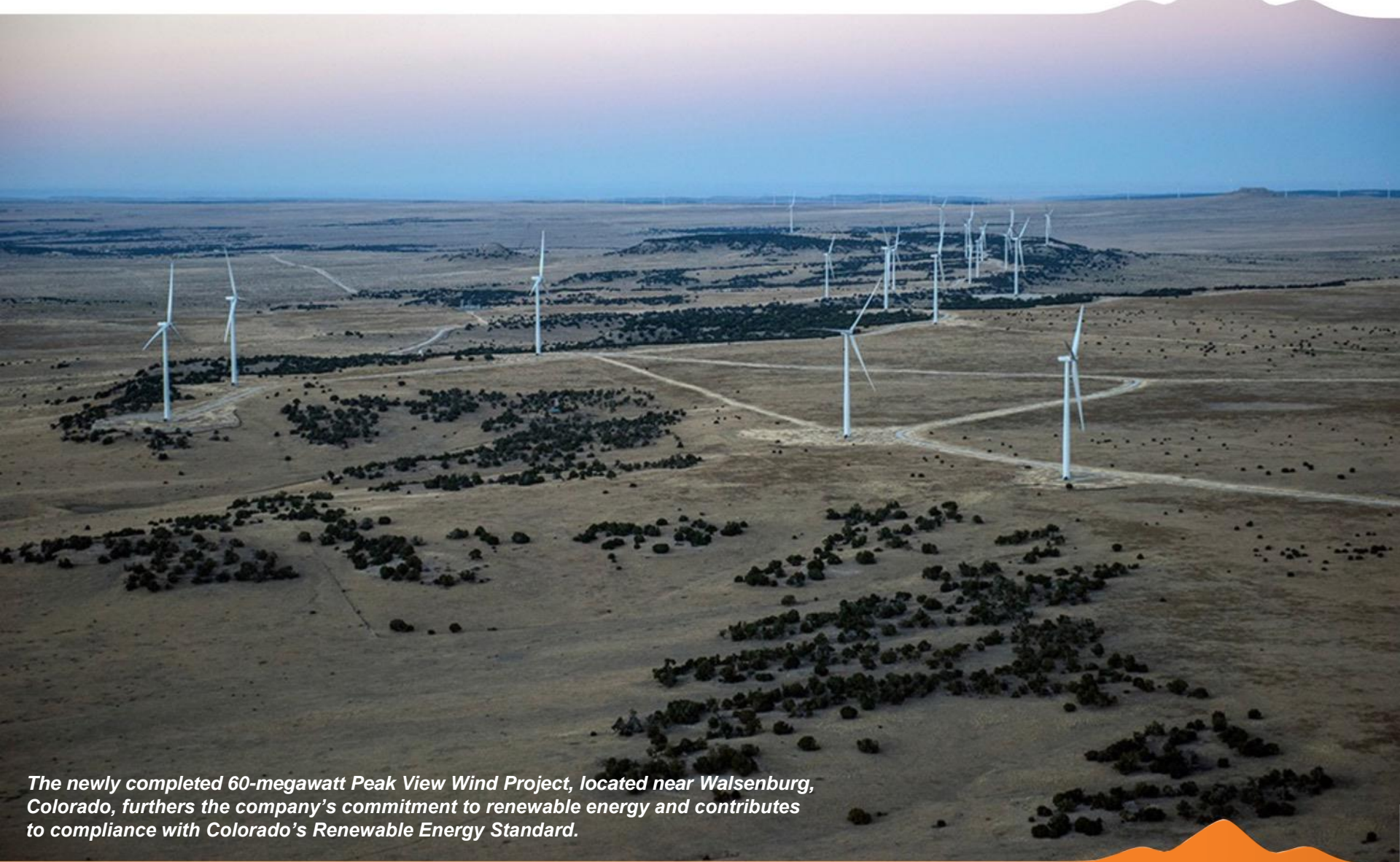
- Legend
- Completed
 - Planned in 2017

Questions



We are proud to serve Southern Colorado with safe, reliable energy services and work hard to be engaged, responsible community partners. Pictured from left, Tom Cruz and Ray Loya, line servicemen for our Colorado electric utility.

Appendix



The newly completed 60-megawatt Peak View Wind Project, located near Walsenburg, Colorado, furthers the company's commitment to renewable energy and contributes to compliance with Colorado's Renewable Energy Standard.

Use of Non-GAAP Financial Measures

Operating Income, as adjusted

We have provided non-GAAP earnings data reflecting adjustments for special items as specified in the GAAP to non-GAAP adjustment reconciliation table in this presentation. Operating Income (loss), as adjusted, Income (loss) from continuing operations, as adjusted, and Net income (loss), as adjusted, are defined as Operating Income (loss) from continuing operations adjusted for expenses, gains and losses that the company believes do not reflect the company's core operating performance. The company believes that non-GAAP financial measures are useful to investors because the items excluded are not indicative of the company's continuing operating results. The company's management uses these non-GAAP financial measures as an indicator for evaluating current periods and planning and forecasting future periods.

Earnings per share, as adjusted

Earnings per share, as adjusted, is a Non-GAAP financial measure. Earnings per share, as adjusted, is defined as GAAP Earnings per share, adjusted for expenses, gains and losses that the Company believes do not reflect the Company's core operating performance. Examples of these types of adjustments may include unique one-time non-budgeted events, impairment of assets, acquisition and disposition costs, and other adjustments noted in the earnings reconciliation tables in this presentation. The Company is not able to provide a forward-looking quantitative GAAP to Non-GAAP reconciliation for this financial measure because we do not know the unplanned or unique events that may occur later during the year.

Depreciation, Depletion and Amortization, as adjusted

Depreciation, Depletion and Amortization (DD&A), as adjusted are defined as DD&A by segment adjusted for additional depreciation expense at our Utilities Group and reduced depreciation at our Non-regulated Group. We have provided this non-GAAP measure to reflect adjustments by Business Group for the requirement under GAAP that the power purchase agreement between Colorado Electric and Colorado IPP be accounted for as a capital lease. The company believes that non-GAAP measures are useful to investors because the lease accounting is not indicative of our rate recovery accounting. The company's management uses these non-GAAP financial measures as an indicator for evaluating current periods and planning and forecasting future periods.

Limitations on the Use of Non-GAAP Measures

Non-GAAP measures have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Our presentation of these non-GAAP financial measures should not be construed as an inference that our future results will not be affected by unusual, non-routine, or non-recurring items.

Non-GAAP measures should be used in addition to and in conjunction with results presented in accordance with GAAP. Non-GAAP measures should not be considered as an alternative to net income, operating income or any other operating performance measure prescribed by GAAP, nor should these measures be relied upon to the exclusion of GAAP financial measures. Our non-GAAP measures reflect an additional way of viewing our operations that we believe, when viewed with our GAAP results and the reconciliation to the corresponding GAAP financial measures, provide a more complete understanding of factors and trends affecting our business than could be obtained absent this disclosure. Management strongly encourages investors to review our financial information in its entirety and not rely on a single financial measure.

Use of Non-GAAP Financial Measures

Operating Income, as Adjusted

	2009	2010	2011	2012	2013	2014	2015	2016
Operating income (loss) (GAAP)	\$ 124,155	\$ 189,981	\$ 192,468	\$ 276,441	\$ 259,446	\$ 263,868	\$ 29,795	\$ 222,586
Significant unique items:								
Asset impairment (Oil & Gas)	43,301			49,571			249,608	106,957
Acquisition costs							3,610	43,688
Gain on sale of Williston Basin assets				(75,853)				
Incentive comp. - Williston Basin asset sale				4,008				
Sale of Elkhorn		(2,683)						
Sale of Wygen III to City of Gillette		(6,238)						
23.5% of Wygen I to MEAN	(25,971)							
Integration expense (Aquila)	5,291							
Total adjustments	22,621	(8,921)	—	(22,274)	—	—	253,218	150,645
Operating income (loss), as adjusted (Non-GAAP)	\$ 146,776	\$ 181,060	\$ 192,468	\$ 254,167	\$ 259,446	\$ 263,868	\$ 283,013	\$ 373,231
Corporate activity	(679)	3,826	4,832	1,100	320	(204)	3,543	14,448
Operating income (loss), net of Corporate activity as adjusted (Non-GAAP)	\$ 146,097	\$ 184,886	\$ 197,300	\$ 255,267	\$ 259,766	\$ 263,664	\$ 286,556	\$ 387,679

Use of Non-GAAP Financial Measures

Earnings Per Share (EPS), as Adjusted

Earnings Per Share, as adjusted	2009	2010	2011	2012	2013	2014	2015	2016
Net income (GAAP)	\$ 2.11	\$ 1.87	\$ 1.34	\$ 2.32	\$ 2.64	\$ 2.93	\$ (0.71)	\$ 1.55
Discontinued (loss) Operations	(0.11)	(0.14)	(0.23)	0.16	0.02	-	-	-
Income (loss) from continuing operations (GAAP)	2.00	1.73	1.11	2.48	2.66	2.93	(0.71)	1.55
Net income attributable to non-controlling interest	-	-	-	-	-	-	-	(0.18)
Net income available for common stock (excluding discontinued operations)	2.00	1.73	1.11	2.48	2.66	2.93	(0.71)	1.37
<u>Adjustments (loss) (after tax)</u>								
Interest rate swaps - MTM	(0.94)	0.25	0.68	(0.03)	(0.44)	-	-	-
Costs associated with prepayment of BHW project financing (Net of interest savings)	-	-	-	-	0.15	-	-	-
Financing costs, net of interest savings (\$250M bond payoff)*	-	-	-	-	0.13	-	-	-
Make-whole premium net of interest savings (\$225M bond payoff)	-	-	-	0.07	-	-	-	-
Credit Facility fee write-off	-	-	-	0.02	-	-	-	-
Asset impairment - Oil and Gas	0.72	-	-	0.72	-	-	3.48	1.26
Impairment of equity investments - Oil and Gas	-	-	-	-	-	-	0.06	-
Gain on sale of operating assets -								
Williston Basin assets (net of incentive comp)	-	-	-	(1.05)	-	-	-	-
Sale of Elkhorn, NE service area	-	(0.04)	-	-	-	-	-	-
Partial sale of Wygen III to City of Gillette	-	(0.10)	-	-	-	-	-	-
Partial sale of Wygen I to MEAN	(0.44)	-	-	-	-	-	-	-
Improved effective tax rate	(0.10)	(0.06)	-	-	-	-	-	-
Integration expenses	0.09	-	-	-	-	-	0.15	0.56
Acquisition facility fee	0.05	-	-	-	-	-	-	-
Total Non-GAAP adjustments	(0.62)	0.05	0.68	(0.27)	(0.16)	-	3.69	1.82
Net income available for common stock (excluding discontinued operations); as adjusted (Non-GAAP)	\$ 1.38	\$ 1.78	\$ 1.79	\$ 2.21	\$ 2.50	\$ 2.93	\$ 2.98	\$ 3.19

Use of Non-GAAP Financial Measures

Depreciation, Depletion & Amortization, adjusted for Intercompany Capital Lease*

(in thousands, pre-tax)

	Electric Utilities	Gas Utilities	Total Utilities	Power Generation	Mining	Oil and Gas	Total Non-Reg	Corporate	Total
YTD Dec. 31, 2016									
Depreciation, depletion and amortization (GAAP)	\$ 84,645	\$ 78,335	\$ 162,980	\$ 4,104	\$ 9,346	\$ 13,902	\$ 27,352	\$ (1,289)	\$ 189,043
Capital lease adjustment	(13,072)	-	(13,072)	11,735	-	-	11,735	1,337	-
Deprec, depletion and amortization, as adjusted (non-GAAP)	\$ 71,573	\$ 78,335	\$ 149,908	\$ 15,839	\$ 9,346	\$ 13,902	\$ 39,087	\$ 48	\$ 189,043
Capital Expenditures	\$ 258,739	\$ 173,930	\$ 432,669	\$ 4,729	\$ 5,709	\$ 6,669	\$ 17,107	\$ 17,353	\$ 467,129
Cap Ex to Depreciation Ratio							2.9 to 1	0.4 to 1	
YTD Dec. 31, 2015									
Depreciation, depletion and amortization (GAAP)	\$ 80,929	\$ 32,326	\$ 113,255	\$ 4,329	\$ 9,806	\$ 29,287	\$ 43,422	\$ (1,307)	\$ 155,370
Capital lease adjustment	(13,071)	-	(13,071)	11,764	-	-	11,764	1,307	-
Deprec, depletion and amortization, as adjusted (non-GAAP)	\$ 67,858	\$ 32,326	\$ 100,184	\$ 16,093	\$ 9,806	\$ 29,287	\$ 55,186	\$ -	\$ 155,370
Capital Expenditures	\$ 171,897	\$ 99,674	\$ 271,571	\$ 2,694	\$ 5,767	\$ 168,925	\$ 177,386	\$ 9,864	\$ 458,821
Cap Ex to Depreciation Ratio							2.7 to 1	3.2 to 1	
YTD Dec. 31, 2014									
Depreciation, depletion and amortization (GAAP)	\$ 77,011	\$ 28,912	\$ 105,923	\$ 4,540	\$ 10,276	\$ 24,247	\$ 39,063	\$ (241)	\$ 144,745
Capital lease adjustment	(13,072)	-	(13,072)	12,831	-	-	12,831	241	-
Deprec, depletion and amortization, as adjusted (non-GAAP)	\$ 63,939	\$ 28,912	\$ 92,851	\$ 17,371	\$ 10,276	\$ 24,247	\$ 51,894	\$ -	\$ 144,745
Capital Expenditures	\$ 171,475	\$ 92,252	\$ 263,727	\$ 2,379	\$ 6,676	\$ 109,439	\$ 118,494	\$ 9,046	\$ 391,267
Cap Ex to Depreciation Ratio							2.8 to 1	2.3 to 1	
YTD Dec. 31, 2013									
Depreciation, depletion and amortization (GAAP)	\$ 75,355	\$ 28,730	\$ 104,085	\$ 5,090	\$ 11,523	\$ 17,876	\$ 34,489	\$ (1,250)	\$ 137,324
Capital lease adjustment	(13,100)	-	(13,100)	11,850	-	-	11,850	1,250	-
Deprec, depletion and amortization, as adjusted (non-GAAP)	\$ 62,255	\$ 28,730	\$ 90,985	\$ 16,940	\$ 11,523	\$ 17,876	\$ 46,339	\$ -	\$ 137,324
Capital Expenditures	\$ 212,269	\$ 73,198	\$ 285,467	\$ 13,533	\$ 5,528	\$ 64,687	\$ 83,748	\$ 10,319	\$ 379,534
Cap Ex to Depreciation Ratio							3.1 to 1	1.8 to 1	
YTD Dec. 31, 2012									
Depreciation, depletion and amortization (GAAP)	\$ 72,899	\$ 27,508	\$ 100,407	\$ 4,599	\$ 13,060	\$ 29,785	\$ 47,444	\$ (1,928)	\$ 145,923
Capital lease adjustment	(13,044)	-	(13,044)	11,071	-	-	11,071	1,973	-
Deprec, depletion and amortization, as adjusted (non-GAAP)	\$ 59,855	\$ 27,508	\$ 87,363	\$ 15,670	\$ 13,060	\$ 29,785	\$ 58,515	\$ 45	\$ 145,923
Capital Expenditures	\$ 162,136	\$ 50,838	\$ 212,974	\$ 5,547	\$ 13,420	\$ 107,839	\$ 126,806	\$ 7,376	\$ 347,156
Cap Ex to Depreciation Ratio							2.4 to 1	2.2 to 1	

* PPA between Colorado Electric and Colorado IPP is considered a capital lease for GAAP purposes; this PPA went into effect Jan. 1, 2012

VISION

Be the Energy Partner of Choice.

MISSION

Improving Life with Energy.

COMPANY VALUES



Agility

We embrace change and challenge ourselves to adapt quickly to opportunities.



Customer Service

We are committed to providing a superior customer experience every day.



Partnership

Our partnerships with shareholders, communities, regulators, customers and each other make us all stronger.



Communication

Consistent, open and timely communication keeps us focused on our strategy and goals.



Integrity

We hold ourselves to the highest standards based on a foundation of unquestionable ethics.



Respect

We respect each other. Our unique talents and diversity anchor a culture of success.



Creating Value

We are committed to creating exceptional value for our shareholders, employees, customers and the communities we serve...always.



Leadership

Leadership is an attitude. Everyone must demonstrate the care and initiative to do things right.



Safety

We commit to live and work safely every day.



  To see more ways we're improving life with energy, visit www.blackhillscorp.com.