

Celanese CORP
Form 11-K
June 24, 2010

Table of Contents

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Form 11-K

**ANNUAL REPORT PURSUANT TO SECTION 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

(Mark One)

**p ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934**

For the fiscal year ended: December 31, 2009

OR

**o TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 001-32410

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

**Celanese Americas Retirement Savings Plan
1601 W LBJ Freeway
Dallas, TX 75234**

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

**Celanese Corporation
1601 W LBJ Freeway
Dallas, TX 75234**

Celanese Americas Retirement Savings Plan

CONTENTS

	Page
<u>Report of Independent Registered Public Accounting Firm</u>	3
FINANCIAL STATEMENTS	
<u>Statements of Net Assets Available for Benefits as of December 31, 2009 and 2008</u>	4
<u>Statements of Changes in Net Assets Available for Benefits for the Years Ended December 31, 2009 and 2008</u>	5
<u>Notes to Financial Statements</u>	6
Supplemental Schedule*	
<u>Schedule H, line 4i Schedule of Assets (Held at end of year) as of December 31, 2009</u>	15
	Signatures

* Other schedules required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA) have been omitted because they are not applicable.

Table of Contents

REPORT OF INDEPENDENT REGISTERED ACCOUNTING FIRM

To The Plan Administrator, Investment, and Benefit Committees of the Celanese Americas Retirement Savings Plan:

We have audited the accompanying statements of net assets available for benefits of the Celanese Americas Retirement Savings Plan (the Plan) as of December 31, 2009 and 2008 and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2009 and 2008 and the changes in net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule H, line 4i schedule of assets (held at the end of year) as of December 31, 2009 is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor's Rule and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ PMB Helin Donovan, LLP

Dallas, Texas
June 24, 2010

Table of Contents**Celanese Americas Retirement Savings Plan
Statements of Net Assets Available for Benefits**

	As of December 31,	
	2009	2008
	(In thousands)	
Assets		
Investments		
At fair value (Note 3)	\$ 525,282	\$ 462,880
Wrapper contracts	303	315
Loans to participants	7,923	8,802
Total investments	533,508	471,997
Receivables		
Securities sold	50	-
Accrued interest and dividends	521	879
Total receivables	571	879
Total assets	534,079	472,876
Liabilities		
Administrative payables	317	398
Net assets available for benefits at fair value	533,762	472,478
Adjustment from fair value to contract value for fully benefit-responsive investment contract (Note 3)	11,393	23,095
Net assets available for benefit	\$ 545,155	\$ 495,573

See accompanying notes to financial statements.

Table of Contents

**Celanese Americas Retirement Savings Plan
Statements of Changes in Net Assets Available for Benefits**

	Year Ended December 31,	
	2009	2008
	(In thousands)	
Investment income		
Net appreciation (depreciation) of investments (Note 3)	\$ 84,431	\$ (176,796)
Interest	4,029	8,788
Participant loan interest	555	634
Dividends	1,437	1,512
Other	114	165
 Total investment income (loss)	 90,566	 (165,697)
Contributions		
Company, net of forfeitures	9,160	10,142
Participant	17,255	20,673
Rollovers	946	679
 Total contributions	 27,361	 31,494
Administrative expenses	(1,236)	(1,332)
Withdrawals and distributions	(67,039)	(57,295)
Net transfers (to) from other plans	(70)	88
 Net increase (decrease)	 49,582	 (192,742)
 Net assets available for benefits		
Beginning of year	495,573	688,315
 End of year	 \$ 545,155	 \$ 495,573

See accompanying notes to financial statements.

Table of Contents

**Celanese Americas Retirement Savings Plan
Notes to Financial Statements**

(1) Description of the Plan

The Celanese Americas Retirement Savings Plan (the Plan) is a participant directed, defined contribution plan sponsored by Celanese Americas LLC (formerly Celanese Americas Corporation) and subsidiaries (Celanese or the Company), a wholly owned subsidiary of Celanese Corporation. The Plan covers certain employees of the Company and its participating affiliates (Participants). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). Participants in the Plan should refer to the Plan document for more complete details of the Plan's provisions.

The Company has a trust agreement with State Street Bank & Trust Company (the Trustee). The trust agreement establishes a qualified trust for the Plan. The assets of the trust are managed by various investment managers appointed by the Company. The Company's Investment Committee oversees the Plan and has discretionary authority to appoint an agent to direct the purchase and sale of investments in the Plan. The Company appointed the Plan Administrator and Investment Committee as the named fiduciaries of the Plan.

(a) Eligibility

Employees are eligible to participate in the Plan as soon as administratively practicable following their date of hire (taking into account the need to enroll and the timing of the Company's payroll cycles).

(b) Participant Contributions

Participants may contribute from 2% to 80% of their eligible compensation, as defined in the Plan document and subject to certain Internal Revenue Service (IRS) limitations, through payroll deductions. Participants may designate contributions as either before-tax, after-tax or a combination of both. Participants' before-tax contributions and Company contributions are deferred compensation pursuant to Section 401(k) of the Internal Revenue Code (IRC).

(c) Company Contributions

The Company makes a contribution equal to the amount contributed by each Participant up to 5% of such Participant's eligible compensation for non-union participants, as defined in the Plan document. The Company's contribution for union participants varies, as defined in the Plan document, but does not exceed 5% of the Participant's eligible compensation. Effective January 1, 2009, the Plan was amended and restated to increase the matching contribution for the Calvert City union participants to a 100% match of the savings of Calvert City union participants, not to exceed 5% of the participant's eligible compensation.

(d) Vesting

All Participants' contributions and income earned or losses incurred thereon are fully vested at all times. Effective January 1, 2008, the Company's contributions to active Participants and income earned or losses incurred thereon are also vested at all times. Company contributions to inactive Participants that were not vested as of January 1, 2008 will be forfeited upon request for distribution.

(e) Forfeitures

Forfeitures of non-vested Company contributions are used to reduce future employer contributions or to restore prior forfeitures under certain conditions. In 2009 and 2008, Company contributions were reduced by \$266,266 and \$134,222 respectively, from forfeited non-vested accounts. At December 31, 2009 and 2008, forfeitures of

Table of Contents

**Celanese Americas Retirement Savings Plan
Notes to Financial Statements**

\$14,767 and \$174,853, respectively, were available for reducing future employer contributions or to restore prior forfeitures under certain conditions.

(f) Distributions and Withdrawals

A Participant's entire vested account balance shall be payable upon termination of employment, retirement, disability or death. Participants who suffer a financial hardship may withdraw all or part of their vested account balance before tax contributions subject to certain provisions, as described in the Plan document. Distributions and withdrawals under the Plan are made in cash in the form of a lump sum. Payments are made as soon as administratively practicable within the provisions of the Plan. The Plan allows for in-service withdrawals of vested contributions under certain circumstances, as defined in the Plan document.

(g) Participant Accounts

Each Participant's account is credited with the Participant's contributions, the appropriate amount of Company contributions and an allocation of the Plan's earnings or losses and the investment management fees in accordance with the allocation provisions contained in the Plan document. The benefit to which a participant is entitled is the benefit that can be provided from the Participant's vested account balance.

(h) Participant Loans

Participants who are actively working, and have a vested account balance of at least \$2,000, may borrow up to the lesser of 50% of the vested account balance or \$50,000 less the highest outstanding loan balance in the previous 12 months. The minimum loan available is \$1,000 and shall not exceed \$50,000. Loans are generally for periods of up to five years with the exception of the purchase of a primary residence in which case the loan can be for a period up to fifteen years. Loans are repaid in bi-weekly installments and include interest charges. The interest rate on new loans, fixed on the first business day of the month, is based on the Prime Lending Rate (per the Wall Street Journal) plus 1%. The range of interest rates for outstanding Participant loans as of December 31, 2009 was 4.25% to 11.5% with maturities ranging from 2010 to 2024.

Each loan is adequately secured through the balance in the participant's Plan account. If a participant defaults on his or her loan by failing to make timely repayments, the outstanding principal and interest due on the loan is treated as a deemed distribution and reported as a taxable distribution to the participant in the year of default. If the participant has an outstanding loan and takes a distribution of his or her Plan benefit, the outstanding principal and interest due on the loan is included in the amount distributed to the participant.

Table of Contents**Celanese Americas Retirement Savings Plan
Notes to Financial Statements*****(i) Investments***

Plan Participants may direct the investment of their account in 1% increments among any of the following 20 investment options:

Investment Option	Investment Manager
2000 Retirement Portfolio	Alliance Bernstein
2005 Retirement Portfolio	Alliance Bernstein
2010 Retirement Portfolio	Alliance Bernstein
2015 Retirement Portfolio	Alliance Bernstein
2020 Retirement Portfolio	Alliance Bernstein
2025 Retirement Portfolio	Alliance Bernstein
2030 Retirement Portfolio	Alliance Bernstein
2035 Retirement Portfolio	Alliance Bernstein
2040 Retirement Portfolio	Alliance Bernstein
2045 Retirement Portfolio	Alliance Bernstein
2050 Retirement Portfolio	Alliance Bernstein
Core Bond Fund	Pacific Investment Management Co.
Government Securities Fund	Hoisington Investment Management Co.
S&P 500 Index Fund	Barclays Global Investor
Large-Cap Value Fund	Alliance Bernstein Investment Management
Large-Cap Growth Fund	Marsico Capital Management
International Stock Fund	Capital Guardian Trust Company
Small-Cap Core Fund	Barclays Global Investors
Stable Value Fund	JP Morgan Asset Management
Celanese Stock Fund	State Street Global Advisors

A Participant may transfer all or a portion of his or her interest, in 1% increments, from one investment fund to another. Each of the Plan's investment options is managed for the Plan by independent investment managers, who employ a specific set of investment criteria endorsed and monitored by the Company.

Celanese Stock Fund

The Celanese Stock Fund is a stock bonus plan (as defined by U.S. Treasury Regulation § 1.401-1 (b)(i)(iii)) with a primary investment in common shares of Celanese Corporation. Participant holdings of Celanese Corporation common shares are limited to twenty percent of the Participants' total account balance under the Plan. There is a 30-day restriction on reentry into the Celanese Stock Fund after a sale of stock. State Street Global Advisors was named as the fiduciary of the Celanese Stock Fund. The Trustee shall vote shares of Celanese Corporation stock in accordance with the instructions of the Participants in whose accounts the shares are held. During 2009, the Trustee purchased 103,540 shares of Celanese Corporation stock for the fund at an average price of \$13.14 per share and sold 280,861 shares of Celanese Corporation stock for the fund at an average price \$23.57 per share. During 2008, the Trustee purchased 829,070 shares of Celanese Corporation stock for the fund at an average price of \$27.12 per share and sold 258,427 shares of Celanese Corporation stock for the fund at an average price \$39.06 per share.

Investment Contracts

The Plan invests in fully benefit-responsive investment contracts held in the Stable Value Fund, which are reported in the Statement of Changes in Net Assets Available for Benefits on a contract value basis. The Statement of Net Assets Available for Benefits presents fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value.

Table of Contents

**Celanese Americas Retirement Savings Plan
Notes to Financial Statements**

The Stable Value Fund permits all Participant initiated transactions as allowed by the plan to occur at contract value. Events that would limit the Plan's ability to execute transactions at contract value are improbable, except for termination of the Plan by the Company; Company initiated withdrawals may be subject to a market adjustment.

The average yield of the investment contracts was 4.19% and 6.82% for the years ended December 31, 2009 and 2008, respectively. The stabilized interest rate (Crediting Rate) on investment contracts was 1.52% and 2.66% as of December 31, 2009 and 2008, respectively. The Crediting Rates are provided to participants in the fund on a designated pool of investments held by the fund, through contracts generally referred to as a wrapper . The contracts provide assurance that the adjustments to the interest Crediting Rate will not result in a future interest Crediting Rate that is less than zero.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America (US GAAP) for all periods presented.

(b) Valuation of Investments and Income Recognition

The Plan's investments are stated at fair value. All purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded when earned. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) in fair value of investments includes realized gains and losses on investments sold during the year as well as net appreciation (depreciation) of the investments held at the end of the year.

As of December 31, 2008, the Plan adopted the provisions of FASB ASC Topic 820, *Fair Value Measurements and Disclosures* (ASC 820) for financial assets and liabilities. ASC 820 defines fair value, and increases disclosures surrounding fair value calculations.

(c) Risks and Uncertainties

The assets of the Plan consist primarily of investments held at fair value. These investments are subject to market risks and are influenced by such factors as investment objectives, interest rates, stock market performance, economic conditions and world affairs. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect Participant account balances and the amounts reported in the financial statements.

(d) Use of Estimates

The preparation of financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

Table of Contents**Celanese Americas Retirement Savings Plan
Notes to Financial Statements*****(e) Payment of Benefits***

Benefits are recorded when paid.

(3) Investments

During 2009 and 2008, the Plan's investments (including investments bought and sold and held during the year) appreciated (depreciated) in value as follows:

	For the Years Ended December 31,	
	2009	2008
	(In thousands)	
Quoted market price:		
US government securities	\$ (6,640)	\$ 6,452
Corporate stock – common and preferred	5,256	(13,187)
Corporate stock – Celanese Corporation	16,651	(14,201)
Registered investment companies	44,403	(94,178)
	59,670	(115,114)
Investments at estimated fair value:		
Common/collective trusts	24,773	(61,997)
Wrapper contracts	(12)	315
	\$ 84,431	\$ (176,796)

Investments representing 5% or more of the Plan's net assets are as follows:

	As of December 31	
	2009	2008
	(In thousands)	
Alliance Collective Investment Trust ⁽¹⁾	29,829	23,247
BR Equity Index Fund ⁽¹⁾⁽²⁾	40,229	31,052
Alliance Bernstein 2015 Retirement Fund	35,481	32,046
Alliance Bernstein 2020 Retirement Fund	37,894	32,373
Alliance Bernstein 2025 Retirement Fund	30,419	32,373
Bank of America, contract no. 02 011	53,078	57,981
Caisse Depots et Consignations, contract no. 1837 01	53,060	57,966
State Street Bank, contract no. 102063	53,078	57,981

⁽¹⁾ Holding did not represent 5% or more of the Plan's net assets as of December 31, 2008.

(2) Formerly BGI Equity Index Fund.

Table of Contents**Celanese Americas Retirement Savings Plan
Notes to Financial Statements*****Investment Contracts***

2009	Investments at Fair Value	Wrapper Contracts at Fair Value (In thousands)	Adjustment to Contract Value
US government securities	\$ 506	\$ -	\$ -
Interest-bearing cash	445	-	-
JP Morgan Intermediate Bond Fund	146,568	-	-
Wrapper contracts	-	303	11,393
	\$ 147,519	\$ 303	\$ 11,393

2008	Investments at Fair Value	Wrapper Contracts at Fair Value (In thousands)	Adjustment to Contract Value
US government securities	\$ 769	\$ -	\$ -
Interest-bearing cash	421	-	-
JP Morgan Intermediate Bond Fund	149,327	-	-
Wrapper contracts	-	315	23,095
	\$ 150,517	\$ 315	\$ 23,095

The fair value of the wrapper is determined by calculating the present value of excess future wrapper fees. When the replacement cost of the wrapper contracts (a re-pricing provided annually by each issuer) is greater than the current wrapper fee, the difference is converted into the implied additional fee payment cash flows for the duration of the holding. The present value of that cash flow stream is calculated using a swap curve yield that is based on the duration of the holding, and adjusted for the holding's credit quality rating. Since the replacement costs of the wrapper contracts exceeded the actual costs as of December 31, 2009 and 2008, the fair value of the wrapper contracts is valued at \$303,464 and \$315,347, respectively.

Table of Contents

**Celanese Americas Retirement Savings Plan
Notes to Financial Statements**

As discussed in Note 2, the Plan adopted ASC 820 as of December 31, 2008. ASC 820 establishes a three-tiered fair value hierarchy that prioritizes inputs to valuation techniques used in fair value calculations. The three levels of inputs are defined as follows:

Level 1 unadjusted quoted prices for identical assets or liabilities in active markets accessible by the Company

Level 2 inputs that are observable in the marketplace other than those inputs classified as Level 1

Level 3 inputs that are unobservable in the marketplace and significant to the valuation

The Company's defined contribution plan assets are measured at fair value on a recurring basis and include the following items:

Short-term investment funds: Foreign and domestic currencies as well as short-term securities are valued at cost plus accrued interest, which approximates fair value.

Common/Collective Trusts: Composed of various funds whose diversified portfolio is comprised of foreign and domestic equities, fixed income securities, and short term investments. Investments are valued at the net asset value of units held by the plan at year-end.

Corporate stock and government securities: Valued at the closing price reported on the active market in which the individual securities are traded. Automated quotes are provided by multiple pricing services and validated by the plan custodian. These securities are traded on exchanges as well as in the over the counter market.

Registered Investment Companies: Composed of various mutual funds and other investment companies whose diversified portfolio is comprised of foreign and domestic equities, fixed income securities, and short term investments. Investments are valued at the net asset value of units held by the plan at year-end.

Investment contracts: Calculated based on the market values of the underlying securities. The investment contracts invest primarily in the Stable Value Fund which is valued at the net asset value of shares held by the plan at year-end.

Wrapper contracts: Calculated as the present value of excess future wrapper fees using a swap curve yield that is based on the duration of the holding, and adjusted for the holding's credit quality rating.

Participant loans: Calculated as the present value of excess future wrapper fees using a swap curve yield that is based on the duration of the holding, and adjusted for the holding's credit quality rating.

ASC 820 requires the Plan to maximize the use of observable inputs and minimize the use of unobservable inputs. If a financial instrument uses inputs that fall in different levels of the hierarchy, the instrument will be categorized based upon the lowest level of input that is significant to the fair value calculation.

Table of Contents**Celanese Americas Retirement Savings Plan
Notes to Financial Statements**

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value:

Assets	Fair Value Measurement as of December 31, 2009 Using		Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2) (In thousands)	
Investments			
Short-term investment funds	\$ -	\$ 7,047	\$ 7,047
US government securities	16,086	-	16,086
Corporate stock - common and preferred	44,223	-	44,223
Registered investment companies	17,625	196,644	214,269
Common/collective trusts	-	96,138	96,138
Investment contracts	-	147,519	147,519
Wrapper contracts	-	303	303
Participant loans	-	7,923	7,923
Total assets	\$ 77,934	\$ 455,574	\$ 533,508

Assets	Fair Value Measurement as of December 31, 2008 Using		Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2) (In thousands)	
Investments			
Short-term investment funds	\$ -	\$ 7,396	\$ 7,396
US government securities	29,452	-	29,452
Corporate stock - common and preferred	27,904	-	27,904
Registered investment companies	10,454	147,985	158,439
Common/collective trusts	-	89,172	89,172
Investment contracts	-	150,517	150,517
Wrapper contracts	-	315	315
Participant loans	-	8,802	8,802
Total assets	\$ 67,810	\$ 404,187	\$ 471,997

(4) Plan Termination

Although the Company has not expressed any intent to terminate the Plan, it may do so at any time, subject to the provisions of ERISA. In accordance with Plan provisions, Participants are always 100% vested in Company contributions.

(5) Federal Income Taxes

The IRS has determined and informed the Company by a letter dated April 19, 2004, that the Plan and related trust are designed in accordance with applicable sections of the IRC. Although the Plan has been amended since receiving the determination letter, the Plan Administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

Table of Contents**Celanese Americas Retirement Savings Plan
Notes to Financial Statements****(6) Administrative Expenses**

Administrative expenses (principally record keeping costs and legal fees) are accrued and charged against the respective funds of the Plan. Investment management fees, taxes, brokerage commissions, and related fees are paid from the respective funds from which they are levied, assessed, or incurred. Certain administrative expenses of the Plan are paid by the Company. Expenses not paid by the Company are paid by the Plan.

(7) Parties-in-Interest

Certain Plan investments are shares of common/collective trusts managed by JPMorgan/American Century or State Street Bank & Trust Company. In addition, certain Plan investments are in interest bearing cash accounts managed by Morgan Guaranty Trust Company of New York. JPMorgan Retirement Plan Services is the record keeper and State Street Bank & Trust Company is the Trustee, as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions. These transactions are covered by an exemption from the prohibited transaction provisions of ERISA and the IRC. The Plan also invests in the common stock of the Company as well as makes loans to Participants, both of which qualify as parties-in-interest to the Plan and are exempt from prohibited transaction rules.

(8) Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2009 to Form 5500:

	Net Assets (In thousands)
Net assets available for benefits per the financial statements	\$ 545,155
2009 adjustment from fair value to contract value for fully benefit-responsive investment contracts	(11,393)
Accrued administrative expenses	(127)
Net assets available for benefits per Form 5500	\$ 533,635

The following is a reconciliation of the net increase in net assets per the financial statements for the year ended December 31, 2009, to Form 5500:

	Net Increase (In thousands)
Net increase in net assets per the financial statements	\$ 49,582
2008 adjustment from fair value to contract value for fully benefit-responsive investment contracts	23,095 (11,393)

2009 adjustment from fair value to contract value for fully benefit-responsive investment contracts		
Change in accrued administrative expenses		(79)
Net increase in net assets per Form 5500	\$	61,205

(9) Subsequent Events

Subsequent events have been evaluated through the date of issuance. During this period, there have been no material events that would require recognition in the financial statements or disclosures to the financial statements.

Table of Contents

CELANESE AMERICAS RETIREMENT SAVINGS PLAN
(Plan # 001)
CELANESE AMERICAS CORPORATION EIN:22-1862783 05MK
December 31, 2009

**COMPOSITE
SCHEDULE H, LINE 4I SCHEDULE OF ASSETS
(HELD AT END OF YEAR)**

(A) Fund	(B) Identity of Issuer	(C) Description of Investment Shares/Par	Rate	Mat Date (D) Cost	(E) Current Value
INTEREST BEARING CASH					
		BGI MONEY MARKET FD FOR EBT			
			11.000	11.00	11.00
05MP	05499B995		6.000	6.00	6.00
05MU	05499B995		5.000	5.00	5.00
		BZW PRINCIPAL CASH			
			1.140	1.14	1.14
05MP	12399A986		0.280	0.28	0.28
05MU	12399A986		0.860	0.86	0.86
		JPMCB LIQUIDITY FUND			
			4,663,371.700	4,663,371.700	4,663,371.700
05MO	55499Z963		4,663,371.700	4,663,371.700	4,663,371.700
		* STATE STREET BANK & TRUST CO			
			1.000	12/31/2030	
			2,383,682.64	2,383,682.64	2,383,682.64
05MA	8574809S8		598,496.63	598,496.63	598,496.63
05MQ	8574809S8		1,363.63	1,363.63	1,363.63
05MV	8574809S8		1,542,289.96	1,542,289.96	1,542,289.96
05MW	8574809S8		241,532.42	241,532.42	241,532.42
			7,047,066.48	7,047,066.48	7,047,066.48
U.S. GOVERNMENT SECURITIES					
		UNITED STATES TREAS BDS			
			4.500	02/15/2036	
			400,000.00	408,546.87	394,000.00
05MA	912810FTO		400,000.00	408,546.87	394,000.00
		UNITED STATES TREAS BDS			
			4.750	02/15/2037	
			11,225,000.00	11,457,986.23	11,470,546.88
05MA	912810PT9		11,225,000.00	11,457,986.23	11,470,546.88
			05/39	4.25	05/15/2039

		UNITED STATES			
		TREAS N/B			
			4,500,000.00	4,244,062.50	4,221,562.50
05MA	912810QB7		4,500,000.00	4,244,062.50	4,221,562.50
			21,700,000.00	16,110,595.60	16,086,109.38
CORPORATE STOCKS		PREFERRED			
		WELLS FARGO	PREFERRED STOCK 8		
			3,350.000	64,176.91	86,095.00
05MV	949746879		3,350.000	64,176.91	86,095.00
			3,350.000	64,176.91	86,095.00

Table of Contents

CELANESE AMERICAS RETIREMENT SAVINGS PLAN
 (Plan # 001)
 CELANESE AMERICAS CORPORATION EIN:22-1862783 05MK
 December 31, 2009

**COMPOSITE
 SCHEDULE H, LINE 4I SCHEDULE OF ASSETS
 (HELD AT END OF YEAR)**

(A) Fund	(B) Identity of Issuer	(C) Description of Investment Shares/Par	Rate	Mat Date (D) Cost	(E) Current Value
	CORPORATE STOCKS	COMMON			
		TRANSOCEAN LTD			
		ZUG	NAMEN AKT		
			11,514.000	970,996.90	953,359.20
05MV	H8817H100		11,514.000	970,996.90	953,359.20
		ABBOTT LABS	COM		
			13,834.000	689,290.89	746,897.66
05MV	002824100		13,834.000	689,290.89	746,897.66
		ADOBE SYSTEMS INC	COM		
			7,531.000	262,070.92	276,990.18
05MV	00724F101		7,531.000	262,070.92	276,990.18
		AIR PRODS + CHEMS INC	COM		
			2,897.000	260,541.75	233,371.74
05MV	009158106		2,897.000	260,541.75	233,371.74
		AMAZON COM INC	COM		
			3,770.000	391,063.23	507,140.40
05MV	023135106		3,770.000	391,063.23	507,140.40
		AMERICAN EXPRESS CO	COM		
			11,059.000	370,045.02	448,110.68
05MV	025816109		11,059.000	370,045.02	448,110.68
		AMERICAN TOWER CORP	CL A		
			11,545.000	423,663.66	498,859.45
05MV	029912201		11,545.000	423,663.66	498,859.45
		APPLE INC	COM NPV		
			5,330.000	819,915.88	1,123,883.80
05MV	037833100		5,330.000	819,915.88	1,123,883.80
		BHP BILLITON PLC ADR	SPONSORED ADR		
			8,500.000	338,756.11	542,725.00
05MV	05545E209		8,500.000	338,756.11	542,725.00
		BAIDU INC			

Edgar Filing: Celanese CORP - Form 11-K

		SPONSORED ADR		
		REPSTG ORD SHS		
		880.000	345,171.34	361,882.40
05MV	056752108	880.000	345,171.34	361,882.40
	CELANESE CORP DE	COM SER A		
		691,204.000	16,164,265.75	22,187,648.40
05MV	150870103	691,204.000	16,164,265.75	22,187,648.40
	DIRECTV	COM CLASS A		
		5,532.000	143,489.80	184,492.20
05MV	25490A101	5,532.000	143,489.80	184,492.20
	DOW CHEM CO	COM		
		28,505.000	509,284.55	787,593.15
05MV	260543103	28,505.000	509,284.55	787,593.15

16

Table of Contents

CELANESE AMERICAS RETIREMENT SAVINGS PLAN
(Plan # 001)
CELANESE AMERICAS CORPORATION EIN:22-1862783 05MK
December 31, 2009

**COMPOSITE
SCHEDULE H, LINE 4I SCHEDULE OF ASSETS
(HELD AT END OF YEAR)**

(A) Fund	(B) Identity of Issuer	(C) Description of Investment Shares/Par	Rate	Mat Date (D) Cost	(E) Current Value
		EOG RESOURCES INC	COM		
05MV	26875P101	4,541.000		411,539.55	441,839.30
		4,541.000		411,539.55	441,839.30
		GENERAL DYNAMICS CORP	COM		
05MV	369550108	10,865.00		610,543.04	740,667.05
		10,865.00		610,543.04	740,667.05
		GILEAD SCIENCES INC	COM		
05MV	375558103	10,323.000		477,342.00	446,779.44
		10,323.000		477,342.00	446,779.44
		GOLDMAN SACHS GROUP INC	COM		
05MV	38141G104	4,252.000		579,542.70	717,907.68
		4,252.000		579,542.70	717,907.68
		GOOGLE INC	CL A		
05MV	38259P508	2,027.000		808,776.70	1,256,699.46
		2,027.000		808,776.70	1,256,699.46
			SPONSORED ADR		
		HSBC HLDGS PLC	NEW		
05MV	404280406	7,500.000		443,014.14	428,175.00
		7,500.000		443,014.14	428,175.00
		INTERNATIONAL BUSINESS MACHS	COM		
05MV	459200101	5,749.000		572,949.17	752,544.10
		5,749.000		572,949.17	752,544.10
		JPMORGAN CHASE + CO	COM		
05MV	46625H100	15,312.000		425,222.07	683,051.04
		15,312.000		425,222.07	683,051.04
		JOHNSON + JOHNSON	COM		
05MV	478160104	7,756.000		479,496.55	499,563.96
		7,756.000		479,496.55	499,563.96
		MASTERCARD INC	CL A		
		2,502.000		275,466.72	640,461.96

Edgar Filing: Celanese CORP - Form 11-K

05MV	57636Q104		2,502.000	275,466.72	640,461.96
		MCDONALDS CORP	COM		
			15,085.000	820,383.84	941,907.40
05MV	580135101		15,085.000	820,383.84	941,907.40
		MERCK + CO INC			
		NEW	COMMON STCOK		
			14,263.000	470,638.49	521,170.02
05MV	58933Y105		14,263.000	470,638.49	521,170.02

Table of Contents

CELANESE AMERICAS RETIREMENT SAVINGS PLAN
 (Plan # 001)
 CELANESE AMERICAS CORPORATION EIN:22-1862783 05MK
 December 31, 2009

**COMPOSITE
 SCHEDULE H, LINE 4I SCHEDULE OF ASSETS
 (HELD AT END OF YEAR)**

(A) Fund	(B) Identity of Issuer	(C) Description of Investment Shares/Par	Rate	Mat Date (D) Cost	(E) Current Value
		NIKE INC	CL B		
05MV	654106103	9,521.000		531,718.35	629,052.47
		9,521.000		531,718.35	629,052.47
		NORDSTROM INC	COM		
05MV	655664100	4,299.000		146,614.03	161,556.42
		4,299.000		146,614.03	161,556.42
		NORFOLK SOUTHN CORP	COM		
05MV	655844108	8,853.000		469,630.93	464,074.26
		8,853.000		469,630.93	464,074.26
		PPG INDS INC	COM		
05MV	693506107	5,695.000		316,601.88	333,385.30
		5,695.000		316,601.88	333,385.30
		PETROLEO BRASILEIRO SA ADR	SPONSORED ADR		
05MV	71654V408	14,677.000		532,672.71	699,799.36
		14,677.000		532,672.71	699,799.36
		POTASH CORP SASK INC	COM		
05MV	73755L107	2,593.000		218,317.74	281,340.50
		2,593.000		218,317.74	281,340.50
		PRAXAIR	COM		
05MV	74005P104	8,238.000		501,087.14	661,593.78
		8,238.000		501,087.14	661,593.78
		PRICELINE COM INC	COM NEW		
05MV	741503403	798.000		174,241.39	174,363.00
		798.000		174,241.39	174,363.00
		QUALCOMM INC	COM		
05MV	747525103	15,618.000		709,729.25	722,488.68
		15,618.000		709,729.25	722,488.68
		US BANCORP DEL	COM NEW		
		15,907.000		370,126.05	358,066.57

Edgar Filing: Celanese CORP - Form 11-K

05MV	902973304	UNION PAC CORP	15,907.000	370,126.05	358,066.57
		COM			
			14,553.000	693,558.76	929,936.70
05MV	907818108	VISA INC	14,553.000	693,558.76	929,936.70
		COM CL A			
			7,664.000	520,131.48	670,293.44
05MV	92826C839	WELLS FARGO + CO	7,664.000	520,131.48	670,293.44
		COM			
			27,259.000	642,164.41	735,720.41
05MV	949746101	WYNN RESORTS LTD	27,259.000	642,164.41	735,720.41
		COM			
			3,921.000	255,973.77	228,319.83
05MV	983134107		3,921.000	255,973.77	228,319.83

Table of Contents

CELANESE AMERICAS RETIREMENT SAVINGS PLAN
 (Plan # 001)
 CELANESE AMERICAS CORPORATION EIN:22-1862783 05MK
 December 31, 2009

**COMPOSITE
 SCHEDULE H, LINE 4I SCHEDULE OF ASSETS
 (HELD AT END OF YEAR)**

	(B) Identity of Issuer	(C) Description of Investment Shares/Par	Rate	Mat Date (D) Cost	(E) C Va
		YAHOO INC	COM		
	984332106	12,409.000		216,077.36	20
		12,409.000		216,077.36	20
		1,054,263.000		34,362,116.02	44,13
TO PARTICIPANTS	OTHER				
		LOANS TO PARTICIPANTS			
	53999S985	7,922,561.690		7,922,561.69	7,92
		7,922,561.690		7,922,561.69	7,92
		7,922,561.690		7,922,561.69	7,92
IN/COLLECTIVE TRUSTS					
		ALLIANCE COLLECTIVE INVT TR	BERNSTEIN STRATEGIC VALUE COL		
	018564823	2,646,791.873		27,542,101.45	29,82
		2,646,791.873		27,542,101.45	29,82
		BR EQUITY INDEX FUND F			
	05599Z991	2,296,187.784		44,779,318.18	40,22
		2,296,187.784		44,779,318.18	40,22
		CAP GUARDIAN 003 01	COMMINGLED ACCT GK19		
	140185976	649,551.152		30,000,872.78	26,07
		649,551.152		30,000,872.78	26,07

and timing of capital deployment in new
 opportunities or for the repurchase of
 ;

to continue paying our regular quarterly

to obtain permanent financing for capital
on reasonable terms either through
debt or issuance of equity;

of accounting policies issued periodically
by standard-setting bodies;

of the accounting treatment and earnings impact
of our contracts with interest rate swaps;

of the possibility that we may be required to take
charge reductions to reduce the carrying value of
long-lived assets when indicators of impairment
emerge;

of the possibility that we may be required to take
charge reductions under the SEC's full cost ceiling
rule for accumulated costs of our natural gas and

of the possibility of any ongoing or future litigation or
regulatory actions and the impact of any such outcome
on our financial condition or operations;

Additional liabilities for environmental conditions, including remediation and reclamation obligations, under environmental laws;

Our ability to successfully complete labor negotiations with labor unions with whom we have collective bargaining agreements and for which we are currently in, or are soon to be in, contract renewal negotiations;

The cost and effect on our business, including insurance, resulting from terrorist actions or responses to such actions or events;

General economic and political conditions, including tax rates or policies and inflation rates; and

Risk factors discussed in any accompanying prospectus supplement.

factors that could cause actual results to differ materially from those described in the preceding forward-looking statements emerge from time to time. 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 such forward-looking statements, except as may be required by the result of new information, future events or otherwise.

BLACK HILLS CORPORATION

a diversified energy company. Our company, Black Hills Power and Light was incorporated and began providing utility service in 1941 and began selling and distributing various forms of energy on an unregulated basis in 1955. We operate principally in the United States through two major business groups: utilities and oil and gas energy. Our utilities group is comprised of our regulated electric utilities and unregulated electric utilities segments, and our oil and gas energy group is comprised of our oil and gas power generation, coal mining, and energy services segments.

Our electric utilities segment generates, transmits and distributes electricity to approximately 1.5 million customers in South Dakota, Wyoming, and Montana. This segment includes the operations of our subsidiary Cheyenne Light, Fuel and Power Company, a combination electric and gas utility that serves approximately 34,500 gas utility customers in Wyoming. Our electric utilities own 1,100 megawatts of generation and 8,038 miles of transmission and distribution lines. Our gas utility segment serves approximately 527,000 gas utility customers in Colorado, Nebraska, Kansas and owns 626 miles of intrastate transmission pipelines and 19,638 miles of gas mains and service lines. Our electric and gas utility segment generated income from continuing operations of \$74.6 million for the year ended December 31, 2010 and had total assets of \$1.2 billion at December 31, 2010.

Our unregulated energy group conducts operations through the following segments:

Oil and Gas. Our oil and gas segment engages in the exploration, development and production of crude oil and natural gas, primarily in the Rocky Mountain region of the United States.

Power Generation. Our power generation segment produces electric power from our generating plants and sells the electric capacity and energy primarily under long-term contracts.

Coal Mining. Our coal mining segment produces coal at our coal mine near Gillette, Wyoming.

Energy Marketing. Our energy marketing segment is engaged in marketing of natural gas, crude oil, coal, power, environmental products, renewable energy sources (such as biomass) and related products and services in the United States and Canada.

n-regulated energy group generated continuing operations of \$13.6 million ended December 31, 2010 and had total 1 billion at December 31, 2010.

and gas segment, which conducts through our subsidiary Black Hills and Production, Inc., or BHEP, and its acquires, explores for, develops and natural gas and crude oil for sale into markets. As of December 31, 2010, the interests of our oil and gas segment included interests in oil and natural gas properties, properties in the San Juan Basin (primarily including holdings within the tribal Mescalero, Jicarilla Apache and Southern Ute Powder River Basin (Wyoming) and Basin (primarily in Colorado) and interests in oil and natural gas including wells located in the Williston (primarily in North Dakota), Wind River (Wyoming), Bearpaw Uplift (Montana), Oklahoma, Anadarko (Texas) and (California) basins. We also own a operated interest in the Newcastle gas plant and associated gathering system Weston County, Wyoming. The plant is our producing properties in that area, and production accounts for the majority of the throughput. In addition, we own natural gas compression and treating facilities serving San Juan and Piceance Basin properties and interests in similar facilities serving our Montana and Wyoming properties. At December 31, 2010, we had total reserves of approximately 131 Bcfe, of which natural gas comprised 73% and oil comprised 27% of total

power generation segment acquires, and operates our non-regulated power plants. As of December 31, 2010, we held varying interests in independent power plants operating in Idaho and Idaho with a total net ownership of 100%. In January 2011, we sold our interests in the Idaho partnerships that own these power plant facilities. We sell capacity and energy contracts in a combination of mid- to long-term contracts, which helps to mitigate the impact of a potential downturn in power prices. We currently sell a substantial portion of our non-regulated generating capacity through contracts having terms greater than one year. We also sell our non-regulated power into the wholesale power market through our generating capacity when it is economically advantageous.

Our coal mining segment, which operates through our subsidiary, Wyodak Resources Development Corp., mines and processes low-sulfur, sub-bituminous coal at our Wyodak coal mine located in the Powder River Basin near Gillette, Wyoming. The Powder River Basin contains one of the largest coal reserves in the United States. We have approximately 5.9 million tons of coal in

our subsidiary, Enserco, we engage in the marketing of crude oil, coal, power, environmental products and renewable energy source (such as natural gas) marketing and trading in the United States and internationally. Our marketing operations are headquartered in Denver, Colorado, with a satellite office in Calgary, Alberta, Canada. Our energy marketing business seeks to provide services to industrial and end-users of natural gas, crude oil, coal, environmental products and renewable energy sources and to capitalize on market volatility through certain risk-managed commodity marketing strategies. We began marketing coal in June 2010 following the acquisition of a coal marketing subsidiary. We began power and environmental products marketing in the third quarter of 2010, and we began renewable energy source marketing in the first quarter of 2011. We believe that the diversity of our commodities portfolio that we market and the focus of our energy marketing strategy differentiate us from other energy

companies. We are a South Dakota corporation. Our common stock is listed on the New York Stock Exchange under the symbol "BKH." Our principal executive offices are located at 625 Ninth Street, Rapid City, South Dakota 57701 and our telephone number is (605) 721-1700. Our Internet address is www.bkhillscorp.com. Information on our website does not constitute part of this prospectus.

FINANCIAL EARNINGS TO FIXED CHARGES

Following table sets forth our ratio of earnings to fixed charges. For this purpose, earnings are calculated as earnings from continuing operations (before income taxes, minority interests in subsidiaries or income or loss from investments), plus fixed charges, amortization of debt issuance costs and interest and distributed income of equity investments, less interest capitalized, preference dividends and requirements of consolidated subsidiaries and minority interest in pre-tax income of subsidiaries that have not incurred fixed charges. Fixed charges consist of interest expensed and amortization of debt issuance costs and interest on debt, less interest within rental expense.

	Years Ended December 31,				Three Months Ended March 31,	
	2006	2007	2008(2)	2009	2010	2011
	3.28x	4.21x	2.25x	1.82x	2.26x	

The ratio of earnings to fixed charges and preferred stock dividends is the same as the ratio of earnings to fixed charges for all periods presented because no shares of preferred stock were outstanding during these periods.

Earnings were insufficient to cover combined fixed charges by \$85.3 million in 2008.

USE OF PROCEEDS

otherwise indicated in the applicable supplement, we intend to use the net proceeds from the sale of any securities described in this prospectus for working capital and general corporate purposes, which may include:

• repayment or refinancing of outstanding debt;

• capital expenditures;

• acquisitions;

• investments; and

• other business opportunities.

DESCRIPTION OF SENIOR DEBT SECURITIES

The following description applies to the senior debt securities offered by this prospectus. The senior debt securities will be direct, unsecured obligations of us and will rank on a parity with all of our existing unsecured senior indebtedness. The senior debt securities may be issued in one or more series. Senior debt securities will be issued under an indenture between us and the trustee specified in the prospectus supplement.

The provisions under this caption are brief summaries of the provisions contained in the indenture. We do not claim to be complete and are intended to be read in their entirety by reference to the full text of the indenture, a copy of which is filed as an exhibit to the prospectus supplement. Whenever defined terms are used but not defined in this prospectus, those terms have the meanings given to them in the indenture.

The following describes the general terms and conditions of the senior debt securities to which any prospectus supplement may relate. The particular terms of each senior debt security and the extent, if any, to which these general provisions may apply to each senior debt security will be described in the prospectus supplement relating to the senior debt

enture does not limit the aggregate amount of senior debt securities which may be issued under it. Rather, the indenture provides that securities of any series may be issued up to the aggregate principal amount which is authorized from time to time. Senior debt securities may be denominated in any currency or unit we designate. Neither the indenture nor the debt securities will limit or otherwise restrict the amount of other debt which we may incur or the amount of securities which we may issue.

Debt securities of a series may be issued in registered form without coupons, which we refer to as "registered securities," or in the form of global securities in registered form, which we refer to as "global securities."

You should review the prospectus supplement for each of the following terms, where applicable, for each series of senior debt securities for which a prospectus is being delivered:

the title of the senior debt securities;

the limit, if any, on the aggregate principal amount or aggregate initial public offering price of the senior debt securities;

the priority of payment of the senior debt securities;

the price or prices, which may be expressed as a percentage of the aggregate principal amount, at which the senior debt securities will be issued;

the date or dates on which the principal of the senior debt securities will be payable;

the interest rate or rates, which may be fixed or variable, for the senior debt securities, if any, or the method of determining the same;

the date or dates from which interest, if any, on the senior debt securities will accrue, the date or dates on which interest, if any, will be payable, the date or dates on which payment of interest, if any, will commence and the regular record dates for the interest payment dates;

the extent to which any of the senior debt securities will be issuable in temporary or permanent global form, or the manner in which any interest payable on a temporary or permanent global senior debt security will be paid;

each office or agency where the senior debt securities may be presented for registration of transfer or exchange;

the place or places where the principal of and any premium and interest on the senior debt securities will be payable;

the date or dates, if any, after which the senior debt securities may be redeemed or purchased in whole or in part, (1) at our option or (2) mandatorily pursuant to any sinking, purchase or similar fund or (3) at the option of the holder, and the

redemption or repayment price or prices;

the terms, if any, upon which the senior debt securities may be convertible into or exchanged for any other kind of our securities or indebtedness and the terms and conditions upon which the conversion or exchange would be made, including the initial conversion or exchange price or rate, the conversion period and any other additional provisions;

the authorized denomination or denominations for the senior debt securities;

the currency, currencies or units based on or related to currencies for which the senior debt securities may be purchased and the currency, currencies or currency units in which the principal of and any premium and interest on the senior debt securities may be payable;

any index used to determine the amount of payments of principal of and any premium and interest on the senior debt securities;

the payment of any additional amounts with respect to the senior debt securities;

whether any of the senior debt securities will be issued with original issue discount;

information with respect to book-entry procedures, if any;

any additional covenants or events of default not currently included in the indenture relating to the senior debt securities; and

any other terms of the senior debt securities not inconsistent with the provisions of the indenture.

If the senior debt securities are sold for foreign currencies or foreign currency the principal of or any premium or interest of senior debt securities is payable in foreign currencies or foreign currency restrictions, elections, tax consequences, and other information with respect to senior debt securities and those currency units will be described in the prospectus supplement.

Monetary judgments for money damages by courts in the U.S., including a money judgment based on a claim expressed in a foreign currency, will be rendered only in U.S. dollars.

statutory law provides that a court shall judgment or decree in the foreign currency paying obligation and that the judgment or be converted into U.S. dollars at the e prevailing on the date of entry of the decree.

debt securities may be issued as original at senior debt securities, which bear no interest at a rate which at the time of below market rates, to be sold at a discount below their stated principal at the stated maturity of the senior debt there may be no periodic payments of original issue discount securities. In the acceleration of the maturity of any e discount security, the amount payable of the original issue discount security ation will be determined in accordance spectus supplement, the terms of the the indenture, but will be an amount less unt payable at the maturity of the the original issue discount security.

senior debt securities are issued with "original issue discount" within the meaning of the Internal Revenue Code of 1986, as amended, then a senior debt securities will be required under the Internal Revenue Code to include original issue discount in ordinary income for federal income tax purposes as it accrues, in accordance with a accrual method that takes into account the amount of interest, in advance of receipt of interest, payable to that income. Generally, the total original issue discount on a senior debt security will be the excess of the stated redemption price at maturity of the security over the price at which the security is sold to the public. To the extent a senior debt security receives a payment (including a payment of acceleration of maturity, for example) that includes its payment of original issue discount, the amount included by the holder in ordinary income or capital gain on the holder's tax basis in the security, that amount generally will not be required to include the original issue discount income. The specific terms of any senior debt securities that are issued with original issue discount and the application of the original discount to those securities under the Internal Revenue Code to those securities will be described in a prospectus supplement for those securities.

Original Issue Discount and Transfer

unless otherwise indicated in the applicable prospectus supplement, senior debt securities will be issued as registered securities. Senior debt securities issued as registered securities will not have certain restrictions.

Registered securities (other than a global security) may be presented for transfer, with the form

endorsed thereon duly executed, or for other senior debt securities of the at the office of the security registrar the indenture. The indenture provides respect to registered securities having The York as a place of payment, we will security registrar or co-security registrar the City of New York for such transfer or transfer or exchange will be made fee charge, but we may require payment or other governmental charges.

Senior Debt Securities

debt securities of a series may be issued in part in the form of one or more global each global security will be deposited behalf of, a depository identified in the prospectus supplement. Global securities d in registered form and in either r permanent form. Until exchanged in part for the individual securities which it global security may not be transferred whole by the depository for the global nominee of the depository or by a the depository to the depository or inee of the depository or by the r any nominee to a successor depository nee of the successor. The specific terms itary arrangement for a series of senior es will be described in the applicable pplement.

and Paying Agents

otherwise indicated in an applicable supplement, payment of principal of and interest on registered securities shall be made at the office of such paying agent or at such other place as we may designate from time to time. In addition, at our option, payment of any interest on such securities may be made by:

check mailed to the address of the person entitled to the payment at the address in the applicable security register; or

wire transfer to an account maintained by the person entitled to the payment as specified in the applicable security register.

otherwise indicated in an applicable supplement, payment of any installment on registered securities will be made to the person whose name the senior debt security is registered in at the close of business on the regular business day preceding the date for the payment.

Consolidation, Merger or Sale of Assets

The indenture relating to the senior debt securities provides that we may, without the consent of the holders of any of the senior debt securities, consolidate with, merge with, or transfer our assets substantially as an entirety to any person, provided that:

any successor assumes our obligations on the senior debt securities and under the indenture; and

after giving effect to the consolidation, merger or transfer, no event of default (as defined in the indenture) will have happened and be continuing.

The consolidation, merger or transfer of assets to any person as an entirety, which meets the requirements described above, would not create an event of default which would entitle holders of the senior debt securities, or the trustee acting on their behalf, to take any of the actions described below under "Events of Default, Waivers, Etc."

Consolidation and Other Transactions

enture and the senior debt securities do
provisions which would protect holders
debt securities in the event we engaged
leveraged or other transaction which
ely affect the holders of senior debt

n of the Indenture

enture provides that, with the consent of
of not less than a majority in aggregate
ount of the outstanding senior debt
each affected series, modifications and
f the indenture may be made which
hts of the holders of the senior debt
owever, no modification or alteration
e without the consent of the holder of
debt security affected which would,
things:

modify the terms of payment of
principal of or any premium or
interest on the senior debt
securities; or

reduce the percentage in
principal amount of outstanding
senior debt securities required to
modify or alter the indenture.

Default, Waivers, Etc.

ent of default" with respect to senior debt
any series is defined in the indenture to

default in the payment of
principal of or any premium on
any of the outstanding senior
debt securities of that series
when due;

default in the payment of interest
on any of the outstanding senior
debt securities of that series
when due and continuance of
such default for 30 days;

default in the performance of any
of our other covenants in the
indenture with respect to the
senior debt securities of that
series and continuance of such
default for 60 days after written
notice;

certain events of bankruptcy,
insolvency or reorganization
relating to us; and

any other event that may be
specified in a prospectus
supplement with respect to any
series of senior debt securities.

ent of default with respect to any series
g senior debt securities occurs and is
either the trustee or the holders of not
% in aggregate principal amount of the
senior debt securities of that series may
principal amount (or with respect to
e discount securities, the portion of the
ount as may be specified in the terms of
f all senior debt securities of that series
ately due and payable. The holders of a
ggregate principal amount of the
senior debt securities of any series may
ent of default resulting in acceleration of
bt securities, but only if all events of
respect to senior debt securities of such
een remedied and all payments due,
ose due as a result of acceleration, have

ent of default occurs and is continuing,
ay, in its discretion, and at the written

holders of not less than a majority in principal amount of the outstanding senior securities of any series and upon reasonable payment of the costs, expenses and liabilities incurred in compliance with such request and subject to other conditions set forth in the indenture, proceed to protect the rights of the holders of the senior debt securities of that series. In the event of acceleration or acceleration of maturity of the outstanding securities of any series, the holders of a majority in principal amount of the senior securities may waive any past default under the indenture except a default in the payment of principal or premium or interest on the senior debt securities of that series.

The indenture provides that upon the occurrence of a default specified in clauses (1) or (2) of paragraph in this subsection, we will, through the trustee, pay to it, for the benefit of the holders of any senior debt securities, the whole amount due and payable on the affected senior securities for principal, premium, if any, and interest. The indenture further provides that if we do not pay such amount upon demand, the trustee may, at its option, institute a judicial proceeding for the collection of those amounts.

The indenture also provides that notwithstanding any of its other provisions, the trustee will not institute suit for the enforcement of payment of principal of or any premium or interest on the senior debt securities when due and payable and will not be impaired without the consent of the majority holder.

We are required to file annually with the trustee a statement of our officers as to the existence or non-existence of defaults under the indenture or the senior debt securities.

and Discharge

enture provides, among other things, senior debt securities not previously the trustee for cancellation (1) have and payable or (2) will become due and their stated maturity within one year, we with the trustee funds, in trust, for the in an amount sufficient to pay and e entire indebtedness on the senior debt t previously delivered to the trustee for Those funds will include all principal, any, and interest, if any, to the date of r to the stated maturity, as applicable. eposit, the indenture will cease to be of t except as to our obligations to pay all ue under the indenture and to provide certificates and opinions of counsel er the indenture. At such time we will be ave satisfied and discharged the

Law

enture and the senior debt securities will by, and construed in accordance with, ne State of New York.

the Trustee

ation concerning the trustee for a series ot securities will be set forth in the upplement relating to that series of ecurities.

y have normal banking relationships with the ordinary course of business.

**DESCRIPTION OF SUBORDINATED DEBT
SECURITIES**

The following description applies to the
subordinated debt securities offered by this
The subordinated debt securities will be
subordinated obligations of Black Hills.
Subordinated debt securities may be issued in
series. The subordinated debt securities
will be issued under an indenture between us and the
trustee as defined in the applicable prospectus

The provisions under this caption are brief
summaries of the provisions contained in the
indenture. We do not claim to be complete and are
not intended to be taken in their entirety by reference to the
copy of which is filed as an exhibit to
this prospectus. Whenever defined terms are used but
not defined in this prospectus, those terms have the
meanings given to them in the indenture.

The following describes the general terms and
conditions of the subordinated debt securities to
which the prospectus supplement may relate. The
terms of any subordinated debt security
issued, if any, to which these general
terms may apply to the subordinated debt
securities will be described in the prospectus
supplement relating to the subordinated debt

The indenture does not limit the aggregate
amount of subordinated debt securities
that may be issued under it. Rather, the indenture
limits the aggregate amount of subordinated debt securities of any
series issued under it up to the aggregate
amount which we may authorize from time
to time. Subordinated debt securities may be
issued in any currency or currency unit we
select. Neither the indenture nor the subordinated
debt securities will limit or otherwise restrict the
amount of other debt which we may incur or the
amount of securities which we may issue.

Subordinated debt securities of a series may be
issued in the form of registered securities or global

You should review the prospectus supplement for
a description of the following terms, where
applicable, for each series of subordinated debt
securities to which this prospectus is being

the title of the subordinated debt securities;

the limit, if any, on the aggregate principal amount or aggregate initial public offering price of the subordinated debt securities;

the priority of payment of the subordinated debt securities;

the price or prices, which may be expressed as a percentage of the aggregate principal amount, at which the subordinated debt securities will be issued;

the date or dates on which the principal of the subordinated debt securities will be payable;

the interest rate or rates, which may be fixed or variable, for the subordinated debt securities, if any, or the method of determining the same;

the date or dates from which interest, if any, on the subordinated debt securities will accrue, the date or dates on which interest, if any, will be payable, the date or dates on which payment of interest, if any, will commence and the regular record dates for the interest payment dates;

the extent to which any of the subordinated debt securities will be issuable in temporary or permanent global form, or the manner in which any interest payable on a temporary or permanent global subordinated debt security will be paid;

each office or agency where the subordinated debt securities may be presented for registration of transfer or exchange;

the place or places where the principal of and any premium and interest on the subordinated debt securities will be payable;

the date or dates, if any, after which the subordinated debt securities may be redeemed or purchased in whole or in part, (1) at our option or (2) mandatorily pursuant to any sinking, purchase or similar fund or (3) at the option of the holder, and the redemption or repayment price or prices;

the terms, if any, upon which the subordinated debt securities may be convertible into or exchanged for any other kind of our securities or indebtedness and the terms and conditions upon which the conversion or exchange would be made, including the initial conversion or exchange price or rate, the conversion period and any other additional provisions;

the authorized denomination or denominations for the subordinated debt securities;

the currency, currencies or units based on or related to currencies for which the subordinated debt securities may be purchased and the currency, currencies or currency units in which the principal of and any premium and interest on the subordinated debt securities may be payable;

any index used to determine the amount of payments of principal of and any premium and interest on the subordinated debt securities;

the payment of any additional amounts with respect to the subordinated debt securities;

whether any of the subordinated debt securities will be issued with original issue discount;

information with respect to book-entry procedures, if any;

the terms of subordination;

any additional covenants or events of default not currently included in the indenture relating to the subordinated debt securities; and

any other terms of the subordinated debt securities not inconsistent with the provisions of the indenture.

of the subordinated debt securities are in one or more foreign currencies or foreign currencies or foreign currencies or foreign currencies or if the principal of or any premium on any series of subordinated debt securities is payable in one or more foreign currencies or foreign currency units, the restrictions, consequences, specific terms and other provisions with respect to that issue of subordinated debt securities and those currencies or currency units described in the applicable prospectus

for money damages by courts in the United States, including a money judgment based on a judgment expressed in a foreign currency, will be rendered only in U.S. dollars. The applicable law provides that a court shall enforce a judgment or decree in the foreign currency of the underlying obligation and that the judgment or decree be converted into U.S. dollars at the rate prevailing on the date of entry of the decree.

Subordinated debt securities may be issued as original issue discount securities, to be sold at a discount below their stated principal value at the stated maturity of the subordinated debt securities. There may be no periodic payments on original issue discount securities. In the event of the acceleration of the maturity of any original issue discount security, the amount payable on the original issue discount security will be determined in accordance with the prospectus supplement, the terms of the indenture, but will be an amount less than the amount payable at the maturity of the original issue discount security.

subordinated debt securities are issued with an "original issue discount" within the meaning of Section 1276 of the Internal Revenue Code of 1986, as amended, then those subordinated debt securities will be treated under the Internal Revenue Code to include the original issue discount in ordinary income for federal income tax purposes as it accrues, in accordance with the accrual interest method that takes into account the time value of interest, in advance of receipt of cash payments available to that income. Generally, the total amount of original issue discount on a subordinated debt security will be the excess of the stated face value of the security over the price at maturity of the security over the price at which the security is sold to the public. To the extent a holder of a subordinated debt security receives a cash payment (at the time of acceleration of the security, for example) that represents payment of the original issue discount already included by the holder in the holder's income or reflected in the holder's tax liability for the security, that holder generally will not be required to include the payment in income. The rules of Section 1276 of any subordinated debt securities issued with original issue discount and the rules of Section 1276 of the original discount rules under the Internal Revenue Code to those securities will be described in a prospectus supplement for those securities.

Transfer and Transfer

Unless otherwise indicated in the applicable prospectus supplement, subordinated debt securities will be held only as registered securities. Subordinated debt securities issued as registered securities will not have interest coupons.

Registered securities (other than a global security) may be presented for transfer, with the form of transfer endorsed thereon duly executed, or in the case of other subordinated debt securities of the same series, at the office of the security registrar or the office of the indenture trustee. The indenture provides for the transfer of registered securities having The City of New York as a place of payment, we will require the security registrar or co-security registrar to be located in the City of New York for such transfer or exchange. Transfer or exchange will be made without charge, but we may require payment of a fee or other governmental charges.

Subordinated Debt Securities

Subordinated debt securities of a series may be issued in whole or in part in the form of one or more global securities. Each global security will be issued by, through, or on behalf of, a depository or issuer, as defined in the applicable prospectus supplement. Global securities will be issued in registered form, either in temporary or permanent form. Until the global security is sold in whole or in part for the individual securities which it represents, a global security may

ferred except as a whole by the
or the global security to a nominee of the
r by a nominee of the depositary to the
r another nominee of the depositary or
itary or any nominee to a successor
r any nominee of the successor. The
s of the depositary arrangement for a
ordinated debt securities will be
the applicable prospectus supplement.

and Paying Agents

otherwise indicated in an applicable
supplement, payment of principal of and
n and interest on registered securities
at the office of such paying agent or
s as we may designate from time to
tion, at our option, payment of any
be made by:

check mailed to the address of
the person entitled to the
payment at the address in the
applicable security register; or

wire transfer to an account
maintained by the person entitled
to the payment as specified in the
applicable security register.

otherwise indicated in an applicable supplement, payment of any installment on registered securities will be made to the person whose name the subordinated debt security bears at the close of business on the regular business day for the payment.

on

subordinated debt securities will be senior and junior in right of payment to some of our other indebtedness (which may include senior indebtedness for money borrowed) to the extent described in the applicable prospectus supplement. As of December 31, 2010, we had an aggregate amount of indebtedness that would be senior to the subordinated debt securities that we may

on, Merger or Sale of Assets

The indenture relating to the subordinated debt securities provides that we may, without the consent of the holders of any of the subordinated debt securities outstanding under the indenture, consolidate, merge with, merge into or transfer our assets or business as an entirety to any person, provided

any successor assumes our obligations on the subordinated debt securities and under the indenture; and

after giving effect to the consolidation, merger or transfer, no event of default (as defined in the indenture) will have happened and be continuing.

Such a consolidation, merger or transfer of assets or business as an entirety, which meets the requirements described above, would not create an event of default which would entitle holders of the subordinated debt securities, or the trustee acting on their behalf, to take any of the actions described in "Events of Default, Waivers, Etc."

and Other Transactions

The indenture and the subordinated debt securities do not contain provisions which would restrict the business operations of the subordinated debt securities holders in any way, including being engaged in a highly leveraged or other business which could adversely affect the holders of the subordinated debt securities.

on of the Indenture

enture provides that, with the consent of
of not less than a majority in aggregate
ount of the outstanding subordinated
es of each affected series, modifications
ns of the indenture may be made which
hts of the holders of the subordinated
es. However, no modification or
ay be made without the consent of the
ch subordinated debt security affected
l, among other things:

modify the terms of payment of
principal of or any premium or
interest on the subordinated debt
securities;

adversely modify the
subordination terms of the
subordinated debt securities; or

reduce the percentage in
principal amount of outstanding
subordinated debt securities
required to modify or alter the
indenture.

Default, Waivers, Etc.

ent of default" with respect to
debt securities of any series is defined
ure to include:

default in the payment of
principal of or any premium on
any of the outstanding
subordinated debt securities of
that series when due;

default in the payment of interest
on any of the outstanding
subordinated debt securities of
that series when due and
continuance of such default for
30 days;

default in the performance of any
of our other covenants in the
indenture with respect to the
subordinated debt securities of
that series and continuance of
such default for 60 days after
written notice;

certain events of bankruptcy,
insolvency or reorganization
relating to us; and

any other event that may be
specified in a prospectus
supplement with respect to any
series of subordinated debt
securities.

ent of default with respect to any series
g subordinated debt securities occurs
uing, either the trustee or the holders of
25% in aggregate principal amount of
g subordinated debt securities of that
eclare the principal amount (or with
iginal issue discount securities, the
e principal amount as may be specified
of that series) of all subordinated debt
that series to be immediately due and
holders of a majority in aggregate
ount of the outstanding subordinated
es of any series may waive an event of
ting in acceleration of the subordinated
es, but only if all events of default with
ordinated debt securities of such series
medied and all payments due, other than
a result of acceleration, have been made.

ent of default occurs and is continuing, may, in its discretion, and at the written orders of not less than a majority in principal amount of the outstanding debt securities of any series and upon indemnity against the costs, expenses and be incurred in compliance with such subject to certain other conditions set indenture will, proceed to protect the holders of all the subordinated debt that series. Prior to acceleration of the outstanding subordinated debt any series, the holders of a majority in principal amount of the subordinated debt may waive any past default under the except a default in the payment of principal premium or interest on the subordinated es of that series.

enture provides that upon the occurrence of default specified in clauses (1) or (2) paragraph in this subsection, we will, d of the trustee, pay to it, for the benefit s of any subordinated debt securities, the nt then due and payable on the affected l debt securities for principal, premium, interest, if any. The indenture further if we fail to pay such amount upon trustee may, among other things, dicial proceeding for the collection of ts.

enture also provides that ing any of its other provisions, the y subordinated debt security of any series e right to institute suit for the of any payment of principal of or any interest on the subordinated debt en due and that such right will not be hout the consent of that holder.

required to file annually with the trustee ement of our officers as to the existence ence of defaults under the indenture or ated debt securities.

and Discharge

enture provides, among other things, that the trustee shall deliver to the trustee for cancellation all subordinated debt securities not previously delivered to the trustee for cancellation (1) which are due and payable or (2) will become due and payable at their stated maturity within one year. The trustee shall deposit with the trustee funds, in trust, for the payment of principal, premium, if any, and interest, if any, on such debt securities and in an amount sufficient to pay the entire indebtedness on the debt securities not previously delivered to the trustee for cancellation. Those funds will be held in trust for the payment of principal, premium, if any, and interest, if any, on such debt securities. Upon such deposit, the trustee shall cease to be of further effect except as to the payment of principal, premium, if any, and interest, if any, on such debt securities to pay all other sums due under the indenture. The trustee shall provide the officers' certificates and the opinion of counsel required under the indenture. At the expiration of the term of the indenture, the trustee will be deemed to have satisfied and discharged its obligations under the indenture.

Law

The indenture and the subordinated debt securities shall be governed by, and construed in accordance with, the laws of the State of New York.

The Trustee

The provisions concerning the trustee for a series of subordinated debt securities will be set forth in the supplemental indenture relating to that series of subordinated debt securities.

The Company has normal banking relationships with banks and other financial institutions in the ordinary course of business.

DESCRIPTION OF CAPITAL STOCK

Authorized capital stock consists of _____ shares of common stock, par value _____, and 25,000,000 shares of preferred stock, par value _____. As of May 31, 2011, _____ shares of common stock and no shares of preferred stock were outstanding.

Common Stock

Holders of our common stock are entitled to one vote for each share held of record on all matters requiring a vote of shareholders. Holders may use proxy voting for the election of directors. The terms and preferences that may be applicable to any series of preferred stock, holders of our common stock are entitled to receive equally with the holders of preferred stock they may be declared by our board of directors out of funds legally available for the payment of dividends. In the event of our liquidation, holders of our common stock are entitled to share equally in all assets remaining after payment of all liabilities and the liquidation preference of any outstanding series of preferred stock.

Holders of our common stock have no preemptive rights and have no rights to convert their common stock into any other securities. All of the shares of our common stock are, and the common stock we sell in any offering will be, authorized, validly issued, fully paid and noncumulative.

Preferred Stock

Our board of directors has the authority, without the approval of our shareholders, to issue shares of preferred stock from time to time in one or more series and to fix the related number of shares, the designations, voting powers, dividend rates, optional and other special rights, and the terms and qualifications of that preferred stock. The specific terms of any series of preferred stock are described in the prospectus supplement relating to that series of preferred stock. The rights, preferences and restrictions or qualifications of different series of preferred stock are set forth in the prospectus supplement relating to common stock and other series of preferred stock with respect to dividend rates, dividend accumulation, liquidation, voting rights, conversion rights, redemption provisions, sinking fund provisions and other matters. The issuance of different series of preferred stock could:

decrease the amount of earnings and assets available for distribution to holders of common stock;

adversely affect the rights and powers, including voting rights, of holders of common stock; and

have the effect of delaying, deferring or preventing a change in control.

Shares

may issue fractional shares of preferred stock in lieu of full shares of preferred stock. If we exercise this option, we will issue receipts for fractional shares, and each of these depositary shares will represent a fraction (to be set forth in the supplement relating to such depositary share) of a particular series of preferred

shares of any series of preferred stock. The depositary shares will be deposited pursuant to a deposit agreement between us and a bank or trust company selected by us. The depositary will have its principal office in the United States and a minimum net capital and surplus of at least \$50,000,000. Under the terms of the deposit agreement, each depositary share will be entitled, in proportion to the applicable fraction of a share of common stock underlying the depositary share, to

rights and preferences of the preferred
owning that depository share. Those rights
include dividend, voting, redemption,
and liquidation rights.

Depository shares will be evidenced by
receipts issued under a deposit agreement.
Receipts will be distributed to those
purchasing the fractional shares of preferred
owning the depository shares, in accordance
with the terms of the offering. We will describe the
terms of the deposit agreement, the
shares and the depository receipts in a
supplement relating to the depository
shares. You should also refer to the forms of the
deposit agreement and depository receipts that will
be filed with the SEC in connection with the offering
of depository shares.

Anti-Takeover Effects of South Dakota Law and of Our Charter and Bylaws

South Dakota law and our articles of
incorporation and bylaws contain certain provisions
characterized as anti-takeover
provisions. These provisions may make it more
difficult for an acquirer to acquire control of us or remove our
management.

Control Share Acquisitions

Control share acquisition provisions of the
South Dakota Domestic Public Corporation
Act provide generally that the shares of a
South Dakota corporation acquired by
an acquirer that exceed the thresholds of voting power
set forth in the Act will have the same voting rights as
the shares of the same class or series only if

the affirmative vote of the
majority of all outstanding shares
entitled to vote, including all
shares held by the acquiring
person; and

the affirmative vote of the
majority of all outstanding shares
entitled to vote, excluding all
interested shares.

Control share acquisitions must be held as described above before
an acquirer will have any voting rights with
respect to shares in excess of such threshold. The
provisions which require shareholder approval before
control share acquisitions are obtained with respect to shares
in excess of such thresholds are 20%,
30% and 50%, respectively. We have elected in

of incorporation not to be subject to these
of South Dakota law.

Business Combinations

subject to the provisions of
3-17 of the South Dakota Domestic
Corporation Takeover Act. In general,
3-17 prohibits a publicly held South
Corporation from engaging in a "business
combination" with an "interested shareholder",
a business combination or the transaction in
which a person became an interested shareholder is
in a prescribed manner. Unless the
shareholder has been an interested
shareholder for at least four years, a business
combination with the interested shareholder must be
approved by the board of directors of the corporation
by a majority of the interested shareholder's
proportion of the corporation's voting stock, by the
affirmative vote of all of the holders of all of the
outstanding voting shares, or, under some
circumstances, by the affirmative vote of the holders
of a majority of the outstanding voting shares
of those shares beneficially owned by the
shareholder or any of its affiliates or
associates. After the four year period has elapsed, the
business combination must still be approved, if not
previously approved in the manner prescribed, by the
affirmative vote of the holders of a majority of the
outstanding voting shares exclusive, in some
cases, of those shares beneficially owned by the
shareholder or any of its affiliates or
associates. Generally, an "interested shareholder" is a
person who, together with affiliates and associates,
owns, directly or indirectly, 10% or more of
the corporation's voting stock. A "business
combination" includes

transfer of 10% or more of the assets, the issuance or transfer of stock or more of the aggregate market value of corporation's outstanding shares, the plan of liquidation or dissolution, or action resulting in a financial benefit to the shareholder. The provisions of 3-17 of the South Dakota Domestic Corporation Takeover Act may delay, defer or change in control of us without the taking further action.

South Dakota Domestic Public Corporation Act further provides that our board, in whether to approve a merger or other control, may take into account both the well as short-term interests of us and others, the effect on our employees, creditors and suppliers, the effect upon city in which we operate and the effect on of the state and nation. This provision our board to vote against some proposals absence of this provision, it would ve a fiduciary duty to approve.

Fair Price Provision

Articles of incorporation require the vote of the holders of 80% or more of the shares of our voting stock to approve any transaction" with any "related person" or s transaction" in which a "related an interest. However, if a majority of the our board who are not affiliated with the approve the business transaction, or if fair market value of any consideration our shareholders pursuant to a business meets certain enumerated requirements, voting requirement will not be Generally, our articles of incorporation business transaction" to include a merger, k sale. Our articles of incorporation fine a "related person" as any person or together with its affiliates and associates, owns 10% or more of our outstanding The likely effect of this provision is to or prevent a change in control.

Board Composition

Articles of incorporation and bylaws a staggered board of directors divided classes, with the term of office of one class n year. Our articles of incorporation and provide that our directors may be y for cause and by the affirmative vote ty of the remaining members of the ctors. The likely effect of our staggered ctors and the limitation on the removal s an increase in the time required for the to change the composition of our board

Authorized but Unissued Shares

Authorized but unissued shares of our common stock and preferred stock are available for issuance without shareholder approval. These shares may be used for a variety of purposes, including future public offerings of additional capital, corporate acquisitions and employee benefit plans. The existence of authorized but unissued common stock and unreserved common stock and unreserved preferred stock could also render more difficult or more costly an attempt to obtain control of us by means of a proxy contest, tender offer, merger or acquisition.

Our board of directors has no present intention to issue a new series of preferred stock; however, it has the authority, without further shareholder approval, to issue one or more series of common stock that could, depending on the terms of the issuance, either impede or facilitate the completion of a tender offer or other takeover attempt. Our board of directors is required to make decisions regarding the issuance of such stock based on its determination of the best interest of our shareholders, and it could act in a manner that would impede or facilitate an acquisition attempt or other transaction if a majority, of the shareholders might determine that to be in their best interest.

in which shareholders might receive a
their stock over the then market price of
Our board of directors does not intend to
holder approval prior to any issuance of
otherwise required by law or the rules
exchange on which our common stock is

***Shareholder Action by Written Consent
Must Be Unanimous***

Dakota law provides that any action
be taken at a meeting of shareholders
n without a meeting if a written consent,
the action taken, is signed by all of the
entitled to vote with respect to the
This provision prevents holders of less
r common stock from unilaterally using
onsent procedure to take shareholder

gent

nsfer agent and registrar for our common
ls Fargo Shareowner Services. Its
O. Box 64856, St. Paul, Minnesota
and its telephone number for
services is (800) 468-9716.

DESCRIPTION OF WARRANTS

Warrants

We may issue warrants that are debt warrants or equity warrants. We may offer warrants separately or in one or more additional warrants or debt securities or any combination of those securities in the form of units, as described in the prospectus supplement. If we issue warrants as part of a unit, the accompanying prospectus supplement will specify whether those warrants may be separated from the other securities prior to the warrants' expiration date.

Debt Warrants

We may issue, together with debt securities or debt warrants for the purchase of debt securities, warrants on terms to be determined at the time of

Equity Warrants

We may also issue, together with equity securities, separately, warrants to purchase, warrants on spread, shares of our common or preferred stock on terms to be determined at the time of

Terms of Warrants

The applicable prospectus supplement will describe, where applicable, the following terms of and conditions relating to the warrants and securities:

the specific designation and aggregate number of, and the price at which we will issue, the warrants;

the currency with which the warrants may be purchased;

the date on which the right to exercise the warrants will begin and the date on which that right will expire or, if you may not continuously exercise the warrants throughout that period, the specific date or dates on which you may exercise the warrants;

whether the warrants will be issued in fully registered form or bearer form, in definitive or global form or in any combination of these forms, although, in any case, the form of a warrant included in a unit will correspond to the form of the unit and of any debt security included in that unit;

any applicable material United States federal income tax consequences;

the identity of the warrant agent for the warrants and of any other depositaries, execution or paying agents, transfer agents, registrars, determination agents or other agents;

the proposed listing, if any, of the warrants or any securities purchasable upon exercise of the warrants on any securities exchange;

if applicable, the minimum or maximum amount of the warrants that may be exercised at any one time;

information with respect to book-entry procedures, if any;

the terms of the securities issuable upon exercise of the warrants;

the antidilution provisions of the warrants, if any;

any redemption or call provisions;

the exercise price and procedures for exercise of the warrants;

the terms of any warrant spread and the market price of our common stock which will trigger our obligation to issue shares of our common stock in settlement of a warrant spread;

whether the warrants are to be sold separately or with other securities as part of units; and

any other terms of the warrants.

Provisions of the Warrant Agreements

we will issue the warrants under one or more agreements to be entered into between us and our trust company, as warrant agent, in one or more indentures, which will be described in the supplement for the warrants. The summaries of significant provisions of the agreements and the warrants are not intended to be comprehensive, and holders of warrants should refer to the detailed description of the relevant provisions included in any prospectus

Modifications Without Consent of Warrantheolders

the warrant agent may amend the terms of the warrants and the warrant certificates without the consent of the holders to:

cure any ambiguity;

cure, correct or supplement any defective or inconsistent provision; or

amend the terms in any other manner which we may deem necessary or desirable and which will not adversely affect the interests of the affected holders in any material respect.

Forceability of Rights of Warrantheolders

Warrant agents will act solely as our agents in connection with the warrant certificates and will have no obligation or relationship of agency with any holders of warrant certificates or owners of warrants. Any holder of

ificates and any beneficial owner of
y, without the consent of any other
rce by appropriate legal action, on its
its right to exercise the warrants
y the warrant certificates in the manner
in that series of warrants or pursuant to
e warrant agreement. No holder of any
ficate or beneficial owner of any
l be entitled to any of the rights of a
debt securities or any other warrant
ny, purchasable upon exercise of the
cluding, without limitation, the right to
payments on those debt securities or other
erty or to enforce any of the covenants
ne relevant indenture or any other
ement.

Registration and Transfer of Warrants

to the terms of the applicable warrant
warrants in registered, definitive form
ented for exchange and for registration of
e corporate trust office of the warrant
t series of warrants, or at any other
ted in the prospectus supplement relating
of warrants, without service charge.
e holder will be required to pay any
ner governmental charges as described in
agreement. The transfer or exchange will
only if the warrant agent for the series of
atisfied with the documents of title and
e person making the request.

New York Law to Govern

warrants and each warrant agreement will
by, and construed in accordance with,
ne State of New York.

DESCRIPTION OF PURCHASE CONTRACTS

we may issue purchase contracts, including obligating holders to purchase from us and the holders, a specified principal amount or a specified number of shares of common stock or preferred stock or any of the other securities that we may sell under this prospectus (or a specified principal amount or number of shares determined by a predetermined formula) at a future date for a consideration payable upon settlement. The terms of purchase contracts may be fixed at the time the purchase contracts are issued or may be determined by reference to a formula set forth in the purchase contracts. The purchase contracts may be issued separately or as part of units consisting of a purchase contract and other securities or obligations of the issuer or third parties, including United States government securities, securing the holders' obligations under the relevant securities under the purchase contracts. The purchase contracts may require us to make periodic payments to the holders of the purchase contracts or units or vice versa, and the purchase contracts may be unsecured or prefunded on some purchase contracts may require holders to secure their obligations under the purchase contracts in a specified manner and in some circumstances we may issue newly issued prepaid purchase contracts, referred to as "prepaid securities," upon release of any collateral securing such holder's obligations under the original purchase contract.

The applicable prospectus supplement will describe the terms of any purchase contracts or units and, if applicable, such other securities and obligations. The description in the prospectus supplement will not necessarily be exhaustive and will be qualified in its entirety by the terms of the purchase contracts, and, if applicable, any collateral arrangements, relating to the purchase contracts.

DESCRIPTION OF UNITS

we may issue units consisting of one or more purchase contracts, warrants, debt securities, shares of common stock, shares of common stock or any other securities of such securities. The applicable prospectus supplement will describe:

- the terms of the units and of the securities comprising the units;
- the terms of the purchase contracts, warrants, debt securities, preferred stock and/or common stock comprising the units, including whether and under what circumstances the securities comprising the units

may be traded separately;

a description of the terms of any
unit agreement governing the
units; and

a description of the provisions
for the payment, settlement,
transfer or exchange of the units.

PLAN OF DISTRIBUTION

At any time, we may sell the securities described in this prospectus:

through underwriters or dealers;

through agents;

directly to purchasers; or

through a combination of any of these methods of sale.

This prospectus may be used in connection with the offering of our securities through any of these methods or other methods described in the applicable prospectus supplement. Any underwriter, dealer or agent is deemed to be an "underwriter" within the meaning of the Securities Act of 1933.

The applicable prospectus supplement relating to the offering of securities will set forth:

their offering terms, including the name or names of any underwriters, dealers or agents;

the purchase price of the securities and the net proceeds we may receive from the sale;

any underwriting discounts, fees, commissions and other items constituting compensation to underwriters, dealers or agents;

any initial public offering price;

any discounts, commissions or concessions allowed or reallowed or paid by underwriters or dealers to other dealers; and

any securities exchanges on which the securities may be listed.

Underwriters or dealers are used in the sale, securities will be acquired by the underwriters or their own account and may be resold from time to time in one or more transactions:

at a fixed price or prices which may be changed;

at market prices prevailing at the time of sale;

at prices related to such prevailing market prices; or

at negotiated prices.

Securities may be offered to the public through underwriting syndicates represented by one or more managing underwriters or directly by one or more of such firms. Unless otherwise set forth in the applicable prospectus supplement, the obligations of underwriters or dealers to purchase the securities will be subject to certain conditions and the underwriters or dealers will be obligated to purchase all the offered securities if any one of them does. Any public offering price and any discounts or concessions allowed or reallocated or permitted to be made by underwriters or dealers to other dealers may vary from time to time.

Securities may be sold directly by us or through agents designated by us from time to time. Any agent participating in the offer or sale of the securities in connection with which this prospectus is delivered will be entitled to receive any commissions payable by us to the agent as set forth, in the applicable prospectus supplement. Unless otherwise indicated in the applicable prospectus supplement, any such agent will be acting on a best efforts basis for the period of the offering.

As indicated in the applicable prospectus supplement, we will authorize underwriters, dealers or agents to solicit offers from certain specified persons to purchase securities from us at the offering price set forth in the prospectus supplement pursuant to delayed delivery contracts providing for payment and delivery on a specified future date. Such contracts will be subject to

set forth in the applicable prospectus and the prospectus supplement will set the commission payable for solicitation of such contracts by the underwriters and other persons. Such contracts will have no responsibility for the success or failure of the offering or the quality or performance of any such contracts.

Underwriters, dealers and agents may be bound by the underwriting agreements entered into with us to indemnify us against certain civil liabilities, including liabilities under the Securities Act of 1933, and to reimburse us to payments which they may be required to make. Underwriters, dealers and agents may be our customers of, engage in transactions with, or provide services for, us in the ordinary course of our business.

Each class or series of securities will be a new class of securities with no established trading market, other than our common stock, which is listed on the New York Stock Exchange. We may elect to list any other class or series of securities on any exchange, but are not obligated to do so. Any underwriters to whom securities are sold by us for public offering will not be obligated to do so and will not be required to continue any market making at any time in the future. No assurance can be given as to the liquidity of the trading market for any securities.

LEGAL OPINIONS

The legal opinion regarding the validity of the securities offered by this offering will be passed upon for Black Hills by Steven J. Helmers, Senior Vice President and General Counsel of Black Hills, with respect to matters governed by South Dakota law, and by the law firm of Helmers, Starnes & Benson LLP, Denver, Colorado, with respect to matters governed by New York law. Certain legal matters will be passed upon for Black Hills by the law firm of Helmers, Starnes & Benson LLP, Denver, Colorado, and for the underwriters, dealers, or agents, if any, by their respective legal counsel. Mr. Helmers owns, directly or indirectly, 1,044 shares of our common stock, and has the right to purchase an additional 1,044 shares.

EXPERTS

The consolidated financial statements, and the financial statement schedules, incorporated in this offering by reference from the Company's report on Form 10-K, and the effectiveness of Black Hills Corporation's internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports which are

herein by reference. Such consolidated
ements and financial statement
ve been so incorporated in reliance upon
f such firm given upon their authority as
counting and auditing.

e derived the estimates of proved oil and
eserves and related future net revenues
ent value thereof as of December 31,
d in our Annual Report on Form 10-K
ended December 31, 2010 and
by reference in this prospectus from the
rt of Cawley, Gillespie & Associates,
ident petroleum engineers, given on the
Cawley, Gillespie & Associates, Inc. as
ch matters.

**WHERE YOU CAN FIND MORE
INFORMATION**

Prospectus constitutes a part of a statement on Form S-3 (together with all supplements, schedules and exhibits to the statement, referred to as the statement) that we have filed with the SEC under the Securities Act of 1933 with respect to the securities offered by this prospectus. This prospectus does not contain all the information contained in the registration statement. Certain parts of the registration statement are omitted as allowed by the rules and regulations of the SEC. We refer you to the registration statement for further information about our company and the securities offered in this prospectus. Statements contained in this prospectus concerning the provisions of the Securities Act are not necessarily complete, and each statement is qualified in its entirety by reference to the applicable document filed with the SEC.

You may file annual, quarterly and special reports, proxy statements and other information with the SEC. You can inspect and copy the registration statement and the reports and other information we file with the SEC at the public reference room maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. You may obtain information on the operation of the public reference room by calling the SEC at 1-800-333-3330. The SEC also maintains an internet website which provides online access to the registration statement and other information regarding companies that file reports with the SEC at the address www.sec.gov.

The SEC allows us to "incorporate by reference" into this prospectus the information we disclose in our reports, which means we can disclose our business and financial information about our company by referring you to those documents. The information incorporated by reference is considered part of this prospectus, except for any information that is superseded by information contained in this prospectus and any amendments or supplements. Information that we file later than the date of this prospectus will also automatically update and supplement the information in this prospectus. We incorporate by reference the documents listed below that we have previously filed with the SEC (SEC File Number) and any future filings we make with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 (other than any reports or such filings that are furnished rather than filed with the SEC under applicable SEC rules) until the date of the offering made under this prospectus.

Our Annual Report on
Form 10-K for the fiscal year
ended December 31, 2010;

Our Quarterly Report on
Form 10-Q for the quarter ended
March 31, 2011;

Our Current Report on Form 8-K
filed on May 31, 2011; and

The description of our common
stock contained in our
registration statement on
Form 8-A, dated April 19, 2002,
including any amendment or
report filed before or after the
date of this prospectus for the
purpose of updating the
description.

filings have not been included in or
with this prospectus. We will provide to
including any beneficial owner to whom
us is delivered, a copy of any or all
that has been incorporated by reference
prospectus but not delivered with this
You may obtain a copy of these filings,
from our Internet website
(hillscorp.com) or by writing or
us at the following address:

Black Hills Corporation
5 Ninth Street
Spearhead City, South Dakota 57701
Attention: Investor Relations
(605) 721-1700