

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2019
OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission file number 1-03480

MDU RESOURCES GROUP INC

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

30-1133956
(I.R.S. Employer Identification No.)

1200 West Century Avenue
P.O. Box 5650
Bismarck, North Dakota 58506-5650
(Address of principal executive offices)
(Zip Code)

(701) 530-1000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$1.00 per share	MDU	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐.

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐.

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒.

State the aggregate market value of the voting common stock held by non-affiliates of the registrant as of June 28, 2019: \$5,134,204,876.

Indicate the number of shares outstanding of the registrant's common stock, as of February 13, 2020: 200,389,708 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Relevant portions of the registrant's 2020 Proxy Statement, to be filed no later than 120 days from December 31, 2019, are incorporated by reference in Part III, Items 10, 11, 12, 13 and 14 of this Report.

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Definitions

The following abbreviations and acronyms used in this Form 10-K are defined below:

Abbreviation or Acronym

AFUDC	Allowance for funds used during construction
Army Corps	U.S. Army Corps of Engineers
ASC	FASB Accounting Standards Codification
ASU	FASB Accounting Standards Update
Audit Committee	Audit Committee of the board of directors of the Company
Bcf	Billion cubic feet
Big Stone Station	475-MW coal-fired electric generating facility near Big Stone City, South Dakota (22.7 percent ownership)
Brazilian Transmission Lines	Company's former investment in companies owning three electric transmission lines in Brazil
BSSE	345-kilovolt transmission line from Ellendale, North Dakota, to Big Stone City, South Dakota (50 percent ownership)
Btu	British thermal unit
Cascade	Cascade Natural Gas Corporation, an indirect wholly owned subsidiary of MDU Energy Capital
Centennial	Centennial Energy Holdings, Inc., a direct wholly owned subsidiary of the Company
Centennial Capital	Centennial Holdings Capital LLC, a direct wholly owned subsidiary of Centennial
Centennial's Consolidated EBITDA	Centennial's consolidated net income from continuing operations plus the related interest expense, taxes, depreciation, depletion, amortization of intangibles and any non-cash charge relating to asset impairment for the preceding 12-month period
Centennial Resources	Centennial Energy Resources LLC, a direct wholly owned subsidiary of Centennial
CERCLA	Comprehensive Environmental Response, Compensation and Liability Act
Clean Air Act	Federal Clean Air Act
Clean Water Act	Federal Clean Water Act
Company	MDU Resources Group, Inc. (formerly known as MDUR Newco), which, as the context requires, refers to the previous MDU Resources Group, Inc. prior to January 1, 2019, and the new holding company of the same name after January 1, 2019
Coyote Creek	Coyote Creek Mining Company, LLC, a subsidiary of The North American Coal Corporation
Coyote Station	427-MW coal-fired electric generating facility near Beulah, North Dakota (25 percent ownership)
CyROC	Cyber Risk Oversight Committee
Dakota Prairie Refining	Dakota Prairie Refining, LLC, a limited liability company previously owned by WBI Energy and Calumet Specialty Products Partners, L.P. (previously included in the Company's refining segment)
dk	Decatherm
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
EBITDA	Earnings before interest, taxes, depreciation, depletion and amortization
EIN	Employer Identification Number
EPA	United States Environmental Protection Agency
ERISA	Employee Retirement Income Security Act of 1974
ESA	Endangered Species Act
Exchange Act	Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
Fidelity	Fidelity Exploration & Production Company, a direct wholly owned subsidiary of WBI Holdings (previously referred to as the Company's exploration and production segment)
FIP	Funding improvement plan
GAAP	Accounting principles generally accepted in the United States of America
GHG	Greenhouse gas
Great Plains	Great Plains Natural Gas Co., a public utility division of the Company prior to the closing of the Holding Company Reorganization and a public utility division of Montana-Dakota as of January 1, 2019
GVTC	Generation Verification Test Capacity

Holding Company Reorganization	The internal holding company reorganization completed on January 1, 2019, pursuant to the agreement and plan of merger, dated as of December 31, 2018, by and among Montana-Dakota, the Company and MDUR Newco Sub, which resulted in the Company becoming a holding company and owning all of the outstanding capital stock of Montana-Dakota.
IBEW	International Brotherhood of Electrical Workers
ICWU	International Chemical Workers Union
Intermountain	Intermountain Gas Company, an indirect wholly owned subsidiary of MDU Energy Capital
IPUC	Idaho Public Utilities Commission
Item 8	Financial Statements and Supplementary Data
Knife River	Knife River Corporation, a direct wholly owned subsidiary of Centennial
Knife River - Northwest	Knife River Corporation - Northwest, an indirect wholly owned subsidiary of Knife River
K-Plan	Company's 401(k) Retirement Plan
kW	Kilowatts
kWh	Kilowatt-hour
LIBOR	London Inter-bank Offered Rate
LWG	Lower Willamette Group
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
Mdk	Thousand dk
MDU Construction Services	MDU Construction Services Group, Inc., a direct wholly owned subsidiary of Centennial
MDU Energy Capital	MDU Energy Capital, LLC, a direct wholly owned subsidiary of the Company
MDUR Newco	MDUR Newco, Inc., a public holding company created by implementing the Holding Company Reorganization, now known as the Company
MDUR Newco Sub	MDUR Newco Sub, Inc., a direct, wholly owned subsidiary of MDUR Newco, which was merged with and into Montana-Dakota in the Holding Company Reorganization
MEPP	Multiemployer pension plan
MISO	Midcontinent Independent System Operator, Inc.
MMBtu	Million Btu
MMcf	Million cubic feet
MMdk	Million dk
MNPUC	Minnesota Public Utilities Commission
Montana-Dakota	Montana-Dakota Utilities Co. (formerly known as MDU Resources Group, Inc.), a public utility division of the Company prior to the closing of the Holding Company Reorganization and a direct wholly owned subsidiary of MDU Energy Capital as of January 1, 2019
MPPAA	Multiemployer Pension Plan Amendments Act of 1980
MTPSC	Montana Public Service Commission
MW	Megawatt
NDPSC	North Dakota Public Service Commission
NERC	North American Electric Reliability Corporation
NGL	Natural gas liquids
Non-GAAP	Not in accordance with GAAP
Oil	Includes crude oil and condensate
OPUC	Oregon Public Utility Commission
PCBs	Polychlorinated biphenyls
Pronghorn	Natural gas processing plant located near Belfield, North Dakota (WBI Energy Midstream's 50 percent ownership interests were sold effective January 1, 2017)
Proxy Statement	Company's 2020 Proxy Statement to be filed no later than April 29, 2020
PRP	Potentially Responsible Party
RCRA	Resource Conservation and Recovery Act
RP	Rehabilitation plan
SDPUC	South Dakota Public Utilities Commission
SEC	United States Securities and Exchange Commission
Securities Act	Securities Act of 1933, as amended
Securities Act Industry Guide 7	Description of Property by Issuers Engaged or to be Engaged in Significant Mining Operations

Definitions

Sheridan System	A separate electric system owned by Montana-Dakota
TCJA	Tax Cuts and Jobs Act
Tesoro	Tesoro Refining & Marketing Company LLC
UA	United Association of Journeyman and Apprentices of the Plumbing and Pipefitting Industry of the United States and Canada
VIE	Variable interest entity
Washington DOE	Washington State Department of Ecology
WBI Energy	WBI Energy, Inc., a direct wholly owned subsidiary of WBI Holdings
WBI Energy Midstream	WBI Energy Midstream, LLC, an indirect wholly owned subsidiary of WBI Holdings
WBI Energy Transmission	WBI Energy Transmission, Inc., an indirect wholly owned subsidiary of WBI Holdings
WBI Holdings	WBI Holdings, Inc., a direct wholly owned subsidiary of Centennial
WUTC	Washington Utilities and Transportation Commission
Wygen III	100-MW coal-fired electric generating facility near Gillette, Wyoming (25 percent ownership)
WYPSC	Wyoming Public Service Commission
ZRCs	Zonal resource credits - a MW of demand equivalent assigned to generators by MISO for meeting system reliability requirements

Forward-Looking Statements

This Form 10-K contains forward-looking statements within the meaning of Section 21E of the Exchange Act. Forward-looking statements are all statements other than statements of historical fact, including without limitation those statements that are identified by the words "anticipates," "estimates," "expects," "intends," "plans," "predicts" and similar expressions, and include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions (many of which are based, in turn, upon further assumptions) and other statements that are other than statements of historical facts. From time to time, the Company may publish or otherwise make available forward-looking statements of this nature, including statements contained within Item 7 - MD&A - Business Segment Financial and Operating Data.

Forward-looking statements involve risks and uncertainties, which could cause actual results or outcomes to differ materially from those expressed. The Company's expectations, beliefs and projections are expressed in good faith and are believed by the Company to have a reasonable basis, including without limitation, management's examination of historical operating trends, data contained in the Company's records and other data available from third parties. Nonetheless, the Company's expectations, beliefs or projections may not be achieved or accomplished.

Any forward-looking statement contained in this document speaks only as of the date on which the statement is made, and the Company undertakes no obligation to update any forward-looking statement or statements to reflect events or circumstances that occur after the date on which the statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all of the factors, nor can it assess the effect of each factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. All forward-looking statements, whether written or oral and whether made by or on behalf of the Company, are expressly qualified by the risk factors and cautionary statements in this Form 10-K, including statements contained within Item 1A - Risk Factors.

Items 1 and 2. Business and Properties

General

The Company is a regulated energy delivery and construction materials and services business. Montana-Dakota was incorporated under the state laws of Delaware in 1924. The Company was incorporated under the state laws of Delaware in 2018. Its principal executive offices are located at 1200 West Century Avenue, P.O. Box 5650, Bismarck, North Dakota 58506-5650, telephone (701) 530-1000.

On January 2, 2019, the Company announced the completion of the Holding Company Reorganization, which resulted in Montana-Dakota becoming a subsidiary of the Company. The merger was conducted pursuant to Section 251(g) of the General Corporation Law of the State of Delaware, which provides for the formation of a holding company without a vote of the stockholders of the constituent corporation. Immediately after consummation of the Holding Company Reorganization, the Company had, on a consolidated basis, the same assets, businesses and operations as Montana-Dakota had immediately prior to the consummation of the Holding Company Reorganization. As a result of the Holding Company Reorganization, the Company became the successor issuer to Montana-Dakota pursuant to Rule 12g-3(a) of the Exchange Act, and as a result, the Company's common stock was deemed registered under Section 12(b) of the Exchange Act.

The Company operates with a two-platform business model. Its regulated energy delivery platform and its construction materials and services platform are each comprised of different operating segments. Some of these segments experience seasonality related to the industries in which they operate. The two-platform approach helps balance this seasonality and the risk associated with each type of industry. Through its regulated energy delivery platform, the Company provides electric and natural gas services to customers, generates, transmits and distributes electricity, and provides natural gas transportation, storage and gathering services. These businesses are regulated by state public service commissions and/or the FERC. The construction materials and services platform provides construction services to a variety of industries, including commercial, industrial and governmental, and provides construction materials through aggregate mining and marketing of related products, such as ready-mixed concrete and asphalt.

The Company is organized into five reportable business segments. These business segments include: electric, natural gas distribution, pipeline and midstream, construction materials and contracting, and construction services. The Company's business segments are determined based on the Company's method of internal reporting, which generally segregates the strategic business units due to differences in products, services and regulation. The internal reporting of these segments is defined based on the reporting and review process used by the Company's chief executive officer.

Part I

The Company, through its wholly owned subsidiary, MDU Energy Capital, owns Montana-Dakota, Cascade and Intermountain. The electric segment is comprised of Montana-Dakota while the natural gas distribution segment is comprised of Montana-Dakota, Cascade and Intermountain.

The Company, through its wholly owned subsidiary, Centennial, owns WBI Holdings, Knife River, MDU Construction Services, Centennial Resources and Centennial Capital. WBI Holdings is the pipeline and midstream segment, Knife River is the construction materials and contracting segment, MDU Construction Services is the construction services segment, and Centennial Resources and Centennial Capital are both reflected in the Other category.

The financial results and data applicable to each of the Company's business segments, as well as their financing requirements, are set forth in Item 7 - MD&A and Item 8 - Note 16 and Supplementary Financial Information.

The Company's material properties, which are of varying ages and are of different construction types, are generally in good condition, are well maintained and are generally suitable and adequate for the purposes for which they are used.

The Company seeks to align the interest of its board of directors and management with that of its shareholders. The Company believes that an independent, well-diversified board of directors makes it a better corporate citizen. The Company's board includes individuals of ethnic, gender and skill diversity. The Company also believes that its separation of chairman and chief executive officer further enhances accountability and social responsibility. The Company's management and its board of directors also have significant ownership in the Company's common stock, which further aligns their interests with those of other shareholders.

Employees The Company hires its employees from a number of sources, including within its various industries, trade schools, colleges and universities. The primary sources for its employees include promotion from within, team member referrals, union workforce, direct recruiting and various forms of advertising, including social media. The Company attracts and retains employees by offering competitive salaries, technical training opportunities, employee incentive programs and a comprehensive benefits package. The Company believes its focus on training and career development helps it to attract and retain employees. The Company's employees participate in ongoing educational programs to enhance their technical and management skills through classroom and field training. The Company provides opportunities for promotion and mobility within the organization, which also helps to retain employees.

As of December 31, 2019, the Company had 13,359 employees with 244 employed at MDU Resources Group, Inc., 1,578 at MDU Energy Capital, 335 at WBI Holdings, 4,255 at Knife River and 6,947 at MDU Construction Services. The number of employees at certain Company operations fluctuates during the year depending upon the number and size of construction projects. The Company considers its relations with employees to be satisfactory.

The Company has a number of employees represented by labor contracts. The majority of the labor contracts contain provisions that prohibit work stoppages or strikes and provide for binding arbitration dispute resolution in the event of an extended disagreement. The following information is as of December 31, 2019.

- At Montana-Dakota and WBI Energy Transmission, 333 and 71 employees, respectively, are represented by the IBEW. Labor contracts with such employees are in effect through April 30, 2021, and March 31, 2022, respectively.
- At Cascade, 192 employees are represented by the ICWU. The labor contract with the field operations group is effective through March 31, 2021.
- At Intermountain, 127 employees are represented by the UA. Labor contracts with such employees are in effect through March 31, 2023.
- Knife River operates under 42 labor contracts that represent 681 of its construction materials and contracting employees. Knife River is in negotiations on six of its labor contracts.
- MDU Construction Services has 107 labor contracts representing the majority of its employees. MDU Construction Services is in negotiations on four of its labor contracts.

Environmental Matters The operations of the Company and certain of its subsidiaries are subject to federal, state and local laws and regulations providing for air, water and solid waste pollution control; state facility-siting regulations; zoning and planning regulations of certain state and local authorities; federal health and safety regulations; and state hazard communication standards. The Company believes that it is in substantial compliance with these regulations, except as to what may be ultimately determined with regard to items discussed in Environmental matters in Item 8 - Note 20. There are no pending CERCLA actions for any of the Company's material properties. However, the Company is involved in certain claims relating to the Portland, Oregon, Harbor Superfund Site and the Bremerton Gasworks Superfund Site. For more information on the Company's environmental matters, see Item 8 - Note 20.

The Company produces GHG emissions primarily from its fossil fuel electric generating facilities, as well as from natural gas pipeline and storage systems, and operations of equipment and fleet vehicles. GHG emissions also result from customer use of natural gas for heating and other uses. As interest in reductions in GHG emissions has grown, the Company has developed renewable generation with lower or no GHG emissions. Governmental legislative and regulatory initiatives regarding environmental and energy policy are continuously evolving and could negatively impact the Company's operations and financial results. Until legislation and regulation are finalized, the impact of these measures cannot be accurately predicted. The Company will continue to monitor legislative and regulatory activity related to environmental and energy policy initiatives. Disclosure regarding specific environmental matters applicable to each of the Company's businesses is set forth under each business description later. In addition, for a discussion of the Company's risks related to environmental laws and regulations, see Item 1A - Risk Factors.

Technology The Company uses technology in substantially all aspects of its business operations and requires uninterrupted operation of information technology systems and network infrastructure. These systems may be vulnerable to failures or unauthorized access. The Company has policies, procedures and processes in place designed to strengthen and protect these systems, which includes the Company's enterprise information technology and operation technology groups continually evaluating new tools and techniques that can be implemented to reduce the risk of a cyber breach.

The Company created CyROC to oversee the Company's approach to cybersecurity. CyROC is responsible for supplying management at all levels and the Audit Committee with analyses, appraisals, recommendations and pertinent information concerning cyber defense of the Company's electronic information and information technology systems. CyROC provides a quarterly cybersecurity report to the Audit Committee. For a discussion of the Company's risks related to cybersecurity, see Item 1A - Risk Factors.

Available Information This annual report on Form 10-K, the Company's quarterly reports on Form 10-Q and current reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are available free of charge through the Company's Web site as soon as reasonably practicable after the Company has electronically filed such reports with, or furnished such reports to, the SEC. The Company's Web site address is www.mdu.com. The information available on the Company's Web site is not part of this annual report on Form 10-K. The SEC also maintains a website where the Company's filings can be obtained free of charge at www.SEC.gov.

Electric

General The Company's electric segment is operated through its wholly owned subsidiary, MDU Energy Capital, which consists of operations from Montana-Dakota. Montana-Dakota provides electric service at retail, serving 143,346 residential, commercial, industrial and municipal customers in 185 communities and adjacent rural areas in Montana, North Dakota, South Dakota and Wyoming as of December 31, 2019. For more information on the retail customer classes served, see the table below. The material properties owned by Montana-Dakota for use in its electric operations include interests in 16 electric generating units at 11 facilities and two small portable diesel generators, as further described under System Supply, System Demand and Competition, approximately 3,300 and 4,800 miles of transmission and distribution lines, respectively, and 79 transmission and 297 distribution substations. Montana-Dakota has obtained and holds, or is in the process of renewing, valid and existing franchises authorizing it to conduct its electric operations in all of the municipalities it serves where such franchises are required. Montana-Dakota intends to protect its service area and seek renewal of all expiring franchises. At December 31, 2019, Montana-Dakota's net electric plant investment was \$1.6 billion and its rate base was \$1.2 billion.

The retail customers served and respective revenues by class for the electric business were as follows:

	2019		2018		2017	
	Customers Served	Revenues	Customers Served	Revenues	Customers Served	Revenues
(Dollars in thousands)						
Residential	118,563	\$ 125,614	118,426	\$ 126,173	118,379	\$ 121,171
Commercial	22,948	142,062	22,756	141,961	22,764	140,856
Industrial	234	37,790	236	36,081	242	34,417
Other	1,601	7,454	1,604	7,882	1,516	8,275
	143,346	\$ 312,920	143,022	\$ 312,097	142,901	\$ 304,719

Other electric revenues, which are largely transmission-related revenues, for Montana-Dakota were \$38.8 million, \$23.0 million and \$38.1 million for the years ended December 31, 2019, 2018 and 2017, respectively.

Part I

The percentage of electric retail revenues by jurisdiction was as follows:

	2019	2018	2017
North Dakota	65%	66%	66%
Montana	22%	20%	20%
Wyoming	8%	9%	9%
South Dakota	5%	5%	5%

Retail electric rates, service, accounting and certain security issuances are subject to regulation by the MTPSC, NDPSC, SDPUC and WYPSC. The interstate transmission and wholesale electric power operations of Montana-Dakota are also subject to regulation by the FERC under provisions of the Federal Power Act, as are interconnections with other utilities and power generators, the issuance of certain securities, accounting and other matters.

Through MISO, Montana-Dakota has access to wholesale energy, ancillary services and capacity markets for its interconnected system. MISO is a regional transmission organization responsible for operational control of the transmission systems of its members. MISO provides security center operations, tariff administration and operates day-ahead and real-time energy markets, ancillary services and capacity markets. As a member of MISO, Montana-Dakota's generation is sold into the MISO energy market and its energy needs are purchased from that market.

System Supply, System Demand and Competition Through an interconnected electric system, Montana-Dakota serves markets in portions of North Dakota, Montana and South Dakota. These markets are highly seasonal and sales volumes depend largely on the weather. Additionally, the average customer consumption has tended to decline due to increases in energy efficient lighting and appliances being installed. The interconnected system consists of 15 electric generating units at 10 facilities and two small portable diesel generators, which have an aggregate nameplate rating attributable to Montana-Dakota's interest of 750,318 kW and total net ZRCs of 549.0 in 2019. For 2019, Montana-Dakota's total ZRCs, including its firm purchase power contracts, were 591.3. Montana-Dakota's planning reserve margin requirement within MISO was 537.2 ZRCs for 2019. The maximum electric peak demand experienced to date attributable to Montana-Dakota's sales to retail customers on the interconnected system was 611,542 kW in August 2015. Montana-Dakota's latest forecast for its interconnected system indicates that its annual peak will continue to occur during the summer. Montana-Dakota's interconnected system electric generating capability includes five steam-turbine generating units at four facilities using coal for fuel, four combustion turbine units at three facilities, three wind electric generating facilities, two reciprocating internal combustion engines at one facility, a heat recovery electric generating facility and two small portable diesel generators.

In June 2016, Montana-Dakota and a partner began construction on the BSSE project within the footprint of MISO. The project commenced on-line operations on February 5, 2019.

Additional energy is purchased as needed, or in lieu of generation if more economical, from the MISO market, and in 2019, Montana-Dakota purchased approximately 23 percent of its net kWh needs for its interconnected system through the MISO market.

Approximately 26 percent of the electricity delivered to customers from Montana-Dakota's owned generation in 2019 was from renewable resources. Although Montana-Dakota's generation resource capacity has increased to serve the needs of its customers, the carbon dioxide emission intensity of its electric generation resource fleet has been reduced by approximately 31 percent since 2003 and is expected to continue to decline.

Through the Sheridan System, Montana-Dakota serves Sheridan, Wyoming, and neighboring communities. The maximum peak demand experienced to date attributable to Montana-Dakota sales to retail customers on that system was approximately 63,686 kW in July 2018. Montana-Dakota has a power supply contract with Black Hills Power, Inc. to purchase up to 49,000 kW of capacity annually through December 31, 2023. Wygen III also serves a portion of the needs of Montana-Dakota's Sheridan-area customers.

The following table sets forth details applicable to the Company's electric generating stations:

Generating Station	Type	Nameplate Rating (kW)	2019 ZRCs (a)	2019 Net Generation (kWh in thousands)
Interconnected System:				
North Dakota:				
Coyote (b)	Steam	103,647	90.9	501,394
Heskett	Steam	86,000	86.9	438,726
Heskett	Combustion Turbine	89,038	65.2	1,900
Glen Ullin	Heat Recovery	7,500	4.8	42,276
Cedar Hills	Wind	19,500	4.6	51,845
Diesel Units	Oil	3,650	3.8	4
Thunder Spirit	Wind	155,500	29.3	548,180
South Dakota:				
Big Stone (b)	Steam	94,111	105.8	656,783
Montana:				
Lewis & Clark	Steam	44,000	41.4	261,457
Lewis & Clark	Reciprocating Internal Combustion Engine	18,700	17.6	3,673
Glendive	Combustion Turbine	75,522	70.8	2,702
Miles City	Combustion Turbine	23,150	21.6	352
Diamond Willow	Wind	30,000	6.3	95,224
		750,318	549.0	2,604,516
Sheridan System:				
Wyoming:				
Wygen III (b)	Steam	28,000	N/A	188,254
		778,318	549.0	2,792,770

(a) Interconnected system only. MISO requires generators to obtain their summer capability through the GVTC. The GVTC is then converted to ZRCs by applying each generator's forced outage factor against its GVTC. Wind generator's ZRCs are calculated based on a wind capacity study performed annually by MISO. ZRCs are used to meet supply obligations within MISO.
(b) Reflects Montana-Dakota's ownership interest.

Virtually all of the current fuel requirements of the Heskett and Lewis & Clark stations are met with coal supplied by subsidiaries of Westmoreland Coal Company under contracts that expire in December 2021 and December 2020, respectively. The Heskett and Lewis & Clark coal supply agreements provide for the purchase of coal necessary to supply the coal requirements of these stations at contracted pricing. Montana-Dakota estimates the Heskett and Lewis & Clark coal requirement to be in the range of 425,000 to 460,000 tons and 250,000 to 350,000 tons per contract year, respectively.

The owners of Coyote Station, including Montana-Dakota, have a contract with Coyote Creek for coal supply to the Coyote Station that expires December 2040. Montana-Dakota estimates the Coyote Station coal supply agreement to be approximately 2.3 million tons per contract year. For more information, see Item 8 - Note 20.

The owners of Big Stone Station, including Montana-Dakota, have a coal supply agreement with Peabody COALSALES, LLC to meet all of the Big Stone Station's fuel requirements for 2020. Montana-Dakota estimates the Big Stone Station coal supply agreement to be approximately 1.6 million tons for 2020.

Montana-Dakota has a coal supply agreement with Wyodak Resources Development Corp., to supply the coal requirements of Wygen III at contracted pricing through June 1, 2060. Montana-Dakota estimates the maximum annual coal consumption of the facility to be 585,000 tons.

The average cost of coal purchased, including freight, at Montana-Dakota's electric generating stations (including the Big Stone, Coyote and Wygen III stations) was as follows:

Years ended December 31,	2019	2018	2017
Average cost of coal per MMBtu	\$ 2.15	\$ 2.00	\$ 2.07
Average cost of coal per ton	\$ 31.36	\$ 29.08	\$ 30.04

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Montana-Dakota expects that it has secured adequate capacity available through existing baseload generating stations, renewable generation, turbine peaking stations, demand reduction programs and firm contracts to meet the peak customer demand requirements of its customers through 2020. In February 2019, Montana-Dakota announced that it intends to retire three aging coal-fired electric generating units. The retirements are expected to be completed in early 2021 for Lewis & Clark Station and early 2022 for units 1 and 2 at Heskett Station. Montana-Dakota also announced the intent to construct a new simple-cycle natural gas-fired combustion turbine peaking unit at the existing Heskett Station. Future capacity that is needed to replace contracts, generation retirements and meet system growth requirements is expected to be met by constructing new generation resources or acquiring additional capacity through power purchase contracts or the MISO capacity auction.

Montana-Dakota has major interconnections with its neighboring utilities and considers these interconnections adequate for coordinated planning, emergency assistance, exchange of capacity and energy and power supply reliability.

Montana-Dakota is subject to competition resulting from customer demands, technological advances and other factors in certain areas, from rural electric cooperatives, on-site generators, co-generators and municipally owned systems. In addition, competition in varying degrees exists between electricity and alternative forms of energy such as natural gas.

Regulatory Matters and Revenues Subject to Refund In North Dakota, Montana, South Dakota and Wyoming, there are various recurring mechanisms with annual true-ups that can impact Montana-Dakota's results of operations, which also reflect monthly increases or decreases in electric fuel and purchased power costs (including demand charges). Montana-Dakota is deferring those electric fuel and purchased power costs that are greater or less than amounts presently being recovered through its existing rate schedules. Examples of these recurring mechanisms include: monthly Fuel and Purchased Power Tracking Adjustments, a fuel adjustment clause and an annual Electric Power Supply Cost Adjustment. Such orders generally provide that these amounts are recoverable or refundable through rate adjustments which are filed annually. Montana-Dakota's results of operations reflect 95 percent of the increases or decreases from the base purchased power costs and in addition also reflects 85 percent of the increases or decreases from the base coal price, which is also recovered through the Electric Power Supply Cost Adjustment in Wyoming. For more information on regulatory assets and liabilities, see Item 8 - Note 7.

For the Thunder Spirit Wind project, Montana-Dakota implemented a renewable resource cost adjustment rider, and all of Montana-Dakota's wind resources pertaining to North Dakota electric operations were placed in this rider upon a final order of the most recent North Dakota electric general rate case. Montana-Dakota also has in place in North Dakota a transmission tracker to recover transmission costs associated with MISO and the Southwest Power Pool, regional transmission organizations serving parts of Montana-Dakota's system, along with certain of the transmission investments not recovered through retail rates. The tracking mechanism has an annual true-up.

In South Dakota, Montana-Dakota recovers the South Dakota investment in the Thunder Spirit Wind project through an Infrastructure Rider tracking mechanism that is subject to an annual true-up. Montana-Dakota also has in place in South Dakota a transmission tracker to recover transmission costs associated with MISO and the Southwest Power Pool, regional transmission organizations serving parts of Montana-Dakota's system, along with certain of the transmission investments not recovered through retail rates. This tracking mechanism also has an annual true-up.

In Montana, Montana-Dakota recovers in rates, through a tracking mechanism, its allocated share of Montana property-related taxes assessed to electric operations on an after-tax basis.

For more information on regulatory matters, see Item 8 - Note 19.

Environmental Matters Montana-Dakota's electric operations are subject to federal, state and local laws and regulations providing for air, water and solid waste pollution control; state facility-siting regulations; zoning and planning regulations of certain state and local authorities; federal health and safety regulations; and state hazard communication standards. Montana-Dakota believes it is in substantial compliance with these regulations.

Montana-Dakota's electric generating facilities have Title V Operating Permits, under the Clean Air Act, issued by the states in which they operate. Each of these permits has a five-year life. Near the expiration of these permits, renewal applications are submitted. Permits continue in force beyond the expiration date, provided the application for renewal is submitted by the required date, usually six months prior to expiration. The Title V Operating Permit renewal application for Coyote Station was submitted timely to the North Dakota Department of Health in September 2017, with the permit issuance date not specified at this time. Wygen III is allowed to operate under the facility's construction permit until the Title V Operating Permit is issued by the Wyoming Department of Environmental Quality. The Title V Operating Permit application for Wygen III was submitted timely in January 2011, with the permit issuance date not specified at this time. The Title V Operating Permit renewal application for Heskett Station was submitted timely in June 2019 to the North Dakota Department of Environmental Quality with the permit expected to be issued in 2020. The Title V Operating Permit renewal application for Lewis & Clark

Station was submitted timely in December 2019 to the Montana Department of Environmental Quality with the permit expected to be issued in 2020.

State water discharge permits issued under the requirements of the Clean Water Act are maintained for power production facilities on the Yellowstone and Missouri rivers. These permits also have five-year lives. Montana-Dakota renews these permits as necessary prior to expiration. Other permits held by these facilities may include an initial siting permit, which is typically a one-time, preconstruction permit issued by the state; state permits to dispose of combustion by-products; state authorizations to withdraw water for operations; and Army Corps permits to construct water intake structures. Montana-Dakota's Army Corps permits grant one-time permission to construct and do not require renewal. Other permit terms vary and the permits are renewed as necessary.

Montana-Dakota's electric operations are very small-quantity generators of hazardous waste and subject only to minimum regulation under the RCRA. Montana-Dakota routinely handles PCBs from its electric operations in accordance with federal requirements. PCB storage areas are registered with the EPA as required.

Montana-Dakota incurred \$5.5 million of environmental capital expenditures in 2019, mainly for an embankment stabilization project at Lewis & Clark Station and coal ash management projects at Big Stone Station and Coyote Station. Environmental capital expenditures are estimated to be \$700,000, \$1.1 million and \$3.3 million in 2020, 2021 and 2022, respectively, for various environmental projects, including coal ash impoundment closure project at Lewis & Clark Station. Montana-Dakota's capital and operational expenditures could also be affected by future environmental requirements, such as regional haze emissions reductions. For more information, see Item 1A - Risk Factors.

Natural Gas Distribution

General The Company's natural gas distribution segment is operated through its wholly owned subsidiary, MDU Energy Capital, which consists of operations from Montana-Dakota, Cascade and Intermountain. These companies sell natural gas at retail, serving 977,468 residential, commercial and industrial customers in 337 communities and adjacent rural areas across eight states as of December 31, 2019. They also provide natural gas transportation services to certain customers on the Company's systems. For more information on the retail customer classes served, see the table below. These services are provided through distribution systems aggregating approximately 20,300 miles. The natural gas distribution operations have obtained and hold, or are in the process of renewing, valid and existing franchises authorizing them to conduct their natural gas operations in all of the municipalities they serve where such franchises are required. These operations intend to protect their service areas and seek renewal of all expiring franchises. At December 31, 2019, the natural gas distribution operations' net natural gas distribution plant investment was \$1.8 billion and its rate base was \$1.2 billion.

The retail customers served and respective revenues by class for the natural gas distribution operations were as follows:

	2019		2018		2017	
	Customers Served	Revenues	Customers Served	Revenues	Customers Served	Revenues
(Dollars in thousands)						
Residential	868,821	\$ 479,673	850,595	\$ 464,697	833,255	\$ 477,699
Commercial	107,741	293,201	106,297	279,566	104,795	283,899
Industrial	906	26,570	835	24,555	817	24,030
	977,468	\$ 799,444	957,727	\$ 768,818	938,867	\$ 785,628

Transportation and other revenues for the natural gas distribution operations were \$65.8 million, \$54.4 million and \$62.8 million for the years ended December 31, 2019, 2018 and 2017, respectively.

The percentage of the natural gas distribution operations' retail sales revenues by jurisdiction was as follows:

	2019	2018	2017
Idaho	29%	30%	33%
Washington	28%	26%	26%
North Dakota	15%	15%	13%
Montana	9%	9%	9%
Oregon	8%	8%	8%
South Dakota	6%	7%	6%
Minnesota	3%	3%	3%
Wyoming	2%	2%	2%

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The natural gas distribution operations are subject to regulation by the IPUC, MNPUC, MTPSC, NDPSC, OPUC, SDPUC, WUTC and WYPSC regarding retail rates, service, accounting and certain security issuances.

System Supply, System Demand and Competition The natural gas distribution operations serve retail natural gas markets, consisting principally of residential and firm commercial space and water heating users, in portions of Idaho, Minnesota, Montana, North Dakota, Oregon, South Dakota, Washington and Wyoming. These markets are highly seasonal and sales volumes depend largely on the weather, the effects of which are mitigated in certain jurisdictions by a weather normalization mechanism discussed later in Regulatory Matters. Additionally, the average customer consumption has tended to decline as more efficient appliances and furnaces are installed, and as the Company has implemented conservation programs. In addition to the residential and commercial sales, the utilities transport natural gas for larger commercial and industrial customers who purchase their own supply of natural gas.

Competition resulting from customer demands, technological advances and other factors exists between natural gas and other fuels and forms of energy. The natural gas distribution operations have established various natural gas transportation service rates for their distribution businesses to retain interruptible commercial and industrial loads. These services have enhanced the natural gas distribution operations' competitive posture with alternative fuels, although certain customers have bypassed the distribution systems by directly accessing transmission pipelines within close proximity. These bypasses did not have a material effect on results of operations.

The natural gas distribution operations and various distribution transportation customers obtain their system requirements directly from producers, processors and marketers. The Company's purchased natural gas is supplied by a portfolio of contracts specifying market-based pricing and is transported under transportation agreements with WBI Energy Transmission, Northern Border Pipeline Company, Northwest Pipeline LLC, South Dakota Intrastate Pipeline, Northern Natural Gas, Gas Transmission Northwest LLC, Northwestern Energy, Viking Gas Transmission Company, Enbridge Westcoast Pipeline, Inc., Ruby Pipeline LLC, Foothills Pipe Lines Ltd. and NOVA Gas Transmission Ltd. The natural gas distribution operations have contracts for storage services to provide gas supply during the winter heating season and to meet peak day demand with various storage providers, including WBI Energy Transmission, Dominion Energy Questar Pipeline, LLC, Northwest Pipeline LLC, Northwest Natural Gas Company and Northern Natural Gas. In addition, certain of the operations have entered into natural gas supply management agreements with various parties. Demand for natural gas, which is a widely traded commodity, has historically been sensitive to seasonal heating and industrial load requirements, as well as changes in market price. The natural gas distribution operations believe that, based on current and projected domestic and regional supplies of natural gas and the pipeline transmission network currently available through their suppliers and pipeline service providers, supplies are adequate to meet their system natural gas requirements for the next decade.

Regulatory Matters The natural gas distribution operations' retail natural gas rate schedules contain clauses permitting adjustments in rates based upon changes in natural gas commodity, transportation and storage costs. Current tariffs allow for recovery or refunds of under- or over-recovered gas costs through rate adjustments which are filed annually.

Montana-Dakota's North Dakota and South Dakota natural gas tariffs contain weather normalization mechanisms applicable to certain firm customers that adjust the distribution delivery charge revenues to reflect weather fluctuations during the November 1 through May 1 billing periods.

In Montana, Montana-Dakota recovers in rates, through a tracking mechanism, its allocated share of Montana property-related taxes assessed to natural gas operations on an after-tax basis.

In Minnesota and Washington, Great Plains and Cascade recover in rates, through a cost recovery tracking mechanism, qualifying capital investments related to the safety and integrity of its pipeline system.

On December 28, 2015, the OPUC approved an extension of Cascade's decoupling mechanism until January 1, 2020, with an agreement that Cascade would initiate a review of the mechanism by September 30, 2019. Cascade also has an earnings sharing mechanism with respect to its Oregon jurisdictional operations as required by the OPUC. Cascade initiated the required review by September 30, 2019, which resulted in a slight modification to the mechanism. The decoupling mechanism was approved to continue until January 1, 2025, with a review to be initiated by September 30, 2024.

On July 7, 2016, the WUTC approved a full decoupling mechanism where Cascade is allowed recovery of an average revenue per customer regardless of actual consumption. The mechanism also includes an earnings sharing component if Cascade earns beyond its authorized return. The decoupling mechanism will be reviewed in 2020.

On December 22, 2016, the MNPUC approved a request by Great Plains to implement a full revenue decoupling mechanism pilot project for three years. The decoupling mechanism will reflect the period January 1 through December 31. Great Plains requested approval to extend the initial pilot period through 2020 with a final determination to be made as part of its pending rate case.

For more information on regulatory matters, see Item 8 - Note 19.

Environmental Matters The natural gas distribution operations are subject to federal, state and local environmental, facility-siting, zoning and planning laws and regulations. The Company believes its natural gas distribution operations are in substantial compliance with those regulations.

The Company's natural gas distribution operations are very small-quantity generators of hazardous waste, and subject only to minimum regulation under the RCRA. Washington state rule defines Cascade as a small-quantity generator, but regulation under the rule is similar to RCRA. Certain locations of the natural gas distribution operations routinely handle PCBs from their natural gas operations in accordance with federal requirements. PCB storage areas are registered with the EPA as required. Capital and operational expenditures for natural gas distribution operations could be affected in a variety of ways by potential new GHG legislation or regulation. In particular, such legislation or regulation would likely increase capital expenditures for energy efficiency and conservation programs and operational costs associated with GHG emissions compliance. Natural gas distribution operations expect to recover the operational and capital expenditures for GHG regulatory compliance in rates consistent with the recovery of other reasonable costs of complying with environmental laws and regulations.

The natural gas distribution operations did not incur any material environmental expenditures in 2019. Except as to what may be ultimately determined with regard to the issues described in the following paragraph, the natural gas distribution operations do not expect to incur any material capital expenditures related to environmental compliance with current laws and regulations through 2022.

Montana-Dakota has ties to six historic manufactured gas plants as a successor corporation or through direct ownership of the plant. Montana-Dakota is investigating possible soil and groundwater impacts due to the operation of two of these former manufactured gas plant sites. To the extent not covered by insurance, Montana-Dakota may seek recovery in its natural gas rates charged to customers for certain investigation and remediation costs incurred for these sites. Cascade has ties to nine historic manufactured gas plants as a successor corporation or through direct ownership of the plant. Cascade is involved in the investigation and remediation of three of these manufactured gas plants in Washington and Oregon. To the extent not covered by insurance, Cascade will seek recovery of investigation and remediation costs through its natural gas rates charged to customers.

See Item 8 - Note 20 for further discussion of certain manufactured gas plant sites.

Pipeline and Midstream

General WBI Energy owns and operates both regulated and nonregulated businesses. The regulated business of this segment, WBI Energy Transmission, owns and operates approximately 4,000 miles of natural gas transmission, gathering and storage lines in Minnesota, Montana, North Dakota, South Dakota and Wyoming. WBI Energy Transmission's underground storage fields in Montana and Wyoming provide storage services to local distribution companies, industrial customers, natural gas marketers and others, and serve to enhance system reliability. Its system is strategically located near four natural gas producing basins, making natural gas supplies available to its transportation and storage customers. The system has 13 interconnecting points with other pipeline facilities allowing for the receipt and/or delivery of natural gas to and from other regions of the country and from Canada. Under the Natural Gas Act, as amended, WBI Energy Transmission is subject to the jurisdiction of the FERC regarding certificate, rate, service and accounting matters, and at December 31, 2019, its net plant investment was \$519.3 million.

The nonregulated business of this segment owns and operates gathering facilities in Montana and Wyoming. In total, facilities include approximately 800 miles of operated field gathering lines, some of which interconnect with WBI Energy's regulated pipeline system. The nonregulated business provides natural gas gathering services and a variety of other energy-related services, including cathodic protection and energy efficiency product sales and installation services to large end-users.

A majority of its pipeline and midstream business is transacted in the northern Great Plains and Rocky Mountain regions of the United States.

System Supply, System Demand and Competition Natural gas supplies emanate from traditional and nontraditional production activities in the region from both on-system and off-system supply sources. Incremental supply from nontraditional sources, such as the Bakken area in Montana and North Dakota, have helped offset declines in traditional regional supply sources and supports WBI Energy Transmission's transportation and storage services. In addition, off-system supply sources are available through the Company's interconnections with other pipeline systems. WBI Energy Transmission continues to look for opportunities to increase transportation and storage services through system expansion and/or other pipeline interconnections or enhancements that could provide substantial future benefits.

WBI Energy Transmission's underground natural gas storage facilities have a certificated storage capacity of approximately 353 Bcf, including 194 Bcf of working gas capacity, 84 Bcf of cushion gas and 75 Bcf of native gas. These storage facilities enable customers to purchase natural gas throughout the year and meet winter peak requirements.

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WBI Energy Transmission competes with several pipelines for its customers' transportation, storage and gathering business and at times may discount rates in an effort to retain market share. However, the strategic location of its system near four natural gas producing basins and the availability of underground storage and gathering services, along with interconnections with other pipelines, serve to enhance its competitive position.

Although certain of WBI Energy Transmission's firm customers, including its largest firm customer Montana-Dakota, serve relatively secure residential, commercial and industrial end-users, they generally all have some price-sensitive end-users that could switch to alternate fuels.

WBI Energy Transmission transports substantially all of Montana-Dakota's natural gas, primarily utilizing firm transportation agreements, which for 2019 represented 27 percent of WBI Energy Transmission's subscribed firm transportation contract demand. The majority of the firm transportation agreements with Montana-Dakota expire in June 2022. In addition, Montana-Dakota has contracts, expiring in July 2035, with WBI Energy Transmission to provide firm storage services to facilitate meeting Montana-Dakota's winter peak requirements.

The nonregulated business competes for existing customers in the areas in which it operates. Its focus on customer service and the variety of services it offers serve to enhance its competitive position.

Environmental Matters The pipeline and midstream operations are subject to federal, state and local environmental, facility-siting, zoning and planning laws and regulations.

Administration of certain provisions of federal environmental laws has been delegated to the states where WBI Energy and its subsidiaries operate. Administering agencies may issue permits with varying terms and operational compliance conditions. Permits are renewed and modified, as necessary, based on defined permit expiration dates, operational demand, facility upgrades or modifications, and/or regulatory changes. The Company believes it is in substantial compliance with these regulations.

Detailed environmental assessments and/or environmental impact statements as required by the National Environmental Policy Act are included in the FERC's environmental review process for both the construction and abandonment of WBI Energy Transmission's natural gas transmission pipelines, compressor stations and storage facilities.

The pipeline and midstream operations did not incur any material environmental expenditures in 2019 and do not expect to incur any material capital expenditures related to environmental compliance with current laws and regulations through 2022.

Construction Materials and Contracting

General Knife River operates construction materials and contracting businesses headquartered in Alaska, California, Hawaii, Idaho, Iowa, Minnesota, Montana, North Dakota, Oregon, South Dakota, Texas, Washington and Wyoming. Knife River mines, processes and sells construction aggregates (crushed stone, sand and gravel); produces and sells asphalt mix; and supplies ready-mixed concrete. These products are used in most types of construction, performed by Knife River and other companies, including roads, freeways and bridges, as well as homes, schools, shopping centers, office buildings and industrial parks. Knife River focuses on vertical integration of its contracting services with its construction materials to support the aggregate based product lines including aggregate placement, asphalt and concrete paving, and site development and grading. Although not common to all locations, other products include the sale of cement, liquid asphalt for various commercial and roadway applications, various finished concrete products and other building materials and related contracting services.

During 2019, Knife River purchased additional aggregate deposits in Texas and received a permit to construct a rock crushing plant at the quarry. Knife River also completed two business combinations of ready-mixed concrete suppliers headquartered in Idaho and Oregon. For more information on business combinations, see Item 8 - Note 3.

Knife River's backlog was approximately \$693 million, \$706 million and \$486 million at December 31, 2019, 2018 and 2017, respectively. Backlog increases with awards of new contracts and decreases as work is performed on existing contracts. Knife River expects to complete a significant amount of the backlog at December 31, 2019, during the next 12 months. For more information on backlog including the timing of revenue recognition, see Item 8 - Note 2.

Knife River's backlog is comprised of the anticipated revenues from the uncompleted portion of services to be performed under job-specific contracts. A project is included in backlog when a contract is awarded and agreement on contract terms has been reached. However, backlog does not contain contracts for time and material projects that a fixed amount cannot be determined. Backlog is comprised of: (a) original contract amounts, (b) change orders approved by customers and (c) claims made against customers, which are determined to have a legal basis under existing contractual arrangements, and the amount for which recovery is considered to be probable. Such claim amounts were immaterial for all periods presented. Backlog may be subject to delay, default or cancellation at the election of the customers. Historically, cancellations have not had a materially adverse effect on backlog. Due to the nature of its contractual arrangements,

in many instances Knife River's customers are not committed to the specific volumes of services to be purchased under a contract, but rather Knife River is committed to perform these services if and to the extent requested by the customer. Therefore, there can be no assurance as to the customers' requirements during a particular period or that such estimates, or backlog estimates in general, at any point in time are predictive of future revenues.

Competition Knife River's construction materials products and contracting services are marketed under highly competitive conditions. Price is the principal competitive force to which these products and services are subject, with service, quality, delivery time and proximity to the customer also being significant factors. Knife River focuses on markets located near aggregate sites to reduce transportation costs which allows Knife River to remain competitive with the pricing of aggregate products. The number and size of competitors varies in each of Knife River's principal market areas and product lines.

The demand for construction materials products and contracting services is significantly influenced by the cyclical nature of the construction industry in general. In addition, construction materials and contracting services activity in certain locations may be seasonal in nature due to the effects of weather. The key economic factors affecting product demand are changes in the level of local, state and federal governmental spending on roads and infrastructure projects, general economic conditions within the market area that influence both the commercial and residential sectors, and prevailing interest rates.

Knife River's customers are a diverse group which includes federal, state and municipal government agencies, commercial and residential developers, and private parties. The mix of sales by customer will vary each year depending on the work available. Knife River is not dependent on any single customer or group of customers for sales of its products and services, the loss of which would have a material adverse effect on its construction materials businesses.

Reserve Information Aggregate reserve estimates are calculated based on the best available data. This data is collected from drill holes and other subsurface investigations, as well as investigations of surface features such as mine high walls and other exposures of the aggregate reserves. Mine plans, production history and geologic data are also utilized to estimate reserve quantities.

Estimates are based on analyses of the data described above by experienced internal mining engineers, operating personnel and geologists. Property setbacks and other regulatory restrictions and limitations are identified to determine the total area available for mining. Data described previously are used to calculate the thickness of aggregate materials to be recovered. Topography associated with alluvial sand and gravel deposits is typically flat and volumes of these materials are calculated by applying the thickness of the resource over the areas available for mining. Volumes are then converted to tons by using an appropriate conversion factor. Typically, 1.5 tons per cubic yard in the ground is used for sand and gravel deposits.

Topography associated with the hard rock reserves is typically much more diverse. Therefore, using available data, a final topography map is created and computer software is utilized to compute the volumes between the existing and final topographies. Volumes are then converted to tons by using an appropriate conversion factor. Typically, 2 tons per cubic yard in the ground is used for hard rock quarries.

Estimated reserves are probable reserves as defined in Securities Act Industry Guide 7. Remaining reserves are based on estimates of volumes that can be economically extracted and sold to meet current market and product applications. The reserve estimates include only salable tonnage and thus exclude waste materials that are generated in the crushing and processing phases of the operation. Approximately 978 million tons of the 1.1 billion tons of aggregate reserves are permitted reserves. The remaining reserves are on properties that are expected to be permitted for mining under current regulatory requirements. The data used to calculate the remaining reserves may require revisions in the future to account for changes in customer requirements and unknown geological occurrences. The years remaining were calculated by dividing remaining reserves by the three-year average sales, including estimated sales from acquired reserves prior to acquisition, from 2017 through 2019. Actual useful lives of these reserves will be subject to, among other things, fluctuations in customer demand, customer specifications, geological conditions and changes in mining plans.

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The following table sets forth details applicable to the Company's aggregate reserves under ownership or lease as of December 31, 2019, and sales for the years ended December 31, 2019, 2018 and 2017:

Production Area	Number of Sites (Crushed Stone)		Number of Sites (Sand & Gravel)		Tons Sold (000's)			Estimated Reserves (000's tons)	Lease Expiration	Reserve Life (years)
	owned	leased	owned	leased	2019	2018	2017			
Anchorage, AK	—	—	1	—	868	725	1,425	15,179	N/A	15
Hawaii	—	6	—	—	1,680	1,734	1,614	47,979	2020-2064	29
Northern CA	—	—	8	1	1,901	1,798	1,785	40,768	2028	22
Southern CA	—	2	—	—	292	356	55	90,910	2035	Over 100
Portland, OR	2	4	5	3	4,868	5,402	4,694	204,583	2025-2055	41
Eugene, OR	3	4	6	—	1,205	743	633	158,558	2021-2049	Over 100
Central OR/WA/ID	—	1	9	2	2,700	2,362	2,160	85,181	2028-2077	35
Southwest OR	5	5	10	6	1,932	2,395	2,367	107,098	2020-2053	48
Central MT	—	—	3	1	822	1,081	1,065	14,417	2023	15
Northwest MT	—	—	9	1	2,084	1,965	1,745	61,098	2020	32
Wyoming	—	—	—	2	837	626	613	8,762	2020-2026	13
Central MN	1	1	41	7	3,477	2,890	2,773	62,381	2020-2028	20 *
Northern MN	2	—	14	2	330	369	270	20,555	2020-2021	64
ND/SD	1	—	2	29	3,747	1,506	1,100	70,921	2020-2031	33 *
Texas	1	2	4	—	1,378	1,094	1,192	65,796	2022-2029	54
Sales from other sources					4,193	4,749	4,722			
					32,314	29,795	28,213	1,054,186		

* Includes estimate of three-year average sales for acquired reserves.

The 1.1 billion tons of estimated aggregate reserves at December 31, 2019, are comprised of 572 million tons on properties that are owned and 482 million tons that are leased. Approximately 38 percent of the tons under lease have lease expiration dates of 20 years or more. The weighted average years remaining on all leases containing estimated probable aggregate reserves is approximately 21 years, including options for renewal that are at Knife River's discretion. Based on a three-year average of sales from 2017 through 2019 of leased reserves, the average time necessary to produce remaining aggregate reserves from such leases is approximately 43 years. Some sites have leases that expire prior to the exhaustion of the estimated reserves. The estimated reserve life assumes, based on Knife River's experience, that leases will be renewed to allow sufficient time to fully recover these reserves.

The changes in Knife River's aggregate reserves for the years ended December 31 were as follows:

	2019	2018	2017
	(000's of tons)		
Aggregate reserves:			
Beginning of year	1,014,431	965,036	989,084
Acquisitions (a)	71,157	81,004	2,726
Sales volumes (b)	(28,121)	(25,046)	(23,491)
Other (c)	(3,281)	(6,563)	(3,283)
End of year	1,054,186	1,014,431	965,036

(a) Includes reserves from acquisitions of businesses.

(b) Excludes sales from other sources.

(c) Includes property sales, revisions of previous estimates and expiring leases.

Environmental Matters Knife River's construction materials and contracting operations are subject to regulation customary for such operations, including federal, state and local environmental compliance and reclamation regulations. Except as to the issues described later, Knife River believes it is in substantial compliance with these regulations. Individual permits applicable to Knife River's various operations are managed and tracked as they relate to the statuses of the application, modification, renewal, compliance and reporting procedures.

Knife River's asphalt and ready-mixed concrete manufacturing plants and aggregate processing plants are subject to the Clean Air Act and the Clean Water Act requirements for controlling air emissions and water discharges. Some mining and construction activities are also subject to these laws. In most of the states where Knife River operates, these regulatory programs have been delegated to state and local regulatory authorities. Knife River's facilities are also subject to the RCRA as it applies to the management of hazardous wastes and

underground storage tank systems. These programs have generally been delegated to the state and local authorities in the states where Knife River operates. Knife River's facilities must comply with requirements for managing wastes and underground storage tank systems.

Some Knife River activities are directly regulated by federal agencies. For example, certain in-water mining operations are subject to provisions of the Clean Water Act that are administered by the Army Corps. Knife River has several such operations, including gravel bar skimming and dredging operations, and Knife River has the associated permits as required. The expiration dates of these permits vary, with five years generally being the longest term.

Knife River's operations are also occasionally subject to the ESA. For example, land use regulations often require environmental studies, including wildlife studies, before a permit may be granted for a new or expanded mining facility or an asphalt or concrete plant. If endangered species or their habitats are identified, ESA requirements for protection, mitigation or avoidance apply. Endangered species protection requirements are usually included as part of land use permit conditions. Typical conditions include avoidance, setbacks, restrictions on operations during certain times of the breeding or rearing season, and construction or purchase of mitigation habitat. Knife River's operations are also subject to state and federal cultural resources protection laws when new areas are disturbed for mining operations or processing plants. Land use permit applications generally require that areas proposed for mining or other surface disturbances be surveyed for cultural resources. If any are identified, they must be protected or managed in accordance with regulatory agency requirements.

The most comprehensive environmental permit requirements are usually associated with new mining operations, although requirements vary widely from state to state and even within states. In some areas, land use regulations and associated permitting requirements are minimal. However, some states and local jurisdictions have very demanding requirements for permitting new mines. Environmental impact reports are sometimes required before a mining permit application can be considered for approval. These reports can take up to several years to complete. The report can include projected impacts of the proposed project on air and water quality, wildlife, noise levels, traffic, scenic vistas and other environmental factors. The reports generally include suggested actions to mitigate the projected adverse impacts.

Provisions for public hearings and public comments are usually included in land use permit application review procedures in the counties where Knife River operates. After considering environmental, mine plan and reclamation information provided by the permittee, as well as comments from the public and other regulatory agencies, the local authority approves or denies the permit application. Denial is rare, but land use permits often include conditions that must be addressed by the permittee. Conditions may include property line setbacks, reclamation requirements, environmental monitoring and reporting, operating hour restrictions, financial guarantees for reclamation, and other requirements intended to protect the environment or address concerns submitted by the public or other regulatory agencies.

Knife River has been successful in obtaining mining and other land use permit approvals so sufficient permitted reserves are available to support its operations. For mining operations, this often requires considerable advanced planning to ensure sufficient time is available to complete the permitting process before the newly permitted aggregate reserve is needed to support Knife River's operations.

Knife River's Gascoyne surface coal mine last produced coal in 1995 but continues to be subject to reclamation requirements of the Surface Mining Control and Reclamation Act, as well as the North Dakota Surface Mining Act. Portions of the Gascoyne Mine remain under reclamation bond until the 10-year revegetation liability period has expired. A portion of the original permit has been released from bond and additional areas are currently in the process of having the bond released. Knife River's intention is to request bond release as soon as it is deemed possible.

Knife River did not incur any material environmental expenditures in 2019 and, except as to what may be ultimately determined with regard to the issues described in the following paragraph, Knife River does not expect to incur any material expenditures related to environmental compliance with current laws and regulations through 2022.

In December 2000, Knife River - Northwest was named by the EPA as a PRP in connection with the cleanup of a commercial property site, acquired by Knife River - Northwest in 1999, and part of the Portland, Oregon, Harbor Superfund Site. For more information, see Item 8 - Note 20.

Mine Safety The Dodd-Frank Act requires disclosure of certain mine safety information. For more information, see Item 4 - Mine Safety Disclosures.

Construction Services

General MDU Construction Services provides inside and outside specialty contracting services. Its inside services include design, construction and maintenance of electrical and communication wiring and infrastructure, fire suppression systems, and mechanical piping and services. Its outside services include design, construction and maintenance of overhead and underground electrical distribution and transmission lines, substations, external lighting, traffic signalization, and gas pipelines, as well as utility excavation and the manufacture and distribution of transmission line construction equipment. This segment also constructs and maintains renewable energy projects. These

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specialty contracting services are provided to utilities and large manufacturing, commercial, industrial, institutional and government customers.

During 2019, MDU Construction Services purchased the assets of an electrical construction company in Redmond, Washington. For more information on business combinations, see Item 8 - Note 3.

Construction and maintenance crews are active year round. However, activity in certain locations may be seasonal in nature due to the effects of weather. MDU Construction Services works with the National Electrical Contractors Association, the IBEW and other trade associations on hiring and recruiting a qualified workforce.

MDU Construction Services operates a fleet of owned and leased trucks and trailers, support vehicles and specialty construction equipment, such as backhoes, excavators, trenchers, generators, boring machines and cranes. In addition, as of December 31, 2019, MDU Construction Services owned or leased facilities in 16 states. This space is used for offices, equipment yards, manufacturing, warehousing, storage and vehicle shops.

MDU Construction Services' backlog at December 31 was as follows:

	2019	2018	2017
	(In millions)		
Inside specialty contracting	\$ 908	\$ 814	\$ 625
Outside specialty contracting	236	125	83
	\$ 1,144	\$ 939	\$ 708

The increase in backlog at December 31, 2019, compared to backlog at December 31, 2018, was largely attributable to the new project opportunities that MDU Construction Services continues to be awarded across its diverse operations, particularly inside specialty electrical and mechanical contracting in the hospitality, high-tech, mission critical and public industries. MDU Construction Services' outside power, communications and natural gas specialty contracting also have a high volume of available work. Backlog increases with awards of new contracts and decreases as work is performed on existing contracts. MDU Construction Services expects to complete a significant amount of the backlog at December 31, 2019, during the next 12 months. Additionally, MDU Construction Services continues to further evaluate potential business combination opportunities that would be accretive to its business and grow its backlog. For more information on backlog including the timing of revenue recognition, see Item 8 - Note 2.

MDU Construction Services' backlog is comprised of the anticipated revenues from the uncompleted portion of services to be performed under job-specific contracts. A project is included in backlog when a contract is awarded and agreement on contract terms has been reached. However, backlog does not contain contracts for time and material projects that a fixed amount cannot be determined. Backlog is comprised of: (a) original contract amounts, (b) change orders approved by customers, (c) change orders expected to receive confirmation in the ordinary course of business and (d) claims made against customers, which are determined to have a legal basis under existing contractual arrangements, and the amount for which recovery is considered to be probable. Such claim amounts were immaterial for all periods presented. Backlog may be subject to delay, default or cancellation at the election of the customers. Historically, cancellations have not had a material adverse effect on backlog. Due to the nature of its contractual arrangements, in many instances MDU Construction Services' customers are not committed to the specific volumes of services to be purchased under a contract, but rather MDU Construction Services is committed to perform these services if and to the extent requested by the customer. Therefore, there can be no assurance as to the customers' requirements during a particular period or that such estimates, or backlog estimates in general, at any point in time are predictive of future revenues.

Competition MDU Construction Services operates in a highly competitive business environment. Most of MDU Construction Services' work is obtained on the basis of competitive bids or by negotiation of either cost-plus or fixed-price contracts. MDU Construction Services expects bidding activity to remain strong for both inside and outside specialty construction companies in 2020. The workforce and equipment are highly mobile, providing greater flexibility in the size and location of MDU Construction Services' market area. Competition is based primarily on price and reputation for quality, safety and reliability. The size and location of the services provided, as well as the state of the economy, will be factors in the number of competitors that MDU Construction Services will encounter on any particular project. MDU Construction Services believes that the diversification of the services it provides, the markets it serves throughout the United States and the quality and management of its workforce will enable it to effectively operate in this competitive environment.

Utilities and independent contractors represent the largest customer base for this segment. Accordingly, utility and subcontract work accounts for a significant portion of the work performed by MDU Construction Services and the amount of construction contracts is

dependent to a certain extent on the level and timing of maintenance and construction programs undertaken by customers. MDU Construction Services relies on repeat customers and strives to maintain successful long-term relationships with these customers.

Environmental Matters MDU Construction Services' operations are subject to regulation customary for the industry, including federal, state and local environmental compliance. MDU Construction Services believes it is in substantial compliance with these regulations.

The nature of MDU Construction Services' operations is such that few, if any, environmental permits are required. Operational convenience supports the use of petroleum storage tanks in several locations, which are permitted under state programs authorized by the EPA. MDU Construction Services has no ongoing remediation related to releases from petroleum storage tanks. MDU Construction Services' operations are conditionally exempt small-quantity waste generators, subject to minimal regulation under the RCRA. Federal permits for specific construction and maintenance jobs that may require these permits are typically obtained by the hiring entity, and not by MDU Construction Services.

MDU Construction Services did not incur any material environmental expenditures in 2019 and does not expect to incur any material capital expenditures related to environmental compliance with current laws and regulations through 2022.

Item 1A. Risk Factors

The Company's business and financial results are subject to a number of risks and uncertainties, including those set forth below and in other documents filed with the SEC. The factors and other matters discussed herein are important factors that could cause actual results or outcomes for the Company to differ materially from those discussed in the forward-looking statements included elsewhere in this document. If any of the risks described below actually occur, the Company's business, prospects, financial condition or financial results could be materially harmed.

Economic Risks

The Company is subject to government regulations that may have a negative impact on its business and its results of operations and cash flows. Statutory and regulatory requirements also may limit another party's ability to acquire the Company or impose conditions on an acquisition of or by the Company.

The Company's electric and natural gas transmission and distribution businesses are subject to comprehensive regulation by federal, state and local regulatory agencies with respect to, among other things, allowed rates of return and recovery of investments and costs, financing, rate structures, customer service, health care coverage and costs, taxes, franchises; recovery of purchased power and purchased natural gas costs; and construction and siting of generation and transmission facilities. These governmental regulations significantly influence the Company's operating environment and may affect its ability to recover costs from its customers. The Company is unable to predict the impact on operating results from future regulatory activities of any of these agencies. Changes in regulations or the imposition of additional regulations could have an adverse impact on the Company's results of operations and cash flows.

There can be no assurance that applicable regulatory commissions will determine that the Company's electric and natural gas transmission and distribution businesses' costs have been prudent, which could result in disallowance of costs. Also, the regulatory process for approving rates for these businesses may not allow for timely and full recovery of the costs of providing services or a return on the Company's invested capital. Changes in regulatory requirements or operating conditions may require early retirement of certain assets. While regulation typically provides relief for these types of retirements, there is no assurance regulators will allow full recovery of all remaining costs, which could leave stranded asset costs. Rising fuel costs could increase the risk that the utility businesses will not be able to fully recover those fuel costs from customers.

Approval from federal and state regulatory agencies would be needed for acquisition of the Company, as well as for certain acquisitions by the Company. The approval process could be lengthy and the outcome uncertain, which may deter potential acquirers from approaching the Company or impact the Company's ability to pursue acquisitions.

Economic volatility affects the Company's operations, as well as the demand for its products and services.

Unfavorable economic conditions can negatively affect the level of public and private expenditures on projects and the timing of these projects which, in turn, can negatively affect demand for the Company's products and services, primarily at the Company's construction businesses. The level of demand for construction products and services could be adversely impacted by the economic conditions in the industries the Company serves, as well as in the general economy. State and federal budget issues affect the funding available for infrastructure spending.

Economic conditions and population growth affect the electric and natural gas distribution businesses' growth in service territory, customer base and usage demand. Economic volatility in the markets served, along with economic conditions such as increased unemployment, which

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could impact the ability of the Company's customers to make payments, could adversely affect the Company's results of operations, cash flows and asset values. Further, any material decreases in customers' energy demand, for economic or other reasons, could have a material adverse impact on the Company's earnings and results of operations.

The Company's operations involve risks that may result from catastrophic events.

The Company's operations, particularly those related to natural gas and electric transmission and distribution, include a variety of inherent hazards and operating risks, such as product leaks, explosions, mechanical failures, vandalism, fires, acts of terrorism and acts of war, which could result in loss of human life; personal injury; property damage; environmental pollution; impairment of operations; and substantial financial losses. The Company maintains insurance against some, but not all, of these risks and losses. A significant incident could also increase regulatory scrutiny and result in penalties and higher amounts of capital expenditures and operational costs. Losses not fully covered by insurance could have a material effect on the Company's financial position, results of operations and cash flows.

A disruption of the regional electric transmission grid or interstate natural gas infrastructure could negatively impact the Company's business and reputation. Because the Company's electric and natural gas utility and pipeline systems are part of larger interconnecting systems, a disruption could result in a significant decrease in revenues and system repair costs, which could have a material impact on the Company's financial position, results of operations and cash flows.

The Company is subject to capital market and interest rate risks.

The Company's operations, particularly its electric and natural gas transmission and distribution businesses, require significant capital investment. Consequently, the Company relies on financing sources and capital markets as sources of liquidity for capital requirements not satisfied by its cash flows from operations. If the Company is not able to access capital at competitive rates, including through its current "at-the-market" offering program, the ability to implement its business plans, make capital expenditures or pursue acquisitions that the Company would otherwise rely on for future growth may be adversely affected. Market disruptions may increase the cost of borrowing or adversely affect the Company's ability to access one or more financial markets. Such disruptions could include:

- A significant economic downturn.
- The financial distress of unrelated industry leaders in the same line of business.
- Deterioration in capital market conditions.
- Turmoil in the financial services industry.
- Volatility in commodity prices.
- Terrorist attacks.
- Cyberattacks.

The issuance of a substantial amount of the Company's common stock, whether issued in connection with an acquisition or otherwise, or the perception that such an issuance could occur, could have a dilutive effect on shareholders and/or may adversely affect the market price of the Company's common stock. Higher interest rates on borrowings could also have an adverse effect on the Company's operating results.

Financial market changes could impact the Company's pension and postretirement benefit plans and obligations.

The Company has pension and postretirement defined benefit plans for some of its employees and former employees. Assumptions regarding future costs, returns on investments, interest rates and other actuarial assumptions have a significant impact on the funding requirements and expense recorded relating to these plans. Adverse changes in economic indicators, such as consumer spending, inflation data, interest rate changes, political developments and threats of terrorism, among other things, can create volatility in the financial markets which could change these assumptions and negatively affect the value of assets held in the Company's pension and other postretirement benefit plans and may increase the amount and accelerate the timing of required funding contributions for those plans.

Significant changes in energy prices could negatively affect the Company's businesses.

Fluctuations in oil, NGL and natural gas production and prices; fluctuations in commodity price basis differentials; supplies of domestic and foreign oil, NGL and natural gas; political and economic conditions in oil-producing countries; actions of the Organization of Petroleum Exporting Countries; and other external factors impact the development of oil and natural gas supplies and the expansion and operation of natural gas pipeline systems. Prolonged depressed prices for oil, NGL and natural gas could negatively affect the growth, results of operations, cash flows and asset values of the Company's pipeline and midstream business.

If oil and natural gas prices increase significantly, customer demand for utility, pipeline and midstream, and construction materials could decline, which could have a material impact on the Company's results of operations and cash flows. While the Company has fuel clause recovery mechanisms for its utility operations in most of the states in which it operates, higher utility fuel costs could significantly impact results of operations if such costs are not recovered. Delays in the collection of utility fuel cost recoveries, as compared to expenditures for fuel purchases, could have a negative impact on the Company's cash flows. High oil prices also affect the cost and demand for asphalt

products and related contracting services. Low commodity prices could have a positive impact on sales but could negatively impact oil and natural gas production activities and subsequently the Company's pipeline and construction revenues in energy producing states in which the Company operates.

Reductions in the Company's credit ratings could increase financing costs.

There is no assurance the Company's current credit ratings, or those of its subsidiaries, will remain in effect or that a rating will not be lowered or withdrawn by a rating agency. Events affecting the Company's financial results may impact its cash flows and credit metrics, potentially resulting in a change in the Company's credit ratings. The Company's credit ratings may also change as a result of the differing methodologies or changes in the methodologies used by the rating agencies. A downgrade in credit ratings could lead to higher borrowing costs.

Increasing costs associated with health care plans may adversely affect the Company's results of operations.

The Company's self-insured costs of health care benefits for eligible employees continues to increase. Increasing quantities of large individual health care claims and an overall increase in total health care claims could have an adverse impact on operating results, financial position and liquidity. Legislation related to health care could also change the Company's benefit program and costs.

The Company is exposed to risk of loss resulting from the nonpayment and/or nonperformance by the Company's customers and counterparties.

If the Company's customers or counterparties experience financial difficulties, the Company could experience difficulty in collecting receivables. Nonpayment and/or nonperformance by the Company's customers and counterparties, particularly customers and counterparties of the Company's construction materials and contracting and construction services businesses for large construction projects, could have a negative impact on the Company's results of operations and cash flows. The Company could also have indirect credit risk from participating in energy markets such as MISO in which credit losses are socialized to all participants.

Changes in tax law may negatively affect the Company's business.

Changes to federal, state and local tax laws have the ability to benefit or adversely affect the Company's earnings and customer costs. Significant changes to corporate tax rates could result in the impairment of deferred tax assets that are established based on existing law at the time of deferral. Changes to the value of various tax credits could change the economics of resources and the resource selection for the electric generation business. Regulation incorporates changes in tax law into the rate-setting process for the regulated energy delivery businesses and therefore could create timing delays before the impact of changes are realized.

The Company's operations could be negatively impacted by import tariffs and/or other government mandates.

The Company operates in or provides services to capital intensive industries in which federal trade policies could significantly impact the availability and cost of materials. Imposed and proposed tariffs could significantly increase the prices and delivery lead times on raw materials and finished products that are critical to the Company and its customers, such as aluminum and steel. Prolonged lead times on the delivery of raw materials and further tariff increases on raw materials and finished products could have a material adverse effect on the Company's business, financial condition and results of operations.

Operational Risks

Significant portions of the Company's natural gas pipelines and power generation and transmission facilities are aging. The aging infrastructure may require significant additional maintenance or replacement that could adversely affect the Company's results of operations.

The Company's energy delivery infrastructure is aging, which increases certain risks, including breakdown or failure of equipment, pipeline leaks and fires developing from power lines. Aging infrastructure is more prone to failure which increases maintenance costs, unplanned outages and the need to replace facilities. Even if properly maintained, reliability may ultimately deteriorate and negatively affect the Company's ability to serve its customers, which could result in increased costs associated with regulatory oversight. The costs associated with maintaining the aging infrastructure and capital expenditures for new or replacement infrastructure could cause rate volatility and/or regulatory lag in some jurisdictions. If, at the end of its life, the investment costs of a facility have not been fully recovered the Company may be adversely affected if commissions do not allow such costs to be recovered in rates. Such impacts of an aging infrastructure could have a material adverse effect on the Company's results of operations and cash flows.

Additionally, hazards from aging infrastructure could result in serious injury, loss of human life, significant damage to property, environmental impacts, and impairment of operations, which in turn could lead to substantial losses. The location of facilities near populated areas, including residential areas, business centers, industrial sites, and other public gathering places, could increase the level of damages resulting from these risks. A major incident involving another natural gas system could lead to additional capital expenditures, increased regulation, and fines and penalties on natural gas utilities. The occurrence of any of these events could adversely affect the Company's results of operations, financial position, and cash flows.

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The Company's utility and pipeline operations are subject to planning risks.

Most electric and natural gas utility investments, including natural gas transmission pipeline investments, are made with the intent of being used for decades. In particular, electric transmission and generation resources are planned well in advance of when they are placed into service based upon resource plans using assumptions over the planning horizon; including sales growth, commodity prices, equipment and construction costs, regulatory treatment, available technology and public policy. Public policy changes and technology advancements related to areas such as energy efficient appliances and buildings, renewable and distributive electric generation and storage, carbon dioxide emissions, electric vehicle penetration, and natural gas availability and cost may significantly impact the planning assumptions. Changes in critical planning assumptions may result in excess generation, transmission and distribution resources creating increased per customer costs and downward pressure on load growth. These changes could also result in a stranded investment if the Company is unable to fully recover the costs of its investments.

The regulatory approval, permitting, construction, startup and/or operation of pipelines, power generation and transmission facilities, and aggregate reserves may involve unanticipated events, delays and unrecoverable costs.

The construction, startup and operation of natural gas pipelines and electric power generation and transmission facilities involve many risks, which may include delays; breakdown or failure of equipment; inability to obtain required governmental permits and approvals; inability to obtain or renew easements; public opposition; inability to complete financing; inability to negotiate acceptable equipment acquisition, construction, fuel supply, off-take, transmission, transportation or other material agreements; changes in markets and market prices for power; cost increases and overruns; the risk of performance below expected levels of output or efficiency; and the inability to obtain full cost recovery in regulated rates. Additionally, in a number of states in which the Company operates, it can be difficult to permit new aggregate sites or expand existing aggregate sites due to community resistance. Such unanticipated events could negatively impact the Company's business, its results of operations and cash flows.

Operating or other costs required to comply with current or potential pipeline safety regulations and potential new regulations under various agencies could be significant. The regulations require verification of pipeline infrastructure records by pipeline owners and operators to confirm the maximum allowable operating pressure of certain lines. Increased emphasis on pipeline safety and increased regulatory scrutiny may result in penalties and higher costs of operations. If these costs are not fully recoverable from customers, they could have a material adverse effect on the Company's results of operations and cash flows.

The backlogs at the Company's construction materials and contracting and construction services businesses may not accurately represent future revenue.

Backlog consists of the uncompleted portion of services to be performed under job-specific contracts. Contracts are subject to delay, default or cancellation, and the contracts in the Company's backlog are subject to changes in the scope of services to be provided, as well as adjustments to the costs relating to the applicable contracts. Backlog may also be affected by project delays or cancellations resulting from weather conditions, external market factors and economic factors beyond the Company's control. Accordingly, there is no assurance that backlog will be realized. The timing of contract awards, duration of large new contracts and the mix of services can significantly affect backlog. Backlog at any given point in time may not accurately represent the revenue or net income that is realized in any period, and the backlog as of the end of the year may not be indicative of the revenue and net income expected to be earned in the following year and should not be relied upon as a stand-alone indicator of future revenues or net income.

Environmental and Regulatory Risks

The Company's operations could be adversely impacted by climate change.

Severe weather events, such as tornadoes, rain, ice and snowstorms and high and low temperature extremes, occur in regions in which the Company operates and maintains infrastructure. Climate change could change the frequency and severity of these weather events, which may create physical and financial risks to the Company. Such risks could have an adverse effect on the Company's financial condition, results of operations and cash flows.

Severe weather events may damage or disrupt the Company's electric and natural gas transmission and distribution facilities, which could increase costs to repair facilities and restore service to customers. The cost of providing service could increase to the extent the frequency of severe weather events increases because of climate change or otherwise. The Company may not recover all costs related to mitigating these physical risks.

Severe weather may result in disruptions to the pipeline and midstream business's natural gas supply and transportation systems, and potentially increase the cost of gas and the natural gas utility's ability to procure gas to meet customer demand. These changes could result in increased maintenance and capital costs, disruption of service, regulatory actions and lower customer satisfaction.

Increases in severe weather conditions or extreme temperature may cause infrastructure construction projects to be delayed or canceled and limit resources available for such projects resulting in decreased revenue or increased project costs at the construction materials and

contracting and construction services businesses. In addition, drought conditions could restrict the availability of water supplies, inhibiting the ability of the construction businesses to conduct operations.

Utility customers' energy needs vary with weather conditions, primarily temperature and humidity. For residential customers, heating and cooling represent the largest energy use. To the extent weather conditions are affected by climate change, customers' energy use could increase or decrease. Increased energy use by its utility customers due to weather may require the Company to invest in additional generating assets, transmission and other infrastructure to serve increased load. Decreased energy use due to weather may result in decreased revenues. Extreme weather conditions, such as uncommonly long periods of high or low ambient temperature, in general require more system backup, adding to costs, and can contribute to increased system stress, including service interruptions. Weather conditions outside of the Company's service territory could also have an impact on revenues. The Company buys and sells electricity that might be generated outside its service territory, depending upon system needs and market opportunities. Extreme temperatures may create high energy demand and raise electricity prices, which could increase the cost of energy provided to customers.

Climate change may impact a region's economic health, which could impact revenues at all of the Company's businesses. The Company's financial performance is tied to the health of the regional economies served. The Company provides natural gas and electric utility service, as well as construction materials and services, for some states and communities that are economically affected by the agriculture industry. Increases in severe weather events or significant changes in temperature and precipitation patterns could adversely affect the agriculture industry and, correspondingly, the economies of the states and communities affected by that industry.

The insurance industry has also been adversely affected by severe weather events which may impact the availability of insurance coverage, insurance premiums and insurance policy terms.

The Company may also be subject to litigation related to climate change. Costs of such litigation could be significant, and an adverse outcome could require substantial capital expenditures, changes in operations and possible payment of penalties or damages, which could affect the Company's results of operations and cash flows if the costs are not recoverable in rates.

The price of energy also has an impact on the economic health of communities. The cost of additional regulatory requirements to combat climate change, such as regulation of carbon dioxide emissions under the Clean Air Act, or other environmental regulation or taxes could impact the availability of goods and the prices charged by suppliers, which would normally be borne by consumers through higher prices for energy and purchased goods. To the extent financial markets view climate change and emissions of GHGs as a financial risk, this could negatively affect the Company's ability to access capital markets or cause less than ideal terms and conditions.

The Company's operations are subject to environmental laws and regulations that may increase costs of operations, impact or limit business plans, or expose the Company to environmental liabilities.

The Company is subject to environmental laws and regulations affecting many aspects of its operations, including air and water quality, wastewater discharge, the generation, transmission and disposal of solid waste and hazardous substances, aggregate permitting and other environmental considerations. These laws and regulations can increase capital, operating and other costs; cause delays as a result of litigation and administrative proceedings; and create compliance, remediation, containment, monitoring and reporting obligations, particularly relating to electric generation, permitting and environmental compliance for construction material facilities, natural gas gathering, and transmission and storage operations. Environmental laws and regulations can also require the Company to install pollution control equipment at its facilities, clean up spills and other contamination and correct environmental hazards, including payment of all or part of the cost to remediate sites where the Company's past activities, or the activities of other parties, caused environmental contamination. These laws and regulations generally require the Company to obtain and comply with a variety of environmental licenses, permits, inspections and other approvals and may cause the Company to shut down existing facilities due to difficulties in assuring compliance or where the cost of compliance makes operation of the facilities no longer economical. Although the Company strives to comply with all applicable environmental laws and regulations, public and private entities and private individuals may interpret the Company's legal or regulatory requirements differently and seek injunctive relief or other remedies against the Company. The Company cannot predict the outcome, financial or operational, of any such litigation or administrative proceedings.

Existing environmental laws and regulations may be revised and new laws and regulations seeking to protect the environment may be adopted or become applicable to the Company. These laws and regulations could require the Company to limit the use or output of certain facilities; restrict the use of certain fuels; retire and replace certain facilities; install pollution controls; remediate environmental impacts; remove or reduce environmental hazards; or forego or limit the development of resources. Revised or new laws and regulations that increase compliance costs or restrict operations, particularly if costs are not fully recoverable from customers, could have a material adverse effect on the Company's results of operations and cash flows.

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Initiatives related to global climate change and to reduce GHG emissions could adversely impact the Company's operation, costs of or access to capital and impact or limit business plans.

Concern that GHG emissions are contributing to global climate change has led to international, federal, state and local legislative and regulatory proposals to reduce or mitigate the effects of GHG emissions. The Company's primary GHG emission is carbon dioxide from fossil fuels combustion at Montana-Dakota's electric generating facilities, particularly its coal-fired facilities. Approximately 46 percent of Montana-Dakota's owned generating capacity and approximately 73 percent of the electricity it generated in 2019 was from coal-fired facilities.

Treaties, legislation or regulations to reduce GHG emissions in response to climate change may be adopted that affect the Company's utility operations by requiring additional energy conservation efforts or renewable energy sources, limiting emissions, imposing carbon taxes or other compliance costs; as well as other mandates that could significantly increase capital expenditures and operating costs or reduce demand for the Company's utility services. If the Company's utility operations do not receive timely and full recovery of GHG emission compliance costs from customers, then such costs could adversely impact the results of its operations and cash flows. Significant reductions in demand for the Company's utility services as a result of increased costs or emissions limitations could also adversely impact the results of its operations and cash flows.

The Company monitors, analyzes and reports GHG emissions from its other operations as required by applicable laws and regulations. The Company will continue to monitor GHG regulations and their potential impact on operations.

Due to the uncertain availability of technologies to control GHG emissions and the unknown obligations that potential GHG emission legislation or regulations may create, the Company cannot determine the potential financial impact on its operations.

There have also been recent efforts to influence the investment community to discourage investment in equity and debt securities of companies engaged in fossil fuel related business and pressuring lenders to limit funding to such companies. Additionally, some insurance carriers have indicated an unwillingness to insure assets and operations related to certain fossil fuels. Although the Company has not experienced difficulties in accessing the capital markets or insurance; such efforts, if successfully directed at the Company, could increase the costs of or access to capital and interfere with its business operations and ability to make capital expenditures.

Other Risks

The Company's various businesses are seasonal and subject to weather conditions that can adversely affect the Company's operations, revenues and cash flows.

The Company's results of operations can be affected by changes in the weather. Weather conditions influence the demand for electricity and natural gas and affect the price of energy commodities. Utility operations have historically generated lower revenues when weather conditions are cooler than normal in the summer and warmer than normal in the winter particularly in jurisdictions that do not have weather normalization mechanisms in place. Where weather normalization mechanisms are in place, there is no assurance the Company will continue to receive such regulatory protection from adverse weather in future rates.

Adverse weather conditions, such as heavy or sustained rainfall or snowfall, storms, wind, and colder weather may affect the demand for products and the ability to perform services at the construction businesses and affect ongoing operation and maintenance and construction activities for the electric and natural gas transmission and distribution businesses. In addition, severe weather can be destructive, causing outages, and/or property damage, which could require additional remediation costs. The Company could also be impacted by drought conditions, which may restrict the availability of water supplies and inhibit the ability of the construction businesses to conduct operations. As a result, unusually mild winters or summers or adverse weather conditions could negatively affect the Company's results of operations, financial position and cash flows.

Competition exists in all of the Company's businesses.

The Company's businesses are subject to competition. Construction services' competition is based primarily on price and reputation for quality, safety and reliability. Construction materials products are marketed under highly competitive conditions and are subject to competitive forces such as price, service, delivery time and proximity to the customer. The electric utility and natural gas industries also experience competitive pressures as a result of consumer demands, technological advances and other factors. The pipeline and midstream business competes with several pipelines for access to natural gas supplies and for transportation and storage business. New acquisition opportunities are subject to competitive bidding environments which impact prices the Company must pay to successfully acquire new properties to grow its business. The Company's failure to effectively compete could negatively affect the Company's results of operations, financial position and cash flows.

The Company's operations may be negatively affected if it is unable to obtain, develop and retain key personnel and skilled labor forces.

The Company must attract, develop and retain executive officers and other professional, technical and skilled labor forces with the skills and experience necessary to successfully manage, operate and grow the Company's businesses. Competition for these employees is high, and in some cases competition for these employees is on a regional or national basis. At times of low unemployment, it can be difficult for the Company to attract and retain qualified and affordable personnel. A shortage in the supply of skilled personnel creates competitive hiring markets, increased labor expenses, decreased productivity and potentially lost business opportunities to support the Company's operating and growth strategies. Additionally, if the Company is unable to hire employees with the requisite skills, the Company may be forced to incur significant training expenses. As a result, the Company's ability to maintain productivity, relationships with customers, competitive costs, and quality services is limited by the ability to employ, retain and train the necessary skilled personnel and could negatively affect the Company's results of operations, financial position and cash flows.

The Company's construction materials and contracting and construction services businesses may be exposed to warranty claims.

The Company, particularly its construction businesses, may provide warranties guaranteeing the work performed against defects in workmanship and material. If warranty claims occur, they may require the Company to re-perform the services or to repair or replace the warranted item, at a cost to the Company and could also result in other damages if the Company is not able to adequately satisfy warranty obligations. In addition, the Company may be required under contractual arrangements with customers to warrant any defects or failures in materials the Company purchased from third parties. While the Company generally requires suppliers to provide warranties that are consistent with those the Company provides to customers, if any of the suppliers default on their warranty obligations to the Company, the Company may nonetheless incur costs to repair or replace the defective materials. Costs incurred as a result of warranty claims could adversely affect the Company's results of operations, financial condition and cash flows.

The Company is a holding company and relies on cash from its subsidiaries to pay dividends.

The Company is a holding company as a result of the Holding Company Reorganization in 2019. The Company's investments in its subsidiaries comprise the Company's primary assets. The Company depends on earnings, cash flows and dividends from its subsidiaries to pay dividends on its common stock. The Company's subsidiaries are separate legal entities that have no obligation to pay any amounts due on its obligations or to make funds available to pay dividends on common stock. Regulatory, contractual and legal limitations, as well as their capital requirements, affect the ability of the subsidiaries to pay dividends to the Company and thereby could restrict or influence the Company's ability or decision to pay dividends on its common stock, which could adversely affect the Company's stock price.

Costs related to obligations under MEPPs could have a material negative effect on the Company's results of operations and cash flows.

Various operating subsidiaries of the Company participate in approximately 75 MEPPs for employees represented by certain unions. The Company is required to make contributions to these plans in amounts established under numerous collective bargaining agreements between the operating subsidiaries and those unions.

The Company may be obligated to increase its contributions to underfunded plans that are classified as being in endangered, seriously endangered or critical status as defined by the Pension Protection Act of 2006. Plans classified as being in one of these statuses are required to adopt RPs or FIPs to improve their funded status through increased contributions, reduced benefits or a combination of the two. Based on available information, the Company believes that approximately 25 percent of the MEPPs to which it contributes are currently in endangered, seriously endangered or critical status.

The Company may also be required to increase its contributions to MEPPs if the other participating employers in such plans withdraw from the plans and are not able to contribute amounts sufficient to fund the unfunded liabilities associated with their participation in the plans. The amount and timing of any increase in the Company's required contributions to MEPPs may also depend upon one or more factors including the outcome of collective bargaining; actions taken by trustees who manage the plans; actions taken by the plans' other participating employers; the industry for which contributions are made; future determinations that additional plans reach endangered, seriously endangered or critical status; newly-enacted government laws or regulations and the actual return on assets held in the plans; among others. The Company could experience increased operating expenses as a result of required contributions to MEPPs, which could have a material adverse effect on the Company's results of operations, financial position or cash flows.

In addition, pursuant to ERISA, as amended by MPPAA, the Company could incur a partial or complete withdrawal liability upon withdrawing from a plan, exiting a market in which it does business with a union workforce or upon termination of a plan. The Company could also incur additional withdrawal liability if its withdrawal from a plan is determined by that plan to be part of a mass withdrawal.

Information technology disruptions or cyberattacks could adversely impact the Company's operations.

The Company uses technology in substantially all aspects of its business operations and requires uninterrupted operation of information technology systems and network infrastructure. While the Company has policies, procedures and processes in place designed to strengthen and protect these systems, they may be vulnerable to failures or unauthorized access, including disaster recovery and backup systems, due to hacking, human error, theft, sabotage, malicious software, acts of terrorism, acts of war, acts of nature or other causes. If these systems

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fail or become compromised, and they are not recovered in a timely manner, the Company may be unable to fulfill critical business functions. This may include interruption of electric generation, transmission and distribution facilities, natural gas storage and pipeline facilities and facilities for delivery of construction materials or other products and services, any of which could have a material adverse effect on the Company's reputation, business, cash flows and results of operations or subject the Company to legal or regulatory liabilities and increased costs.

The Company's accounting systems and its ability to collect information and invoice customers for products and services could also be disrupted. If the Company's operations were disrupted, it could result in decreased revenues or remediation costs that could have a material adverse effect on the Company's results of operations and cash flows. Additionally, because electric generation and transmission systems and natural gas pipelines are part of interconnected systems with other operators' facilities, a cyber-related disruption in another operator's system could negatively impact the Company's business.

The Company is subject to cyber security and privacy laws and regulations of many government agencies, including FERC and NERC. NERC issues comprehensive regulations and standards surrounding the security of bulk power systems and is continually in the process of updating these requirements, as well as establishing new requirements with which the utility industry must comply. As these regulations evolve, the Company will experience increased compliance costs and be at higher risk for violating these standards. Experiencing a cybersecurity incident could cause the Company to be non-compliant with applicable laws and regulations, causing the Company to incur costs related to legal claims or proceedings and regulatory fines or penalties. FERC continues its efforts to address cybersecurity challenges facing the nation's energy infrastructure. FERC has identified five areas of focus:

- Supply Chain/Insider Threat/Third-Party Authorized Access;
- Industry access to timely information on threats and vulnerabilities;
- Cloud/Managed Security Service Providers;
- Adequacy of security controls; and
- Internal network monitoring and detection.

The Company, through the ordinary course of business, requires access to sensitive customer, employee and Company data. While the Company has implemented extensive security measures, a breach of its systems could compromise sensitive data and could go unnoticed for some time. In addition, there has been an increase in the number and sophistication of cyber-attacks across all industries worldwide and the threats are continually evolving. Such an event could result in negative publicity and reputational harm, remediation costs, legal claims and fines that could have an adverse effect on the Company's financial results. Third-party service providers that perform critical business functions for the Company or have access to sensitive information within the Company also may be vulnerable to security breaches and information technology risks that could have an adverse effect on the Company.

The Company's information systems experience on-going and often sophisticated cyber-attacks by a variety of sources with the apparent aim to breach the Company's cyber-defenses. As cyber-attacks continue to increase in frequency and sophistication, the Company may be unable to prevent all such attacks in the future. The Company is continuously reevaluating the need to upgrade and/or replace systems and network infrastructure. These upgrades and/or replacements could adversely impact operations by imposing substantial capital expenditures, creating delays or outages, or experiencing difficulties transitioning to new systems. Systems implementation disruption and any other information technology disruption, if not anticipated and appropriately mitigated, could have an adverse effect on the Company.

Other factors that could impact the Company's businesses.

The following are other factors that should be considered for a better understanding of the risks to the Company. These other factors may have a materially negative impact on the Company's financial results in future periods.

- Acquisition, disposal and impairments of assets or facilities.
- Changes in operation, performance and construction of plant facilities or other assets.
- Changes in present or prospective generation.
- The availability of economic expansion or development opportunities.
- Population decline and demographic patterns.
- Economic and social impacts of epidemics.
- Market demand for, available supplies of, and/or costs of, energy- and construction-related products and services.
- The cyclical nature of large construction projects at certain operations.
- Unanticipated project delays or changes in project costs, including related energy costs.
- Unanticipated changes in operating expenses or capital expenditures.
- Labor negotiations or disputes.

- Inability of the contract counterparties to meet their contractual obligations.
- Changes in accounting principles and/or the application of such principles to the Company.
- Changes in technology.
- Changes in legal or regulatory proceedings.
- Losses or costs relating to litigation.
- The inability to effectively integrate the operations and the internal controls of acquired companies.

Item 1B. Unresolved Staff Comments

The Company has no unresolved comments with the SEC.

Item 3. Legal Proceedings

For information regarding legal proceedings required by this item, see Item 8 - Note 20, which is incorporated herein by reference.

Item 4. Mine Safety Disclosures

For information regarding mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Act and Item 104 of Regulation S-K, see Exhibit 95 to this Form 10-K, which is incorporated herein by reference.

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Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The Company's common stock is listed on the New York Stock Exchange under the symbol "MDU."

As of December 31, 2019, the Company's common stock was held by approximately 10,700 stockholders of record.

The Company depends on earnings and dividends from its subsidiaries to pay dividends on common stock. The Company has paid quarterly dividends for more than 80 consecutive years with an increase in the payout amount for the last 29 consecutive years. The declaration and payment of dividends is at the sole discretion of the board of directors, subject to limitations imposed by the Company's credit agreements, federal and state laws, and applicable regulatory limitations. For more information on factors that may limit the Company's ability to pay dividends, see Item 8 - Note 12.

The following table includes information with respect to the Company's purchase of equity securities:

ISSUER PURCHASES OF EQUITY SECURITIES				
Period	(a) Total Number of Shares (or Units) Purchased (1)	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs (2)	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs (2)
October 1 through October 31, 2019	—	—	—	—
November 1 through November 30, 2019	41,644	\$29.16	—	—
December 1 through December 31, 2019	—	—	—	—
Total	41,644		—	—

(1) Represents shares of common stock purchased on the open market in connection with annual stock grants made to the Company's non-employee directors.

(2) Not applicable. The Company does not currently have in place any publicly announced plans or programs to purchase equity securities.

Item 6. Selected Financial Data

	2019	2018	2017	2016	2015	2014
Selected Financial Data						
Operating revenues (000's):						
Electric	\$ 351,725	\$ 335,123	\$ 342,805	\$ 322,356	\$ 280,615	\$ 277,874
Natural gas distribution	865,222	823,247	848,388	766,115	817,419	921,986
Pipeline and midstream	140,444	128,923	122,213	141,602	154,904	157,292
Construction materials and contracting	2,190,717	1,925,854	1,812,529	1,874,270	1,904,282	1,765,330
Construction services	1,849,266	1,371,453	1,367,602	1,073,272	926,427	1,119,529
Other	16,551	11,259	7,874	8,643	9,191	9,364
Intersegment eliminations	(77,149)	(64,307)	(58,060)	(57,430)	(78,786)	(136,302)
	\$ 5,336,776	\$ 4,531,552	\$ 4,443,351	\$ 4,128,828	\$ 4,014,052	\$ 4,115,073
Operating income (loss) (000's):						
Electric	\$ 64,039	\$ 65,148	\$ 79,902	\$ 67,929	\$ 59,915	\$ 61,515
Natural gas distribution	69,188	72,336	84,239	66,166	54,974	68,185
Pipeline and midstream	42,796	36,128	36,004	42,864	30,218	46,500
Construction materials and contracting	179,955	141,426	143,230	178,753	148,312	87,243
Construction services	126,426	86,764	81,292	53,546	43,678	82,408
Other	(1,184)	(79)	(619)	(349)	(8,414)	(5,370)
Intersegment eliminations	—	—	—	—	(2,942)	(9,900)
	\$ 481,220	\$ 401,723	\$ 424,048	\$ 408,909	\$ 325,741	\$ 330,581
Earnings (loss) on common stock (000's):						
Electric	\$ 54,763	\$ 47,000	\$ 49,366	\$ 42,222	\$ 35,914	\$ 36,731
Natural gas distribution	39,517	37,732	32,225	27,102	23,607	30,484
Pipeline and midstream	29,603	28,459	20,493	23,435	13,250	24,666
Construction materials and contracting	120,371	92,647	123,398	102,687	89,096	51,510
Construction services	92,998	64,309	53,306	33,945	23,762	54,432
Other	(2,086)	(761)	(1,422)	(3,231)	(14,941)	(7,386)
Intersegment eliminations	—	—	6,849	6,251	5,016	(6,095)
Earnings on common stock before income (loss) from discontinued operations	335,166	269,386	284,215	232,411	175,704	184,342
Income (loss) from discontinued operations, net of tax*	287	2,932	(3,783)	(300,354)	(834,080)	109,311
Loss from discontinued operations attributable to noncontrolling interest	—	—	—	(131,691)	(35,256)	(3,895)
	\$ 335,453	\$ 272,318	\$ 280,432	\$ 63,748	\$ (623,120)	\$ 297,548
Earnings per common share before discontinued operations - diluted						
	\$ 1.69	\$ 1.38	\$ 1.45	\$ 1.19	\$.90	\$.96
Discontinued operations attributable to the Company, net of tax						
	—	.01	(.02)	(.86)	(4.10)	.59
	\$ 1.69	\$ 1.39	\$ 1.43	\$.33	\$ (3.20)	\$ 1.55
Common Stock Statistics						
Weighted average common shares outstanding -diluted (000's)	198,626	196,150	195,687	195,618	194,986	192,587
Dividends declared per common share	\$.8150	\$.7950	\$.7750	\$.7550	\$.7350	\$.7150
Book value per common share	\$ 14.21	\$ 13.09	\$ 12.44	\$ 11.78	\$ 12.83	\$ 16.66
Market price per common share (year end)	\$ 29.71	\$ 23.84	\$ 26.88	\$ 28.77	\$ 18.32	\$ 23.50
Market price ratios:						
Dividend payout**	48%	58%	53%	63%	82%	74%
Yield	2.8%	3.4%	2.9%	2.7%	4.1%	3.1%
Market value as a percent of book value	209.1%	182.1%	216.1%	244.2%	142.8%	141.1%

* Reflects oil and natural gas properties noncash write-downs of \$315.3 million (after tax) in 2015 and fair value impairments of assets held for sale of \$157.8 million (after tax) and \$475.4 million (after tax) in 2016 and 2015, respectively.

** Based on continuing operations.

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Item 6. Selected Financial Data (continued)

	2019	2018	2017	2016	2015	2014
General						
Total assets (000's)	\$ 7,683,059	\$ 6,988,110	\$ 6,334,666	\$ 6,284,467	\$ 6,565,154	\$ 7,805,405
Total long-term debt (000's)	\$ 2,243,107	\$ 2,108,695	\$ 1,714,853	\$ 1,790,159	\$ 1,796,163	\$ 2,016,198
Capitalization ratios:						
Total equity	56%	55%	59%	56%	58%	62%
Total debt	44	45	41	44	42	38
	100%	100%	100%	100%	100%	100%
Electric						
Retail sales (thousand kWh)	3,314,307	3,354,401	3,306,470	3,258,537	3,316,017	3,308,358
Electric system summer and firm purchase contract ZRCs (Interconnected system)	591.3	574.5	553.1	559.7	547.3	584.0
Electric system peak demand obligation, including firm purchase contracts, planning reserve margin requirement (Interconnected system)	537.2	537.2	530.2	559.7	547.3	522.4
All-time demand peak - kW (Interconnected system)	611,542	611,542	611,542	611,542	611,542	582,083
Electricity produced (thousand kWh)	2,792,770	2,840,353	2,630,640	2,626,763	1,898,160	2,519,938
Electricity purchased (thousand kWh)	891,539	831,039	955,687	904,702	1,658,002	1,010,422
Average cost of electric fuel and purchased power per kWh	\$.023	\$.022	\$.022	\$.021	\$.024	\$.025
Natural Gas Distribution						
Retail sales (Mdk)	123,675	112,566	112,551	99,296	95,559	104,297
Transportation sales (Mdk)	166,077	149,497	144,477	147,592	154,225	145,941
Pipeline and Midstream						
Transportation (Mdk)	429,660	351,498	312,520	285,254	290,494	233,483
Gathering (Mdk)	13,900	14,882	16,064	20,049	33,441	38,372
Customer natural gas storage balance (Mdk)	16,223	13,928	22,397	26,403	16,600	14,885
Construction Materials and Contracting						
Sales (000's):						
Aggregates (tons)	32,314	29,795	28,213	27,580	26,959	25,827
Asphalt (tons)	6,707	6,838	6,237	7,203	6,705	6,070
Ready-mixed concrete (cubic yards)	4,123	3,518	3,548	3,655	3,592	3,460
Aggregate reserves (000's tons)	1,054,186	1,014,431	965,036	989,084	1,022,513	1,061,156

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

On January 2, 2019, the Company announced the completion of the Holding Company Reorganization, which resulted in Montana-Dakota becoming a subsidiary of the Company. The merger was conducted pursuant to Section 251(g) of the General Corporation Law of the State of Delaware, which provides for the formation of a holding company without a vote of the stockholders of the constituent corporation. Immediately after consummation of the Holding Company Reorganization, the Company had, on a consolidated basis, the same assets, businesses and operations as Montana-Dakota had immediately prior to the consummation of the Holding Company Reorganization. As a result of the Holding Company Reorganization, the Company became the successor issuer to Montana-Dakota pursuant to Rule 12g-3(a) of the Exchange Act, and as a result, the Company's common stock was deemed registered under Section 12(b) of the Exchange Act.

The Company operates with a two-platform business model. Its regulated energy delivery platform and its construction materials and services platform are each comprised of different operating segments. Some of these segments experience seasonality related to the industries in which they operate. The two-platform approach helps balance this seasonality and the risk associated with each type of industry. Through its regulated energy delivery platform, the Company provides electric and natural gas services to customers, generates, transmits and distributes electricity, and provides natural gas transportation, storage and gathering services. These businesses are regulated by state public service commissions and/or the FERC. The construction materials and services platform provides construction services to a variety of industries, including commercial, industrial and governmental, and provides construction materials through aggregate mining and marketing of related products, such as ready-mixed concrete and asphalt.

The Company is organized into five reportable business segments. These business segments include: electric, natural gas distribution, pipeline and midstream, construction materials and contracting, and construction services. The Company's business segments are determined based on the Company's method of internal reporting, which generally segregates the strategic business units due to differences in products, services and regulation. The internal reporting of these segments is defined based on the reporting and review process used by the Company's chief executive officer.

The Company's strategy is to apply its expertise in the regulated energy delivery and construction materials and services businesses to increase market share, increase profitability and enhance shareholder value through organic growth opportunities and strategic acquisitions. The Company is focused on a disciplined approach to the acquisition of well-managed companies and properties.

The Company has capabilities to fund its growth and operations through various sources, including internally generated funds, commercial paper facilities, revolving credit facilities and the issuance from time to time of debt and equity securities. For more information on the Company's capital expenditures, see Liquidity and Capital Commitments.

Consolidated Earnings Overview

The following table summarizes the contribution to the consolidated earnings by each of the Company's business segments.

Years ended December 31,	2019	2018	2017
	(In millions, except per share amounts)		
Electric	\$ 54.8	\$ 47.0	\$ 49.4
Natural gas distribution	39.5	37.7	32.2
Pipeline and midstream	29.6	28.5	20.5
Construction materials and contracting	120.4	92.6	123.4
Construction services	93.0	64.3	53.3
Other	(2.1)	(.7)	(1.5)
Intersegment eliminations	—	—	6.9
Earnings before discontinued operations	335.2	269.4	284.2
Income (loss) from discontinued operations, net of tax	.3	2.9	(3.8)
Earnings on common stock	\$ 335.5	\$ 272.3	\$ 280.4
Earnings per common share - basic:			
Earnings before discontinued operations	\$ 1.69	\$ 1.38	\$ 1.46
Discontinued operations, net of tax	—	.01	(.02)
Earnings per common share - basic	\$ 1.69	\$ 1.39	\$ 1.44
Earnings per common share - diluted:			
Earnings before discontinued operations	\$ 1.69	\$ 1.38	\$ 1.45
Discontinued operations, net of tax	—	.01	(.02)
Earnings per common share - diluted	\$ 1.69	\$ 1.39	\$ 1.43

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2019 compared to 2018 The Company's consolidated earnings increased \$63.2 million.

Positively impacting the Company's earnings was an increase in gross margin at the construction services business, largely resulting from higher inside and outside specialty contracting workloads. Also contributing to the increase in earnings was an increase in gross margin at the construction materials and contracting business as a result of strong economic environments in certain states, as well as contributions from the businesses acquired and an increase in gains recognized on asset sales. The electric business also positively impacted earnings primarily due to approved rate relief in Montana and recovery of the investment in the BSSE project placed into service in the first quarter of 2019. Higher returns on the Company's benefit plan investments also increased earnings across all businesses. At the pipeline and midstream business, increased rates and volumes of natural gas being transported through its pipeline were mostly offset by the absence of a \$4.2 million income tax benefit included in 2018, as discussed below, and higher depreciation, depletion and amortization expense.

2018 compared to 2017 The Company's consolidated earnings decreased \$8.1 million.

The Company's earnings were positively impacted in 2018 as a result of the lower federal statutory tax rate, which was partially offset by the absence of a \$39.5 million tax benefit recorded in the fourth quarter of 2017 for the revaluation of the business's net deferred tax liabilities. Both tax impacts were the result of the enactment of the TCJA, as further discussed in Item 8 - Note 14. Decreased earnings due to lower returns on investments also offset the lower income tax rate. Also positively impacting the Company's earnings were higher outside specialty contracting gross margins due to increased outside equipment sales and rentals at the construction services business, as well as a \$4.2 million income tax benefit relating to the reversal of a regulatory liability recorded in 2017 based on a FERC final accounting order issued during the third quarter of 2018 at the pipeline and midstream business.

A discussion of key financial data from the Company's business segments follows.

Business Segment Financial and Operating Data

Following are key financial and operating data for each of the Company's business segments. Also included are highlights on key growth strategies, projections and certain assumptions for the Company and its subsidiaries and other matters of the Company's business segments. Many of these highlighted points are "forward-looking statements." For more information, see Part I - Forward-Looking Statements. There is no assurance that the Company's projections, including estimates for growth and changes in earnings, will in fact be achieved. Please refer to assumptions contained in this section, as well as the various important factors listed in Item 1A - Risk Factors. Changes in such assumptions and factors could cause actual future results to differ materially from the Company's growth and earnings projections.

For information pertinent to various commitments and contingencies, see Item 8 - Notes to Consolidated Financial Statements. For a summary of the Company's business segments, see Item 8 - Note 16.

Electric and Natural Gas Distribution

Strategy and challenges The electric and natural gas distribution segments provide electric and natural gas distribution services to customers, as discussed in Items 1 and 2 - Business Properties. Both segments strive to be a top performing utility company measured by integrity, safety, employee satisfaction, customer service and shareholder return, while continuing to focus on providing safe, environmentally friendly, reliable and competitively priced energy and related services to customers. The Company is focused on cultivating organic growth while managing operating costs and continues to monitor opportunities for these segments to retain, grow and expand their customer base through extensions of existing operations, including building and upgrading electric generation, transmission and distribution and natural gas systems, and through selected acquisitions of companies and properties with similar operating and growth objectives at prices that will provide stable cash flows and an opportunity to earn a competitive return on investment. The continued efforts to create operational improvements and efficiencies across both segments promotes the Company's business integration strategy. The primary factors that impact the results of these segments are the ability to earn authorized rates of return, the cost of natural gas, cost of electric fuel and purchased power, weather, competitive factors in the energy industry, population growth and economic conditions in the segments' service areas.

The electric and natural gas distribution segments are subject to extensive regulation in the jurisdictions where they conduct operations with respect to costs, timely recovery of investments and permitted returns on investment, as well as certain operational, environmental and system integrity regulations. To assist in the reduction of regulatory lag with the increase in investments, tracking mechanisms have been implemented in certain jurisdictions, as further discussed in Items 1 and 2 - Business Properties and Item 8 - Note 19. The Pipeline and Hazardous Materials Safety Administration recently issued additional rules to strengthen the safety of natural gas transmission and hazardous liquid pipelines. The Company is currently evaluating the first phase of the rules. Legislative and regulatory initiatives to increase renewable energy resources and reduce GHG emissions could impact the price and demand for electricity and natural gas, as well as increase costs to produce electricity and natural gas. The segments continue to invest in facility upgrades to be in compliance with the existing and future regulations.

Tariff increases on steel and aluminum materials could negatively affect the segments' construction projects and maintenance work. The Company continues to monitor the impact of tariffs on raw material costs. The natural gas distribution segment is also facing increased lead times on delivery of certain raw materials used in pipeline projects. In addition to the effect of tariffs, long lead times are attributable to increased demand for steel products from pipeline companies as they respond to the United States Department of Transportation Pipeline System Safety and Integrity Plan. The Company continues to monitor the material lead times and is working with manufacturers to proactively order such materials to help mitigate the risk of delays due to extended lead times.

The ability to grow through acquisitions is subject to significant competition and acquisition premiums. In addition, the ability of the segments to grow their service territory and customer base is affected by the economic environment of the markets served and competition from other energy providers and fuels. The construction of any new electric generating facilities, transmission lines and other service facilities is subject to increasing costs and lead times, extensive permitting procedures, and federal and state legislative and regulatory initiatives, which will likely necessitate increases in electric energy prices.

Revenues are impacted by both customer growth and usage, the latter of which is primarily impacted by weather. Very cold winters increase demand for natural gas and to a lesser extent, electricity, while warmer than normal summers increase demand for electricity, especially among residential and commercial customers. Average consumption among both electric and natural gas customers has tended to decline as more efficient appliances and furnaces are installed, and as the Company has implemented conservation programs. Natural gas decoupling mechanisms in certain jurisdictions have been implemented to largely mitigate the effect that would otherwise be caused by variations in volumes sold to these customers due to weather and changing consumption patterns on the Company's distribution margins.

Earnings overview - The following information summarizes the performance of the electric segment.

Years ended December 31,	2019	2018	2017
	(Dollars in millions, where applicable)		
Operating revenues	\$ 351.7	\$ 335.1	\$ 342.8
Electric fuel and purchased power	86.6	80.7	78.7
Taxes, other than income	.6	.7	.8
Adjusted gross margin	264.5	253.7	263.3
Operating expenses:			
Operation and maintenance	125.7	123.0	122.2
Depreciation, depletion and amortization	58.7	51.0	47.7
Taxes, other than income	16.1	14.5	13.5
Total operating expenses	200.5	188.5	183.4
Operating income	64.0	65.2	79.9
Other income	3.4	1.2	3.2
Interest expense	25.3	25.9	25.4
Income before income taxes	42.1	40.5	57.7
Income taxes	(12.7)	(6.5)	7.7
Net income	54.8	47.0	50.0
Loss/dividends on preferred stock	—	—	.6
Earnings	\$ 54.8	\$ 47.0	\$ 49.4
Retail sales (million kWh):			
Residential	1,177.9	1,196.6	1,153.5
Commercial	1,499.9	1,513.9	1,513.1
Industrial	549.4	551.0	539.9
Other	87.1	92.9	100.0
	3,314.3	3,354.4	3,306.5
Average cost of electric fuel and purchased power per kWh	\$.023	\$.022	\$.022

Adjusted gross margin is a non-GAAP financial measure. For additional information and reconciliation of the non-GAAP adjusted gross margin attributable to the electric segment, see the Non-GAAP Financial Measures section later in this Item.

2019 compared to 2018 Electric earnings increased \$7.8 million (17 percent) as a result of:

Adjusted gross margin: Increase of \$10.8 million, primarily due to an increase in revenues. The revenue increase was driven by implemented regulatory mechanisms, which include approved Montana interim and final rates and recovery of the investment in the

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BSSE project placed into service in the first quarter of 2019. Also contributing to the increase was the absence in 2019 of a transmission formula rate adjustment recognized in the third quarter of 2018 for decreased costs on the BSSE project. These increases were partially offset by lower retail sales volumes of 1.2 percent across all major customer classes.

Operation and maintenance: Increase of \$2.7 million, primarily resulting from higher payroll-related costs, partially offset by lower material expenses across all locations.

Depreciation, depletion and amortization: Increase of \$7.7 million as a result of increased property, plant and equipment balances including the BSSE project, as previously discussed, and other capital projects, as well as a reserve for certain costs related to the retirement of three aging coal-fired electric generating units, as discussed in Item 8 - Note 7, which is offset in income taxes.

Taxes, other than income: Increase of \$1.6 million, primarily from higher property taxes in certain jurisdictions.

Other income: Increase of \$2.2 million, largely the result of higher returns on the Company's benefit plan investments, partially offset by the write-down of a non-utility investment, as discussed in Item 8 - Note 8.

Interest expense: Decrease of \$600,000 driven by higher AFUDC, which resulted in more interest being capitalized on regulated construction projects.

Income taxes: Increase in income tax benefits of \$6.2 million, largely due to increased production tax credits, as well as increased excess deferred tax amortization.

2018 compared to 2017 Electric earnings decreased \$2.4 million (5 percent) as a result of:

Adjusted gross margin: Decrease of \$9.6 million, primarily due to lower operating revenues driven by the reserves against revenues in certain jurisdictions for anticipated refunds to customers for lower income taxes due to the enactment of TCJA and a transmission formula rate adjustment due to lower than anticipated project costs on the BSSE project recorded in the third quarter of 2018. Partially offsetting the decreases to adjusted gross margin were the absence in 2018 of reserves related to tracker balances in prior years and increased retail sales volumes of 1 percent to all major customer classes.

Operation and maintenance: Increase of \$800,000, largely from higher contract services at certain generating stations. Partially offsetting the increase were lower payroll-related costs.

Depreciation, depletion and amortization: Increase of \$3.3 million as a result of increased plant balances.

Taxes, other than income: Increase of \$1.0 million, primarily from higher property taxes in certain jurisdictions.

Other income: Decrease of \$2.0 million, largely the result of lower returns on investments.

Interest expense: Comparable to the prior year.

Income taxes: Decrease of \$14.2 million, largely due to the enactment of the TCJA reduced corporate tax rate, reduced income before income taxes and the absence of \$2.1 million of income tax expense in 2018 for the revaluation of nonutility net deferred tax assets in 2017. Partially offsetting these decreases were lower production tax credits. A portion of the reduction in income taxes are being reserved against revenues, as previously discussed, resulting in a minimal impact on overall earnings.

Earnings overview - The following information summarizes the performance of the natural gas distribution segment.

Years ended December 31,	2019	2018	2017
	(Dollars in millions, where applicable)		
Operating revenues	\$ 865.2	\$ 823.2	\$ 848.4
Purchased natural gas sold	477.6	454.8	479.9
Taxes, other than income	30.3	28.5	30.0
Adjusted gross margin	357.3	339.9	338.5
Operating expenses:			
Operation and maintenance	185.0	173.4	164.3
Depreciation, depletion and amortization	79.6	72.5	69.4
Taxes, other than income	23.5	21.7	20.5
Total operating expenses	288.1	267.6	254.2
Operating income	69.2	72.3	84.3
Other income	7.2	.2	2.0
Interest expense	35.5	30.7	31.2
Income before income taxes	40.9	41.8	55.1
Income taxes	1.4	4.1	22.8
Net income	39.5	37.7	32.3
Loss/dividends on preferred stock	—	—	.1
Earnings	\$ 39.5	\$ 37.7	\$ 32.2
Volumes (MMdk)			
Retail sales:			
Residential	69.4	63.7	63.6
Commercial	49.1	44.4	44.3
Industrial	5.2	4.5	4.6
	123.7	112.6	112.5
Transportation sales:			
Commercial	2.2	2.2	2.0
Industrial	163.9	147.3	142.5
	166.1	149.5	144.5
Total throughput	289.8	262.1	257.0
Average cost of natural gas per dk	\$ 3.86	\$ 4.04	\$ 4.26

Adjusted gross margin is a non-GAAP financial measure. For additional information and reconciliation of the non-GAAP adjusted gross margin attributable to the natural gas distribution segment, see the Non-GAAP Financial Measures section later in this Item.

2019 compared to 2018 Natural gas distribution earnings increased \$1.8 million (5 percent) as a result of:

Adjusted gross margin: Increase of \$17.4 million, primarily driven by an increase in retail sales volumes of 9.9 percent related to all customer classes due to colder weather, partially offset by weather normalization and conservation adjustments in certain jurisdictions, and approved rate recovery in certain jurisdictions. The adjusted gross margin was also positively impacted by higher rate realization due to higher conservation revenue, which offsets the conservation expense in operation and maintenance expense.

Operation and maintenance: Increase of \$11.6 million, largely related to higher payroll-related costs, as well as higher conservation expenses being recovered in revenue. The increase was partially offset by lower contract services, which includes the absence of the prior year's recognition of a non-recurring expense related to the approved WUTC general rate case settlement in the second quarter 2018.

Depreciation, depletion and amortization: Increase of \$7.1 million, primarily as a result of increased property, plant and equipment balances.

Taxes, other than income: Increase of \$1.8 million due to higher property taxes in certain jurisdictions and increased payroll taxes.

Other income: Increase of \$7.0 million, largely resulting from higher returns on the Company's benefit plan investments and increased interest income related to higher gas costs to be collected from customers, as discussed in Item 8 - Note 19. Partially offsetting these increases was a write-down of a non-utility investment, as discussed in Item 8 - Note 8.

Interest expense: Increase of \$4.8 million, largely resulting from increased debt balances to finance higher gas costs to be collected from customers, as discussed in Item 8 - Note 19.

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Income taxes: Decrease of \$2.7 million, largely due to increased permanent tax benefits related to the Company's benefit plan investments.

2018 compared to 2017 Natural gas distribution earnings increased \$5.5 million (17 percent) as a result of:

Adjusted gross margin: Increase of \$1.4 million, primarily due to increased retail sales margins, mainly the result of weather normalization mechanisms in certain jurisdictions and conservation revenue, which offsets the conservation expense in operation and maintenance expense. Also contributing to the retail sales margin increase were higher basic service charges as a result of increased retail sales customers and rate design. These increases were partially offset by tax reform revenue impacts for refunds to customers as a result of lower income taxes due to the enactment of TCJA and lower volumes in certain jurisdictions.

Operation and maintenance: Increase of \$9.1 million, largely related to conservation expenses being recovered in revenue; contract services, which includes the recognition of a non-recurring expense related to the approved WUTC general rate case settlement in the second quarter 2018; and higher payroll-related costs.

Depreciation, depletion and amortization: Increase of \$3.1 million, primarily as a result of increased plant balances offset in part by lower depreciation rates implemented in certain jurisdictions.

Taxes, other than income: Increase of \$1.2 million due to higher property taxes in certain jurisdictions.

Other income: Decrease of \$1.8 million, primarily the result of lower returns on investments.

Interest expense: Comparable to the prior year.

Income taxes: Decrease of \$18.7 million, largely due to the enactment of the TCJA reduced corporate tax rate, as well as the absence of \$4.3 million income tax expense related to the 2017 revaluation of nonutility net deferred tax assets, and reduced income before income taxes. A portion of the reduction in income taxes are being reserved against revenues or passed back to customers, as previously discussed, resulting in a minimal impact on overall earnings.

Outlook The Company expects these segments will grow rate base by approximately 5 percent annually over the next five years on a compound basis. Operations are spread across eight states where the Company expects customer growth to be higher than the national average. Customer growth is expected to grow by 1 percent to 2 percent per year. This customer growth, along with system upgrades and replacements needed to supply safe and reliable service, will require investments in new and replacement electric generation and transmission and natural gas systems.

In February 2019, the Company announced that it intends to retire three aging coal-fired electric generating units, resulting from the Company's analysis showing that the plants are no longer expected to be cost competitive for customers. The retirements are expected to be in early 2021 for Lewis & Clark Station in Sidney, Montana, and in early 2022 for units 1 and 2 at Heskett Station in Mandan, North Dakota. In addition, the Company announced that it intends to construct Heskett Unit 4, an 88-MW simple-cycle natural gas-fired combustion turbine peaking unit at the existing Heskett Station near Mandan, North Dakota. Heskett Unit 4 production costs coupled with the MISO market purchases are expected to be about half the total cost of continuing to run the coal-fired electric generating units at Heskett and Lewis & Clark stations. Heskett Unit 4 was included in the Company's recently submitted integrated resource plan. On August 28, 2019, the Company filed for an advanced determination of prudence with the NDPSC for Heskett Unit 4. If approved, Heskett Unit 4 is expected to be placed into service in 2023. The Company filed requests for the usage of deferred accounting for the costs related to the retirement of Lewis & Clark Station and units 1 and 2 at Heskett Station with the NDPSC on September 16, 2019, the MTPSC on November 1, 2019 and the SDPUC on November 8, 2019. The SDPUC approved the use of deferred accounting as requested on January 7, 2020.

The Company continues to be focused on the regulatory recovery of its investments. The Company files for rate adjustments to seek recovery of operating costs and capital investments, as well as reasonable returns as allowed by regulators. The Company's most recent cases by jurisdiction are discussed in Item 8 - Note 19.

Pipeline and Midstream

Strategy and challenges The pipeline and midstream segment provides natural gas transportation, gathering and underground storage services, as discussed in Items 1 and 2 - Business Properties. The segment focuses on utilizing its extensive expertise in the design, construction and operation of energy infrastructure and related services to increase market share and profitability through optimization of existing operations, organic growth and investments in energy-related assets within or in close proximity to its current operating areas. The segment focuses on the continual safety and reliability of its systems, which entails building, operating and maintaining safe natural gas pipelines and facilities. The segment continues to evaluate growth opportunities including the expansion of existing storage, gathering and transmission facilities; incremental pipeline projects; and expansion of energy-related services leveraging on its core competencies. In support of this strategy, the Company completed and placed into service the following projects in 2019 and 2018:

- In November 2019, Phase I of the Line Section 22 Expansion project in the Billings, Montana, area increased capacity by 14.3 MMcf per day.
- In September 2019, the Demicks Lake project in McKenzie County, North Dakota, increased capacity by 175 MMcf per day.
- In November 2018, the Valley Expansion project in eastern North Dakota and far western Minnesota increased capacity by 40 MMcf per day.
- In September 2018, the Line Section 27 Expansion project in the Bakken area of northwestern North Dakota increased capacity by over 200 MMcf per day and brought the total capacity of Line Section 27 to over 600 MMcf per day.

The segment is exposed to energy price volatility which is impacted by the fluctuations in pricing, production and basis differentials of the energy market's commodities. Legislative and regulatory initiatives to increase pipeline safety regulations and reduce methane emissions could also impact the price and demand for natural gas.

Tariff increases on steel and aluminum materials could negatively affect the segment's construction projects and maintenance work. The Company continues to monitor the impact of tariffs on raw material costs. The segment experiences extended lead times on raw materials that are critical to the segment's construction and maintenance work. Long lead times on materials could delay maintenance work and project construction potentially causing lost revenues and/or increased costs. The Company continues to proactively monitor and plan for the material lead times, as well as work with manufacturers and suppliers to help mitigate the risk of delays due to extended lead times.

The pipeline and midstream segment is subject to extensive regulation including certain operational, environmental and system integrity regulations, as well as various permit terms and operational compliance conditions. The Pipeline and Hazardous Materials Safety Administration recently issued additional rules to strengthen the safety of natural gas transmission and storage facilities and hazardous liquid pipelines. The Company is currently evaluating the first phase of the rules. The segment is charged with the ongoing process of reviewing existing permits and easements, as well as securing new permits and easements as necessary to meet current demand and future growth opportunities. Exposure to pipeline opposition groups could also cause negative impacts on the segment with increased costs and potential delays to project completion.

The segment focuses on the recruitment and retention of a skilled workforce to remain competitive and provide services to its customers. The industry in which it operates relies on a skilled workforce to construct energy infrastructure and operate existing infrastructure in a safe manner. A shortage of skilled personnel can create a competitive labor market which could increase costs incurred by the segment. Competition from other pipeline and midstream companies can also have a negative impact on the segment.

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Earnings overview - The following information summarizes the performance of the pipeline and midstream segment.

Years ended December 31,	2019	2018	2017
	(Dollars in millions)		
Operating revenues	\$ 140.4	\$ 128.9	\$ 122.2
Operating expenses:			
Operation and maintenance	63.1	62.2	56.9
Depreciation, depletion and amortization	21.2	17.9	16.8
Taxes, other than income	13.3	12.7	12.5
Total operating expenses	97.6	92.8	86.2
Operating income	42.8	36.1	36.0
Other income	1.2	1.0	1.8
Interest expense	7.2	5.9	5.0
Income before income taxes	36.8	31.2	32.8
Income taxes	7.2	2.7	12.3
Net income	\$ 29.6	\$ 28.5	\$ 20.5
Transportation volumes (MMdk)	429.7	351.5	312.5
Natural gas gathering volumes (MMdk)	13.9	14.9	16.1
Customer natural gas storage balance (MMdk):			
Beginning of period	13.9	22.4	26.4
Net injection (withdrawal)	2.3	(8.5)	(4.0)
End of period	16.2	13.9	22.4

2019 compared to 2018 Pipeline and midstream earnings increased \$1.1 million (4 percent) as a result of:

Revenues: Increase of \$11.5 million, largely attributable to increased volumes of natural gas transported through its system as a result of organic growth projects, as previously discussed in Strategy and challenges, and increased rates effective May 1, 2019, due to the FERC rate case finalized in September 2019.

Operation and maintenance: Increase of \$900,000, primarily from higher payroll-related costs and materials costs.

Depreciation, depletion and amortization: Increase of \$3.3 million, primarily due to increased property, plant and equipment balances, largely the result of organic growth projects that have been placed into service, and higher depreciation rates effective May 1, 2019, due to the FERC rate case finalized in September 2019.

Taxes, other than income: Increase of \$600,000 driven by higher property taxes in certain jurisdictions.

Other income: Comparable to the prior year.

Interest expense: Increase of \$1.3 million, largely resulting from higher debt balances to finance organic growth projects, as previously discussed.

Income taxes: Increase of \$4.5 million, primarily driven by the absence in 2019 of a \$4.2 million income tax benefit, as discussed later.

2018 compared to 2017 Pipeline and midstream earnings increased \$8.0 million (39 percent) as a result of:

Revenues: Increase of \$6.7 million, largely attributable to increased volumes of natural gas transported through its system as a result of completed organic growth projects, as previously discussed in Strategy and challenges, and higher nonregulated project workloads, which increased revenues \$4.1 million. These increases were partially offset by decreased storage-related revenues reflecting the decrease in natural gas pricing spreads, as discussed in the Outlook section.

Operation and maintenance: Increase of \$5.3 million, primarily from higher nonregulated project costs of \$3.9 million directly related to the increase in nonregulated project workloads, as previously discussed, as well as higher professional services, material costs and contract services.

Depreciation, depletion and amortization: Increase of \$1.1 million, largely resulting from organic growth projects.

Taxes, other than income: Comparable to the prior year.

Other income: Decrease of \$800,000, primarily the result of lower returns on investments partially offset by higher AFUDC.

Interest expense: Increase of \$900,000, largely resulting from higher debt balances.

Income taxes: Decrease of \$9.6 million, primarily resulting from the lower corporate tax rate due to the enactment of the TCJA creating a reduction to income tax expense, as well as the realization of a \$4.2 million income tax benefit related to the reversal of a regulatory liability recorded in 2017 based on a FERC final accounting order issued during third quarter of 2018.

Outlook The Company has continued to experience the effects of natural gas production at record levels, which has provided opportunities for organic growth projects and increased demand. The completion of organic growth projects has contributed to the Company transporting increasing volumes of natural gas through its system. The record levels of natural gas supply have moderated the need for storage services and put downward pressure on natural gas prices and minimized pricing volatility. Both natural gas production levels and pressure on natural gas prices are expected to continue in the near term. The Company continues to focus on growth and improving existing operations through organic projects in all areas in which it operates. The following describes current growth projects.

The Company began construction on the Line Section 22 Expansion project in the Billings, Montana, area in May 2019. Phase I of the project was placed into service in November 2019, as previously discussed. Phase II has an expected in-service date in the first quarter of 2020 and is designed to increase capacity by 8.2 MMcf per day to serve incremental demand in Billings, Montana. The Company has signed long-term contracts supporting the project.

The Company began construction on the Demicks Lake Expansion project, located in McKenzie County, North Dakota, in November 2019. In February 2020, the Company completed and placed the project into service. The Company has signed a long-term contract supporting this project, which increased capacity by 175 MMcf per day.

In January 2019, the Company announced the North Bakken Expansion project, which includes construction of a new pipeline, compression and ancillary facilities to transport natural gas from core Bakken production areas near Tioga, North Dakota, to a new connection with Northern Border Pipeline in McKenzie County, North Dakota. The Company's long-term customer commitments and anticipated incremental commitments with the continuing record levels of natural gas production in the Bakken region support the project at a design capacity of 350 MMcf per day. Construction is expected to begin in early 2021 with an estimated completion date late in 2021, which is dependent on regulatory and environmental permitting. On June 28, 2019, the Company filed with the FERC a request to initiate the National Environmental Policy Act pre-filing process and received FERC approval of the pre-filing request on July 3, 2019.

In December 2019, the Company entered into a purchase and sale agreement with Scout Energy Group II, LP to divest of its regulated gathering assets located in Montana and North Dakota, which includes approximately 400 miles of natural gas gathering pipelines and associated compression and ancillary facilities. On January 8, 2020, the Company filed an application with the FERC to authorize abandonment by sale of the gathering assets. The sale is expected to close in the first half of 2020 with an effective date of January 1, 2020, pending approval by the FERC.

Construction Materials and Contracting

Strategy and challenges The construction materials and contracting segment provides an integrated set of aggregate-based construction services, as discussed in Items 1 and 2 - Business Properties. The segment focuses on high-growth strategic markets located near major transportation corridors and desirable mid-sized metropolitan areas; strengthening the long-term, strategic aggregate reserve position through available purchase and/or lease opportunities; enhancing profitability through cost containment, margin discipline and vertical integration of the segment's operations; development and recruitment of talented employees; and continued growth through organic and acquisition opportunities.

A key element of the Company's long-term strategy for this business is to further expand its market presence in the higher-margin materials business (rock, sand, gravel, liquid asphalt, asphalt concrete, ready-mixed concrete and related products), complementing and expanding on the segment's expertise. The Company's acquisition activity supports this strategy.

As one of the country's largest sand and gravel producers, the segment continues to strategically manage its approximately 1.1 billion tons of aggregate reserves in all its markets, as well as take further advantage of being vertically integrated. The segment's vertical integration allows the segment to manage operations from aggregate mining to final lay-down of concrete and asphalt, with control of and access to permitted aggregate reserves being significant. The Company's aggregate reserves are naturally declining and as a result, the Company seeks acquisition opportunities to replace the reserves. In the first quarter of 2019, the Company purchased additional aggregate deposits in Texas that are estimated to contain a 40-year supply of high-quality aggregates. Also during 2019, the Company increased aggregate reserves by approximately 40 million tons largely due to strategic asset purchases.

The construction materials and contracting segment faces challenges that are not under the direct control of the business. The segment operates in geographically diverse and highly competitive markets. Competition can put negative pressure on the segment's operating margins. The segment is also subject to volatility in the cost of raw materials such as diesel fuel, gasoline, liquid asphalt, cement and steel. Although it is difficult to determine the split between inflation and supply/demand increases, diesel fuel costs remained fairly stable in

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2019, while asphalt oil costs trended higher in 2019 as compared to 2018. Such volatility can have a negative impact on the segment's margins. Other variables that can impact the segment's margins include adverse weather conditions, the timing of project starts or completion and declines or delays in new and existing projects due to the cyclical nature of the construction industry and governmental infrastructure spending.

The segment also faces challenges in the recruitment and retention of employees. Trends in the labor market include an aging workforce and availability issues. The segment continues to face increasing pressure to control costs, as well as find and train a skilled workforce to meet the needs of increasing demand and seasonal work.

Earnings overview - The following information summarizes the performance of the construction materials and contracting segment.

Years ended December 31,	2019	2018	2017
(Dollars in millions)			
Operating revenues	\$ 2,190.7	\$ 1,925.9	\$ 1,812.5
Cost of sales:			
Operation and maintenance	1,798.3	1,601.7	1,500.1
Depreciation, depletion and amortization	74.3	59.0	52.5
Taxes, other than income	44.1	39.7	38.0
Total cost of sales	1,916.7	1,700.4	1,590.6
Gross margin	274.0	225.5	221.9
Selling, general and administrative expense:			
Operation and maintenance	86.3	77.6	71.5
Depreciation, depletion and amortization	3.1	2.2	3.4
Taxes, other than income	4.6	4.3	3.8
Total selling, general and administrative expense	94.0	84.1	78.7
Operating income	180.0	141.4	143.2
Other income (expense)	1.6	(3.1)	.4
Interest expense	23.8	17.3	14.8
Income before income taxes	157.8	121.0	128.8
Income taxes	37.4	28.4	5.4
Net income	\$ 120.4	\$ 92.6	\$ 123.4
Sales (000's):			
Aggregates (tons)	32,314	29,795	28,213
Asphalt (tons)	6,707	6,838	6,237
Ready-mixed concrete (cubic yards)	4,123	3,518	3,548

2019 compared to 2018 Construction materials and contracting's earnings increased \$27.8 million (30 percent) as a result of:

Revenues: Increase of \$264.8 million driven by higher contracting services and material sales due to strong economic environments in certain states, as well as additional material volumes associated with the businesses acquired.

Gross margin: Increase of \$48.5 million, largely resulting from higher revenues due to strong economic environments in certain states, as previously discussed, higher contracting bid margins and higher realized material prices. Also contributing to the increased gross margin was an increase in gains on asset sales in certain regions of approximately \$7.5 million.

Selling, general and administrative expense: Increase of \$9.9 million, primarily related to the businesses acquired and higher payroll-related costs.

Other income (expense): Increased income of \$4.7 million, largely the result of higher returns on the Company's benefit plan investments.

Interest expense: Increase of \$6.5 million, largely resulting from higher debt balances as a result of recent acquisitions, capital expenditures and higher average interest rates.

Income taxes: Increase of \$9.0 million directly resulting from an increase in income before taxes.

2018 compared to 2017 Construction materials and contracting's earnings decreased \$30.8 million (25 percent) as a result of:

Revenues: Increase of \$113.4 million driven by higher asphalt product and aggregate volumes due to increased agency demand, increased realized prices and lower material costs. Partially offsetting these increases were lower ready-mixed concrete volumes due to a decrease in available work and unfavorable weather conditions in certain regions.

Gross margin: Increase of \$3.6 million resulting from higher asphalt product volumes and margins, largely from recent acquisitions and higher realized prices. Also contributing to the increase were higher aggregate volumes and margins due to strong market demand and lower material costs. Partially offsetting these increases were lower ready-mixed concrete volumes and margins due to a decrease in available work and unfavorable weather conditions in certain regions.

Selling, general and administrative expense: Increase of \$5.4 million, primarily payroll-related costs, acquisition costs and higher insurance-related costs.

Other income (expense): Decrease of \$3.5 million, largely the result of lower returns on investments.

Interest expense: Increase of \$2.5 million, largely resulting from higher debt balances as a result of recent acquisitions, capital expenditures and higher working capital needs.

Income taxes: Increase of \$23.0 million, primarily resulting from the absence in 2018 of a \$41.9 million tax benefit recorded in the fourth quarter of 2017 for the revaluation of the segment's net deferred tax liabilities. Partially offsetting this increase were lower income taxes due to the enactment of the TCJA, which reduced the corporate tax rate.

Outlook The segment's vertically integrated aggregate-based business model provides the Company with the ability to capture margin throughout the sales delivery process. The aggregate products are sold internally and externally for use in other products such as ready-mixed concrete, asphaltic concrete and public and private construction markets. The contracting services and construction materials are sold primarily to construction contractors in connection with street, highway and other public infrastructure projects, as well as private commercial and residential development projects. The public infrastructure projects have traditionally been more stable markets as public funding is more secure during periods of economic decline. The public funding is, however, dependent on state and federal funding such as appropriations to the Federal Highway Administration. Spending on private development is highly dependent on both local and national economic cycles, providing additional sales during times of strong economic cycles.

The Company remains optimistic about overall economic growth and infrastructure spending. The IBISWorld Incorporated Industry Report issued in June 2019 for sand and gravel mining in the United States projects a 1.1 percent annual growth rate through 2024. The report also states the demand for clay and refractory materials is projected to continue deteriorating in several downstream manufacturing industries. However, the report expects this decline will be offset by rising activity in the residential and nonresidential construction markets, growing public sector investment in the highway and bridge construction markets and the oil and gas sector growth. The Company believes stronger demand in the housing construction markets along with continued demand from the highway and bridge construction markets should provide a stable demand for construction materials and contracting products and services in the near future.

During 2019 and 2018, the Company made strategic asset purchases and acquired businesses that support the Company's long-term strategy to expand its market presence. In the first quarter of 2019, the Company purchased additional aggregate deposits in Texas, which augments the segment's existing operations and enhances its ability to sell aggregates to third parties in the coming years. Also, in the first quarter of 2019, the Company acquired Viesko Redi-Mix, Inc., a ready mixed concrete supplier headquartered near Salem, Oregon. In the fourth quarter of 2019, the Company acquired Roadrunner Ready Mix, Inc., a ready-mixed concrete supplier in Idaho. In the first quarter of 2020, the Company acquired the assets of Oldcastle Infrastructure Spokane, a prestressed-concrete business located in Spokane, Washington. The Company continues to evaluate additional acquisition opportunities. For more information on the Company's business combinations, see Item 8 - Note 3.

The construction materials and contracting segment had backlog at December 31, 2019, of \$693 million, which was comparable to backlog at December 31, 2018, of \$706 million. The Company expects to complete a significant amount of backlog at December 31, 2019, during the next 12 months.

During the second quarter of 2019, the governor of Oregon signed House Bill 3427, which creates a Corporate Activity Tax. The tax was enacted in the third quarter of 2019 and was effective for the Company on January 1, 2020. The Company expects the additional taxation will be less than \$2.0 million annually at the construction materials and contracting segment, which is dependent on the level of taxable commercial activity in Oregon.

Construction Services

Strategy and challenges The construction services segment provides inside and outside specialty contracting, as discussed in Items 1 and 2 - Business Properties. The construction services segment focuses on safely executing projects; providing a superior return on investment by

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building new and strengthening existing customer relationships; ensuring quality service; effectively controlling costs; collecting on receivables; retaining, developing and recruiting talented employees; growing through organic and acquisition opportunities; and focusing efforts on projects that will permit higher margins while properly managing risk. The growth experienced by the segment in recent years is due in part to its ability to support national customers in most of the regions in which they operate.

The construction services segment faces challenges in the highly competitive markets in which it operates. Competitive pricing environments, project delays, changes in management's estimates of variable consideration and the effects from restrictive regulatory requirements have negatively impacted revenues and margins in the past and could affect revenues and margins in the future. Additionally, margins may be negatively impacted on a quarterly basis due to adverse weather conditions, as well as timing of project starts or completions, declines or delays in new projects due to the cyclical nature of the construction industry and other factors. These challenges may also impact the risk of loss on certain projects. Accordingly, operating results in any particular period may not be indicative of the results that can be expected for any other period.

The need to ensure available specialized labor resources for projects also drives strategic relationships with customers and project margins. These trends include an aging workforce and labor availability issues, increasing pressure to reduce costs and improve reliability, and increasing duration and complexity of customer capital programs. Due to these and other factors, the Company believes overall customer and competitor demand for labor resources will continue to increase, possibly surpassing the supply of industry resources.

Earnings overview - The following information summarizes the performance of the construction services segment.

Years ended December 31,	2019	2018	2017
	(In millions)		
Operating revenues	\$ 1,849.3	\$ 1,371.5	\$ 1,367.6
Cost of sales:			
Operation and maintenance	1,555.4	1,150.4	1,153.9
Depreciation, depletion and amortization	15.0	14.3	14.2
Taxes, other than income	58.8	42.0	43.4
Total cost of sales	1,629.2	1,206.7	1,211.5
Gross margin	220.1	164.8	156.1
Selling, general and administrative expense:			
Operation and maintenance	87.0	72.2	69.3
Depreciation, depletion and amortization	2.0	1.4	1.5
Taxes, other than income	4.7	4.4	4.0
Total selling, general and administrative expense	93.7	78.0	74.8
Operating income	126.4	86.8	81.3
Other income	1.9	1.1	1.3
Interest expense	5.3	3.6	3.7
Income before income taxes	123.0	84.3	78.9
Income taxes	30.0	20.0	25.6
Net income	\$ 93.0	\$ 64.3	\$ 53.3

2019 compared to 2018 Construction services earnings increased \$28.7 million (45 percent) as a result of:

Revenues: Increase of \$477.8 million, largely resulting from higher inside specialty contracting workloads from an increase in customer demand for hospitality, data center and high-tech projects. Also contributing to the increase was higher outside specialty contracting workloads, primarily resulting from increased utility customer demand.

Gross margin: Increase of \$55.3 million, primarily due to the higher volume of work resulting in an increase in revenues, as previously discussed, partially offset by an increase in operation and maintenance expense as a direct result of the increased workloads.

Selling, general and administrative expense: Increase of \$15.7 million, resulting from increased payroll-related costs, as well as higher office expense and outside professional service costs.

Other income: Increase of \$800,000, largely resulting from higher returns on the Company's benefit plan investments.

Interest expense: Increase of \$1.7 million, related to higher debt balances as a result of additional working capital needs from the increase in contracting workloads in 2019.

Income taxes: Increase of \$10.0 million, directly resulting from an increase in income before taxes.

2018 compared to 2017 Construction services earnings increased \$11.0 million (21 percent) as a result of:

Revenues: Comparable to the prior year.

Gross margin: Increase of \$8.7 million, largely resulting from higher outside specialty contracting gross margins due to increased outside equipment sales and rentals. Partially offsetting the increase were decreased inside specialty contracting gross margins as a result of decreased workloads and customer demand.

Selling, general and administrative expense: Increase of \$3.2 million, primarily higher office expense, outside professional costs and payroll-related costs.

Other income: Comparable to the prior year.

Interest expense: Comparable to the prior year.

Income taxes: Decrease of \$5.6 million, largely the lower corporate tax rate due to the enactment of the TCJA.

Outlook The Company expects bidding activity to remain strong for both inside and outside specialty construction companies in 2020. Although bidding remains highly competitive in all areas, the Company expects the segment's skilled workforce, quality of service and effective cost management will continue to provide a benefit in securing and executing profitable projects.

The construction services segment had backlog at December 31, 2019, of \$1.1 billion, up from \$939 million at December 31, 2018. The 22 percent increase in backlog was largely attributable to the new project opportunities that the Company continues to be awarded across its diverse operations, particularly inside specialty electrical and mechanical contracting in the hospitality, high-tech, mission critical and public industries. The Company's outside power, communications and natural gas specialty contracting also have a high volume of available work. The Company expects to complete a significant amount of backlog at December 31, 2019, during the next 12 months. Additionally, the Company continues to further evaluate potential acquisition opportunities that would be accretive to the Company and continue to grow the Company's backlog.

In support of the Company's strategic plan to grow through acquisitions, the Company purchased the assets of Pride Electric, Inc., an electrical construction company in Redmond, Washington, in the third quarter of 2019. In the first quarter of 2020, the Company acquired PerLectric, Inc., an electrical construction company in Fairfax, Virginia. For more information on the Company's business combinations, see Item 8 - Note 3.

During the second quarter of 2019, the governor of Oregon signed House Bill 3427, which creates a Corporate Activity Tax. The tax was enacted in the third quarter of 2019 and was effective for the Company on January 1, 2020. The Company expects the additional taxation will be less than \$2.0 million annually at the construction services segment, which is dependent on the level of taxable commercial activity in Oregon.

Other

Years ended December 31,	2019	2018	2017
	(In millions)		
Operating revenues	\$ 16.6	\$ 11.3	\$ 7.9
Operating expenses:			
Operation and maintenance	15.6	9.3	6.3
Depreciation, depletion and amortization	2.1	2.0	2.0
Taxes, other than income	.1	.1	.2
Total operating expenses	17.8	11.4	8.5
Operating loss	(1.2)	(.1)	(.6)
Other income	.9	1.0	.9
Interest expense	1.9	2.8	3.6
Loss before income taxes	(2.2)	(1.9)	(3.3)
Income taxes	(.1)	(1.2)	(1.8)
Net loss	\$ (2.1)	\$ (.7)	\$ (1.5)

Included in Other is insurance activity at the Company's captive insurer which impacts both operating revenues and operation and maintenance expense. General and administrative costs and interest expense previously allocated to the exploration and production and refining businesses that do not meet the criteria for income (loss) from discontinued operations are also included in Other. Additionally,

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operation and maintenance expense in 2018 included costs associated with the Holding Company Reorganization. For further details on the Company's reorganization, see Items 1 and 2 Business Properties - General.

Discontinued Operations

Years ended December 31,	2019	2018	2017
(In millions)			
Income from discontinued operations before intercompany eliminations, net of tax	\$.3	\$ 2.9	\$ 3.1
Intercompany eliminations	—	—	(6.9)
Income (loss) from discontinued operations, net of tax	\$.3	\$ 2.9	\$ (3.8)

Included in discontinued operations are the results and supporting activities of Dakota Prairie Refining and Fidelity other than certain general and administrative costs and interest expense. The loss in 2017 was largely attributable to eliminations for the presentation of income tax adjustments between continuing and discontinued operations.

Intersegment Transactions

Amounts presented in the preceding tables will not agree with the Consolidated Statements of Income due to the Company's elimination of intersegment transactions. The amounts related to these items were as follows:

Years ended December 31,	2019	2018	2017
(In millions)			
Intersegment transactions:			
Operating revenues	\$ 77.1	\$ 64.3	\$ 58.0
Operation and maintenance	21.1	13.7	9.1
Purchased natural gas sold	56.0	50.6	48.9
Income from continuing operations*	—	—	(6.9)

* Includes eliminations for the presentation of income tax adjustments between continuing and discontinued operations.

For more information on intersegment eliminations, see Item 8 - Note 16.

Liquidity and Capital Commitments

At December 31, 2019, the Company had cash and cash equivalents of \$66.5 million and available borrowing capacity of \$644.4 million under the outstanding credit facilities of the Company and its subsidiaries. The Company expects to meet its obligations for debt maturing within one year and its other operating and capital requirements from various sources, including internally generated funds; the Company's credit facilities, as described later in Capital resources; the issuance of long-term debt; and issuance of equity securities.

Cash flows

Operating activities The changes in cash flows from operating activities generally follow the results of operations as discussed in Business Segment Financial and Operating Data and are also affected by changes in working capital. Changes in cash flows for discontinued operations are related to the Company's former exploration and production and refining businesses.

Cash flows provided by operating activities in 2019 increased \$42.4 million from 2018. The increase in cash flows provided by operating activities in 2019 was largely driven by increased earnings from higher workloads at the construction businesses, which were partially offset by an increase in accounts receivable as a result of the higher workloads. Lower inventory balances due to higher workloads at the construction materials and contracting business in 2019 as compared to the increase in inventory balances in 2018 due to the activity of acquired businesses also contributed to the increase. Partially offsetting these increases were higher natural gas purchases including the effects of colder weather, higher gas costs and the timing of collection of such balances from customers at the natural gas distribution business, as well as higher pension contributions at all of the businesses.

Cash flows provided by operating activities in 2018 increased \$51.9 million from 2017. The increase in cash flows provided by operating activities was largely driven by stronger collection of accounts receivable at the construction services and construction materials and contracting businesses and bonus depreciation for tax purposes due to the enactment of TCJA at the construction materials and contracting business. Partially offsetting these increases were higher inventory balances at the construction materials and contracting business due to higher asphalt oil inventory, largely resulting from higher average per ton cost, and higher aggregate inventory from higher production. Also

contributing to the decrease were decreased deferral of production tax credits, re-measurements of taxes on investments and accelerated tax deductions related to TCJA.

Investing activities Cash flows used in investing activities in 2019 decreased \$107.0 million from 2018. The decrease in cash used was primarily related to \$112.1 million lower cash used in acquisition activity in 2019 compared to 2018 at the construction materials and contracting business and higher proceeds on asset sales at the construction businesses in 2019.

Cash flows used in investing activities in 2018 increased \$496.7 million from 2017. The increase in cash used in investing activities was primarily related to acquisition activity in 2018 at the construction materials and contracting business; the absence in 2018 of net proceeds from the sale of Pronghorn in January 2017 and higher capital expenditures in 2018 at the pipeline and midstream business; and higher capital expenditures related to various construction projects in 2018 at the electric and natural gas distribution businesses.

Financing activities Cash flows provided by financing activities in 2019 decreased \$156.3 million from 2018. The decrease in cash provided by financing activities was largely due to the higher repayment of long-term debt in 2019 on debt issued in 2018 for acquisitions at the construction materials and contracting business. The Company also borrowed and repaid short-term borrowings in 2019. Partially offsetting the decrease in cash provided by financing activities was the receipt of proceeds from the issuance of common stock. The Company issued common stock for net proceeds of \$106.8 million under its "at-the-market" offering and 401(k) plan in 2019.

Cash flows provided by financing activities in 2018 increased \$475.7 million from 2017. The increase in cash provided by financing activities was largely due to increased debt issuance from an increase in commercial paper balances used for acquisitions, ongoing capital expenditures and working capital needs at the construction materials and contracting business; the issuance of an additional \$200 million in term loans for capital projects at the electric and natural gas distribution businesses; and the issuance of an additional \$40 million under the private shelf agreement for capital projects at the pipeline and midstream business. The increase in issuance of long-term debt was partially offset by higher debt repayment on a line of credit at the natural gas distribution business; higher debt repayment on debt that matured during third quarter 2018 at the electric and natural gas distribution businesses; and the strong collection of accounts receivable resulting in lower commercial paper balances at the construction services business.

Defined benefit pension plans

The Company has noncontributory qualified defined benefit pension plans for certain employees. Plan assets consist of investments in equity and fixed-income securities. Various actuarial assumptions are used in calculating the benefit expense (income) and liability (asset) related to the pension plans. Actuarial assumptions include assumptions about the discount rate and expected return on plan assets. At December 31, 2019, the pension plans' accumulated benefit obligations exceeded these plans' assets by approximately \$55.9 million. Pretax pension expense reflected in the Consolidated Statements of Income for the years ended December 31, 2019, 2018 and 2017, was \$2.5 million, \$843,000 and \$1.7 million, respectively. The Company's pension expense is currently projected to be approximately \$300,000 in 2020. Funding for the pension plans is actuarially determined. The minimum required contributions for the years ended December 31, 2019 and 2018, were approximately \$4.9 million and \$6.1 million, respectively. There were no minimum required contributions for the year ended December 31, 2017. For more information on the Company's pension plans, see Item 8 - Note 17.

Capital expenditures

The Company's capital expenditures from continuing operations for 2017 through 2019 and as anticipated for 2020 through 2022 are summarized in the following table.

	Actual*			Estimated		
	2017	2018	2019	2020	2021	2022
(In millions)						
Capital expenditures:						
Electric	\$ 109	\$ 186	\$ 99	\$ 111	\$ 128	\$ 139
Natural gas distribution	147	206	207	221	191	180
Pipeline and midstream	31	70	71	85	304	53
Construction materials and contracting	44	280	190	167	154	157
Construction services	19	25	61	61	20	20
Other	2	2	8	5	3	3
Total capital expenditures	\$ 352	\$ 769	\$ 636	\$ 650	\$ 800	\$ 552

* Capital expenditures for 2019, 2018 and 2017 include noncash transactions such as the issuance of the Company's equity securities in connection with acquisitions, capital expenditure-related accounts payable and AFUDC, totaling \$4.8 million, \$33.4 million and \$10.5 million, respectively.

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The 2019 capital expenditures include the two business combinations at the construction materials and contracting segment and one business combination at the construction services segment, as discussed in Item 8 - Note 3. The 2019 capital expenditures were funded by internal sources, issuance of long-term debt and issuance of the Company's equity securities. The Company has included in the estimated capital expenditures for 2020 through 2022 the Demicks Lake Expansion project, North Bakken Expansion project, construction of Heskett Unit 4 and the recently completed business combination at the construction services segment, as previously discussed in Business Segment Financial and Operating Data.

Estimated capital expenditures for the years 2020 through 2022 include those for:

- System upgrades
- Routine replacements
- Service extensions
- Routine equipment maintenance and replacements
- Buildings, land and building improvements
- Pipeline and natural gas storage projects
- Power generation and transmission opportunities
- Environmental upgrades
- Other growth opportunities

The Company continues to evaluate potential future acquisitions and other growth opportunities that would be incremental to the outlined capital program; however, they are dependent upon the availability of economic opportunities and, as a result, capital expenditures may vary significantly from the estimates in the preceding table. It is anticipated that all of the funds required for capital expenditures for the years 2020 through 2022 will be funded by various sources, including internally generated funds; the Company's credit facilities, as described later; and issuance of debt and equity securities.

Capital resources

Certain debt instruments of the Company's subsidiaries, including those discussed later, contain restrictive and financial covenants and cross-default provisions. In order to borrow under the debt agreements, the subsidiary companies must be in compliance with the applicable covenants and certain other conditions, all of which the subsidiaries, as applicable, were in compliance with at December 31, 2019. In the event the subsidiaries do not comply with the applicable covenants and other conditions, alternative sources of funding may need to be pursued. For more information on the covenants, certain other conditions and cross-default provisions, see Item 8 - Note 9.

The following table summarizes the outstanding revolving credit facilities of the Company's subsidiaries at December 31, 2019:

Company	Facility	Facility Limit	Amount Outstanding	Letters of Credit	Expiration Date
(In millions)					
Montana-Dakota Utilities Co.	Commercial paper/Revolving credit agreement	(a) \$ 175.0	\$ 118.6 (b)	\$ —	12/19/24
Cascade Natural Gas Corporation	Revolving credit agreement	\$ 100.0 (c)	\$ 64.6	\$ 2.2 (d)	6/7/24
Intermountain Gas Company	Revolving credit agreement	\$ 85.0 (e)	\$ 24.5	\$ 1.4 (d)	6/7/24
Centennial Energy Holdings, Inc.	Commercial paper/Revolving credit agreement	(f) \$ 600.0	\$ 104.3 (b)	\$ —	12/19/24

(a) The commercial paper program is supported by a revolving credit agreement with various banks (provisions allow for increased borrowings, at the option of Montana-Dakota on stated conditions, up to a maximum of \$225.0 million). There were no amounts outstanding under the revolving credit agreement.

(b) Amount outstanding under commercial paper program.

(c) Certain provisions allow for increased borrowings, up to a maximum of \$125.0 million.

(d) Outstanding letter(s) of credit reduce the amount available under the credit agreement.

(e) Certain provisions allow for increased borrowings, up to a maximum of \$110.0 million.

(f) The commercial paper program is supported by a revolving credit agreement with various banks (provisions allow for increased borrowings, at the option of Centennial on stated conditions, up to a maximum of \$700.0 million). There were no amounts outstanding under the revolving credit agreement.

The respective commercial paper programs are supported by revolving credit agreements. While the amount of commercial paper outstanding does not reduce available capacity under the respective revolving credit agreements, Montana-Dakota and Centennial do not issue commercial paper in an aggregate amount exceeding the available capacity under their credit agreements. The commercial paper borrowings may vary during the period, largely the result of fluctuations in working capital requirements due to the seasonality of certain operations of the Company's subsidiaries.

Total equity as a percent of total capitalization was 56 percent and 55 percent at December 31, 2019 and 2018, respectively. This ratio is calculated as the Company's total equity, divided by the Company's total capital. Total capital is the Company's total debt, including short-term borrowings and long-term debt due within one year, plus total equity. This ratio is an indicator of how the Company is financing its operations, as well as its financial strength.

The Company currently has a shelf registration statement on file with the SEC, under which the Company may issue and sell any combination of common stock and debt securities. The Company may sell such securities if warranted by market conditions and the Company's capital requirements. Any public offer and sale of such securities will be made only by means of a prospectus meeting the requirements of the Securities Act and the rules and regulations thereunder. The Company's board of directors currently has authorized the issuance and sale of up to an aggregate of \$1.0 billion worth of such securities. The Company's board of directors reviews this authorization on a periodic basis and the aggregate amount of securities authorized may be increased in the future.

On February 22, 2019, the Company entered into a Distribution Agreement with J.P. Morgan Securities LLC and MUFG Securities Americas Inc., as sales agents, with respect to the issuance and sale of up to 10.0 million shares of the Company's common stock in connection with an "at-the-market" offering. The common stock may be offered for sale, from time to time, in accordance with the terms and conditions of the agreement. Proceeds from the sale of shares of common stock under the agreement have been and are expected to be used for general corporate purposes, which may include, among other things, working capital, capital expenditures, debt repayment and the financing of acquisitions.

The Company issued 3.6 million shares of common stock for the year ended December 31, 2019, pursuant to the "at-the-market" offering. For the year ended December 31, 2019, the Company received net proceeds of \$94.0 million and paid commissions to the sales agents of approximately \$950,000 in connection with the sales of common stock under the "at-the-market" offering. The net proceeds were used for capital expenditures and acquisitions. As of December 31, 2019, the Company had remaining capacity to issue up to 6.4 million additional shares of common stock under the "at-the-market" offering program.

Certain of the Company's debt instruments use LIBOR as a benchmark for establishing the applicable interest rate. LIBOR is the subject of recent national, international and other regulatory guidance and proposals for reform. These reforms and other pressures may cause LIBOR to disappear entirely or to perform differently than in the past. The Company has been proactive to anticipate the reform of LIBOR by replacing it with Secured Overnight Financing Rate in certain of its new debt instruments, as well as those that are being renewed. The Company continues to evaluate the impact the reform will have on its debt instruments and, at this time, does not anticipate a significant impact.

The following includes information related to the preceding table.

Montana-Dakota On January 1, 2019, the Company's revolving credit agreement and commercial paper program became Montana-Dakota's revolving credit agreement and commercial paper program as a result of the Holding Company Reorganization. The outstanding balance of the revolving credit agreement was also transferred to Montana-Dakota. All of the related terms and covenants of the credit agreements remained the same.

On December 19, 2019, Montana-Dakota amended and restated its revolving credit agreement extending the maturity date to December 19, 2024. Montana-Dakota's revolving credit agreement supports its commercial paper program. Commercial paper borrowings under this agreement are classified as long-term debt as they are intended to be refinanced on a long-term basis through continued commercial paper borrowings. Montana-Dakota's objective is to maintain acceptable credit ratings in order to access the capital markets through the issuance of commercial paper. Historically, downgrades in credit ratings have not limited, nor are currently expected to limit, Montana-Dakota's ability to access the capital markets. If Montana-Dakota were to experience a downgrade of its credit ratings in the future, it may need to borrow under its credit agreement and may experience an increase in overall interest rates with respect to its cost of borrowings.

Prior to the maturity of the credit agreement, Montana-Dakota expects that it will negotiate the extension or replacement of this agreement. If Montana-Dakota is unable to successfully negotiate an extension of, or replacement for, the credit agreement, or if the fees on this facility become too expensive, which Montana-Dakota does not currently anticipate, it would seek alternative funding.

On July 24, 2019, Montana-Dakota entered into a \$200.0 million note purchase agreement with maturity dates ranging from October 17, 2039 to November 18, 2059, at a weighted average interest rate of 3.95 percent.

Cascade On June 7, 2019, Cascade amended its revolving credit agreement to increase the borrowing limit to \$100.0 million and extend the maturity date to June 7, 2024. Any borrowings under the revolving credit agreement are classified as long-term debt as they are intended to be refinanced on a long-term basis through continued borrowings.

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On June 13, 2019, Cascade issued \$75.0 million of senior notes under a note purchase agreement with maturity dates ranging from June 13, 2029 to June 13, 2049, at a weighted average interest rate of 3.93 percent.

Intermountain On June 7, 2019, Intermountain amended its revolving credit agreement to extend the maturity date to June 7, 2024. Any borrowings under the revolving credit agreement are classified as long-term debt as they are intended to be refinanced on a long-term basis through continued borrowings.

On June 13, 2019, Intermountain issued \$50.0 million of senior notes under a note purchase agreement with maturity dates ranging from June 13, 2029 to June 13, 2049, at a weighted average interest rate of 3.92 percent.

Centennial On December 19, 2019, Centennial amended and restated its revolving credit agreement to increase the borrowing capacity to \$600.0 million and extend the maturity date to December 19, 2024. Centennial's revolving credit agreement supports its commercial paper program. Commercial paper borrowings under this agreement are classified as long-term debt as they are intended to be refinanced on a long-term basis through continued commercial paper borrowings. Centennial's objective is to maintain acceptable credit ratings in order to access the capital markets through the issuance of commercial paper. Historically, downgrades in Centennial's credit ratings have not limited, nor are currently expected to limit, Centennial's ability to access the capital markets. If Centennial were to experience a downgrade of its credit ratings in the future, it may need to borrow under its credit agreement and may experience an increase in overall interest rates with respect to its cost of borrowings.

Prior to the maturity of the Centennial credit agreement, Centennial expects that it will negotiate the extension or replacement of this agreement, which provides credit support to access the capital markets. In the event Centennial is unable to successfully negotiate this agreement, or in the event the fees on this facility become too expensive, which Centennial does not currently anticipate, it would seek alternative funding.

On April 4, 2019, Centennial issued \$150.0 million of senior notes under a note purchase agreement with maturity dates ranging from April 4, 2029 to April 4, 2034, at a weighted average interest rate of 4.60 percent.

WBI Energy Transmission On July 26, 2019, WBI Energy Transmission amended its uncommitted note purchase and private shelf agreement to increase capacity to \$300.0 million and extend the issuance period and expiration date to May 16, 2022. On December 16, 2019, WBI Energy Transmission issued \$45.0 million of senior notes under the private shelf agreement with a maturity date of December 16, 2034, at an interest rate of 4.17 percent. WBI Energy Transmission had \$170.0 million of notes outstanding at December 31, 2019, which reduced the remaining capacity under this uncommitted private shelf agreement to \$130.0 million.

Dividend restrictions

For information on the Company's dividends and dividend restrictions, see Item 8 - Note 12.

Off balance sheet arrangements

As of December 31, 2019, the Company had no material off balance sheet arrangements as defined by the rules of the SEC.

Contractual obligations and commercial commitments

For more information on the Company's contractual obligations on long-term debt, operating leases and purchase commitments, see Item 8 - Notes 9 and 20. At December 31, 2019, the Company's commitments under these obligations were as follows:

	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
(In millions)					
Long-term debt maturities*	\$ 16.6	\$ 149.5	\$ 451.3	\$ 1,632.8	\$ 2,250.2
Estimated interest payments**	.8	6.6	13.9	74.4	95.7
Operating leases	35.2	41.8	17.6	47.9	142.5
Purchase commitments	405.5	434.5	210.5	678.4	1,728.9
	\$ 458.1	\$ 632.4	\$ 693.3	\$ 2,433.5	\$ 4,217.3

* Unamortized debt issuance costs and discount are excluded from the table.

** Represents the estimated interest payments associated with the Company's long-term debt outstanding at December 31, 2019, assuming current interest rates and consistent amounts outstanding until their respective maturity dates over the periods indicated in the table above.

At December 31, 2019, the Company had total liabilities of \$417.6 million related to asset retirement obligations that are excluded from the table above. Of the total asset retirement obligations, the current portion was \$4.3 million at December 31, 2019, and was included in

other accrued liabilities on the Consolidated Balance Sheet. The remainder, which constitutes the long-term portion of asset retirement obligations, was included in deferred credits and other liabilities - other on the Consolidated Balance Sheet. Due to the nature of these obligations, the Company cannot determine precisely when the payments will be made to settle these obligations. For more information, see Item 8 - Note 10.

Not reflected in the previous table are \$576,000 in uncertain tax positions at December 31, 2019.

The Company has no minimum funding requirements for its defined benefit pension plans for 2020 due to the additional contribution of \$20.0 million in 2019.

The Company's MEPP contributions are based on union employee payroll, which cannot be determined in advance for future periods. The Company may also be required to make additional contributions to its MEPPs as a result of their funded status. For more information, see Item 1A - Risk Factors and Item 8 - Note 17.

New Accounting Standards

For information regarding new accounting standards, see Item 8 - Note 1, which is incorporated herein by reference.

Critical Accounting Policies Involving Significant Estimates

The Company has prepared its financial statements in conformity with GAAP. The preparation of these financial statements 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, as well as the reported amounts of revenues and expenses during the reporting period. The Company's significant accounting policies are discussed in Item 8 - Note 1.

Estimates are used for items such as impairment testing of long-lived assets and goodwill; fair values of acquired assets and liabilities under the acquisition method of accounting; aggregate reserves; property depreciable lives; tax provisions; revenue recognized using the cost-to-cost measure of progress for contracts; uncollectible accounts; environmental and other loss contingencies; regulatory assets expected to be recovered in rates charged to customers; costs on construction contracts; unbilled revenues; actuarially determined benefit costs; asset retirement obligations; lease classification; present value of right-of-use assets and lease liabilities; and the valuation of stock-based compensation. The Company's critical accounting policies are subject to judgments and uncertainties that affect the application of such policies. As discussed below, the Company's financial position or results of operations may be materially different when reported under different conditions or when using different assumptions in the application of such policies.

As additional information becomes available, or actual amounts are determinable, the recorded estimates are revised. Consequently, operating results can be affected by revisions to prior accounting estimates. The following critical accounting policies involve significant judgments and estimates.

Impairment of long-lived assets and intangibles

The Company reviews the carrying values of its long-lived assets and intangibles, excluding assets held for sale, whenever events or changes in circumstances indicate that such carrying values may not be recoverable and at least annually for goodwill.

Goodwill The Company performs its goodwill impairment testing annually in the fourth quarter. In addition, the test is performed on an interim basis whenever events or circumstances indicate that the carrying amount of goodwill may not be recoverable. Examples of such events or circumstances may include a significant adverse change in business climate, weakness in an industry in which the Company's reporting units operate or recent significant cash or operating losses with expectations that those losses will continue.

The Company has determined that the reporting units for its goodwill impairment test are its operating segments, or components of an operating segment, that constitute a business for which discrete financial information is available and for which segment management regularly reviews the operating results. For more information on the Company's operating segments, see Item 8 - Note 16. Goodwill impairment, if any, is measured by comparing the fair value of each reporting unit to its carrying value. If the fair value of a reporting unit exceeds its carrying value, the goodwill of the reporting unit is not impaired. If the carrying value of a reporting unit exceeds its fair value, the Company must record an impairment loss for the amount that the carrying value of the reporting unit, including goodwill, exceeds the fair value of the reporting unit. For the years ended December 31, 2019, 2018 and 2017, there were no impairment losses recorded. At December 31, 2019, the fair value substantially exceeded the carrying value at all reporting units.

Determining the fair value of a reporting unit requires judgment and the use of significant estimates which include assumptions about the Company's future revenue, profitability and cash flows, amount and timing of estimated capital expenditures, inflation rates, risk adjusted capital cost, operational plans, and current and future economic conditions, among others. The fair value of each reporting unit is

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determined using a weighted combination of income and market approaches. The Company uses a discounted cash flow methodology for its income approach. Under the income approach, the discounted cash flow model determines fair value based on the present value of projected cash flows over a specified period and a residual value related to future cash flows beyond the projection period. Both values are discounted using a rate which reflects the best estimate of the risk adjusted capital cost at each reporting unit. Risk adjusted capital cost, which varies by reporting unit and was in the range of 4 percent to 9 percent, was utilized in the goodwill impairment test performed in the fourth quarter of 2019. The goodwill impairment test also utilizes a long-term growth rate projection, which varies by reporting unit and was in the range of approximately 2 percent to 3 percent in the goodwill impairment test performed in the fourth quarter of 2019. Under the market approach, the Company estimates fair value using various multiples derived from enterprise value to EBITDA for comparative peer companies for each respective reporting unit. These multiples are applied to operating data for each reporting unit to arrive at an indication of fair value. In addition, the Company adds a reasonable control premium when calculating the fair value utilizing the peer multiples, which is estimated as the premium that would be received in a sale in an orderly transaction between market participants. The Company believes that the estimates and assumptions used in its impairment assessments are reasonable and based on available market information.

Long-Lived Assets Unforeseen events and changes in circumstances and market conditions and material differences in the value of long-lived assets and intangibles due to changes in estimates of future cash flows could negatively affect the fair value of the Company's assets and result in an impairment charge. If an impairment indicator exists for tangible and intangible assets, excluding goodwill, the asset group held and used is tested for recoverability by comparing an estimate of undiscounted future cash flows attributable to the assets compared to the carrying value of the assets. If impairment has occurred, the amount of the impairment recognized is determined by estimating the fair value of the assets and recording a loss if the carrying value is greater than the fair value.

There is risk involved when determining the fair value of assets, tangible and intangible, as there may be unforeseen events and changes in circumstances and market conditions that have a material impact on the estimated amount and timing of future cash flows. In addition, the fair value of the asset could be different using different estimates and assumptions in the valuation techniques used.

The Company believes its estimates used in calculating the fair value of long-lived assets, including goodwill and identifiable intangibles, are reasonable based on the information that is known when the estimates are made.

Business combinations

The Company accounts for acquisitions on the Consolidated Financial Statements starting from the date of the acquisition, which is the date that control is obtained. The acquisition method of accounting requires acquired assets and liabilities assumed be recorded at their respective fair values as of the date of the acquisition. The excess of the purchase price over the fair value of the assets acquired and liabilities assumed is recorded as goodwill. The estimation of fair values of acquired assets and liabilities assumed by the Company requires significant judgment and requires various assumptions. Although independent appraisals may be used to assist in the determination of the fair value of certain assets and liabilities, the appraised values may be based on significant estimates provided by management. The amounts and useful lives assigned to depreciable and amortizable assets compared to amounts assigned to goodwill, which is not amortized, can affect the results of operations in the period of and periods subsequent to a business combination.

In determining fair values of acquired assets and liabilities assumed, the Company uses various observable inputs for similar assets or liabilities in active markets and various unobservable inputs, which includes the use of valuation models. Fair values are based on various factors including, but not limited to, age and condition of property, maintenance records, auction values for equipment with similar characteristics, recent sales and listings of comparable properties, data collected from drill holes and other subsurface investigations and geologic data. The Company primarily uses the market and cost approaches in determining the fair value of land and property, plant and equipment. A combination of the market and income approaches are used for aggregate reserves and intangibles, primarily a discounted cash flow model.

There is a measurement period after the acquisition date during which the Company may adjust the amounts recognized for a business combination. Any such adjustments are recorded in the period the adjustment is determined with the corresponding offset to goodwill. These adjustments are typically based on obtaining additional information that existed at the acquisition date regarding the assets acquired and the liabilities assumed. The measurement period ends once the Company has obtained all necessary information that existed as of the acquisition date, but does not extend beyond one year from the date of the acquisition. Once the measurement period has ended, any adjustments to assets acquired or liabilities assumed are recorded in income from continuing operations.

Regulatory accounting

The Company is subject to rate regulation by state public service commissions and/or the FERC. The Company's regulated businesses account for certain income and expense items under the provisions of regulatory accounting, which require these businesses to defer as regulatory assets or liabilities certain items that would have otherwise been reflected as expense or income, respectively, based on the expected regulatory treatment in future rates. Regulatory assets generally represent incurred or accrued costs that have been deferred and

are expected to be recovered in rates charged to customers. Regulatory liabilities generally represent amounts that are expected to be refunded to customers in future rates or amounts collected in current rates for future costs. Management continually assesses the likelihood of recovery in future rates of incurred costs and refunds to customers associated with regulatory assets and liabilities. The expected recovery or flowback of these deferred items generally is based on specific ratemaking decisions or precedent for each item. The Company believes that the accounting subject to rate regulation remains appropriate and its regulatory assets are probable of recovery in current rates or in future rate proceedings.

Revenue recognition

Revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The recognition of revenue requires the Company to make estimates and assumptions that affect the reported amounts of revenue. The accuracy of revenues reported on the Consolidated Financial Statements depends on, among other things, management's estimates of total costs to complete projects because the Company uses the cost-to-cost measure of progress on construction contracts for revenue recognition.

To determine the proper revenue recognition method for contracts, the Company evaluates whether two or more contracts should be combined and accounted for as one single contract and whether the combined or single contract should be accounted for as more than one performance obligation. This evaluation requires significant judgment and the decision to combine a group of contracts or separate the combined or single contract into multiple performance obligations could change the amount of revenue and profit recorded in a given period. For most contracts, the customer contracts with the Company to provide a significant service of integrating a complex set of tasks and components into a single project. Hence, the Company's contracts are generally accounted for as one performance obligation.

The Company recognizes construction contract revenue over time using an input method based on the cost-to-cost measure of progress for contracts because it best depicts the transfer of assets to the customer which occurs as the Company incurs costs on the contract. Under the cost-to-cost measure of progress, the costs incurred are compared with total estimated costs of a performance obligation. Revenues are recorded proportionately to the costs incurred. This method depends largely on the ability to make reasonably dependable estimates related to the extent of progress toward completion of the contract, contract revenues and contract costs. Inasmuch as contract prices are generally set before the work is performed, the estimates pertaining to every project could contain significant unknown risks such as volatile labor, material and fuel costs, weather delays, adverse project site conditions, unforeseen actions by regulatory agencies, performance by subcontractors, job management and relations with project owners. Changes in estimates could have a material effect on the Company's results of operations, financial position and cash flows. For the years ended December 31, 2019 and 2018, the Company's total construction contract revenue was \$2.8 billion and \$2.2 billion, respectively.

Several factors are evaluated in determining the bid price for contract work. These include, but are not limited to, the complexities of the job, past history performing similar types of work, seasonal weather patterns, competition and market conditions, job site conditions, work force safety, reputation of the project owner, availability of labor, materials and fuel, project location and project completion dates. As a project commences, estimates are continually monitored and revised as information becomes available and actual costs and conditions surrounding the job become known. If a loss is anticipated on a contract, the loss is immediately recognized.

Contracts are often modified to account for changes in contract specifications and requirements. The Company considers contract modifications to exist when the modification either creates new or changes the existing enforceable rights and obligations. Generally, contract modifications are for goods or services that are not distinct from the existing contract due to the significant integration of services provided in the context of the contract and are accounted for as if they were part of that existing contract. The effect of a contract modification on the transaction price and the measure of progress for the performance obligation to which it relates, is recognized as an adjustment to revenue on a cumulative catch-up basis.

The Company's construction contracts generally contain variable consideration including liquidated damages, performance bonuses or incentives, claims, unapproved/unpriced change orders and penalties or index pricing. The variable amounts usually arise upon achievement of certain performance metrics or change in project scope. The Company estimates the amount of revenue to be recognized on variable consideration using estimation methods that best predict the most likely amount of consideration the Company expects to be entitled to or expects to incur. The Company includes variable consideration in the estimated transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur or when the uncertainty associated with the variable consideration is resolved. Changes in circumstances could impact management's estimates made in determining the value of variable consideration recorded. The Company updates its estimate of the transaction price each reporting period and the effect of variable consideration on the transaction price is recognized as an adjustment to revenue on a cumulative catch-up basis.

The Company believes its estimates surrounding the cost-to-cost method are reasonable based on the information that is known when the estimates are made. The Company has contract administration, accounting and management control systems in place that allow its

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estimates to be updated and monitored on a regular basis. Because of the many factors that are evaluated in determining bid prices, it is inherent that the Company's estimates have changed in the past and will continually change in the future as new information becomes available for each job.

Pension and other postretirement benefits

The Company has noncontributory defined benefit pension plans and other postretirement benefit plans for certain eligible employees. Various actuarial assumptions are used in calculating the benefit expense (income) and liability (asset) related to these plans. Costs of providing pension and other postretirement benefits bear the risk of change, as they are dependent upon numerous factors based on assumptions of future conditions.

The Company makes various assumptions when determining plan costs, including the current discount rates and the expected long-term return on plan assets, the rate of compensation increases, actuarially determined mortality data and health care cost trend rates. In selecting the expected long-term return on plan assets, which is considered to be one of the key variables in determining benefit expense or income, the Company considers historical returns, current market conditions, the mix of investments and expected future market trends, including changes in interest rates and equity and bond market performance. Another key variable in determining benefit expense or income is the discount rate. In selecting the discount rate, the Company matches forecasted future cash flows of the pension and postretirement plans to a yield curve which consists of a hypothetical portfolio of high-quality corporate bonds with varying maturity dates, as well as other factors, as a basis. The Company's pension and other postretirement benefit plan assets are primarily made up of equity and fixed-income investments. Fluctuations in actual equity and bond market returns, as well as changes in general interest rates, may result in increased or decreased pension and other postretirement benefit costs in the future. Management estimates the rate of compensation increase based on long-term assumed wage increases and the health care cost trend rates are determined by historical and future trends. The Company estimates that a 50-basis point decrease in the discount rate or in the expected return on plan assets would each increase expense by approximately \$1.7 million (after-tax) for the year ended December 31, 2019.

The Company believes the estimates made for its pension and other postretirement benefits are reasonable based on the information that is known when the estimates are made. These estimates and assumptions are subject to a number of variables and are expected to change in the future. Estimates and assumptions will be affected by changes in the discount rate, the expected long-term return on plan assets, the rate of compensation increase and health care cost trend rates. The Company plans to continue to use its current methodologies to determine plan costs. For more information on the assumptions used in determining plan costs, see Item 8 - Note 17.

Income taxes

The Company is required to make judgments regarding the potential tax effects of various financial transactions and ongoing operations to estimate the Company's obligation to taxing authorities. These tax obligations include income, real estate, franchise and sales/use taxes. Judgments related to income taxes require the recognition in the Company's financial statements a tax position that is more-likely-than-not to be sustained on audit.

Judgment and estimation is required in developing the provision for income taxes and the reporting of tax-related assets and liabilities and, if necessary, any valuation allowances. The interpretation of tax laws can involve uncertainty, since tax authorities may interpret such laws differently. Actual income tax could vary from estimated amounts and may result in favorable or unfavorable impacts to net income, cash flows, and tax-related assets and liabilities. In addition, the effective tax rate may be affected by other changes including the allocation of property, payroll and revenues between states.

The Company assesses the deferred tax assets for recoverability taking into consideration historical and anticipated earnings levels; the reversal of other existing temporary differences; available net operating losses and tax carryforwards; and available tax planning strategies that could be implemented to realize the deferred tax assets. Based on this assessment, management must evaluate the need for, and amount of, a valuation allowance against the deferred tax assets. As facts and circumstances change, adjustment to the valuation allowance may be required.

Non-GAAP Financial Measures

The Business Segment Financial and Operating Data includes financial information prepared in accordance with GAAP, as well as another financial measure, adjusted gross margin, that is considered a non-GAAP financial measure as it relates to the Company's electric and natural gas distribution segments. The presentation of adjusted gross margin is intended to be a useful supplemental financial measure for investors' understanding of the segments' operating performance. This non-GAAP financial measure should not be considered as an alternative to, or more meaningful than, GAAP financial measures such as operating income (loss) or net income (loss). The Company's non-GAAP financial measure, adjusted gross margin, is not standardized; therefore, it may not be possible to compare this financial measure with other companies' gross margin measures having the same or similar names.

In addition to operating revenues and operating expenses, management also uses the non-GAAP financial measure of adjusted gross margin when evaluating the results of operations for the electric and natural gas distribution segments. Adjusted gross margin for the electric and natural gas distribution segments is calculated by adding back adjustments to operating income (loss). These add-back adjustments include: operation and maintenance expense; depreciation, depletion and amortization expense; and certain taxes, other than income.

Adjusted gross margin includes operating revenues less the cost of electric fuel and purchased power, purchased natural gas sold and certain taxes, other than income. These taxes, other than income, included as a reduction to adjusted gross margin relate to revenue taxes. These segments pass on to their customers the increases and decreases in the wholesale cost of power purchases, natural gas and other fuel supply costs in accordance with regulatory requirements. As such, the segments' revenues are directly impacted by the fluctuations in such commodities. Revenue taxes, which are passed back to customers, fluctuate with revenues as they are calculated as a percentage of revenues. For these reasons, period over period, the segments' operating income (loss) is generally not impacted. The Company's management believes the adjusted gross margin is a useful supplemental financial measure as these items are included in both operating revenues and operating expenses. The Company's management also believes that adjusted gross margin and the remaining operating expenses that calculate operating income (loss) are useful in assessing the Company's utility performance as management has the ability to influence control over the remaining operating expenses.

The following information reconciles operating income to adjusted gross margin for the electric segment.

Years ended December 31,	2019	2018	2017
(In millions)			
Operating income	\$ 64.0	\$ 65.2	\$ 79.9
Adjustments:			
Operating expenses:			
Operation and maintenance	125.7	123.0	122.2
Depreciation, depletion and amortization	58.7	51.0	47.7
Taxes, other than income	16.1	14.5	13.5
Total adjustments	200.5	188.5	183.4
Adjusted gross margin	\$ 264.5	\$ 253.7	\$ 263.3

The following information reconciles operating income to adjusted gross margin for the natural gas distribution segment.

Years ended December 31,	2019	2018	2017
(In millions)			
Operating income	\$ 69.2	\$ 72.3	\$ 84.3
Adjustments:			
Operating expenses:			
Operation and maintenance	185.0	173.4	164.3
Depreciation, depletion and amortization	79.6	72.5	69.4
Taxes, other than income	23.5	21.7	20.5
Total adjustments	288.1	267.6	254.2
Adjusted gross margin	\$ 357.3	\$ 339.9	\$ 338.5

Effects of Inflation

Inflation did not have a significant effect on the Company's operations in 2019, 2018 or 2017.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The Company is exposed to the impact of market fluctuations associated with interest rates. The Company has policies and procedures to assist in controlling these market risks and from time to time has utilized derivatives to manage a portion of its risk.

Interest rate risk

The Company uses fixed and variable rate long-term debt to partially finance capital expenditures and mandatory debt retirements. These debt agreements expose the Company to market risk related to changes in interest rates. The Company manages this risk by taking advantage of market conditions when timing the placement of long-term financing. The Company from time to time has utilized interest rate

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swap agreements to manage a portion of the Company's interest rate risk and may take advantage of such agreements in the future to minimize such risk. For additional information on the Company's long-term debt, see Item 8 - Notes 8 and 9.

At December 31, 2019 and 2018, the Company had no outstanding interest rate hedges.

The following table shows the amount of long-term debt, which excludes unamortized debt issuance costs and discount, and related weighted average interest rates, both by expected maturity dates, as of December 31, 2019.

	2020	2021	2022	2023	2024	Thereafter	Total	Fair Value
(Dollars in millions)								
Long-term debt:								
Fixed rate	\$ 16.6	\$ 1.5	\$ 148.0	\$ 77.9	\$ 61.4	\$ 1,632.8	\$ 1,938.2	\$ 2,113.7
Weighted average interest rate	4.8%	1.1%	4.5%	3.7%	4.2%	4.6%	4.5%	
Variable rate	\$ —	\$ —	\$ —	\$ —	\$ 312.0	\$ —	\$ 312.0	\$ 312.0
Weighted average interest rate	—%	—%	—%	—%	2.7%	—%	2.7%	

Item 8. Financial Statements and Supplementary Data

Management's Report on Internal Control Over Financial Reporting

The management of MDU Resources Group, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. The Company's internal control system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2019. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework (2013)*.

Based on our evaluation under the framework in *Internal Control-Integrated Framework (2013)*, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2019.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2019, has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report.

/s/ David L. Goodin

/s/ Jason L. Vollmer

David L. Goodin
President and Chief Executive Officer

Jason L. Vollmer
Vice President, Chief Financial Officer and Treasurer

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Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of MDU Resources Group, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of MDU Resources Group, Inc. and subsidiaries (the "Company") as of December 31, 2019 and 2018, the related consolidated statements of income, comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and the financial statement schedules listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 21, 2020, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Revenue from Contracts with Customers-Construction Contract Revenue-Refer to Notes 1 and 2 to the financial statements

Critical Audit Matter Description

The Company recognizes construction contract revenue over time using an input method based on the cost-to-cost measure of progress as it best depicts the transfer of assets to the customer. Under this method of measuring progress, costs incurred are compared with total estimated costs of the performance obligation and revenues are recorded proportionately to the costs incurred. Ordinarily the Company's contracts represent a single distinct performance obligation due to the highly interdependent and interrelated nature of the underlying goods or services. For the year ended December 31, 2019, the Company recognized \$2.8 billion of construction contract revenue.

Given the judgments necessary to estimate total costs and profit for the performance obligations used to recognize revenue for construction contracts, auditing such estimates required extensive audit effort due to the volume and complexity of construction contracts and a high degree of auditor judgment when performing audit procedures and evaluating the results of those procedures.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to management's estimates of total costs and profit for the performance obligations used to recognize revenue for certain construction contracts included the following, among others:

- We evaluated the operating effectiveness of controls over construction contract revenue, including those over management's estimation of total costs and profit for the performance obligations.
- We developed an expectation of the amount of construction contract revenues based on prior year margins, and taking into account current year events, applied to the construction contract costs in the current year and compared our expectation to the amount of construction contract revenues recorded by management.
- We selected a sample of construction contracts and performed the following:
 - Evaluated whether the contracts were properly included in management's calculation of construction contract revenue based on the terms and conditions of each contract, including whether continuous transfer of control to the customer occurred as progress was made toward fulfilling the performance obligation.
 - Compared the transaction prices to the consideration expected to be received based on current rights and obligations under the contracts and any modifications that were agreed upon with the customers.
 - Evaluated management's identification of distinct performance obligations by evaluating whether the underlying goods, services, or both were highly interdependent and interrelated.
 - Tested the accuracy and completeness of the costs incurred to date for the performance obligation.
 - Evaluated the estimates of total cost and profit for the performance obligation by:
 - Observing the work sites and inspecting the progress to completion.
 - Comparing costs incurred to date to the costs management estimated to be incurred to date.
 - Evaluating management's ability to achieve the estimates of total cost and profit by performing corroborating inquiries with the Company's project managers and engineers, and comparing the estimates to management's work plans, engineering specifications, and supplier contracts.
 - Comparing management's estimates for the selected contracts to costs and profits of similar performance obligations, when applicable.
- Tested the mathematical accuracy of management's calculation of construction contract revenue for the performance obligation.
- We evaluated management's ability to estimate total costs and profits accurately by comparing actual costs and profits to management's historical estimates for performance obligations that have been fulfilled.

Regulatory Matters-Impact of Rate Regulation on the Financial Statements-Refer to Notes 1 and 19 to the financial statements

Critical Audit Matter Description

Through the Company's regulated utility businesses, it provides electric and natural gas services to customers, and generates, transmits, and distributes electricity. The Company is subject to rate regulation by federal and state utility regulatory agencies (collectively, the "Commissions"), which have jurisdiction with respect to the rates of electric and natural gas distribution companies in states where the Company operates. The Company's regulated utility businesses account for certain income and expense items under the provisions of regulatory accounting, which requires these businesses to defer as regulatory assets or liabilities certain items that would have otherwise been reflected as expense or income, respectively, based on the expected regulatory treatment in future rates. The expected recovery or flowback of these deferred items generally is based on specific ratemaking decisions or precedent for each item.

Rates are determined and approved in regulatory proceedings based on an analysis of the Company's costs to provide utility service and a return on the Company's investment in the regulated utility businesses. Regulatory decisions can have an impact on the recovery of costs, the rate of return earned on investment, and the timing and amount of assets to be recovered by rates. The regulation of rates is premised on the full recovery of prudently incurred costs and a reasonable rate of return on invested capital. Decisions to be made by the Commissions in the future will impact the accounting for regulated operations.

Accounting for the economics of rate regulation impacts multiple financial statement line items and disclosures, such as property, plant, and equipment; regulatory assets and liabilities; operating revenues; operation and maintenance expense; and depreciation expense. We identified the impact of rate regulation as a critical audit matter due to the significant judgments made by management to support its assertions about impacted account balances and disclosures and the degree of subjectivity involved in assessing the impact of future regulatory orders on the financial statements. Management judgments include assessing the likelihood of (1) recovery in future rates of incurred costs and (2) refunds to customers. Given management's accounting judgments are based on assumptions about the outcome of future decisions by the Commissions, auditing these judgments requires specialized knowledge of accounting for rate regulation due to its inherent complexities.

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How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the uncertainty of future decisions by the Commissions included the following, among others:

- We tested the design and operating effectiveness of management's controls over the evaluation of the likelihood of (1) the recovery in future rates of costs incurred as property, plant, and equipment and deferred as regulatory assets; and (2) a refund or a future reduction in rates that should be reported as regulatory liabilities. We tested management's controls over the initial recognition of amounts as regulatory assets or liabilities; and the monitoring and evaluation of regulatory developments that may affect the likelihood of recovering costs in future rates or of a future reduction in rates.
- We evaluated the Company's disclosures related to the impacts of rate regulation, including the balances recorded and regulatory developments.
- We read relevant regulatory orders issued by the Commissions for the Company and other public utilities in the Company's significant jurisdictions, regulatory statutes, interpretations, procedural memorandums, filings made by intervenors, and other publicly available information to assess the likelihood of recovery in future rates or of a future reduction in rates based on precedence of the treatment of similar costs under similar circumstances. We evaluated the external information and compared to management's recorded regulatory asset and liability balances for completeness.
- For regulatory matters in process, we inspected the Company's filings with the Commissions and the filings with the Commissions by intervenors that may impact the Company's future rates, for any evidence that might contradict management's assertions.
- We obtained an analysis from management regarding probability of recovery for regulatory assets or refund or future reduction in rates for regulatory liabilities not yet addressed in a regulatory order to assess management's assertion that amounts are probable of recovery, or that a future reduction in rates is not likely.

/s/ Deloitte & Touche LLP

Minneapolis, Minnesota
February 21, 2020

We have served as the Company's auditor since 2002.

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of MDU Resources Group, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of MDU Resources Group, Inc. and subsidiaries (the "Company") as of December 31, 2019, based on criteria established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control-Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements and financial statement schedules as of and for the year ended December 31, 2019, of the Company and our report dated February 21, 2020, expressed an unqualified opinion on those consolidated financial statements and financial statement schedules.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Minneapolis, Minnesota
February 21, 2020

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Consolidated Statements of Income

Years ended December 31,	2019	2018	2017
(In thousands, except per share amounts)			
Operating revenues:			
Electric, natural gas distribution and regulated pipeline and midstream	\$ 1,279,304	\$ 1,213,227	\$ 1,244,759
Nonregulated pipeline and midstream, construction materials and contracting, construction services and other	4,057,472	3,318,325	3,198,592
Total operating revenues	5,336,776	4,531,552	4,443,351
Operating expenses:			
Operation and maintenance:			
Electric, natural gas distribution and regulated pipeline and midstream	356,132	340,331	326,687
Nonregulated pipeline and midstream, construction materials and contracting, construction services and other	3,539,162	2,915,790	2,808,779
Total operation and maintenance	3,895,294	3,256,121	3,135,466
Purchased natural gas sold	421,545	404,153	430,954
Depreciation, depletion and amortization	256,017	220,205	207,486
Taxes, other than income	196,143	168,638	166,673
Electric fuel and purchased power	86,557	80,712	78,724
Total operating expenses	4,855,556	4,129,829	4,019,303
Operating income	481,220	401,723	424,048
Other income (expense)	15,812	(238)	8,767
Interest expense	98,587	84,614	82,788
Income before income taxes	398,445	316,871	350,027
Income taxes	63,279	47,485	65,041
Income from continuing operations	335,166	269,386	284,986
Income (loss) from discontinued operations, net of tax	287	2,932	(3,783)
Net income	335,453	272,318	281,203
Loss on redemption of preferred stock	—	—	600
Dividends declared on preferred stock	—	—	171
Earnings on common stock	\$ 335,453	\$ 272,318	\$ 280,432
Earnings per common share - basic:			
Earnings before discontinued operations	\$ 1.69	\$ 1.38	\$ 1.46
Discontinued operations, net of tax	—	.01	(.02)
Earnings per common share - basic	\$ 1.69	\$ 1.39	\$ 1.44
Earnings per common share - diluted:			
Earnings before discontinued operations	\$ 1.69	\$ 1.38	\$ 1.45
Discontinued operations, net of tax	—	.01	(.02)
Earnings per common share - diluted	\$ 1.69	\$ 1.39	\$ 1.43
Weighted average common shares outstanding - basic	198,612	195,720	195,304
Weighted average common shares outstanding - diluted	198,626	196,150	195,687

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

Consolidated Statements of Comprehensive Income

Years ended December 31,	2019	2018	2017
	(In thousands)		
Net income	\$ 335,453	\$ 272,318	\$ 281,203
Other comprehensive income (loss):			
Reclassification adjustment for loss on derivative instruments included in net income, net of tax of \$(140), \$429 and \$224 in 2019, 2018 and 2017, respectively	731	162	366
Postretirement liability adjustment:			
Postretirement liability gains (losses) arising during the period, net of tax of \$(2,012), \$1,471 and \$(1,162) in 2019, 2018 and 2017, respectively	(6,151)	4,441	(1,812)
Amortization of postretirement liability losses included in net periodic benefit cost, net of tax of \$476, \$721 and \$645 in 2019, 2018 and 2017, respectively	1,486	2,173	1,013
Reclassification of postretirement liability adjustment from regulatory asset, net of tax of \$0, \$0 and \$(876) in 2019, 2018 and 2017, respectively	—	—	(1,143)
Postretirement liability adjustment	(4,665)	6,614	(1,942)
Foreign currency translation adjustment:			
Foreign currency translation adjustment recognized during the period, net of tax of \$0, \$(14) and \$(3) in 2019, 2018 and 2017, respectively	—	(61)	(6)
Reclassification adjustment for foreign currency translation adjustment included in net income, net of tax of \$0, \$75 and \$0 in 2019, 2018 and 2017, respectively	—	249	—
Foreign currency translation adjustment	—	188	(6)
Net unrealized gain (loss) on available-for-sale investments:			
Net unrealized gain (loss) on available-for-sale investments arising during the period, net of tax of \$35, \$(38) and \$(75) in 2019, 2018 and 2017, respectively	134	(144)	(139)
Reclassification adjustment for loss on available-for-sale investments included in net income, net of tax of \$10, \$35 and \$65 in 2019, 2018 and 2017, respectively	40	131	120
Net unrealized gain (loss) on available-for-sale investments	174	(13)	(19)
Other comprehensive income (loss)	(3,760)	6,951	(1,601)
Comprehensive income attributable to common stockholders	\$ 331,693	\$ 279,269	\$ 279,602

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

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Consolidated Balance Sheets

December 31,	2019	2018
(In thousands, except shares and per share amounts)		
Assets		
Current assets:		
Cash and cash equivalents	\$ 66,459	\$ 53,948
Receivables, net	836,605	722,945
Inventories	278,407	287,309
Prepayments and other current assets	115,805	119,500
Current assets held for sale	425	430
Total current assets	1,297,701	1,184,132
Investments	148,656	138,620
Property, plant and equipment	7,908,628	7,397,321
Less accumulated depreciation, depletion and amortization	2,991,486	2,818,644
Net property, plant and equipment	4,917,142	4,578,677
Deferred charges and other assets:		
Goodwill	681,358	664,922
Other intangible assets, net	15,246	10,815
Operating lease right-of-use assets	115,323	—
Other	506,207	408,857
Noncurrent assets held for sale	1,426	2,087
Total deferred charges and other assets	1,319,560	1,086,681
Total assets	\$ 7,683,059	\$ 6,988,110
Liabilities and Stockholders' Equity		
Current liabilities:		
Long-term debt due within one year	\$ 16,540	\$ 251,854
Accounts payable	403,391	358,505
Taxes payable	48,970	41,929
Dividends payable	41,580	39,695
Accrued compensation	99,269	69,007
Current operating lease liabilities	31,664	—
Other accrued liabilities	221,502	221,059
Current liabilities held for sale	3,511	4,001
Total current liabilities	866,427	986,050
Long-term debt	2,226,567	1,856,841
Deferred credits and other liabilities:		
Deferred income taxes	506,583	430,085
Noncurrent operating lease liabilities	83,742	—
Other	1,152,494	1,148,359
Total deferred credits and other liabilities	1,742,819	1,578,444
Commitments and contingencies (Note 20)		
Stockholders' equity:		
Common stock		
Authorized - 500,000,000 shares, \$1.00 par value		
Shares issued - 200,922,790 at December 31, 2019 and 196,564,907 at December 31, 2018	200,923	196,565
Other paid-in capital	1,355,404	1,248,576
Retained earnings	1,336,647	1,163,602
Accumulated other comprehensive loss	(42,102)	(38,342)
Treasury stock at cost - 538,921 shares	(3,626)	(3,626)
Total stockholders' equity	2,847,246	2,566,775
Total liabilities and stockholders' equity	\$ 7,683,059	\$ 6,988,110

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

Consolidated Statements of Equity

Years ended December 31, 2019, 2018 and 2017

	Preferred Stock		Common Stock		Paid-in Capital	Other Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock		Total
	Shares	Amount	Shares	Amount				Shares	Amount	
(In thousands, except shares)										
At December 31, 2016	150,000	\$ 15,000	195,843,297	\$ 195,843	\$ 1,232,478	\$ 912,282	\$ (35,733)	(538,921)	\$ (3,626)	\$ 2,316,244
Net income	—	—	—	—	—	281,203	—	—	—	281,203
Other comprehensive loss	—	—	—	—	—	—	(1,601)	—	—	(1,601)
Dividends declared on preferred stock	—	—	—	—	—	(171)	—	—	—	(171)
Dividends declared on common stock	—	—	—	—	—	(151,966)	—	—	—	(151,966)
Stock-based compensation	—	—	—	—	3,375	—	—	—	—	3,375
Repurchase of common stock	—	—	—	—	—	—	—	(64,384)	(1,684)	(1,684)
Issuance of common stock upon vesting of stock-based compensation, net of shares used for tax withholdings	—	—	—	—	(2,441)	—	—	64,384	1,684	(757)
Redemption of preferred stock	(150,000)	(15,000)	—	—	—	(600)	—	—	—	(15,600)
At December 31, 2017	—	—	195,843,297	195,843	1,233,412	1,040,748	(37,334)	(538,921)	(3,626)	2,429,043
Cumulative effect of adoption of ASU 2014-09	—	—	—	—	—	(970)	—	—	—	(970)
Adjusted balance at January 1, 2018	—	—	195,843,297	195,843	1,233,412	1,039,778	(37,334)	(538,921)	(3,626)	2,428,073
Net income	—	—	—	—	—	272,318	—	—	—	272,318
Other comprehensive income	—	—	—	—	—	—	6,951	—	—	6,951
Reclassification of certain prior period tax effects from accumulated other comprehensive loss	—	—	—	—	—	7,959	(7,959)	—	—	—
Dividends declared on common stock	—	—	—	—	—	(156,453)	—	—	—	(156,453)
Stock-based compensation	—	—	—	—	5,060	—	—	—	—	5,060
Repurchase of common stock	—	—	—	—	—	—	—	(182,424)	(5,020)	(5,020)
Issuance of common stock upon vesting of stock-based compensation, net of shares used for tax withholdings	—	—	—	—	(7,350)	—	—	182,424	5,020	(2,330)
Issuance of common stock	—	—	721,610	722	17,454	—	—	—	—	18,176
At December 31, 2018	—	—	196,564,907	196,565	1,248,576	1,163,602	(38,342)	(538,921)	(3,626)	2,566,775
Net income	—	—	—	—	—	335,453	—	—	—	335,453
Other comprehensive loss	—	—	—	—	—	—	(3,760)	—	—	(3,760)
Dividends declared on common stock	—	—	—	—	—	(162,408)	—	—	—	(162,408)
Stock-based compensation	—	—	—	—	7,353	—	—	—	—	7,353
Issuance of common stock upon vesting of stock-based compensation, net of shares used for tax withholdings	—	—	246,214	246	(3,261)	—	—	—	—	(3,015)
Issuance of common stock	—	—	4,111,669	4,112	102,736	—	—	—	—	106,848
At December 31, 2019	—	\$ —	200,922,790	\$ 200,923	\$ 1,355,404	\$ 1,336,647	\$ (42,102)	(538,921)	\$ (3,626)	\$ 2,847,246

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

Part II

Consolidated Statements of Cash Flows

Years ended December 31,	2019	2018	2017
	(In thousands)		
Operating activities:			
Net income	\$ 335,453	\$ 272,318	\$ 281,203
Income (loss) from discontinued operations, net of tax	287	2,932	(3,783)
Income from continuing operations	335,166	269,386	284,986
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, depletion and amortization	256,017	220,205	207,486
Deferred income taxes	63,415	59,735	(25,423)
Changes in current assets and liabilities, net of acquisitions:			
Receivables	(104,374)	28,234	(108,255)
Inventories	9,331	(46,796)	9,135
Other current assets	(38,283)	(31,814)	(30,588)
Accounts payable	30,079	21,109	26,013
Other current liabilities	51,278	22,285	4,648
Other noncurrent changes	(60,813)	(38,521)	(18,790)
Net cash provided by continuing operations	541,816	503,823	349,212
Net cash provided by (used in) discontinued operations	464	(3,942)	98,799
Net cash provided by operating activities	542,280	499,881	448,011
Investing activities:			
Capital expenditures	(576,065)	(568,230)	(341,382)
Acquisitions, net of cash acquired	(55,597)	(167,692)	—
Net proceeds from sale or disposition of property and other	29,812	26,100	126,588
Investments	(2,011)	(2,321)	(1,608)
Net cash used in continuing operations	(603,861)	(712,143)	(216,402)
Net cash provided by discontinued operations	—	1,236	2,234
Net cash used in investing activities	(603,861)	(710,907)	(214,168)
Financing activities:			
Issuance of short-term borrowings	169,977	—	—
Repayment of short-term borrowings	(170,000)	—	—
Issuance of long-term debt	599,455	566,829	140,812
Repayment of long-term debt	(468,917)	(174,520)	(217,394)
Proceeds from issuance of common stock	106,848	—	—
Payments of stock issuance costs	—	(10)	—
Dividends paid	(160,256)	(154,573)	(150,727)
Redemption of preferred stock	—	—	(15,600)
Repurchase of common stock	—	(5,020)	(1,684)
Tax withholding on stock-based compensation	(3,015)	(2,330)	(757)
Net cash provided by (used in) financing activities	74,092	230,376	(245,350)
Effect of exchange rate changes on cash and cash equivalents	—	(1)	(1)
Increase (decrease) in cash and cash equivalents	12,511	19,349	(11,508)
Cash and cash equivalents - beginning of year	53,948	34,599	46,107
Cash and cash equivalents - end of year	\$ 66,459	\$ 53,948	\$ 34,599

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

Notes to Consolidated Financial Statements

Note 1 - Summary of Significant Accounting Policies

Basis of presentation

The abbreviations and acronyms used throughout are defined following the Notes to Consolidated Financial Statements. The consolidated financial statements of the Company include the accounts of the following businesses: electric, natural gas distribution, pipeline and midstream, construction materials and contracting, construction services and other. The electric and natural gas distribution businesses, as well as a portion of the pipeline and midstream business, are regulated. Construction materials and contracting, construction services and the other businesses, as well as a portion of the pipeline and midstream business, are nonregulated. For further descriptions of the Company's businesses, see Note 16. Intercompany balances and transactions have been eliminated in consolidation, except for certain transactions related to the Company's regulated operations in accordance with GAAP. The statements also include the ownership interests in the assets, liabilities and expenses of jointly owned electric generating facilities.

The Company's regulated businesses are subject to various state and federal agency regulations. The accounting policies followed by these businesses are generally subject to the Uniform System of Accounts of the FERC. These accounting policies differ in some respects from those used by the Company's nonregulated businesses.

The Company's regulated businesses account for certain income and expense items under the provisions of regulatory accounting, which requires these businesses to defer as regulatory assets or liabilities certain items that would have otherwise been reflected as expense or income, respectively, based on the expected regulatory treatment in future rates. The expected recovery or flowback of these deferred items generally is based on specific ratemaking decisions or precedent for each item. Regulatory assets and liabilities are being amortized consistently with the regulatory treatment established by the FERC and the applicable state public service commissions. See Note 7 for more information regarding the nature and amounts of these regulatory deferrals.

On January 2, 2019, the Company announced the completion of the Holding Company Reorganization, which resulted in Montana-Dakota becoming a subsidiary of the Company. The purpose of the reorganization was to make the public utility division into a subsidiary of the holding company, just as the other operating companies are wholly owned subsidiaries.

On December 22, 2017, President Trump signed into law the TCJA which includes lower corporate tax rates, repealing the domestic production deduction, disallowance of immediate expensing for regulated utility property and modifying or repealing many other business deductions and credits. The reduction in the corporate tax rate was effective on January 1, 2018. The effects of the change in tax laws or rates must be accounted for in the period of enactment, which resulted in the Company making reasonable estimates of the impact of the reduction in corporate tax rate on the Company's net deferred tax liabilities during the fourth quarter of 2017. The SEC issued rules that allowed for a measurement period of up to one year after the enactment date of the TCJA to finalize the recording of the related tax impacts. At December 31, 2018, the Company finalized the estimates from the fourth quarter of 2017 and no material adjustments were recorded to income from continuing operations during the twelve months ended December 31, 2018.

Effective January 1, 2019, the Company adopted the requirements of the ASU on leases, as further discussed in this note, as well as in Note 5. As such, results for reporting periods beginning January 1, 2019, are presented under the new guidance, while prior period amounts are not adjusted and continue to be reported in accordance with the historic accounting for leases.

The assets and liabilities for the Company's discontinued operations have been classified as held for sale and the results of operations are shown in income (loss) from discontinued operations, other than certain general and administrative costs and interest expense which do not meet the criteria for income (loss) from discontinued operations. At the time the assets were classified as held for sale, depreciation, depletion and amortization expense was no longer recorded. Unless otherwise indicated, the amounts presented in the accompanying notes to the consolidated financial statements relate to the Company's continuing operations. For more information on the Company's discontinued operations, see Note 4.

Management has also evaluated the impact of events occurring after December 31, 2019, up to the date of issuance of these consolidated financial statements. For more information on the Company's subsequent events, see Note 21.

Cash and cash equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Accounts receivable and allowance for doubtful accounts

Accounts receivable consists primarily of trade receivables from the sale of goods and services which are recorded at the invoiced amount net of allowance for doubtful accounts, and costs and estimated earnings in excess of billings on uncompleted contracts. For more

Part II

information, see Note 2. The total balance of receivables past due 90 days or more was \$46.7 million and \$30.0 million at December 31, 2019 and 2018, respectively.

The allowance for doubtful accounts is determined through a review of past due balances and other specific account data. Account balances are written off when management determines the amounts to be uncollectible. The Company's allowance for doubtful accounts at December 31, 2019 and 2018, was \$8.5 million and \$8.9 million, respectively.

Accounts receivable also consists of accrued unbilled revenue representing revenues recognized in excess of amounts billed. Accrued unbilled revenue at MDU Energy Capital was \$100.8 million and \$96.2 million at December 31, 2019 and 2018, respectively.

Amounts representing balances billed but not paid by customers under retainage provisions in contracts at December 31 were as follows:

	2019	2018
	(In thousands)	
Short-term retainage*	\$ 75,590	\$ 56,228
Long-term retainage**	14,228	4,152
Total retainage	\$ 89,818	\$ 60,380

* Expected to be paid within one year or less and included in receivables, net.

** Included in deferred charges and other assets - other.

Inventories and natural gas in storage

Natural gas in storage for the Company's regulated operations is generally valued at lower of cost or market using the last-in, first-out method or lower of cost or net realizable value using the average cost or first-in, first-out method. The majority of all other inventories are valued at lower of cost or net realizable value using the average cost method. The portion of the cost of natural gas in storage expected to be used within 12 months was included in inventories. Inventories at December 31 consisted of:

	2019	2018
	(In thousands)	
Aggregates held for resale	\$ 147,723	\$ 139,681
Asphalt oil	41,912	54,741
Materials and supplies	22,512	23,611
Merchandise for resale	22,232	22,552
Natural gas in storage (current)	22,058	22,117
Other	21,970	24,607
Total	\$ 278,407	\$ 287,309

The remainder of natural gas in storage, which largely represents the cost of gas required to maintain pressure levels for normal operating purposes, was included in deferred charges and other assets - other and was \$48.4 million and \$48.5 million at December 31, 2019 and 2018, respectively.

Investments

The Company's investments include the cash surrender value of life insurance policies, an insurance contract, mortgage-backed securities and U.S. Treasury securities. The Company measures its investment in the insurance contract at fair value with any unrealized gains and losses recorded on the Consolidated Statements of Income. The Company has not elected the fair value option for its mortgage-backed securities and U.S. Treasury securities and, as a result, the unrealized gains and losses on these investments are recorded in accumulated other comprehensive income (loss). For more information, see Notes 8 and 17.

Property, plant and equipment

Additions to property, plant and equipment are recorded at cost. When regulated assets are retired, or otherwise disposed of in the ordinary course of business, the original cost of the asset is charged to accumulated depreciation. With respect to the retirement or disposal of all other assets, the resulting gains or losses are recognized as a component of income. The Company is permitted to capitalize AFUDC on regulated construction projects and to include such amounts in rate base when the related facilities are placed in service. In addition, the Company capitalizes interest, when applicable, on certain construction projects associated with its other operations. The amount of AFUDC for the years ended December 31 were as follows:

		2019		2018		2017
(In thousands)						
AFUDC - borrowed	\$	2,807	\$	2,290	\$	966
AFUDC - equity	\$	698	\$	1,897	\$	909

Generally, property, plant and equipment are depreciated on a straight-line basis over the average useful lives of the assets, except for depletable aggregate reserves, which are depleted based on the units-of-production method. The Company collects removal costs for plant assets in regulated utility rates. These amounts are recorded as regulatory liabilities, which are included in deferred credits and other liabilities - other.

Part II

Property, plant and equipment at December 31 was as follows:

	2019	2018	Weighted Average Depreciable Life in Years
(Dollars in thousands, where applicable)			
Regulated:			
Electric:			
Generation	\$ 1,139,059	\$ 1,131,484	48
Distribution	443,780	430,750	46
Transmission	445,485	302,315	65
Construction in progress	66,664	161,893	—
Other	132,157	122,127	15
Natural gas distribution:			
Distribution	2,133,249	1,981,356	47
Construction in progress	39,506	21,028	—
Other	515,368	496,708	17
Pipeline and midstream:			
Transmission	636,796	585,594	46
Gathering	35,661	37,829	20
Storage	50,001	49,101	53
Construction in progress	22,597	5,915	—
Other	48,340	45,763	16
Nonregulated:			
Pipeline and midstream:			
Gathering and processing	31,148	31,094	19
Construction in progress	154	86	—
Other	9,518	9,577	10
Construction materials and contracting:			
Land	127,729	109,541	—
Buildings and improvements	122,064	114,905	20
Machinery, vehicles and equipment	1,180,343	1,090,790	12
Construction in progress	25,018	22,507	—
Aggregate reserves	455,408	430,263	*
Construction services:			
Land	7,146	5,216	—
Buildings and improvements	31,735	29,795	24
Machinery, vehicles and equipment	156,537	145,859	6
Other	17,952	7,716	2
Other:			
Land	2,648	2,648	—
Other	32,565	25,461	14
Less accumulated depreciation, depletion and amortization	2,991,486	2,818,644	
Net property, plant and equipment	\$ 4,917,142	\$ 4,578,677	

* Depleted on the units-of-production method based on recoverable aggregate reserves.

Impairment of long-lived assets

The Company reviews the carrying values of its long-lived assets, excluding goodwill and assets held for sale, whenever events or changes in circumstances indicate that such carrying values may not be recoverable. The determination of whether an impairment has occurred is based on an estimate of undiscounted future cash flows attributable to the assets, compared to the carrying value of the assets. If impairment has occurred, the amount of the impairment recognized is determined by estimating the fair value of the assets and recording a loss if the carrying value is greater than the fair value. The impairments are recorded in operation and maintenance expense on the Consolidated Statements of Income.

No significant impairment losses were recorded in 2019, 2018 or 2017. Unforeseen events and changes in circumstances could require the recognition of impairment losses at some future date.

Leases

Lease liabilities and their corresponding right-of-use assets are recorded based on the present value of lease payments over the expected lease term. The Company recognizes leases with an original lease term of 12 months or less in income on a straight-line basis over the term of the lease and does not recognize a corresponding right-of-use asset or lease liability. The Company determines the lease term based on the non-cancelable and cancelable periods in each contract. The non-cancelable period consists of the term of the contract that is legally enforceable and cannot be canceled by either party without incurring a significant penalty. The cancelable period is determined by various factors that are based on who has the right to cancel a contract. If only the lessor has the right to cancel the contract, the Company will assume the contract will continue. If the lessee is the only party that has the right to cancel the contract, the Company looks to asset, entity and market-based factors. If both the lessor and the lessee have the right to cancel the contract, the Company assumes the contract will not continue.

The discount rate used to calculate the present value of the lease liabilities is based upon the implied rate within each contract. If the rate is unknown or cannot be determined, the Company uses an incremental borrowing rate, which is determined by the length of the contract, asset class and the Company's borrowing rates, as of the commencement date of the contract.

Regulatory assets and liabilities

The Company's regulated businesses account for certain income and expense items under the provisions of regulatory accounting, which requires these businesses to defer as regulatory assets or liabilities certain items that would have otherwise been reflected as expense or income. The Company records regulatory assets or liabilities at the time the Company determines the amounts to be recoverable in current or future rates.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of identifiable net tangible and intangible assets acquired in a business combination. Goodwill is required to be tested for impairment annually, which the Company completes in the fourth quarter, or more frequently if events or changes in circumstances indicate that goodwill may be impaired.

The Company has determined that the reporting units for its goodwill impairment test are its operating segments, or components of an operating segment, that constitute a business for which discrete financial information is available and for which segment management regularly reviews the operating results. For more information on the Company's operating segments, see Note 16. Goodwill impairment, if any, is measured by comparing the fair value of each reporting unit to its carrying value. If the fair value of a reporting unit exceeds its carrying value, the goodwill of the reporting unit is not impaired. If the carrying value of a reporting unit exceeds its fair value, the Company must record an impairment loss for the amount that the carrying value of the reporting unit, including goodwill, exceeds the fair value of the reporting unit. For the years ended December 31, 2019, 2018 and 2017, there were no impairment losses recorded. At December 31, 2019, the fair value substantially exceeded the carrying value at all reporting units.

Determining the fair value of a reporting unit requires judgment and the use of significant estimates which include assumptions about the Company's future revenue, profitability and cash flows, amount and timing of estimated capital expenditures, inflation rates, risk adjusted capital cost, operational plans, and current and future economic conditions, among others. The fair value of each reporting unit is determined using a weighted combination of income and market approaches. The Company uses a discounted cash flow methodology for its income approach. Under the income approach, the discounted cash flow model determines fair value based on the present value of projected cash flows over a specified period and a residual value related to future cash flows beyond the projection period. Both values are discounted using a rate which reflects the best estimate of the risk adjusted capital cost at each reporting unit. Risk adjusted capital cost, which varies by reporting unit and was in the range of 4 percent to 9 percent was utilized in the goodwill impairment test performed in the fourth quarter of 2019. The goodwill impairment test also utilizes a long-term growth rate projection, which varies by reporting unit and was in the range of approximately 2 percent to 3 percent in the goodwill impairment test performed in the fourth quarter of 2019. Under the market approach, the Company estimates fair value using various multiples derived from enterprise value to EBITDA for comparative peer companies for each respective reporting unit. These multiples are applied to operating data for each reporting unit to arrive at an indication of fair value. In addition, the Company adds a reasonable control premium when calculating the fair value utilizing the peer multiples, which is estimated as the premium that would be received in a sale in an orderly transaction between market participants. The Company believes that the estimates and assumptions used in its impairment assessments are reasonable and based on available market information.

Revenue recognition

Revenue is recognized when a performance obligation is satisfied by transferring control over a product or service to a customer. Revenue is measured based on consideration specified in a contract with a customer, and excludes any sales incentives and amounts collected on behalf of third parties. The Company is considered an agent for certain taxes collected from customers. As such, the Company presents revenues net of these taxes at the time of sale to be remitted to governmental authorities, including sales and use taxes.

Part II

The electric and natural gas distribution segments generate revenue from the sales of electric and natural gas products and services, which includes retail and transportation services. These segments establish a customer's retail or transportation service account based on the customer's application/contract for service, which indicates approval of a contract for service. The contract identifies an obligation to provide service in exchange for delivering or standing ready to deliver the identified commodity; and the customer is obligated to pay for the service as provided in the applicable tariff. The product sales are based on a fixed rate that includes a base and per-unit rate, which are included in approved tariffs as determined by state or federal regulatory agencies. The quantity of the commodity consumed or transported determines the total per-unit revenue. The service provided, along with the product consumed or transported, are a single performance obligation because both are required in combination to successfully transfer the contracted product or service to the customer. Revenues are recognized over time as customers receive and consume the products and services. The method of measuring progress toward the completion of the single performance obligation is on a per-unit output method basis, with revenue recognized based on the direct measurement of the value to the customer of the goods or services transferred to date. For contracts governed by the Company's utility tariffs, amounts are billed monthly with the amount due between 15 and 22 days of receipt of the invoice depending on the applicable state's tariff. For other contracts not governed by tariff, payment terms are net 30 days. At this time, the segment has no material obligations for returns, refunds or other similar obligations.

The pipeline and midstream segment generates revenue from providing natural gas transportation, gathering and underground storage services, as well as other energy-related services to both third parties and internal customers, largely the natural gas distribution segment. The pipeline and midstream segment establishes a contract with a customer based upon the customer's request for firm or interruptible natural gas transportation, storage or gathering service(s). The contract identifies an obligation for the segment to provide the requested service(s) in exchange for consideration from the customer over a specified term. Depending on the type of service(s) requested and contracted, the service provided may include transporting, gathering or storing an identified quantity of natural gas and/or standing ready to deliver or store an identified quantity of natural gas. Natural gas transportation, gathering and storage revenues are based on fixed rates, which may include reservation fees and/or per-unit commodity rates. The services provided by the segment are generally treated as single performance obligations satisfied over time simultaneous to when the service is provided and revenue is recognized. Rates for the segment's regulated services are based on its FERC approved tariff or customer negotiated rates, and rates for its non-regulated services are negotiated with its customers and set forth in the contract. For contracts governed by the company's tariff, amounts are billed on or before the ninth business day of the following month and the amount is due within 12 days of receipt of the invoice. For gathering contracts not governed by the tariff, amounts are due within 20 days of invoice receipt. For other contracts not governed by the tariff, payment terms are net 30 days. At this time, the segment has no material obligations for returns, refunds or other similar obligations.

The construction materials and contracting segment generates revenue from contracting services and construction materials sales. This segment focuses on the vertical integration of its contracting services with its construction materials to support the aggregate based product lines. This segment provides contracting services to a customer when a contract has been signed by both the customer and a representative of the segment obligating a service to be provided in exchange for the consideration identified in the contract. The nature of the services this segment provides generally includes integrating a set of services and related construction materials into a single project to create a distinct bundle of goods and services, which the Company evaluates to determine whether a separate performance obligation exists. The transaction price is the original contract price plus any subsequent change orders and variable consideration. Examples of variable consideration that exist in this segment's contracts include liquidated damages; performance bonuses or incentives and penalties; claims; unapproved/unpriced change orders; and index pricing. The variable amounts usually arise upon achievement of certain performance metrics or change in project scope. The Company estimates the amount of revenue to be recognized on variable consideration using estimation methods that best predict the most likely amount of consideration the Company expects to be entitled to or expects to incur. The Company includes variable consideration in the estimated transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur or when the uncertainty associated with the variable consideration is resolved. Changes in circumstances could impact management's estimates made in determining the value of variable consideration recorded. The Company updates its estimate of the transaction price each reporting period and the effect of variable consideration on the transaction price is recognized as an adjustment to revenue on a cumulative catch-up basis. Revenue is recognized over time using an input method based on the cost-to-cost measure of progress on a project. This is the preferred method of measuring revenue because the costs incurred have been determined to represent the best indication of the overall progress toward the transfer of such goods or services promised to a customer. This segment also sells construction materials to third parties and internal customers. The contract for material sales is the use of a sales order or an invoice, which includes the pricing and payment terms. All material contracts contain a single performance obligation for the delivery of a single distinct product or a distinct separately identifiable bundle of products and services. Revenue is recognized at a point in time when the performance obligation has been satisfied with the delivery of the products or services. The warranties associated with the sales are those consistent with a standard warranty that the product meets certain specifications for quality or those required by law. For most contracts, amounts billed to customers are due within 30 days of receipt. There are no material obligations for returns, refunds or other similar obligations.

The construction services segment generates revenue from specialty contracting services which also includes the sale of construction equipment and other supplies. This segment provides specialty contracting services to a customer when a contract has been signed by both the customer and a representative of the segment obligating a service to be provided in exchange for the consideration identified in the contract. The nature of the services this segment provides generally includes multiple promised goods and services in a single project to create a distinct bundle of goods and services, which the Company evaluates to determine whether a separate performance obligation exists. The transaction price is the original contract price plus any subsequent change orders and variable consideration. Examples of variable consideration that exist in this segment's contracts include claims, unapproved/unpriced change orders, bonuses, incentives, penalties and liquidated damages. The variable amounts usually arise upon achievement of certain performance metrics or change in project scope. The Company estimates the amount of revenue to be recognized on variable consideration using estimation methods that best predict the most likely amount of consideration the Company expects to be entitled to or expects to incur. The Company includes variable consideration in the estimated transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur or when the uncertainty associated with the variable consideration is resolved. Changes in circumstances could impact management's estimates made in determining the value of variable consideration recorded. The Company updates its estimate of the transaction price each reporting period and the effect of variable consideration on the transaction price is recognized as an adjustment to revenue on a cumulative catch-up basis. Revenue is recognized over time using the input method based on the measurement of progress on a project. The input method is the preferred method of measuring revenue because the costs incurred have been determined to represent the best indication of the overall progress toward the transfer of such goods or services promised to a customer. This segment also sells construction equipment and other supplies to third parties and internal customers. The contract for these sales is the use of a sales order or invoice, which includes the pricing and payment terms. All such contracts include a single performance obligation for the delivery of a single distinct product or a distinct separately identifiable bundle of products and services. Revenue is recognized at a point in time when the performance obligation has been satisfied with the delivery of the products or services. The warranties associated with the sales are those consistent with a standard warranty that the product meets certain specifications for quality or those required by law. For most contracts, amounts billed to customers are due within 30 days of receipt. There are no material obligations for returns, refunds or other similar obligations.

The Company recognizes all other revenues when services are rendered or goods are delivered.

Asset retirement obligations

The Company records the fair value of a liability for an asset retirement obligation in the period in which it is incurred. When the liability is initially recorded, the Company capitalizes a cost by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, the Company either settles the obligation for the recorded amount or incurs a gain or loss at its nonregulated operations or incurs a regulatory asset or liability at its regulated operations.

Legal costs

The Company expenses external legal fees as they are incurred.

Natural gas costs recoverable or refundable through rate adjustments

Under the terms of certain orders of the applicable state public service commissions, the Company is deferring natural gas commodity, transportation and storage costs that are greater or less than amounts presently being recovered through its existing rate schedules. Such orders generally provide that these amounts are recoverable or refundable through rate adjustments within a period ranging from 12 to 36 months from the time such costs are paid. Natural gas costs refundable through rate adjustments were \$23.8 million and \$30.0 million at December 31, 2019 and 2018, respectively, which is included in other accrued liabilities on the Consolidated Balance Sheets. Natural gas costs recoverable through rate adjustments were \$89.2 million and \$42.7 million at December 31, 2019 and 2018, respectively, which is included in prepayments and other current assets and deferred charges and other assets - other on the Consolidated Balance Sheets.

Stock-based compensation

The Company determines compensation expense for stock-based awards based on the estimated fair values at the grant date and recognizes the related compensation expense over the vesting period. The Company uses the straight-line amortization method to recognize compensation expense related to restricted stock, which only has a service condition. This method recognizes stock compensation expense on a straight-line basis over the requisite service period for the entire award. The Company recognizes compensation expense related to performance awards that vest based on performance metrics and service conditions on a straight-line basis over the service period. Inception-to-date expense is adjusted based upon the determination of the potential achievement of the performance target at each reporting date. The Company recognizes compensation expense related to performance awards with market-based performance metrics on a straight-line basis over the requisite service period.

The Company records the compensation expense for performance share awards using an estimated forfeiture rate. The estimated forfeiture rate is calculated based on an average of actual historical forfeitures. The Company also performs an analysis of any known factors at the

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time of the calculation to identify any necessary adjustments to the average historical forfeiture rate. At the time actual forfeitures become more than estimated forfeitures, the Company records compensation expense using actual forfeitures.

Income taxes

The Company provides deferred federal and state income taxes on all temporary differences between the book and tax basis of the Company's assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date. Excess deferred income tax balances associated with the Company's rate-regulated activities have been recorded as a regulatory liability and are included in other liabilities. These regulatory liabilities are expected to be reflected as a reduction in future rates charged to customers in accordance with applicable regulatory procedures.

The Company uses the deferral method of accounting for investment tax credits and amortizes the credits on regulated electric and natural gas distribution plant over various periods that conform to the ratemaking treatment prescribed by the applicable state public service commissions.

The Company records uncertain tax positions in accordance with accounting guidance on accounting for income taxes on the basis of a two-step process in which (1) the Company determines whether it is more-likely-than-not that the tax position will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, the Company recognizes the largest amount of the tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority. Tax positions that do not meet the more-likely-than-not criteria are reflected as a tax liability. The Company recognizes interest and penalties accrued related to unrecognized tax benefits in income taxes.

Earnings per common share

Basic earnings per common share were computed by dividing earnings on common stock by the weighted average number of shares of common stock outstanding during the year. Diluted earnings per common share were computed by dividing earnings on common stock by the total of the weighted average number of shares of common stock outstanding during the year, plus the effect of nonvested performance share awards and restricted stock units. Common stock outstanding includes issued shares less shares held in treasury. Earnings on common stock was the same for both the basic and diluted earnings per share calculations. A reconciliation of the weighted average common shares outstanding used in the basic and diluted earnings per share calculation was as follows:

	2019	2018	2017
	(In thousands)		
Weighted average common shares outstanding - basic	198,612	195,720	195,304
Effect of dilutive performance share awards	14	430	383
Weighted average common shares outstanding - diluted	198,626	196,150	195,687
Shares excluded from the calculation of diluted earnings per share	164	10	—

Use of estimates

The preparation of financial statements in conformity with GAAP requires the Company 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, as well as the reported amounts of revenues and expenses during the reporting period. Estimates are used for items such as long-lived assets and goodwill; fair values of acquired assets and liabilities under the acquisition method of accounting; aggregate reserves; property depreciable lives; tax provisions; revenue recognized using the cost-to-cost measure of progress for contracts; uncollectible accounts; environmental and other loss contingencies; regulatory assets expected to be recovered in rates charged to customers; costs on construction contracts; unbilled revenues; actuarially determined benefit costs; asset retirement obligations; lease classification; present value of right-of-use assets and lease liabilities; and the valuation of stock-based compensation. As additional information becomes available, or actual amounts are determinable, the recorded estimates are revised. Consequently, operating results can be affected by revisions to prior accounting estimates.

New accounting standards

Recently adopted accounting standards

ASU 2016-02 - Leases In February 2016, the FASB issued this ASU guidance relating to ASC 842 - *Leases*. The guidance required lessees to recognize a lease liability and a right-of-use asset on the balance sheet for operating and financing leases. The guidance remained largely the same for lessors, although some changes were made to better align lessor accounting with the new lessee accounting and to align with the revenue recognition standard. The guidance also required additional disclosures, both quantitative and qualitative, related to operating and financing leases for the lessee and sales-type, direct financing and operating leases for the lessor. The Company adopted the standard on January 1, 2019.

In July 2018, the FASB issued ASU 2018-11 - *Leases: Targeted Improvements*, an accounting standard update to ASU 2016-02. This ASU provided an entity the option to adopt the guidance using one of two modified retrospective approaches. An entity could adopt the guidance using the modified retrospective transition approach beginning in the earliest year presented in the financial statements. This method of adoption would have required the restatement of prior periods reported and the presentation of lease disclosures under the new guidance for all periods reported. The additional transition method of adoption, introduced by ASU 2018-11, allowed entities the option to apply the guidance on the date of adoption by recognizing a cumulative effect adjustment to retained earnings during the period of adoption and did not require prior comparative periods to be restated.

The Company adopted the standard on January 1, 2019, utilizing the additional transition method of adoption applied on the date of adoption and the practical expedient that allowed the Company to not reassess whether an expired or existing contract contained a lease, the classification of leases or initial direct costs. The Company did not identify any cumulative effect adjustments. The Company also adopted a short-term leasing policy as the lessee where leases with a term of 12 months or less are not included on the Consolidated Balance Sheet.

As a practical expedient, a lessee may choose not to separate nonlease components from lease components and instead account for lease and nonlease components as a single lease component. The election shall be made by asset class. The Company has elected to adopt the lease/nonlease component practical expedient for all asset classes as the lessee. The Company did not elect the practical expedient to use hindsight when assessing the lease term or impairment of right-of-use assets for the existing leases on the date of adoption.

In January 2018, the FASB issued a practical expedient for land easements under the new lease guidance. The practical expedient permits an entity to elect the option to not evaluate land easements under the new guidance if they existed or expired before the adoption of the new lease guidance and were not previously accounted for as leases under the previous lease guidance. Once an entity adopts the new guidance, the entity should apply the new guidance on a prospective basis to all new or modified land easements. The Company has adopted this practical expedient.

The Company formed a lease implementation team to review and assess existing contracts to identify and evaluate those containing leases. Additionally, the team implemented new and revised existing software to meet the reporting and disclosure requirements of the standard. The Company also assessed the impact the standard had on its processes and internal controls and identified new and updated existing internal controls and processes to ensure compliance with the new lease standard; such modifications were not deemed to be significant. During the assessment phase, the Company used various surveys, reconciliations and analytic methodologies to ensure the completeness of the lease inventory. The Company determined that most of the current operating leases were subject to the guidance and were recognized as operating lease liabilities and right-of-use assets on the Consolidated Balance Sheet upon adoption. On January 1, 2019, the Company recorded approximately \$112 million to right-of-use assets and lease liabilities as a result of the initial adoption of the guidance. In addition, the Company evaluated the impact the new guidance had on lease contracts where the Company is the lessor and determined it did not have a significant impact to the Company's financial statements.

ASU 2017-04 - Simplifying the Test for Goodwill Impairment In January 2017, the FASB issued guidance on simplifying the test for goodwill impairment by eliminating Step 2, which required an entity to measure the amount of impairment loss by comparing the implied fair value of reporting unit goodwill with the carrying amount of such goodwill. This guidance requires entities to perform a quantitative impairment test, previously Step 1, to identify both the existence of impairment and the amount of impairment loss by comparing the fair value of a reporting unit to its carrying amount. Entities will continue to have the option of performing a qualitative assessment to determine if the quantitative impairment test is necessary. The guidance also requires additional disclosures if an entity has one or more reporting units with zero or negative carrying amounts of net assets. The Company early adopted the guidance on a prospective basis beginning with the preparation of its 2019 goodwill impairment test in the fourth quarter of 2019. The adoption of the guidance did not have a material impact on its results of operations, financial position, cash flows or disclosures.

ASU 2018-15 - Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract In August 2018, the FASB issued guidance on the accounting for implementation costs of a hosting arrangement that is a service contract. The guidance aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract similar to the costs incurred to develop or obtain internal-use software and such capitalized costs to be expensed over the term of the hosting arrangement. Costs incurred during the preliminary and postimplementation stages should continue to be expensed as activities are performed. The capitalized costs are required to be presented on the balance sheet in the same line the prepayment for the fees associated with the hosting arrangement would be presented. In addition, the expense related to the capitalized implementation costs should be presented in the same line on the income statement as the fees associated with the hosting element of the arrangements. The Company adopted the guidance effective January 1, 2019, on a prospective basis. The adoption of the guidance did not have a material impact on its results of operations, financial position, cash flows or disclosures.

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Recently issued accounting standards not yet adopted

ASU 2016-13 - Measurement of Credit Losses on Financial Instruments In June 2016, the FASB issued guidance on the measurement of credit losses on certain financial instruments. The guidance introduces a new impairment model known as the current expected credit loss model that will replace the incurred loss impairment methodology currently included under GAAP. This guidance requires entities to present certain investments in debt securities, trade accounts receivable and other financial assets at their net carrying value of the amount expected to be collected on the financial statements. The Company adopted the guidance on January 1, 2020.

The Company formed an implementation team to review and assess existing financial assets to identify and evaluate the financial assets subject to the new current expected credit loss model. The Company assessed the impact of the guidance on its processes and internal controls and has identified and updated existing internal controls and processes to ensure compliance with the new guidance; such modifications were deemed insignificant. During the assessment phase, the Company completed checklists to identify the complete portfolio of assets subject to the current expected credit loss model. The Company determined the guidance did not have a material impact on its results of operations, financial position, cash flows or disclosures and did not record a material cumulative effect adjustment upon adoption.

ASU 2018-13 - Changes to the Disclosure Requirements for Fair Value Measurement In August 2018, the FASB issued guidance on modifying the disclosure requirements on fair value measurements as part of the disclosure framework project. The guidance modifies, among other things, the disclosures required for Level 3 fair value measurements, including the range and weighted average of significant unobservable inputs. The guidance removes, among other things, the disclosure requirement to disclose transfers between Levels 1 and 2. The guidance will be effective for the Company on January 1, 2020, including interim periods, with early adoption permitted. Level 3 fair value measurement disclosures should be applied prospectively while all other amendments should be applied retrospectively. The Company continues to evaluate the effects the adoption of the new guidance will have on its disclosures in the first quarter of 2020.

ASU 2018-14 - Changes to the Disclosure Requirements for Defined Benefit Plans In August 2018, the FASB issued guidance on modifying the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans as part of the disclosure framework project. The guidance removes disclosures that are no longer considered cost beneficial, clarifies the specific requirements of disclosures and adds disclosure requirements identified as relevant. The guidance adds, among other things, the requirement to include an explanation for significant gains and losses related to changes in benefit obligations for the period. The guidance removes, among other things, the disclosure requirement to disclose the amount of net periodic benefit costs to be amortized over the next fiscal year from accumulated other comprehensive income (loss) and the effects a one percentage point change in assumed health care cost trend rates will have on certain benefit components. The guidance will be effective for the Company on January 1, 2021, and must be applied on a retrospective basis with early adoption permitted. The Company is evaluating the effects the adoption of the new guidance will have on its disclosures.

ASU 2019-12 - Simplifying the Accounting for Income Taxes In December 2019, the FASB issued guidance on simplifying the accounting for income taxes by removing certain exceptions in ASC 740 and providing simplification amendments. The guidance removes exceptions on intraperiod tax allocations and reporting and provides simplification on accounting for franchise taxes, tax basis goodwill and tax law changes. The guidance will be effective for the Company on January 1, 2021, with early adoption permitted. Transition requirements vary among the exceptions and amendments which include retrospective, modified retrospective and prospective application. The Company does not expect the guidance to have a material impact on its results of operations, financial position, cash flows and disclosures.

Variable interest entities

The Company evaluates its arrangements and contracts with other entities to determine if they are VIEs and if so, if the Company is the primary beneficiary. GAAP provides a framework for identifying VIEs and determining when a company should include the assets, liabilities, noncontrolling interest and results of activities of a VIE in its consolidated financial statements.

A VIE should be consolidated if a party with an ownership, contractual or other financial interest in the VIE (a variable interest holder) has the power to direct the VIE's most significant activities and the obligation to absorb losses or right to receive benefits of the VIE that could be significant to the VIE. A variable interest holder that consolidates the VIE is called the primary beneficiary. Upon consolidation, the primary beneficiary generally must initially record all of the VIE's assets, liabilities and noncontrolling interests at fair value and subsequently account for the VIE as if it were consolidated.

The Company's evaluation of whether it qualifies as the primary beneficiary of a VIE involves significant judgments, estimates and assumptions and includes a qualitative analysis of the activities that most significantly impact the VIE's economic performance and whether the Company has the power to direct those activities, the design of the entity, the rights of the parties and the purpose of the arrangement.

Accumulated other comprehensive income (loss)

The Company's accumulated other comprehensive income (loss) is comprised of losses on derivative instruments qualifying as hedges, postretirement liability adjustments, foreign currency translation adjustments and gain (loss) on available-for-sale investments.

The after-tax changes in the components of accumulated other comprehensive loss at December 31, 2019, 2018 and 2017, were as follows:

	Net Unrealized Loss on Derivative Instruments Qualifying as Hedges	Post- retirement Liability Adjustment	Foreign Currency Translation Adjustment	Net Unrealized Gain (Loss) on Available- for-sale Investments	Total Accumulated Other Comprehensive Loss
(In thousands)					
At December 31, 2017	\$ (1,934)	\$ (35,163)	\$ (155)	\$ (82)	\$ (37,334)
Other comprehensive income (loss) before reclassifications	—	4,441	(61)	(144)	4,236
Amounts reclassified from accumulated other comprehensive loss	162	2,173	249	131	2,715
Net current-period other comprehensive income (loss)	162	6,614	188	(13)	6,951
Reclassification adjustment of prior period tax effects related to TCJA included in accumulated other comprehensive loss	(389)	(7,520)	(33)	(17)	(7,959)
At December 31, 2018	(2,161)	(36,069)	—	(112)	(38,342)
Other comprehensive income (loss) before reclassifications	—	(6,151)	—	134	(6,017)
Amounts reclassified from accumulated other comprehensive loss	731	1,486	—	40	2,257
Net current-period other comprehensive income (loss)	731	(4,665)	—	174	(3,760)
At December 31, 2019	\$ (1,430)	\$ (40,734)	\$ —	\$ 62	\$ (42,102)

The following amounts were reclassified out of accumulated other comprehensive loss into net income. The amounts presented in parenthesis indicate a decrease to net income on the Consolidated Statements of Income. The reclassifications for the years ended December 31 were as follows:

	2019	2018	Location on Consolidated Statements of Income
(In thousands)			
Reclassification adjustment for loss on derivative instruments included in net income	\$ (591)	\$ (591)	Interest expense
	(140)	429	Income taxes
	(731)	(162)	
Amortization of postretirement liability losses included in net periodic benefit cost	(1,962)	(2,894)	Other income
	476	721	Income taxes
	(1,486)	(2,173)	
Reclassification adjustment for foreign currency translation adjustment included in net income	—	(324)	Other income
	—	75	Income taxes
	—	(249)	
Reclassification adjustment for loss on available-for-sale investments included in net income	(50)	(166)	Other income
	10	35	Income taxes
	(40)	(131)	
Total reclassifications	\$ (2,257)	\$ (2,715)	

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Note 2 - Revenue from Contracts with Customers

Revenue is recognized when a performance obligation is satisfied by transferring control over a product or service to a customer. Revenue is measured based on consideration specified in a contract with a customer and excludes any sales incentives and amounts collected on behalf of third parties. The Company is considered an agent for certain taxes collected from customers. As such, the Company presents revenues net of these taxes at the time of sale to be remitted to governmental authorities, including sales and use taxes.

As part of the adoption of ASC 606 - *Revenue from Contracts with Customers*, the Company elected the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the Company otherwise would have recognized is 12 months or less.

Disaggregation

In the following table, revenue is disaggregated by the type of customer or service provided. The Company believes this level of disaggregation best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The table also includes a reconciliation of the disaggregated revenue by reportable segments. For more information on the Company's business segments, see Note 16.

Year ended December 31, 2019	Electric	Natural gas distribution	Pipeline and midstream	Construction materials and contracting	Construction services	Other	Total
(In thousands)							
Residential utility sales	\$ 125,369	\$ 483,452	\$ —	\$ —	\$ —	\$ —	608,821
Commercial utility sales	141,596	296,835	—	—	—	—	438,431
Industrial utility sales	37,765	26,895	—	—	—	—	64,660
Other utility sales	7,408	—	—	—	—	—	7,408
Natural gas transportation	—	45,449	101,665	—	—	—	147,114
Natural gas gathering	—	—	9,164	—	—	—	9,164
Natural gas storage	—	—	11,708	—	—	—	11,708
Contracting services	—	—	—	1,088,633	—	—	1,088,633
Construction materials	—	—	—	1,627,833	—	—	1,627,833
Intrasegment eliminations*	—	—	—	(525,749)	—	—	(525,749)
Inside specialty contracting	—	—	—	—	1,266,196	—	1,266,196
Outside specialty contracting	—	—	—	—	531,882	—	531,882
Other	35,574	12,726	17,687	—	131	16,551	82,669
Intersegment eliminations	—	—	(56,252)	(1,066)	(3,370)	(16,461)	(77,149)
Revenues from contracts with customers	347,712	865,357	83,972	2,189,651	1,794,839	90	5,281,621
Revenues out of scope	4,013	(135)	220	—	51,057	—	55,155
Total external operating revenues	\$ 351,725	\$ 865,222	\$ 84,192	\$ 2,189,651	\$ 1,845,896	\$ 90	\$ 5,336,776

* Intrasegment revenues are presented within the construction materials and contracting segment to highlight the focus on vertical integration as this segment sells materials to both third parties and internal customers. Due to consolidation requirements, these revenues must be eliminated against construction materials to arrive at the external operating revenue total for the segment.

Year ended December 31, 2018	Electric	Natural gas distribution	Pipeline and midstream	Construction materials and contracting	Construction services	Other	Total
(In thousands)							
Residential utility sales	\$ 121,477	\$ 457,959	\$ —	\$ —	\$ —	\$ —	\$ 579,436
Commercial utility sales	136,236	276,716	—	—	—	—	412,952
Industrial utility sales	34,353	24,603	—	—	—	—	58,956
Other utility sales	7,556	—	—	—	—	—	7,556
Natural gas transportation	—	43,238	89,159	—	—	—	132,397
Natural gas gathering	—	—	9,159	—	—	—	9,159
Natural gas storage	—	—	11,543	—	—	—	11,543
Contracting services	—	—	—	968,755	—	—	968,755
Construction materials	—	—	—	1,423,068	—	—	1,423,068
Intrasegment eliminations*	—	—	—	(465,969)	—	—	(465,969)
Inside specialty contracting	—	—	—	—	926,875	—	926,875
Outside specialty contracting	—	—	—	—	392,544	—	392,544
Other	31,568	14,579	18,865	—	525	11,259	76,796
Intersegment eliminations	—	—	(50,905)	(669)	(1,681)	(11,052)	(64,307)
Revenues from contracts with customers	331,190	817,095	77,821	1,925,185	1,318,263	207	4,469,761
Revenues out of scope	3,933	6,152	197	—	51,509	—	61,791
Total external operating revenues	\$ 335,123	\$ 823,247	\$ 78,018	\$ 1,925,185	\$ 1,369,772	\$ 207	\$ 4,531,552

* Intrasegment revenues are presented within the construction materials and contracting segment to highlight the focus on vertical integration as this segment sells materials to both third parties and internal customers. Due to consolidation requirements, these revenues must be eliminated against construction materials to arrive at the external operating revenue total for the segment.

Contract balances

The timing of revenue recognition may differ from the timing of invoicing to customers. The timing of invoicing to customers does not necessarily correlate with the timing of revenues being recognized under the cost-to-cost method of accounting. Contracts from contracting services are billed as work progresses in accordance with agreed upon contractual terms. Generally, billing to the customer occurs contemporaneous to revenue recognition. A variance in timing of the billings may result in a contract asset or a contract liability. A contract asset occurs when revenues are recognized under the cost-to-cost measure of progress, which exceeds amounts billed on uncompleted contracts. Such amounts will be billed as standard contract terms allow, usually based on various measures of performance or achievement. A contract liability occurs when there are billings in excess of revenues recognized under the cost-to-cost measure of progress on uncompleted contracts. Contract liabilities decrease as revenue is recognized from the satisfaction of the related performance obligation.

The changes in contract assets and liabilities were as follows:

	December 31, 2019	December 31, 2018	Change	Location on Consolidated Balance Sheets
(In thousands)				
Contract assets	\$ 109,078	\$ 104,239	\$ 4,839	Receivables, net
Contract liabilities - current	(142,768)	(93,901)	(48,867)	Accounts payable
Contract liabilities - noncurrent	(19)	(135)	116	Deferred credits and other liabilities - other
Net contract assets (liabilities)	\$ (33,709)	\$ 10,203	\$ (43,912)	

	December 31, 2018	December 31, 2017	Change	Location on Consolidated Balance Sheets
(In thousands)				
Contract assets	\$ 104,239	\$ 109,540	\$ (5,301)	Receivables, net
Contract liabilities - current	(93,901)	(84,123)	(9,778)	Accounts payable
Contract liabilities - noncurrent	(135)	—	(135)	Deferred credits and other liabilities - other
Net contract assets	\$ 10,203	\$ 25,417	\$ (15,214)	

The Company recognized \$89.0 million and \$78.6 million in revenue for the years ended December 31, 2019 and 2018, respectively, which was previously included in contract liabilities at December 31, 2018 and 2017, respectively.

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The Company recognized a net increase in revenues of \$44.1 million and \$36.7 million for the years ended December 31, 2019 and 2018, respectively, from performance obligations satisfied in prior periods.

Remaining performance obligations

The remaining performance obligations at the construction materials and contracting and construction services segments include unrecognized revenues, also referred to as backlog, that the Company reasonably expects to be realized. These unrecognized revenues can include: projects that have a written award, a letter of intent, a notice to proceed, an agreed upon work order to perform work on mutually accepted terms and conditions and change orders or claims to the extent management believes additional contract revenues will be earned and are deemed probable of collection. Excluded from remaining performance obligations are potential orders under master service agreements. The remaining performance obligations at the pipeline and midstream segment include firm transportation and storage contracts with fixed pricing and fixed volumes.

At December 31, 2019, the Company's remaining performance obligations were \$2.0 billion. The Company expects to recognize the following revenue amounts in future periods related to these remaining performance obligations: \$1.5 billion within the next 12 months or less; \$229.4 million within the next 13 to 24 months; and \$259.3 million thereafter.

The majority of the Company's construction contracts have an original duration of less than two years. The Company's firm transportation and firm storage contracts have weighted average remaining durations of approximately five and three years, respectively.

Note 3 - Business Combinations

The acquisitions below were accounted for as business combinations in accordance with ASC 805 - *Business Combinations*. The results of the acquired businesses have been included in the Company's Consolidated Financial Statements beginning on the acquisition date. Pro forma financial amounts reflecting the effects of the business combinations are not presented, as none of these business combinations were material to the Company's financial position or results of operations.

For all business combinations, the Company preliminarily allocates the purchase price of the acquisitions to the assets acquired and liabilities assumed based on their estimated fair values as of the acquisition dates and are considered provisional until final fair values are determined or the measurement period has passed. The Company expects to record adjustments as it accumulates the information needed to estimate the fair value of assets acquired and liabilities assumed, including working capital balances, estimated fair value of identifiable intangible assets, property, plant and equipment, total consideration and goodwill. The excess of the purchase price over the aggregate fair values is recorded as goodwill. The Company calculated the fair value of the assets acquired in 2019 and 2018 using a market or cost approach (or a combination of both). Fair values for some of the assets were determined based on Level 3 inputs including estimated future cash flows, discount rates, growth rates, sales projections, retention rates and terminal values, all of which require significant management judgment and are susceptible to change. The final fair value of the net assets acquired may result in adjustments to the assets and liabilities, including goodwill, and will be made as soon as practical, but no later than one year from the respective acquisition dates. Any subsequent measurement period adjustments are not expected to have a material impact on the Company's results of operations. The discount rate used in calculating the fair value of the common stock issued was determined by a Black-Scholes-Merton model. The model used Level 2 inputs including risk-free interest rate, volatility range and dividend yield.

The acquisitions are also subject to customary adjustments based on, among other things, the amount of cash, debt and working capital in the business as of the closing date. The amounts included in the Consolidated Balance Sheets for these adjustments are considered provisional until final settlement has occurred.

The following are the acquisitions made during 2019 and 2018 at the construction materials and contracting segment:

- In December 2019, the Company acquired Roadrunner Ready Mix, Inc., a provider of ready-mixed concrete in Idaho.
- In March 2019, the Company acquired Viesko Redi-Mix, Inc., a provider of ready-mixed concrete in Oregon.
- In October 2018, the Company acquired Sweetman Construction Company, a provider of aggregates, asphalt and ready-mixed concrete in South Dakota.
- In July 2018, the Company acquired Molalla Redi-Mix and Rock Products, Inc., a producer of ready-mixed concrete in Oregon.
- In June 2018, the Company acquired Tri-City Paving, Inc., a general contractor and aggregate, asphalt and ready-mixed concrete supplier in Minnesota.
- In April 2018, the Company acquired Teevin & Fischer Quarry, LLC, an aggregate producer that provides crushed rock and gravel to construction and retail customers in Oregon.

In addition to the above acquisitions, in September 2019, the Company purchased the assets of Pride Electric, Inc., an electrical construction company in Washington. The results of Pride Electric, Inc. are included in the constructions services segment.

In 2019, the gross aggregate consideration for acquisitions was \$56.8 million, subject to certain adjustments, and includes \$1.2 million of debt assumed. The amounts allocated to the aggregated assets acquired and liabilities assumed during 2019 were as follows: \$15.8 million to current assets; \$16.7 million to property, plant and equipment; \$23.1 million to goodwill; \$6.7 million to other intangible assets; \$500,000 to deferred charges and other assets - other; \$5.9 million to current liabilities and \$100,000 to deferred credits and other liabilities - other. At December 31, 2019, the purchase price adjustments for Viesko Redi-Mix, Inc. have been settled and no material adjustments were made to the provisional accounting. Purchase price allocations for Pride Electric, Inc. and Roadrunner Ready Mix, Inc. are preliminary and will be finalized within one year of the respective acquisition dates. The Company issued debt and equity securities to finance these acquisitions.

In 2018, the gross aggregate consideration for acquisitions was \$168.1 million in cash, subject to certain adjustments, and 721,610 shares of common stock with a market value of \$20.3 million as of the respective acquisition date. Due to the holding period restriction on the common stock, the share consideration was discounted to a fair value of approximately \$18.2 million, as reflected in the Company's financial statements. In addition to the issuance of the Company's equity securities, the Company issued debt to finance these acquisitions.

During the third quarter of 2019, the Company finalized its valuation of the assets acquired and liabilities assumed in conjunction with the acquisition in 2018 of Sweetman Construction Company. As a result, measurement period adjustments were made to the previously disclosed provisional fair values. At December 31, 2019, the purchase price adjustments for all business combinations that occurred in 2018 had been finalized. These adjustments did not have a material impact on the Company's consolidated results of operations. The aggregate total consideration for the 2018 acquisitions and the final amounts allocated to the assets acquired and liabilities assumed were as follows:

	December 31, 2018	Measurement Period Adjustments	December 31, 2019
(In thousands)			
Assets			
Current assets:			
Receivables, net	\$ 18,984	\$ —	\$ 18,984
Inventories	10,329	(228)	10,101
Other current assets	515	(14)	501
Total current assets	29,828	(242)	29,586
Property, plant and equipment	131,766	6,669	138,435
Deferred charges and other assets:			
Goodwill	33,131	(6,669)	26,462
Other intangible assets, net	8,227	—	8,227
Other	927	—	927
Total deferred charges and other assets	42,285	(6,669)	35,616
Total assets acquired	\$ 203,879	\$ (242)	\$ 203,637
Liabilities			
Current liabilities	\$ 11,122	\$ (242)	\$ 10,880
Deferred credits and other liabilities:			
Asset retirement obligation	914	—	914
Deferred income taxes	5,565	—	5,565
Total deferred credits and other liabilities	6,479	—	6,479
Total liabilities assumed	\$ 17,601	\$ (242)	\$ 17,359
Total consideration (fair value)	\$ 186,278	\$ —	\$ 186,278

For the years ended December 31, 2019 and 2018, costs incurred for acquisitions were \$655,000 and \$1.5 million, respectively, and are included in operation and maintenance expense on the Consolidated Statements of Income.

Note 4 - Discontinued Operations

The assets and liabilities of the Company's discontinued operations have been classified as held for sale and the results of operations are shown in income (loss) from discontinued operations, other than certain general and administrative costs and interest expense which do not meet the criteria for income (loss) from discontinued operations. At the time the assets were classified as held for sale, depreciation, depletion and amortization expense was no longer recorded.

Part II

On June 27, 2016, the Company sold Dakota Prairie Refining to Tesoro. During 2015 and 2016, the Company sold substantially all of Fidelity's oil and natural gas assets. In July 2018, the Company completed the sale of a majority of the remaining property, plant and equipment of Fidelity. The sales of Dakota Prairie Refining and Fidelity were part of the Company's strategic plan to grow its capital investments in the remaining business segments, reduce exposure to commodity pricing and to focus on creating a greater long-term value.

At December 31, 2019 and 2018, the Company's deferred tax assets included in assets held for sale of \$1.3 million and \$1.9 million, respectively, were largely comprised of state alternative minimum tax credits.

The carrying amounts of the major classes of assets and liabilities classified as held for sale on the Consolidated Balance Sheets at December 31 were as follows:

	2019	2018
	(In thousands)	
Assets		
Current assets:		
Receivables, net	\$ 425	\$ 430
Total current assets held for sale	425	430
Noncurrent assets:		
Deferred income taxes	1,265	1,926
Other	161	161
Total noncurrent assets held for sale	1,426	2,087
Total assets held for sale	\$ 1,851	\$ 2,517
Liabilities		
Current liabilities:		
Accounts payable	\$ —	\$ 80
Taxes payable	1,279	1,451
Other accrued liabilities	2,232	2,470
Total current liabilities held for sale	3,511	4,001
Total liabilities held for sale	\$ 3,511	\$ 4,001

The reconciliation of the major classes of income and expense constituting pretax income (loss) from discontinued operations to the after-tax income (loss) from discontinued operations on the Consolidated Statements of Income for the years ended December 31 were as follows:

	2019	2018	2017
	(In thousands)		
Operating revenues	\$ 103	\$ (459)	\$ 465
Operating expenses	290	921	(4,607)
Operating income (loss)	(187)	(1,380)	5,072
Other income (expense)	—	12	(13)
Interest expense	—	575	250
Income (loss) from discontinued operations before income taxes	(187)	(1,943)	4,809
Income taxes*	(474)	(4,875)	8,592
Income (loss) from discontinued operations	\$ 287	\$ 2,932	\$ (3,783)

* Includes eliminations for the presentation of income tax adjustments between continuing and discontinued operations.

Note 5 - Leases

Most of the leases the Company enters into are for equipment, buildings, easements and vehicles as part of their ongoing operations. The Company also leases certain equipment to third parties through its utility and construction services segments. The Company determines if an arrangement contains a lease at inception of a contract and accounts for all leases in accordance with ASC 842 - *Leases*. For more information on the adoption of ASC 842, see Note 1.

The recognition of leases requires the Company to make estimates and assumptions that affect the lease classification and the assets and liabilities recorded. The accuracy of lease assets and liabilities reported on the Consolidated Financial Statements depends on, among other things, management's estimates of interest rates used to discount the lease assets and liabilities to their present value, as well as the lease terms based on the unique facts and circumstances of each lease.

Lessee accounting

The leases the Company has entered into as part of its ongoing operations are considered operating leases and are recognized on the Consolidated Balance Sheets as right-of-use assets, current lease liabilities and, if applicable, noncurrent lease liabilities. The corresponding lease costs are included in operation and maintenance expense on the Consolidated Statements of Income.

Generally, the leases for vehicles and equipment have a term of five years or less and buildings and easements have a longer term of up to 35 years or more. To date, the Company does not have any residual value guarantee amounts probable of being owed to a lessor, financing leases or material agreements with related parties.

The following tables provide information on the Company's operating leases at and for the year ended December 31, 2019:

(In thousands)		
Lease costs:		
Operating lease cost	\$	43,759
Variable lease cost		1,555
Short-term lease cost		120,030
Total lease costs	\$	165,344

(Dollars in thousands)	
Weighted average remaining lease term	3.13 years
Weighted average discount rate	4.41%
Cash paid for amounts included in the measurement of lease liabilities	\$ 43,477

The reconciliation of the future undiscounted cash flows to the operating lease liabilities presented on the Consolidated Balance Sheet at December 31, 2019, was as follows:

(In thousands)	
2020	\$ 35,156
2021	24,893
2022	16,932
2023	10,227
2024	7,368
Thereafter	47,926
Total	142,502
Less discount	27,096
Total operating lease liabilities	\$ 115,406

The undiscounted annual minimum lease payments due under the Company's leases following the previous lease accounting standard as of December 31, 2018, were as follows:

	2019	2020	2021	2022	2023	Thereafter
(In thousands)						
Operating leases	\$ 37,740	\$ 26,255	\$ 17,868	\$ 11,647	\$ 7,278	\$ 49,098

Lessor accounting

The Company leases certain equipment to third parties, which are considered operating leases. The Company recognized revenue from operating leases of \$51.5 million for the year ended December 31, 2019.

The majority of the Company's operating leases are short-term leases of less than 12 months. At December 31, 2019, the Company had \$11.3 million of lease receivables with a majority due within 12 months or less.

Part II

Note 6 - Goodwill and Other Intangible Assets

The changes in the carrying amount of goodwill for the year ended December 31, 2019, were as follows:

	Balance at January 1, 2019	Goodwill Acquired During the Year	Measurement Period Adjustments	Balance at December 31, 2019
(In thousands)				
Natural gas distribution	\$ 345,736	\$ —	\$ —	\$ 345,736
Construction materials and contracting	209,421	14,482	(6,669)	217,234
Construction services	109,765	8,623	—	118,388
Total	\$ 664,922	\$ 23,105	\$ (6,669)	\$ 681,358

The changes in the carrying amount of goodwill for the year ended December 31, 2018, were as follows:

	Balance at January 1, 2018	Goodwill Acquired During the Year	Measurement Period Adjustments	Balance at December 31, 2018
(In thousands)				
Natural gas distribution	\$ 345,736	\$ —	\$ —	\$ 345,736
Construction materials and contracting	176,290	33,131	—	209,421
Construction services	109,765	—	—	109,765
Total	\$ 631,791	\$ 33,131	\$ —	\$ 664,922

During 2019 and 2018, the Company completed three and four business combinations, respectively, and the results of these acquisitions have been included in the Company's construction materials and contracting and construction services segments. These business combinations increased the construction materials and contracting segment's goodwill balance at December 31, 2019 and 2018, respectively, and increased the construction services segment's goodwill balance at December 31, 2019, as noted in the previous tables. At December 31, 2019 and 2018, the impacts of these business combinations on other intangible assets resulted in an increase of \$6.8 million and \$8.2 million, respectively. For more information related to these business combinations, see Note 3.

Other amortizable intangible assets at December 31 were as follows:

	2019	2018
(In thousands)		
Customer relationships	\$ 17,958	\$ 22,720
Less accumulated amortization	6,268	13,535
	11,690	9,185
Noncompete agreements	3,439	2,605
Less accumulated amortization	1,957	1,956
	1,482	649
Other	8,094	6,458
Less accumulated amortization	6,020	5,477
	2,074	981
Total	\$ 15,246	\$ 10,815

Amortization expense for amortizable intangible assets for the years ended December 31, 2019, 2018 and 2017, was \$2.4 million, \$1.2 million and \$2.0 million, respectively. The amounts of estimated amortization expense for identifiable intangible assets as of December 31, 2019, were:

	2020	2021	2022	2023	2024	Thereafter
(In thousands)						
Amortization expense	\$ 3,365	\$ 2,016	\$ 1,968	\$ 1,924	\$ 1,610	\$ 4,363

Note 7 - Regulatory Assets and Liabilities

The following table summarizes the individual components of unamortized regulatory assets and liabilities as of December 31:

	Estimated Recovery Period *	2019	2018
(In thousands)			
Regulatory assets:			
Pension and postretirement benefits (a)	(e)	\$ 157,069	\$ 165,898
Natural gas costs recoverable through rate adjustments (a) (b)	Up to 3 years	89,204	42,652
Asset retirement obligations (a)	Over plant lives	66,000	60,097
Plants to be retired (a)	-	32,931	—
Cost recovery mechanisms (a) (b)	Up to 3 years	19,396	17,948
Manufactured gas plant sites remediation (a)	-	15,347	17,068
Taxes recoverable from customers (a)	Over plant lives	11,486	11,946
Conservation programs (a) (b)	Up to 3 years	7,405	7,494
Long-term debt refinancing costs (a)	Up to 18 years	4,286	4,898
Costs related to identifying generation development (a)	Up to 7 years	2,052	2,508
Other (a) (b)	Up to 19 years	12,221	9,608
Total regulatory assets		\$ 417,397	\$ 340,117
Regulatory liabilities:			
Taxes refundable to customers (c) (d)		\$ 249,506	\$ 277,833
Plant removal and decommissioning costs (c)		173,722	173,143
Natural gas costs refundable through rate adjustments (d)		23,825	29,995
Pension and postretirement benefits (c)		18,065	15,264
Other (c) (d)		25,187	25,197
Total regulatory liabilities		\$ 490,305	\$ 521,432
Net regulatory position		\$ (72,908)	\$ (181,315)

* Estimated recovery period for regulatory assets currently being recovered in rates charged to customers.

(a) Included in deferred charges and other assets - other on the Consolidated Balance Sheets.

(b) Included in prepayments and other current assets on the Consolidated Balance Sheets.

(c) Included in deferred credits and other liabilities - other on the Consolidated Balance Sheets.

(d) Included in other accrued liabilities on the Consolidated Balance Sheets.

(e) Recovered as expense is incurred or cash contributions are made.

The regulatory assets are expected to be recovered in rates charged to customers. A portion of the Company's regulatory assets are not earning a return; however, these regulatory assets are expected to be recovered from customers in future rates. As of December 31, 2019 and 2018, approximately \$276.5 million and \$313.5 million, respectively, of regulatory assets were not earning a rate of return.

During the first quarter of 2019 and the fourth quarter of 2018, the Company experienced increased natural gas costs in certain jurisdictions where it supplies natural gas. The Company has recorded these natural gas costs as regulatory assets as they are expected to be recovered from customers, as discussed in Note 19.

In February 2019, the Company announced that it intends to retire three aging coal-fired electric generating units in early 2021 and early 2022. The Company has accelerated the depreciation related to these facilities in property, plant and equipment and has recorded the difference between the accelerated depreciation, in accordance with GAAP, and the depreciation approved for rate-making purposes as regulatory assets. The Company expects to recover the regulatory assets related to the plants to be retired in future rates.

If, for any reason, the Company's regulated businesses cease to meet the criteria for application of regulatory accounting for all or part of their operations, the regulatory assets and liabilities relating to those portions ceasing to meet such criteria would be removed from the balance sheet and included in the statement of income or accumulated other comprehensive income (loss) in the period in which the discontinuance of regulatory accounting occurs.

Note 8 - Fair Value Measurements

The Company measures its investments in certain fixed-income and equity securities at fair value with changes in fair value recognized in income. The Company anticipates using these investments, which consist of an insurance contract, to satisfy its obligations under its unfunded, nonqualified defined benefit plans for executive officers and certain key management employees, and invests in these fixed-income and equity securities for the purpose of earning investment returns and capital appreciation. These investments, which totaled \$87.0 million and \$73.8 million at December 31, 2019 and 2018, respectively, are classified as investments on the Consolidated Balance Sheets. The net unrealized gains on these investments for the years ended December 31, 2019 and 2017, were \$13.2 million and \$9.3 million, respectively. The net unrealized loss on these investments for the year ended December 31, 2018, was \$3.6 million. The change in fair value, which is considered part of the cost of the plan, is classified in other income on the Consolidated Statements of Income.

The Company did not elect the fair value option, which records gains and losses in income, for its available-for-sale securities, which include mortgage-backed securities and U.S. Treasury securities. These available-for-sale securities are recorded at fair value and are classified as investments on the Consolidated Balance Sheets. Unrealized gains or losses are recorded in accumulated other comprehensive income (loss). Details of available-for-sale securities were as follows:

December 31, 2019	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
(In thousands)				
Mortgage-backed securities	\$ 9,804	\$ 87	\$ 10	\$ 9,881
U.S. Treasury securities	1,228	1	—	1,229
Total	\$ 11,032	\$ 88	\$ 10	\$ 11,110

December 31, 2018	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
(In thousands)				
Mortgage-backed securities	\$ 10,473	\$ 21	\$ 162	\$ 10,332
U.S. Treasury securities	179	—	—	179
Total	\$ 10,652	\$ 21	\$ 162	\$ 10,511

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The fair value ASC establishes a hierarchy for grouping assets and liabilities, based on the significance of inputs. The estimated fair values of the Company's assets and liabilities measured on a recurring basis are determined using the market approach. The Company's Level 2 money market funds are valued at the net asset value of shares held at the end of the period, based on published market quotations on active markets, or using other known sources including pricing from outside sources. The estimated fair value of the Company's Level 2 mortgage-backed securities and U.S. Treasury securities are based on comparable market transactions, other observable inputs or other sources, including pricing from outside sources. The estimated fair value of the Company's Level 2 insurance contract is based on contractual cash surrender values that are determined primarily by investments in managed separate accounts of the insurer. These amounts approximate fair value. The managed separate accounts are valued based on other observable inputs or corroborated market data.

Though the Company believes the methods used to estimate fair value are consistent with those used by other market participants, the use of other methods or assumptions could result in a different estimate of fair value. For the years ended December 31, 2019 and 2018, there were no transfers between Levels 1 and 2.

The Company's assets measured at fair value on a recurring basis were as follows:

	Fair Value Measurements at December 31, 2019, Using			Balance at December 31, 2019
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
(In thousands)				
Assets:				
Money market funds	\$ —	\$ 8,440	\$ —	\$ 8,440
Insurance contract*	—	87,009	—	87,009
Available-for-sale securities:				
Mortgage-backed securities	—	9,881	—	9,881
U.S. Treasury securities	—	1,229	—	1,229
Total assets measured at fair value	\$ —	\$ 106,559	\$ —	\$ 106,559

* The insurance contract invests approximately 51 percent in fixed-income investments, 23 percent in common stock of large-cap companies, 12 percent in common stock of mid-cap companies, 10 percent in common stock of small-cap companies, 3 percent in target date investments and 1 percent in cash equivalents.

	Fair Value Measurements at December 31, 2018, Using			Balance at December 31, 2018
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
(In thousands)				
Assets:				
Money market funds	\$ —	\$ 10,799	\$ —	10,799
Insurance contract*	—	73,838	—	73,838
Available-for-sale securities:				
Mortgage-backed securities	—	10,332	—	10,332
U.S. Treasury securities	—	179	—	179
Total assets measured at fair value	\$ —	\$ 95,148	\$ —	95,148

* The insurance contract invests approximately 53 percent in fixed-income investments, 21 percent in common stock of large-cap companies, 11 percent in common stock of mid-cap companies, 10 percent in common stock of small-cap companies, 3 percent in target date investments and 2 percent in cash equivalents.

The Company applies the provisions of the fair value measurement standard to its nonrecurring, non-financial measurements, including long-lived asset impairments. These assets are not measured at fair value on an ongoing basis but are subject to fair value adjustments only in certain circumstances. The Company reviews the carrying value of its long-lived assets, excluding goodwill, whenever events or changes in circumstances indicate that such carrying amounts may not be recoverable.

In the second quarter of 2019, the Company reviewed a non-utility investment at its electric and natural gas distribution segments for impairment. This was a cost-method investment and was written down to zero using the income approach to determine its fair value, requiring the Company to record a write-down of \$2.0 million, before tax. The fair value of this investment was categorized as Level 3 in the fair value hierarchy. The reduction is reflected in investments on the Consolidated Balance Sheet, as well as within other income on the Consolidated Statement of Income.

The Company performed a fair value assessment of the assets acquired and liabilities assumed in the business combinations that occurred during 2019 and 2018. For more information on these Level 2 and Level 3 fair value measurements, see Note 3.

Part II

The Company's long-term debt is not measured at fair value on the Consolidated Balance Sheets and the fair value is being provided for disclosure purposes only. The fair value was categorized as Level 2 in the fair value hierarchy and was based on discounted future cash flows using current market interest rates. The estimated fair value of the Company's Level 2 long-term debt at December 31 was as follows:

	2019	2018
	(In thousands)	
Carrying Amount	\$ 2,243,107	\$ 2,108,695
Fair Value	\$ 2,418,631	\$ 2,183,819

The carrying amounts of the Company's remaining financial instruments included in current assets and current liabilities approximate their fair values.

Note 9 - Debt

Certain debt instruments of the Company's subsidiaries, including those discussed later, contain restrictive and financial covenants and cross-default provisions. In order to borrow under the debt agreements, the subsidiary companies must be in compliance with the applicable covenants and certain other conditions, all of which the subsidiaries, as applicable, were in compliance with at December 31, 2019. In the event the subsidiaries do not comply with the applicable covenants and other conditions, alternative sources of funding may need to be pursued.

The following table summarizes the outstanding revolving credit facilities of the Company's subsidiaries:

Company	Facility	Facility Limit	Amount Outstanding at December 31, 2019	Amount Outstanding at December 31, 2018	Letters of Credit at December 31, 2019	Expiration Date
(In millions)						
Montana-Dakota Utilities Co.	Commercial paper/Revolving credit agreement	(a) \$ 175.0	\$ 118.6 (b)	\$ 48.5	\$ —	12/19/24
Cascade Natural Gas Corporation	Revolving credit agreement	\$ 100.0 (c)	\$ 64.6	\$ 53.8	\$ 2.2 (d)	6/7/24
Intermountain Gas Company	Revolving credit agreement	\$ 85.0 (e)	\$ 24.5	\$ 56.3	\$ 1.4 (d)	6/7/24
Centennial Energy Holdings, Inc.	Commercial paper/Revolving credit agreement	(f) \$ 600.0	\$ 104.3 (b)	\$ 289.6 (b)	\$ —	12/19/24

(a) The commercial paper program is supported by a revolving credit agreement with various banks (provisions allow for increased borrowings, at the option of Montana-Dakota on stated conditions, up to a maximum of \$225.0 million). There were no amounts outstanding under the revolving credit agreement at December 31, 2019, and \$48.5 million was outstanding at December 31, 2018.

(b) Amount outstanding under commercial paper program.

(c) Certain provisions allow for increased borrowings, up to a maximum of \$125.0 million.

(d) Outstanding letter(s) of credit reduce the amount available under the credit agreement.

(e) Certain provisions allow for increased borrowings, up to a maximum of \$110.0 million.

(f) The commercial paper program is supported by a revolving credit agreement with various banks (provisions allow for increased borrowings, at the option of Centennial on stated conditions, up to a maximum of \$700.0 million). There were no amounts outstanding under the revolving credit agreement.

The respective commercial paper programs are supported by revolving credit agreements. While the amount of commercial paper outstanding does not reduce available capacity under the respective revolving credit agreements, Montana-Dakota and Centennial do not issue commercial paper in an aggregate amount exceeding the available capacity under their credit agreements. The commercial paper borrowings may vary during the period, largely the result of fluctuations in working capital requirements due to the seasonality of certain operations of the Company's subsidiaries.

The following includes information related to the preceding table.

Long-term debt

Long-term Debt Outstanding Long-term debt outstanding was as follows:

	Weighted Average Interest Rate at December 31, 2019	2019	2018
(In thousands)			
Senior Notes due on dates ranging from October 22, 2022 to November 18, 2059	4.45%	\$ 1,850,000	\$ 1,381,000
Commercial paper supported by revolving credit agreements	2.04%	222,900	338,100
Term Loan Agreement due on September 3, 2032	2.00%	9,100	209,800
Credit agreements due on June 7, 2024	4.40%	89,050	110,100
Medium-Term Notes due on dates ranging from September 1, 2020 to March 16, 2029	6.68%	50,000	50,000
Other notes due on dates ranging from July 15, 2021 to November 30, 2038	4.48%	29,117	25,229
Less unamortized debt issuance costs		7,010	5,207
Less discount		50	327
Total long-term debt		2,243,107	2,108,695
Less current maturities		16,540	251,854
Net long-term debt	\$	2,226,567	\$ 1,856,841

Montana-Dakota On January 1, 2019, the Company's revolving credit agreement and commercial paper program became Montana-Dakota's revolving credit agreement and commercial paper program as a result of the Holding Company Reorganization. The outstanding balance of the revolving credit agreement was also transferred to Montana-Dakota. All of the related terms and covenants of the credit agreements remained the same. For more information on the reorganization, see Note 1.

On December 19, 2019, Montana-Dakota amended and restated its revolving credit agreement extending the maturity date to December 19, 2024. Montana-Dakota's revolving credit agreement supports its commercial paper program. Commercial paper borrowings under this agreement are classified as long-term debt as they are intended to be refinanced on a long-term basis through continued commercial paper borrowings.

The credit agreement contains customary covenants and provisions, including covenants of Montana-Dakota not to permit, as of the end of any fiscal quarter, the ratio of funded debt to total capitalization (determined on a consolidated basis) to be greater than 65 percent. Other covenants include limitations on the sale of certain assets and on the making of certain loans and investments.

On July 24, 2019, Montana-Dakota entered into a \$200.0 million note purchase agreement with maturity dates ranging from October 17, 2039 to November 18, 2059, at a weighted average interest rate of 3.95 percent. The agreement contains customary covenants and provisions, including a covenant of Montana-Dakota not to permit, at any time, the ratio of total debt to total capitalization to be greater than 65 percent.

Montana-Dakota's ratio of total debt to total capitalization at December 31, 2019, was 52 percent.

Cascade On June 7, 2019, Cascade amended its revolving credit agreement to increase the borrowing capacity to \$100.0 million and extend the maturity date to June 7, 2024. Any borrowings under the revolving credit agreement are classified as long-term debt as they are intended to be refinanced on a long-term basis through continued borrowings.

The credit agreement contains customary covenants and provisions, including a covenant of Cascade not to permit, at any time, the ratio of total debt to total capitalization to be greater than 65 percent. Other covenants include restrictions on the sale of certain assets, limitations on indebtedness and the making of certain investments.

On June 13, 2019, Cascade issued \$75.0 million of senior notes with maturity dates ranging from June 13, 2029 to June 13, 2049, at a weighted average interest rate of 3.93 percent. The agreement contains customary covenants and provisions, including a covenant of Cascade not to permit, at any time, the ratio of total debt to total capitalization to be greater than 65 percent.

Cascade's ratio of total debt to total capitalization at December 31, 2019, was 53 percent.

Part II

Intermountain On June 7, 2019, Intermountain amended its revolving credit agreement to extend the maturity date to June 7, 2024. Any borrowings under the revolving credit agreement are classified as long-term debt as they are intended to be refinanced on a long-term basis through continued borrowings.

The credit agreement contains customary covenants and provisions, including a covenant of Intermountain not to permit, at any time, the ratio of total debt to total capitalization to be greater than 65 percent. Other covenants include restrictions on the sale of certain assets, limitations on indebtedness and the making of certain investments.

On June 13, 2019, Intermountain issued \$50.0 million of senior notes with maturity dates ranging from June 13, 2029 to June 13, 2049, at a weighted average interest rate of 3.92 percent. The agreement contains customary covenants and provisions, including a covenant of Intermountain not to permit, at any time, the ratio of total debt to total capitalization to be greater than 65 percent.

Intermountain's ratio of total debt to total capitalization at December 31, 2019, was 50 percent.

Centennial On December 19, 2019, Centennial amended and restated its revolving credit agreement to increase the borrowing capacity to \$600.0 million and extend the maturity date to December 19, 2024. Centennial's revolving credit agreement supports its commercial paper program. Commercial paper borrowings under this agreement are classified as long-term debt as they are intended to be refinanced on a long-term basis through continued commercial paper borrowings.

Centennial's revolving credit agreement contains customary covenants and provisions, including a covenant of Centennial, not to permit, as of the end of any fiscal quarter, the ratio of total consolidated debt to total consolidated capitalization to be greater than 65 percent. Other covenants include restricted payments, restrictions on the sale of certain assets, limitations on subsidiary indebtedness, minimum consolidated net worth, limitations on priority debt and the making of certain loans and investments.

On April 4, 2019, Centennial issued \$150.0 million of senior notes with maturity dates ranging from April 4, 2029 to April 4, 2034, at a weighted average interest rate of 4.60 percent. The agreement contains customary covenants and provisions, including a covenant of Centennial not to permit, at any time, the ratio of total debt to total capitalization to be greater than 60 percent.

Centennial's ratio of total debt to total capitalization at December 31, 2019, was 34 percent.

Certain of Centennial's financing agreements contain cross-default provisions. These provisions state that if Centennial or any subsidiary of Centennial fails to make any payment with respect to any indebtedness or contingent obligation, in excess of a specified amount, under any agreement that causes such indebtedness to be due prior to its stated maturity or the contingent obligation to become payable, the applicable agreements will be in default.

WBI Energy Transmission On July 26, 2019, WBI Energy Transmission amended its uncommitted note purchase and private shelf agreement to increase capacity to \$300.0 million and extend the issuance period to May 16, 2022. On December 16, 2019, WBI Energy Transmission issued \$45.0 million of senior notes under the private shelf agreement with a maturity date of December 16, 2034, at an interest rate of 4.17 percent. WBI Energy Transmission had \$170.0 million of notes outstanding at December 31, 2019, which reduced the remaining capacity under this uncommitted private shelf agreement to \$130.0 million. This agreement contains customary covenants and provisions, including a covenant of WBI Energy Transmission not to permit, as of the end of any fiscal quarter, the ratio of total debt to total capitalization to be greater than 55 percent. Other covenants include a limitation on priority debt and restrictions on the sale of certain assets and the making of certain investments.

WBI Energy Transmission's ratio of total debt to total capitalization at December 31, 2019, was 40 percent.

Schedule of Debt Maturities Long-term debt maturities, which excludes unamortized debt issuance costs and discount, for the five years and thereafter following December 31, 2019, were as follows:

	2020	2021	2022	2023	2024	Thereafter
	(In thousands)					
Long-term debt maturities	\$ 16,540	\$ 1,528	\$ 148,021	\$ 77,921	\$ 373,372	\$ 1,632,785

Note 10 - Asset Retirement Obligations

The Company records obligations related to retirement costs of natural gas distribution mains and lines, natural gas transmission lines, natural gas storage wells, decommissioning of certain electric generating facilities, reclamation of certain aggregate properties, special handling and disposal of hazardous materials at certain electric generating facilities, natural gas distribution facilities and buildings, and certain other obligations as asset retirement obligations.

A reconciliation of the Company's liability, which is included in other accrued liabilities and deferred credits and other liabilities - other on the Consolidated Balance Sheets, for the years ended December 31 was as follows:

	2019	2018
	(In thousands)	
Balance at beginning of year	\$ 375,553	\$ 341,969
Liabilities incurred	25,869	13,424
Liabilities acquired	486	1,002
Liabilities settled	(7,097)	(3,699)
Accretion expense*	19,789	18,242
Revisions in estimates	2,975	4,615
Balance at end of year	\$ 417,575	\$ 375,553

* Includes \$18.3 million and \$16.8 million in 2019 and 2018, respectively, related to regulatory assets.

The Company believes that largely all expenses related to asset retirement obligations at the Company's regulated operations will be recovered in rates over time and, accordingly, defers such expenses as regulatory assets. For more information on the Company's regulatory assets and liabilities, see Note 7.

Note 11 - Preferred Stock

The Company currently has 2.0 million shares of preferred stock authorized to be issued with a \$100 par value. At December 31, 2019, there were no shares outstanding. At December 31, 2018, there were no shares outstanding. On April 1, 2017, the Company redeemed all outstanding 4.50% Series and 4.70% Series preferred stocks at \$105 per share and \$102 per share, respectively, for a repurchase price of approximately \$15.6 million and \$300,000 of redeemable preferred stock classified as long-term debt.

Note 12 - Common Stock

The Company depends on earnings and dividends from its subsidiaries to pay dividends on common stock. The Company has paid quarterly dividends for more than 80 consecutive years with an increase in the dividend amount for the last 29 consecutive years. For the years ended December 31, 2019, 2018 and 2017, dividends declared on common stock were \$.8150, \$.7950 and \$.7750 per common share, respectively. Dividends on common stock are paid quarterly to the stockholders of record less than 30 days prior to the distribution date. For the years ended December 31, 2019, 2018 and 2017, the dividends declared to common stockholders were \$162.1 million, \$155.7 million and \$151.5 million, respectively.

The declaration and payment of dividends of the Company is at the sole discretion of the board of directors. In addition, the Company's subsidiaries are generally restricted to paying dividends out of capital accounts or net assets. The following discusses the most restrictive limitations.

Pursuant to a covenant under a credit agreement, Centennial may only declare or pay distributions if as of the last day of any fiscal quarter, the ratio of Centennial's average consolidated indebtedness as of the last day of such fiscal quarter and each of the preceding three fiscal quarters to Centennial's Consolidated EBITDA does not exceed 3.5 to 1. In addition, certain credit agreements and regulatory limitations of the Company's subsidiaries also contain restrictions on dividend payments. The most restrictive limitation requires the Company's subsidiaries not to permit the ratio of funded debt to capitalization to be greater than 65 percent. Based on this limitation, approximately \$1.4 billion of the net assets of the Company's subsidiaries, which represents common stockholders' equity including retained earnings, would be restricted from use for dividend payments at December 31, 2019.

The Company currently has a shelf registration statement on file with the SEC, under which the Company may issue and sell any combination of common stock and debt securities. The Company may sell such securities if warranted by market conditions and the Company's capital requirements. Any public offer and sale of such securities will be made only by means of a prospectus meeting the requirements of the Securities Act and the rules and regulations thereunder. The Company's board of directors currently has authorized the issuance and sale of up to an aggregate of \$1.0 billion worth of such securities.

Part II

On February 22, 2019, the Company entered into a Distribution Agreement with J.P. Morgan Securities LLC and MUFG Securities Americas Inc., as sales agents, with respect to the issuance and sale of up to 10.0 million shares of the Company's common stock in connection with an "at-the-market" offering. The common stock may be offered for sale, from time to time, in accordance with the terms and conditions of the agreement.

The Company issued 3.6 million shares of common stock for the year ended December 31, 2019, pursuant to the "at-the-market" offering. For the year ended December 31, 2019, the Company received net proceeds of \$94.0 million and paid commissions to the sales agents of approximately \$950,000 in connection with the sales of common stock under the "at-the-market" offering. The net proceeds were used for capital expenditures and acquisitions. As of December 31, 2019, the Company had remaining capacity to issue up to 6.4 million additional shares of common stock under the "at-the-market" offering program.

The K-Plan provides participants the option to invest in the Company's common stock. For the years ended December 31, 2019, 2018 and 2017, the K-Plan purchased shares of common stock on the open market or issued original issue common stock of the Company. At December 31, 2019, there were 7.3 million shares of common stock reserved for original issuance under the K-Plan.

Note 13 - Stock-Based Compensation

The Company has stock-based compensation plans under which it is currently authorized to grant restricted stock and other stock awards. As of December 31, 2019, there were 4.6 million remaining shares available to grant under these plans. The Company either purchases shares on the open market or issues new shares of common stock to satisfy the vesting of stock-based awards.

Total stock-based compensation expense (after tax) was \$6.5 million, \$4.6 million and \$2.7 million in 2019, 2018 and 2017, respectively.

As of December 31, 2019, total remaining unrecognized compensation expense related to stock-based compensation was approximately \$9.7 million (before income taxes) which will be amortized over a weighted average period of 1.6 years.

Stock awards

Non-employee directors receive shares of common stock in addition to and in lieu of cash payment for directors' fees. Shares of common stock were issued under the non-employee director stock compensation plan or the non-employee director long-term incentive compensation plan in 2019, 2018 and 2017. There were 41,644 shares with a fair value of \$1.2 million, 38,605 shares with a fair value of \$1.0 million and 40,572 shares with a fair value of \$1.1 million issued to non-employee directors during the years ended December 31, 2019, 2018 and 2017, respectively.

Restricted stock awards

In February 2018, the Company granted restricted stock awards under the long-term performance-based incentive plan to certain key employees. The restricted stock awards granted will vest after three years. The grant-date fair value is the market price of the Company's stock on the grant date. At December 31, 2019, the total nonvested shares were 22,838 with a weighted average grant-date fair value of \$27.48 per share.

Performance share awards

Since 2003, key employees of the Company have been granted performance share awards each year under the long-term performance-based incentive plan. Entitlement to performance shares is established by either the market condition or the performance metrics and service condition relative to the designated award.

Target grants of performance shares outstanding at December 31, 2019, were as follows:

Grant Date	Performance Period	Target Grant of Shares
February 2018	2018-2020	246,309
February 2019	2019-2021	327,194

Under the market condition for these performance share awards, participants may earn from zero to 200 percent of the apportioned target grant of shares based on the Company's total shareholder return relative to that of the selected peer group. Compensation expense is based on the grant-date fair value as determined by Monte Carlo simulation. The blended volatility term structure ranges are comprised of 50 percent historical volatility and 50 percent implied volatility. Risk-free interest rates were based on U.S. Treasury security rates in effect as of the grant date. Assumptions used for grants applicable to the market condition for certain performance shares issued in 2019, 2018 and 2017 were:

	2019			2018			2017		
Weighted average grant-date fair value	\$35.07			\$34.55			\$24.31		
Blended volatility range	19.50%	–	19.69%	17.87%	–	22.14%	22.70%	–	25.56%
Risk-free interest rate range	2.46%	–	2.55%	1.86%	–	2.46%	.69%	–	1.61%
Weighted average discounted dividends per share	\$2.85			\$2.46			\$1.70		

Under the performance conditions for these performance share awards, participants may earn from zero to 200 percent of the apportioned target grant of shares. The performance conditions are based on the Company's compound annual growth rate in earnings from continuing operations before interest, taxes, depreciation, depletion and amortization and the Company's compound annual growth rate in earnings from continuing operations. The weighted average grant-date fair value per share for the performance shares applicable to these performance conditions issued in 2019 and 2018 was \$26.25 and \$27.48, respectively.

The fair value of the performance shares that vested during the years ended December 31, 2019 and 2017, was \$9.7 million and \$9.6 million, respectively. There were no performance shares that vested in 2018.

A summary of the status of the performance share awards for the year ended December 31, 2019, was as follows:

	Number of Shares	Weighted Average Grant-Date Fair Value
Nonvested at beginning of period	668,791	\$ 23.03
Granted	327,194	30.66
Additional performance shares earned	103,159	14.60
Less:		
Vested	398,919	15.52
Forfeited	126,722	24.31
Nonvested at end of period	573,503	\$ 30.81

Note 14 - Income Taxes

The components of income before income taxes from continuing operations for each of the years ended December 31 were as follows:

	2019		2018		2017
	(In thousands)				
United States	\$	398,532	\$	317,655	\$ 350,064
Foreign		(87)		(784)	(37)
Income before income taxes from continuing operations	\$	398,445	\$	316,871	\$ 350,027

Part II

Income tax expense (benefit) from continuing operations for the years ended December 31 was as follows:

	2019	2018	2017
	(In thousands)		
Current:			
Federal	\$ (3,502)	\$ (15,901)	\$ 74,272
State	3,366	3,651	16,192
	(136)	(12,250)	90,464
Deferred:			
Income taxes:			
Federal	50,218	50,755	(24,497)
State	12,098	7,206	(864)
Investment tax credit - net	1,099	1,774	(62)
	63,415	59,735	(25,423)
Total income tax expense	\$ 63,279	\$ 47,485	\$ 65,041

In accordance with the accounting guidance on accounting for income taxes, the tax effects of the change in tax laws or rates are to be recorded in the period of enactment. The TCJA was enacted on December 22, 2017, as discussed in Note 1. Therefore, the reduction in the corporate tax rate from 35 percent to 21 percent required the Company to prepare a one-time revaluation of the Company's deferred tax assets and liabilities in the fourth quarter of 2017, the period of enactment. The deferred taxes were revalued at the new tax rate because deferred taxes should reflect what the Company expects to pay or receive in future periods under the applicable tax rate. As a result of the revaluation, the Company reduced the value of these assets and liabilities and recorded a tax benefit from continuing operations of \$39.5 million on the Consolidated Statements of Income for the year ended December 31, 2017. Included in the tax benefit from continuing operations was income tax expense of \$7.7 million related to amounts in accumulated other comprehensive loss and \$1.0 million related to the Company's assets held for sale.

The Company's regulated operations prepared a one-time revaluation of the Company's regulatory deferred tax assets and liabilities in the fourth quarter of 2017 related to the enactment of the TCJA. The revaluation was deferred under regulatory accounting as the Company worked with the various regulators to determine the amount and timing of amounts to be returned to customers. In the third quarter of 2018, the Company reversed a regulatory liability recorded in 2017 based on a FERC final accounting order being issued, which resulted in a \$4.2 million tax benefit.

The changes included in the TCJA were broad and complex. The SEC issued rules that allowed for a measurement period of up to one year after the enactment date of the TCJA to finalize the recording of the related tax impacts. The Company reviewed the impacts of the TCJA and completed its assessment of the transitional impacts during the period ending December 31, 2018, of which there were no such material adjustments.

Components of deferred tax assets and deferred tax liabilities at December 31 were as follows:

	2019	2018
	(In thousands)	
Deferred tax assets:		
Postretirement	\$ 51,075	\$ 51,930
Compensation-related	37,330	29,885
Operating lease liabilities	24,459	—
Asset retirement obligations	7,450	7,083
Customer advances	7,325	7,734
Legal and environmental contingencies	6,601	6,729
Federal renewable energy credit	5,343	8,015
Alternative minimum tax credit carryforward	—	13,404
Other	32,533	37,347
Total deferred tax assets	172,116	162,127
Deferred tax liabilities:		
Depreciation and basis differences on property, plant and equipment	511,867	476,832
Postretirement	48,927	44,432
Operating lease right-of-use-assets	24,436	—
Intangible asset amortization	18,930	17,752
Other	61,385	39,712
Total deferred tax liabilities	665,545	578,728
Valuation allowance	13,154	13,484
Net deferred income tax liability	\$ 506,583	\$ 430,085

As of December 31, 2019 and 2018, the Company had various state income tax net operating loss carryforwards of \$149.8 million and \$153.2 million, respectively, and federal and state income tax credit carryforwards, excluding alternative minimum tax credit carryforwards, of \$43.7 million and \$43.5 million, respectively. Included in the state credits are various regulatory investment tax credits of approximately \$37.4 million and \$32.2 million at December 31, 2019 and 2018, respectively. The federal income tax credit carryforwards expire in 2040 if not utilized and state income tax credit carryforwards are due to expire between 2020 and 2033. Changes in tax regulations or assumptions regarding current and future taxable income could require additional valuation allowances in the future.

The following table reconciles the change in the net deferred income tax liability from December 31, 2018, to December 31, 2019, to deferred income tax expense:

	2019
	(In thousands)
Change in net deferred income tax liability from the preceding table	\$ 76,498
Deferred taxes associated with other comprehensive loss	1,631
Deferred taxes associated with TCJA enactment for regulated activities	(11,904)
Other	(2,810)
Deferred income tax expense for the period	\$ 63,415

Part II

Total income tax expense differs from the amount computed by applying the statutory federal income tax rate to income before taxes. The reasons for this difference were as follows:

Years ended December 31,	2019		2018		2017	
	Amount	%	Amount	%	Amount	%
(Dollars in thousands)						
Computed tax at federal statutory rate	\$ 83,674	21.0	\$ 66,543	21.0	\$ 122,509	35.0
Increases (reductions) resulting from:						
State income taxes, net of federal income tax	14,029	3.5	12,190	3.8	10,724	3.1
Federal renewable energy credit	(15,843)	(4.0)	(11,759)	(3.7)	(13,958)	(4.0)
Tax compliance and uncertain tax positions	(2,739)	(.7)	(2,725)	(.9)	(643)	(.2)
Domestic production deduction	—	—	—	—	(6,849)	(2.0)
Excess deferred income tax amortization	(11,904)	(3.0)	(9,319)	(2.9)	(397)	—
TCJA revaluation	—	—	(5,947)	(1.9)	(47,242)	(13.5)
TCJA revaluation related to accumulated other comprehensive loss balance	—	—	(42)	—	7,735	2.2
Other	(3,938)	(.9)	(1,456)	(.4)	(6,838)	(2.0)
Total income tax expense	\$ 63,279	15.9	\$ 47,485	15.0	\$ 65,041	18.6

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction, and various state, local and foreign jurisdictions. The Company is no longer subject to U.S. federal or non-U.S. income tax examinations by tax authorities for years ending prior to 2015. With few exceptions, as of December 31, 2019, the Company is no longer subject to state and local income tax examinations by tax authorities for years ending prior to 2015.

For the years ended December 31, 2019, 2018 and 2017, total reserves for uncertain tax positions were not material. The Company recognizes interest and penalties accrued relative to unrecognized tax benefits in income tax expense.

Note 15 - Cash Flow Information

Cash expenditures for interest and income taxes for the years ended December 31 were as follows:

	2019	2018	2017
(In thousands)			
Interest, net*	\$ 93,414	\$ 83,009	\$ 79,638
Income taxes paid (refunded), net**	\$ (8,475)	\$ 16,041	\$ 112,137

* AFUDC - borrowed was \$2.8 million, \$2.3 million and \$966,000 for the years ended December 31, 2019, 2018 and 2017, respectively.

** Income taxes paid (refunded), including discontinued operations, were \$(9.4) million, \$5.5 million and \$9.7 million for the years ended December 31, 2019, 2018 and 2017, respectively.

Noncash investing and financing transactions at December 31 were as follows:

	2019	2018	2017
(In thousands)			
Property, plant and equipment additions in accounts payable	\$ 46,119	\$ 42,355	\$ 29,263
Issuance of common stock in connection with acquisition	\$ —	\$ 18,186	\$ —
Debt assumed in connection with a business combination	\$ 1,163	\$ —	\$ —
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 54,880	\$ —	\$ —

Note 16 - Business Segment Data

The Company's reportable segments are those that are based on the Company's method of internal reporting, which generally segregates the strategic business units due to differences in products, services and regulation. The internal reporting of these operating segments is defined based on the reporting and review process used by the Company's chief executive officer. The vast majority of the Company's operations are located within the United States.

The electric segment generates, transmits and distributes electricity in Montana, North Dakota, South Dakota and Wyoming. The natural gas distribution segment distributes natural gas in those states, as well as in Idaho, Minnesota, Oregon and Washington. These operations also supply related value-added services.

The pipeline and midstream segment provides natural gas transportation, underground storage and gathering services through regulated and nonregulated pipeline systems primarily in the Rocky Mountain and northern Great Plains regions of the United States. This segment also provides cathodic protection and other energy-related services.

The construction materials and contracting segment mines, processes and sells construction aggregates (crushed stone, sand and gravel); produces and sells asphalt mix; and supplies ready-mixed concrete. This segment focuses on vertical integration of its contracting services with its construction materials to support the aggregate based product lines including aggregate placement, asphalt and concrete paving, and site development and grading. Although not common to all locations, other products include the sale of cement, liquid asphalt for various commercial and roadway applications, various finished concrete products and other building materials and related contracting services. This segment operates in the central, southern and western United States, including Alaska and Hawaii.

The construction services segment provides inside and outside specialty contracting services. Its inside services include design, construction and maintenance of electrical and communication wiring and infrastructure, fire suppression systems, and mechanical piping and services. Its outside services include design, construction and maintenance of overhead and underground electrical distribution and transmission lines, substations, external lighting, traffic signalization, and gas pipelines, as well as utility excavation and the manufacture and distribution of transmission line construction equipment. This segment also constructs and maintains renewable energy projects. These specialty contracting services are provided to utilities and large manufacturing, commercial, industrial, institutional and government customers.

The Other category includes the activities of Centennial Capital, which, through its subsidiary InterSource Insurance Company, insures various types of risks as a captive insurer for certain of the Company's subsidiaries. The function of the captive insurer is to fund the self-insured layers of the insured Company's general liability, automobile liability, pollution liability and other coverages. Centennial Capital also owns certain real and personal property. In addition, the Other category includes certain assets, liabilities and tax adjustments of the holding company primarily associated with corporate functions and certain general and administrative costs (reflected in operation and maintenance expense) and interest expense which were previously allocated to the refining business and Fidelity and do not meet the criteria for income (loss) from discontinued operations. The Other category also includes Centennial Resources' former investment in Brazil.

Discontinued operations include the results and supporting activities of Dakota Prairie Refining and Fidelity other than certain general and administrative costs and interest expense as described above. For more information on discontinued operations, see Note 4.

Part II

The information below follows the same accounting policies as described in Note 1. Information on the Company's segments as of December 31 and for the years then ended was as follows:

	2019	2018	2017
(In thousands)			
External operating revenues:			
Regulated operations:			
Electric	\$ 351,725	\$ 335,123	\$ 342,805
Natural gas distribution	865,222	823,247	848,388
Pipeline and midstream	62,357	54,857	53,566
	1,279,304	1,213,227	1,244,759
Nonregulated operations:			
Pipeline and midstream	21,835	23,161	19,602
Construction materials and contracting	2,189,651	1,925,185	1,811,964
Construction services	1,845,896	1,369,772	1,366,317
Other	90	207	709
	4,057,472	3,318,325	3,198,592
Total external operating revenues	\$ 5,336,776	\$ 4,531,552	\$ 4,443,351
Intersegment operating revenues:			
Regulated operations:			
Electric	\$ —	\$ —	\$ —
Natural gas distribution	—	—	—
Pipeline and midstream	56,037	50,580	48,867
	56,037	50,580	48,867
Nonregulated operations:			
Pipeline and midstream	215	325	178
Construction materials and contracting	1,066	669	565
Construction services	3,370	1,681	1,285
Other	16,461	11,052	7,165
	21,112	13,727	9,193
Intersegment eliminations	(77,149)	(64,307)	(58,060)
Total intersegment operating revenues	\$ —	\$ —	\$ —
Depreciation, depletion and amortization:			
Electric	\$ 58,721	\$ 50,982	\$ 47,715
Natural gas distribution	79,564	72,486	69,381
Pipeline and midstream	21,220	17,896	16,788
Construction materials and contracting	77,450	61,158	55,862
Construction services	17,038	15,728	15,739
Other	2,024	1,955	2,001
Total depreciation, depletion and amortization	\$ 256,017	\$ 220,205	\$ 207,486
Operating income (loss):			
Electric	\$ 64,039	\$ 65,148	\$ 79,902
Natural gas distribution	69,188	72,336	84,239
Pipeline and midstream	42,796	36,128	36,004
Construction materials and contracting	179,955	141,426	143,230
Construction services	126,426	86,764	81,292
Other	(1,184)	(79)	(619)
Total operating income	\$ 481,220	\$ 401,723	\$ 424,048

	2019	2018	2017
(In thousands)			
Interest expense:			
Electric	\$ 25,334	\$ 25,860	\$ 25,377
Natural gas distribution	35,488	30,768	31,234
Pipeline and midstream	7,198	5,964	4,990
Construction materials and contracting	23,792	17,290	14,778
Construction services	5,331	3,551	3,742
Other	1,859	2,762	3,564
Intersegment eliminations	(415)	(1,581)	(897)
Total interest expense	\$ 98,587	\$ 84,614	\$ 82,788
Income taxes:			
Electric	\$ (12,650)	\$ (6,482)	\$ 7,699
Natural gas distribution	1,405	4,075	22,756
Pipeline and midstream	7,219	2,677	12,281
Construction materials and contracting	37,389	28,357	5,405
Construction services	29,973	20,000	25,558
Other	(57)	(1,142)	(1,809)
Intersegment eliminations	—	—	(6,849)
Total income taxes	\$ 63,279	\$ 47,485	\$ 65,041
Earnings on common stock:			
Regulated operations:			
Electric	\$ 54,763	\$ 47,000	\$ 49,366
Natural gas distribution	39,517	37,732	32,225
Pipeline and midstream	28,255	26,905	20,620
	122,535	111,637	102,211
Nonregulated operations:			
Pipeline and midstream	1,348	1,554	(127)
Construction materials and contracting	120,371	92,647	123,398
Construction services	92,998	64,309	53,306
Other	(2,086)	(761)	(1,422)
	212,631	157,749	175,155
Intersegment eliminations (a)	—	—	6,849
Earnings on common stock before income (loss) from discontinued operations	335,166	269,386	284,215
Income (loss) from discontinued operations, net of tax (a)	287	2,932	(3,783)
Earnings on common stock	\$ 335,453	\$ 272,318	\$ 280,432
Capital expenditures:			
Electric	\$ 99,449	\$ 186,105	\$ 109,107
Natural gas distribution	206,799	205,896	146,981
Pipeline and midstream	71,477	70,057	31,054
Construction materials and contracting	190,092	280,396	44,302
Construction services	60,500	25,081	18,630
Other	8,181	1,768	1,850
Total capital expenditures (b)	\$ 636,498	\$ 769,303	\$ 351,924

Part II

	2019	2018	2017
	(In thousands)		
Assets:			
Electric (c)	\$ 1,680,194	\$ 1,613,822	\$ 1,470,922
Natural gas distribution (c)	2,574,965	2,375,871	2,201,081
Pipeline and midstream	677,482	616,959	566,295
Construction materials and contracting	1,684,161	1,508,032	1,238,696
Construction services	761,127	604,798	591,382
Other (d)	303,279	266,111	261,419
Assets held for sale	1,851	2,517	4,871
Total assets	\$ 7,683,059	\$ 6,988,110	\$ 6,334,666
Property, plant and equipment:			
Electric (c)	\$ 2,227,145	\$ 2,148,569	\$ 1,982,264
Natural gas distribution (c)	2,688,123	2,499,093	2,319,845
Pipeline and midstream	834,215	764,959	700,284
Construction materials and contracting	1,910,562	1,768,006	1,560,048
Construction services	213,370	188,586	177,265
Other	35,213	28,108	31,123
Less accumulated depreciation, depletion and amortization	2,991,486	2,818,644	2,691,641
Net property, plant and equipment	\$ 4,917,142	\$ 4,578,677	\$ 4,079,188

(a) Includes eliminations for the presentation of income tax adjustments between continuing and discontinued operations.

(b) Capital expenditures for 2019, 2018 and 2017 include noncash transactions such as the issuance of the Company's equity securities in connection with acquisitions, capital expenditure-related accounts payable and AFUDC, totaling \$4.8 million, \$33.4 million and \$10.5 million, respectively.

(c) Includes allocations of common utility property.

(d) Includes assets not directly assignable to a business (i.e. cash and cash equivalents, certain accounts receivable, certain investments and other miscellaneous current and deferred assets).

Note 17 - Employee Benefit Plans

Pension and other postretirement benefit plans

The Company has noncontributory qualified defined benefit pension plans and other postretirement benefit plans for certain eligible employees. The Company uses a measurement date of December 31 for all of its pension and postretirement benefit plans.

Prior to 2013, defined benefit pension plan benefits and accruals for all nonunion and certain union plans were frozen and on June 30, 2015, the remaining union plan was frozen. These employees were eligible to receive additional defined contribution plan benefits. In October 2018, the Company transferred the liability of certain participants in the defined benefit pension plan, who are currently receiving benefits, to an annuity company. The transfer of the benefit payments for these participants reduced the Company's liability and future premiums.

Effective January 1, 2010, eligibility to receive retiree medical benefits was modified at certain of the Company's businesses. Employees who had attained age 55 with 10 years of continuous service by December 31, 2010, were provided the option to choose between a pre-65 comprehensive medical plan coupled with a Medicare supplement or a specified company funded Retiree Reimbursement Account, regardless of when they retire. All other eligible employees must meet the new eligibility criteria of age 60 and 10 years of continuous service at the time they retire to be eligible for a specified company funded Retiree Reimbursement Account. Employees hired after December 31, 2009, will not be eligible for retiree medical benefits at certain of the Company's businesses.

In 2012, the Company modified health care coverage for certain retirees. Effective January 1, 2013, post-65 coverage was replaced by a fixed-dollar subsidy for retirees and spouses to be used to purchase individual insurance through an exchange.

Changes in benefit obligation and plan assets for the years ended December 31, 2019 and 2018, and amounts recognized in the Consolidated Balance Sheets at December 31, 2019 and 2018, were as follows:

	Pension Benefits		Other Postretirement Benefits	
	2019	2018	2019	2018
(In thousands)				
Change in benefit obligation:				
Benefit obligation at beginning of year	\$ 391,602	\$ 445,923	\$ 81,201	\$ 91,206
Service cost	—	—	1,142	1,494
Interest cost	15,225	14,591	2,986	2,899
Plan participants' contributions	—	—	1,040	1,282
Actuarial (gain) loss	40,219	(32,637)	2,632	(10,115)
Benefits paid	(25,880)	(36,275)	(5,387)	(5,565)
Benefit obligation at end of year	421,166	391,602	83,614	81,201
Change in net plan assets:				
Fair value of plan assets at beginning of year	307,809	354,384	82,516	88,739
Actual gain (loss) on plan assets	58,409	(21,138)	15,731	(2,781)
Employer contribution	24,926	10,838	687	842
Plan participants' contributions	—	—	1,040	1,281
Benefits paid	(25,880)	(36,275)	(5,387)	(5,565)
Fair value of net plan assets at end of year	365,264	307,809	94,587	82,516
Funded status - over (under)	\$ (55,902)	\$ (83,793)	\$ 10,973	\$ 1,315
Amounts recognized in the Consolidated Balance Sheets at December 31:				
Deferred charges and other assets - other	\$ —	\$ —	\$ 30,475	20,843
Other accrued liabilities	—	—	647	660
Deferred credits and other liabilities - other	55,902	83,793	18,855	18,868
Benefit obligation assets (liabilities) - net amount recognized	\$ (55,902)	\$ (83,793)	\$ 10,973	\$ 1,315
Amounts recognized in accumulated other comprehensive loss:				
Actuarial loss	\$ 27,748	\$ 28,796	\$ 6,118	\$ 6,372
Prior service credit	—	—	(731)	(848)
Total	\$ 27,748	\$ 28,796	\$ 5,387	\$ 5,524
Amounts recognized in regulatory assets or liabilities:				
Actuarial (gain) loss	\$ 155,484	\$ 159,939	\$ (4,450)	\$ 3,944
Prior service credit	—	—	(8,109)	(9,390)
Total	\$ 155,484	\$ 159,939	\$ (12,559)	\$ (5,446)

Employer contributions and benefits paid in the preceding table include only those amounts contributed directly to, or paid directly from, plan assets. Amounts related to regulated operations are recorded as regulatory assets or liabilities and are expected to be reflected in rates charged to customers over time. For more information on regulatory assets and liabilities, see Note 7.

Unrecognized pension actuarial losses in excess of 10 percent of the greater of the projected benefit obligation or the market-related value of assets are amortized over the average life expectancy of plan participants for frozen plans. The market-related value of assets is determined using a five-year average of assets.

The pension plans all have accumulated benefit obligations in excess of plan assets. The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for these plans at December 31 were as follows:

	2019	2018
	(In thousands)	
Projected benefit obligation	\$ 421,166	\$ 391,602
Accumulated benefit obligation	\$ 421,166	\$ 391,602
Fair value of plan assets	\$ 365,264	\$ 307,809

Part II

Components of net periodic benefit cost (credit) for the Company's pension and other postretirement benefit plans for the years ended December 31 were as follows:

	Pension Benefits			Other Postretirement Benefits		
	2019	2018	2017	2019	2018	2017
(In thousands)						
Components of net periodic benefit cost (credit):						
Service cost	\$ —	\$ —	\$ —	\$ 1,142	\$ 1,494	\$ 1,508
Interest cost	15,225	14,591	16,207	2,986	2,899	3,265
Expected return on assets	(18,236)	(20,753)	(20,528)	(4,804)	(4,866)	(4,641)
Amortization of prior service credit	—	—	—	(1,398)	(1,394)	(1,371)
Recognized net actuarial loss	5,548	7,005	6,355	353	640	857
Net periodic benefit cost (credit), including amount capitalized	2,537	843	2,034	(1,721)	(1,227)	(382)
Less amount capitalized	—	—	310	113	153	(370)
Net periodic benefit cost (credit)	2,537	843	1,724	(1,834)	(1,380)	(12)
Other changes in plan assets and benefit obligations recognized in accumulated comprehensive loss:						
Net (gain) loss	(144)	991	(1,091)	(127)	(1,735)	1,742
Amortization of actuarial loss	(904)	(1,084)	(1,040)	(110)	(354)	(289)
Amortization of prior service (cost) credit	—	—	—	100	(220)	161
Total recognized in accumulated other comprehensive loss	(1,048)	(93)	(2,131)	(137)	(2,309)	1,614
Other changes in plan assets and benefit obligations recognized in regulatory assets or liabilities:						
Net (gain) loss	189	8,263	(4,736)	(8,168)	(732)	(4,932)
Amortization of actuarial loss	(4,644)	(5,921)	(5,315)	(242)	(286)	(568)
Amortization of prior service credit	—	—	—	1,297	1,614	1,210
Total recognized in regulatory assets or liabilities	(4,455)	2,342	(10,051)	(7,113)	596	(4,290)
Total recognized in net periodic benefit cost (credit), accumulated other comprehensive loss and regulatory assets or liabilities	\$ (2,966)	\$ 3,092	\$ (10,458)	\$ (9,084)	\$ (3,093)	\$ (2,688)

The estimated net loss for the defined benefit pension plans that will be amortized from accumulated other comprehensive loss and regulatory assets or liabilities into net periodic benefit cost in 2020 is \$7.2 million. The estimated net loss and prior service credit for the other postretirement benefit plans that will be amortized from accumulated other comprehensive loss and regulatory assets or liabilities into net periodic benefit cost in 2020 are \$250,000 and \$1.4 million, respectively. Prior service credit is amortized on a straight-line basis over the average remaining service period of active participants.

Weighted average assumptions used to determine benefit obligations at December 31 were as follows:

	Pension Benefits		Other Postretirement Benefits	
	2019	2018	2019	2018
Discount rate	2.96%	4.03%	3.00%	4.05%
Expected return on plan assets	6.25%	6.75%	5.75%	5.75%
Rate of compensation increase	N/A	N/A	3.00%	3.00%

Weighted average assumptions used to determine net periodic benefit cost (credit) for the years ended December 31 were as follows:

	Pension Benefits		Other Postretirement Benefits	
	2019	2018	2019	2018
Discount rate	4.03%	3.38%	4.05%	3.41%
Expected return on plan assets	6.25%	6.75%	5.75%	5.75%
Rate of compensation increase	N/A	N/A	3.00%	3.00%

The expected rate of return on pension plan assets is based on a targeted asset allocation range determined by the funded ratio of the plan. As of December 31, 2019, the expected rate of return on pension plan assets is based on the targeted asset allocation range of 40 percent

to 50 percent equity securities and 50 percent to 60 percent fixed-income securities and the expected rate of return from these asset categories. The expected rate of return on other postretirement plan assets is based on the targeted asset allocation range of 30 percent equity securities and 70 percent fixed-income securities and the expected rate of return from these asset categories. The expected return on plan assets for other postretirement benefits reflects insurance-related investment costs.

Health care rate assumptions for the Company's other postretirement benefit plans as of December 31 were as follows:

	2019			2018		
Health care trend rate assumed for next year	7.1%	—	7.4%	7.5%	—	8.1%
Health care cost trend rate - ultimate	4.5%			4.5%		
Year in which ultimate trend rate achieved	2024			2024		

The Company's other postretirement benefit plans include health care and life insurance benefits for certain retirees. The plans underlying these benefits may require contributions by the retiree depending on such retiree's age and years of service at retirement or the date of retirement. The Company contributes a flat dollar amount to the monthly premiums which is updated annually on January 1.

Assumed health care cost trend rates may have a significant effect on the amounts reported for the health care plans. A one percentage point change in the assumed health care cost trend rates would have had the following effects at December 31, 2019:

	1 Percentage Point Increase	1 Percentage Point Decrease
	(In thousands)	
Effect on total of service and interest cost components	\$ 245	\$ (203)
Effect on postretirement benefit obligation	\$ 3,751	\$ (3,155)

In 2019, the Company contributed an additional \$20.0 million to its defined benefit pension plans, which increased the funded status and decreased future expenses for the plans. The Company does not expect to contribute to its defined benefit pension plans and expects to contribute approximately \$660,000 to its postretirement benefit plans in 2020.

The following benefit payments, which reflect future service, as appropriate, and expected Medicare Part D subsidies at December 31, 2019, are as follows:

Years	Pension Benefits	Other Postretirement Benefits	Expected Medicare Part D Subsidy
	(In thousands)		
2020	\$ 24,128	\$ 5,024	\$ 92
2021	24,432	5,073	86
2022	24,642	5,098	80
2023	24,874	5,091	73
2024	24,924	5,000	65
2025-2029	121,205	24,242	222

Outside investment managers manage the Company's pension and postretirement assets. The Company's investment policy with respect to pension and other postretirement assets is to make investments solely in the interest of the participants and beneficiaries of the plans and for the exclusive purpose of providing benefits accrued and defraying the reasonable expenses of administration. The Company strives to maintain investment diversification to assist in minimizing the risk of large losses. The Company's policy guidelines allow for investment of funds in cash equivalents, fixed-income securities and equity securities. The guidelines prohibit investment in commodities and futures contracts, equity private placement, employer securities, leveraged or derivative securities, options, direct real estate investments, precious metals, venture capital and limited partnerships. The guidelines also prohibit short selling and margin transactions. The Company's practice is to periodically review and rebalance asset categories based on its targeted asset allocation percentage policy.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The fair value ASC establishes a hierarchy for grouping assets and liabilities, based on the significance of inputs. The estimated fair values of the Company's pension plans' assets are determined using the market approach.

The carrying value of the pension plans' Level 2 cash equivalents approximates fair value and is determined using observable inputs in active markets or the net asset value of shares held at year end, which is determined using other observable inputs including pricing from outside sources.

Part II

The estimated fair value of the pension plans' Level 1 equity securities is based on the closing price reported on the active market on which the individual securities are traded. The estimated fair value of the pension plans' Level 1 and Level 2 collective and mutual funds are based on the net asset value of shares held at year end, based on either published market quotations on active markets or other known sources including pricing from outside sources. The estimated fair value of the pension plans' Level 2 corporate and municipal bonds is determined using other observable inputs, including benchmark yields, reported trades, broker/dealer quotes, bids, offers, future cash flows and other reference data. The estimated fair value of the pension plans' Level 1 U.S. Government securities are valued based on quoted prices on an active market. The estimated fair value of the pension plans' Level 2 U.S. Government securities are valued mainly using other observable inputs, including benchmark yields, reported trades, broker/dealer quotes, bids, offers, to be announced prices, future cash flows and other reference data. Some of these securities are valued using pricing from outside sources.

Though the Company believes the methods used to estimate fair value are consistent with those used by other market participants, the use of other methods or assumptions could result in a different estimate of fair value. For the years ended December 31, 2019 and 2018, there were no transfers between Levels 1 and 2.

The fair value of the Company's pension plans' assets (excluding cash) by class were as follows:

Fair Value Measurements at December 31, 2019, Using				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2019
(In thousands)				
Assets:				
Cash equivalents	\$ —	\$ 26,166	\$ —	\$ 26,166
Equity securities:				
U.S. companies	14,457	—	—	14,457
International companies	—	938	—	938
Collective and mutual funds*	160,906	58,894	—	219,800
Corporate bonds	—	80,768	—	80,768
Municipal bonds	—	11,828	—	11,828
U.S. Government securities	7,296	2,082	—	9,378
Total assets measured at fair value	\$ 182,659	\$ 180,676	\$ —	\$ 363,335

* Collective and mutual funds invest approximately 29 percent in common stock of international companies, 21 percent in common stock of large-cap U.S. companies, 18 percent in U.S. Government securities, 9 percent in corporate bonds, 6 percent in cash equivalents and 17 percent in other investments.

Fair Value Measurements at December 31, 2018, Using				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2018
(In thousands)				
Assets:				
Cash equivalents	\$ —	\$ 4,930	\$ —	\$ 4,930
Equity securities:				
U.S. companies	11,038	—	—	11,038
International companies	—	967	—	967
Collective and mutual funds*	145,960	51,600	—	197,560
Corporate bonds	—	73,110	—	73,110
Municipal bonds	—	10,624	—	10,624
U.S. Government securities	479	5,896	—	6,375
Total assets measured at fair value	\$ 157,477	\$ 147,127	\$ —	\$ 304,604

* Collective and mutual funds invest approximately 27 percent in common stock of international companies, 31 percent in corporate bonds, 18 percent in common stock of large-cap U.S. companies, 5 percent in cash equivalents and 19 percent in other investments.

The estimated fair values of the Company's other postretirement benefit plans' assets are determined using the market approach.

The estimated fair value of the other postretirement benefit plans' Level 2 cash equivalents is valued at the net asset value of shares held at year end, based on published market quotations on active markets, or using other known sources including pricing from outside sources. The estimated fair value of the other postretirement benefit plans' Level 1 equity securities is based on the closing price reported on the active market on which the individual securities are traded. The estimated fair value of the other postretirement benefit plans' Level 2 insurance contract is based on contractual cash surrender values that are determined primarily by investments in managed separate accounts of the insurer. These amounts approximate fair value. The managed separate accounts are valued based on other observable inputs or corroborated market data.

Though the Company believes the methods used to estimate fair value are consistent with those used by other market participants, the use of other methods or assumptions could result in a different estimate of fair value. For the years ended December 31, 2019 and 2018, there were no transfers between Levels 1 and 2.

The fair value of the Company's other postretirement benefit plans' assets (excluding cash) by asset class were as follows:

Fair Value Measurements at December 31, 2019, Using				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2019
(In thousands)				
Assets:				
Cash equivalents	\$ —	\$ 4,017	\$ —	\$ 4,017
Equity securities:				
U.S. companies	2,073	—	—	2,073
International companies	—	1	—	1
Insurance contract*	10	88,486	—	88,496
Total assets measured at fair value	\$ 2,083	\$ 92,504	\$ —	\$ 94,587

* The insurance contract invests approximately 50 percent in corporate bonds, 25 percent in common stock of large-cap U.S. companies, 7 percent in U.S. Government securities, 7 percent in common stock of small-cap U.S. companies and 11 percent in other investments.

Fair Value Measurements at December 31, 2018, Using				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2018
(In thousands)				
Assets:				
Cash equivalents	\$ —	\$ 3,866	\$ —	\$ 3,866
Equity securities:				
U.S. companies	1,767	—	—	1,767
International companies	—	2	—	2
Insurance contract*	1	76,880	—	76,881
Total assets measured at fair value	\$ 1,768	\$ 80,748	\$ —	\$ 82,516

* The insurance contract invests approximately 51 percent in corporate bonds, 23 percent in common stock of large-cap U.S. companies, 7 percent in U.S. Government securities, 7 percent in common stock of small-cap U.S. companies and 12 percent in other investments.

Nonqualified benefit plans

In addition to the qualified defined benefit pension plans reflected in the table at the beginning of this note, the Company also has unfunded, nonqualified defined benefit plans for executive officers and certain key management employees that generally provide for defined benefit payments at age 65 following the employee's retirement or, upon death, to their beneficiaries for a 15-year period. In

Part II

February 2016, the Company froze the unfunded, nonqualified defined benefit plans to new participants and eliminated benefit increases. Vesting for participants not fully vested was retained.

The projected benefit obligation and accumulated benefit obligation for these plans at December 31 were as follows:

	2019	2018
	(In thousands)	
Projected benefit obligation	\$ 99,245	\$ 93,988
Accumulated benefit obligation	\$ 99,245	\$ 93,988

Components of net periodic benefit cost for these plans for the years ended December 31 were as follows:

	2019	2018	2017
	(In thousands)		
Components of net periodic benefit cost:			
Service cost	\$ 109	\$ 185	\$ 289
Interest cost	3,473	3,157	3,494
Recognized net actuarial loss	764	1,047	883
Net periodic benefit cost	\$ 4,346	\$ 4,389	\$ 4,666

Weighted average assumptions used at December 31 were as follows:

	2019	2018
Benefit obligation discount rate	2.73%	3.86%
Benefit obligation rate of compensation increase	N/A	N/A
Net periodic benefit cost discount rate	3.86%	3.20%
Net periodic benefit cost rate of compensation increase	N/A	N/A

The amount of future benefit payments for the unfunded, nonqualified defined benefit plans at December 31, 2019, are expected to aggregate as follows:

	2020	2021	2022	2023	2024	2025-2029
	(In thousands)					
Nonqualified benefits	\$ 7,774	\$ 7,795	\$ 7,023	\$ 7,219	\$ 7,597	\$ 35,998

In 2012, the Company established a nonqualified defined contribution plan for certain key management employees. Expenses incurred under this plan for 2019, 2018 and 2017 were \$1.6 million, \$597,000 and \$736,000, respectively.

The amount of investments that the Company anticipates using to satisfy obligations under these plans at December 31 was as follows:

	2019	2018
	(In thousands)	
Investments		
Insurance contract*	\$ 87,009	\$ 73,838
Life insurance**	38,659	37,274
Other	8,450	10,818
Total investments	\$ 134,118	\$ 121,930

* For more information on the insurance contract, see Note 8.

** Investments of life insurance are carried on plan participants (payable upon the employee's death).

Defined contribution plans

The Company sponsors various defined contribution plans for eligible employees and the costs incurred under these plans were \$51.8 million in 2019, \$42.4 million in 2018 and \$41.2 million in 2017.

Multiemployer plans

The Company contributes to a number of MEPPs under the terms of collective-bargaining agreements that cover its union-represented employees. The risks of participating in these multiemployer plans are different from single-employer plans in the following aspects:

- Assets contributed to the MEPP by one employer may be used to provide benefits to employees of other participating employers
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers
- If the Company chooses to stop participating in some of its MEPPs, the Company may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability

The Company's participation in these plans is outlined in the following table. Unless otherwise noted, the most recent Pension Protection Act zone status available in 2019 and 2018 is for the plan's year-end at December 31, 2018, and December 31, 2017, respectively. The zone status is based on information that the Company received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are between 65 percent and 80 percent funded, and plans in the green zone are at least 80 percent funded.

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status		FIP/RP Status Pending/Implemented	Contributions			Surcharge Imposed	Expiration Date of Collective Bargaining Agreement
		2019	2018		2019	2018	2017		
(In thousands)									
Alaska Laborers-Employers Retirement Fund	91-6028298-001	Yellow as of 6/30/2019	Yellow as of 6/30/2018	Implemented	\$ 815	\$ 732	\$ 690	No	12/31/2020
Construction Industry and Laborers Joint Pension Trust for So Nevada, Plan A	88-0135695-001	Red	Red	Implemented	544	346	377	No	6/30/2020
Edison Pension Plan	93-6061681-001	Green	Green	No	12,252	12,111	12,725	No	12/31/2020
IBEW Local 212 Pension Trust	31-6127280-001	Green as of 4/30/2019	Green as of 4/30/2018	No	1,110	1,341	1,312	No	6/1/2025
IBEW Local 357 Pension Plan A	88-6023284-001	Green	Green	No	10,162	3,460	3,286	No	5/31/2021
IBEW Local 648 Pension Plan	31-6134845-001	Yellow as of 2/28/2019	Yellow as of 2/28/2018	Implemented	728	2,175	2,254	No	8/29/2021
IBEW Local 82 Pension Plan	31-6127268-001	Green as of 6/30/2019	Green as of 6/30/2018	No	1,662	1,569	1,757	No	12/3/2023
Idaho Plumbers and Pipefitters Pension Plan	82-6010346-001	Green as of 5/31/2019	Green as of 5/31/2018	No	1,307	1,247	1,156	No	3/31/2023
Minnesota Teamsters Construction Division Pension Fund	41-6187751-001	Green as of 11/30/2018	Green as of 11/30/2017	No	673	740	826	No	4/30/2021
National Automatic Sprinkler Industry Pension Fund	52-6054620-001	Red	Red	Implemented	1,074	738	718	No	3/31/2021-7/31/2024
National Electrical Benefit Fund	53-0181657-001	Green	Green	No	12,679	8,468	8,891	No	8/31/2019-6/1/2025
Pension Trust Fund for Operating Engineers	94-6090764-001	Yellow	Yellow	Implemented	2,598	2,403	2,391	No	3/31/2020-6/15/2022
Sheet Metal Workers Pension Plan of Southern CA, AZ, and NV	95-6052257-001	Yellow	Yellow	Implemented	2,119	1,774	1,016	No	6/30/2020
Southwest Marine Pension Trust	95-6123404-001	Red	Red	Implemented	132	81	48	No	1/31/2024
Other funds					24,670	21,537	19,298		
Total contributions				\$	72,525	\$ 58,722	\$ 56,745		

* Plan includes contributions required by collective bargaining agreements which have expired, but contain provisions automatically renewing their terms in the absence of a subsequent negotiated agreement.

Part II

The Company was listed in the plans' Forms 5500 as providing more than 5 percent of the total contributions for the following plans and plan years:

Pension Fund	Year Contributions to Plan Exceeded More Than 5 Percent of Total Contributions (as of December 31 of the Plan's Year-End)
Edison Pension Plan	2018 and 2017
IBEW Local 82 Pension Plan	2018 and 2017
IBEW Local 124 Pension Trust Fund	2018 and 2017
IBEW Local 212 Pension Trust Fund	2018 and 2017
IBEW Local 357 Pension Plan A	2018 and 2017
IBEW Local 648 Pension Plan	2018 and 2017
IBEW Local Union No 226 Open End Pension Fund	2018
Idaho Plumbers and Pipefitters Pension Plan	2018 and 2017
International Union of Operating Engineers Local 701 Pension Trust Fund	2018 and 2017
Minnesota Teamsters Construction Division Pension Fund	2018 and 2017
Pension and Retirement Plan of Plumbers and Pipefitters Local 525	2018 and 2017

The Company also contributes to a number of multiemployer other postretirement plans under the terms of collective-bargaining agreements that cover its union-represented employees. These plans provide benefits such as health insurance, disability insurance and life insurance to retired union employees. Many of the multiemployer other postretirement plans are combined with active multiemployer health and welfare plans. The Company's total contributions to its multiemployer other postretirement plans, which also includes contributions to active multiemployer health and welfare plans, were \$59.5 million, \$51.9 million and \$50.8 million for the years ended December 31, 2019, 2018 and 2017, respectively.

Amounts contributed in 2019, 2018 and 2017 to defined contribution multiemployer plans were \$49.2 million, \$31.1 million and \$32.2 million, respectively.

Note 18 - Jointly Owned Facilities

The consolidated financial statements include the Company's ownership interests in three coal-fired electric generating facilities (Big Stone Station, Coyote Station and Wygen III) and one major transmission line (BSSE). Each owner of the jointly owned facilities is responsible for financing its investment.

The Company's share of the jointly owned facilities operating expenses was reflected in the appropriate categories of operating expenses (electric fuel and purchased power; operation and maintenance; and taxes, other than income) in the Consolidated Statements of Income.

At December 31, the Company's share of the cost of utility plant in service, construction work in progress and related accumulated depreciation for the jointly owned facilities was as follows:

	Ownership Percentage	2019	2018
(In thousands)			
Big Stone Station:	22.7%		
Utility plant in service		\$ 152,836	\$ 156,534
Construction work in progress		518	92
Less accumulated depreciation		46,266	49,345
		\$ 107,088	\$ 107,281
BSSE:	50.0%		
Utility plant in service		\$ 105,767	\$ —
Construction work in progress		—	105,846
Less accumulated depreciation		1,232	—
		\$ 104,535	\$ 105,846
Coyote Station:	25.0%		
Utility plant in service		\$ 160,235	\$ 155,236
Construction work in progress		21	1,920
Less accumulated depreciation		107,638	105,565
		\$ 52,618	\$ 51,591
Wygen III:	25.0%		
Utility plant in service		\$ 67,869	\$ 65,382
Construction work in progress		112	220
Less accumulated depreciation		10,482	9,174
		\$ 57,499	\$ 56,428

Note 19 - Regulatory Matters

The Company regularly reviews the need for electric and natural gas rate changes in each of the jurisdictions in which service is provided. The Company files for rate adjustments to seek recovery of operating costs and capital investments, as well as reasonable returns as allowed by regulators. As indicated below, certain regulatory proceedings and cases may also contain recurring mechanisms that can have an annual true-up. Examples of these recurring mechanisms include: infrastructure riders, transmission trackers, renewable resource cost adjustment riders, as well as weather normalization and decoupling mechanisms. The following paragraphs summarize the Company's significant regulatory proceedings and cases by jurisdiction including the status of each open request. The Company is unable to predict the ultimate outcome of these matters, the timing of final decisions of the various regulators and courts, or the effect on the Company's results of operations, financial position or cash flows.

MNPUC

On September 27, 2019, Great Plains filed an application with the MNPUC for a natural gas rate increase of approximately \$2.9 million annually or approximately 12.0 percent above current rates. The requested increase was primarily to recover investments in facilities to enhance safety and reliability and the depreciation and taxes associated with the increase in investment. On November 22, 2019, Great Plains received approval to implement an interim rate increase of approximately \$2.6 million or approximately 11.0 percent, subject to refund, effective January 1, 2020. This matter is pending before the MNPUC.

MTPSC

On November 1, 2019, Montana-Dakota submitted an application with the MTPSC requesting the use of deferred accounting for the treatment of costs related to the retirement of Lewis & Clark Station in Sidney, Montana, and units 1 and 2 at Heskett Station near Mandan, North Dakota. This matter is pending before the MTPSC.

Part II

NDPSC

Montana-Dakota has a transmission cost adjustment rider that allows annual updates to rates for actual costs for transmission-related projects and services. On July 19, 2019, Montana-Dakota filed a change to its transmission cost adjustment rates to reflect projected charges for July 2019 through June 2020 assessed to Montana-Dakota for transmission-related services provided by MISO and Southwest Power Pool, along with the projected transmission service revenues or credits received for the same time period. Montana-Dakota also requested recovery of six transmission capital projects. Total revenues of approximately \$9.2 million, which reflects a true-up of the prior period adjustment, were requested resulting in an increase of approximately \$600,000 or approximately 7.2 percent over current rates, which includes approximately \$1.5 million related to transmission capital projects. On October 22, 2019, the NDPSC approved the rates as requested. The rates were effective October 28, 2019.

Montana-Dakota has a renewable resource cost adjustment rate tariff that allows for annual adjustments for recent projected capital costs and related expenses for projects determined to be recoverable under the tariff. On November 1, 2019, Montana-Dakota filed an annual update to its renewable resource cost adjustment requesting to recover a revised revenue requirement of approximately \$14.7 million annually, not including the prior period true-up adjustment. The update reflects a decrease of approximately \$800,000 from the revenues currently included in rates. On February 19, 2020, the NDPSC approved the increase with rates effective on March 1, 2020.

On August 28, 2019, Montana-Dakota filed an application with the NDPSC for an advanced determination of prudence and a certificate of public convenience and necessity to construct, own and operate Heskett Unit 4, an 88-MW simple-cycle natural gas-fired combustion turbine peaking unit at the existing Heskett Station near Mandan, North Dakota. This matter is pending before the NDPSC.

On September 16, 2019, Montana-Dakota submitted an application with the NDPSC requesting the use of deferred accounting for the treatment of costs related to the retirement of Lewis & Clark Station in Sidney, Montana, and units 1 and 2 at Heskett Station near Mandan, North Dakota. This matter is pending before the NDPSC.

OPUC

On December 29, 2017, Cascade filed a request with the OPUC to use deferred accounting for the 2018 net benefits associated with the implementation of the TCJA. On September 12, 2019, the OPUC approved the request, including a settlement to refund to customers approximately \$1.4 million related to TJCA impacts for the period from January 2018 through March 2019. These refunds will be reflected in customers' rates over a 12-month period beginning November 1, 2019.

On June 14, 2019, Cascade filed a request with the OPUC to implement a new pipeline safety cost recovery mechanism to recover investments to replace Cascade's highest risk infrastructure which would have required Cascade to file a report annually with the OPUC detailing actual projects undertaken and the related costs incurred. This matter was denied by the OPUC on January 15, 2020.

SDPUC

On November 8, 2019, Montana-Dakota submitted an application with the SDPUC requesting the use of deferred accounting for the treatment of costs related to the retirement of Lewis & Clark Station in Sidney, Montana, and units 1 and 2 at Heskett Station near Mandan, North Dakota. The SDPUC approved the use of deferred accounting treatment as requested on January 7, 2020.

WUTC

On March 29, 2019, Cascade filed a natural gas general rate case with the WUTC requesting an increase in annual revenue of \$12.7 million or approximately 5.5 percent. On September 20, 2019, Cascade filed a joint settlement agreement with the WUTC reflecting a revised annual increase of approximately \$6.5 million or approximately 2.8 percent with an effective date of March 1, 2020. A settlement hearing was held on November 5, 2019. On February 3, 2020, the WUTC approved the increase with rates effective on March 1, 2020.

Cascade has a pipeline replacement cost recovery mechanism, which is designed to recover the replacement cost of the Company's most at risk pipelines. The mechanism requires an annual filing on May 31, as well as two update filings for actual costs before the November 1 effective date. On May 31, 2019, Cascade filed its seventh annual update to its pipeline cost recovery mechanism requesting an increase in revenue of approximately \$1.6 million or approximately 0.7 percent. On October 10, 2019, Cascade filed a final update to the cost recovery mechanism with a revised increase in revenue of approximately \$440,000 or approximately 0.2 percent annually. On October 24, 2019, the WUTC approved the increase with rates effective for services provided on or after November 1, 2019.

Cascade defers the actual cost of gas spent to serve customers and annually records a true-up to their purchased gas adjustment tariff. On September 13, 2019, Cascade filed its annual update to its purchased gas adjustment with the WUTC requesting an annual increase of approximately \$12.8 million or approximately 5.7 percent for a period of three years. The requested increase is primarily due to unrecovered purchased gas costs as a result of the rupture of the Enbridge pipeline in Canada on October 9, 2018, causing increased natural gas costs. On October 24, 2019, the WUTC approved the increase with rates effective for services provided on or after November 1, 2019.

WYPSC

On May 23, 2019, Montana-Dakota filed an application with the WYPSC for a natural gas rate increase of approximately \$1.1 million annually or approximately 7.0 percent above current rates. The requested increase was to recover increased operating expenses and investments in distribution facilities to improve system safety and reliability. On December 17, 2019, Montana-Dakota filed a settlement agreement with the WYPSC reflecting an annual increase in revenues of approximately \$830,000 or approximately 5.5 percent with rates effective March 1, 2020. This matter is pending before the WYPSC.

FERC

On December 9, 2019, MISO accepted Montana-Dakota's annual revenue requirement update to its transmission formula rates under the MISO tariff for its multi-value project for approximately \$13.1 million, which was effective January 1, 2020. The update effective January 1, 2020, reflects the reduced return on equity order issued by the FERC on November 21, 2019.

Note 20 - Commitments and Contingencies

The Company is party to claims and lawsuits arising out of its business and that of its consolidated subsidiaries, which may include, but are not limited to, matters involving property damage, personal injury, and environmental, contractual, statutory and regulatory obligations. The Company accrues a liability for those contingencies when the incurrence of a loss is probable and the amount can be reasonably estimated. If a range of amounts can be reasonably estimated and no amount within the range is a better estimate than any other amount, then the minimum of the range is accrued. The Company does not accrue liabilities when the likelihood that the liability has been incurred is probable but the amount cannot be reasonably estimated or when the liability is believed to be only reasonably possible or remote. For contingencies where an unfavorable outcome is probable or reasonably possible and which are material, the Company discloses the nature of the contingency and, in some circumstances, an estimate of the possible loss. Accruals are based on the best information available, but in certain situations management is unable to estimate an amount or range of a reasonably possible loss including, but not limited to when: (1) the damages are unsubstantiated or indeterminate, (2) the proceedings are in the early stages, (3) numerous parties are involved, or (4) the matter involves novel or unsettled legal theories.

At December 31, 2019 and 2018, the Company accrued liabilities which have not been discounted, including liabilities held for sale, of \$29.1 million and \$30.4 million, respectively. The accruals are for contingencies, including litigation, production taxes, royalty claims and environmental matters. This includes amounts that have been accrued for matters discussed in Environmental matters within this note. The Company will continue to monitor each matter and adjust accruals as might be warranted based on new information and further developments. Management believes that the outcomes with respect to probable and reasonably possible losses in excess of the amounts accrued, net of insurance recoveries, while uncertain, either cannot be estimated or will not have a material effect upon the Company's financial position, results of operations or cash flows. Unless otherwise required by GAAP, legal costs are expensed as they are incurred.

Environmental matters

Portland Harbor Site In December 2000, Knife River - Northwest was named by the EPA as a PRP in connection with the cleanup of the riverbed site adjacent to a commercial property site acquired by Knife River - Northwest from Georgia-Pacific West, Inc. along the Willamette River. The riverbed site is part of the Portland, Oregon, Harbor Superfund Site where the EPA wants responsible parties to share in the costs of cleanup. To date, costs of the overall remedial investigation and feasibility study of the harbor site are being recorded, and initially paid, through an administrative consent order by the LWG. Investigative costs are indicated to be in excess of \$100 million. Remediation is expected to take up to 13 years with a present value cost estimate of approximately \$1 billion. Corrective action will not be taken until remedial design/remedial action plans are approved by the EPA. Knife River - Northwest was also notified that the Portland Harbor Natural Resource Trustee Council intends to perform an injury assessment to natural resources resulting from the release of hazardous substances at the Harbor Superfund Site. It is not possible to estimate the costs of natural resource damages until an assessment is completed and allocations are undertaken.

At this time, Knife River - Northwest does not believe it is a responsible party and has notified Georgia-Pacific West, Inc., that it intends to seek indemnity for liabilities incurred in relation to the above matters pursuant to the terms of their sale agreement. Knife River - Northwest has entered into an agreement tolling the statute of limitations in connection with the LWG's potential claim for contribution to the costs of the remedial investigation and feasibility study. LWG has stated its intent to file suit against Knife River - Northwest and others to recover LWG's investigation costs to the extent Knife River - Northwest cannot demonstrate its non-liability for the contamination or is unwilling to participate in an alternative dispute resolution process that has been established to address the matter. At this time, Knife River - Northwest has agreed to participate in the alternative dispute resolution process.

The Company believes it is not probable that it will incur any material environmental remediation costs or damages in relation to the above referenced matter.

Part II

Manufactured Gas Plant Sites Claims have been made against Cascade for cleanup of environmental contamination at manufactured gas plant sites operated by Cascade's predecessors and a similar claim has been made against Montana-Dakota for a site operated by Montana-Dakota and its predecessors. Any accruals related to these claims are reflected in regulatory assets. For more information, see Note 7.

Demand has been made of Montana-Dakota to participate in investigation and remediation of environmental contamination at a site in Missoula, Montana. The site operated as a former manufactured gas plant from approximately 1907 to 1938 when it was converted to a butane-air plant that operated until 1956. Montana-Dakota or its predecessors owned or controlled the site for a period of the time it operated as a manufactured gas plant and Montana-Dakota operated the butane-air plant from 1940 to 1951, at which time it sold the plant. There are no documented wastes or by-products resulting from the mixing or distribution of butane-air gas. Preliminary assessment of a portion of the site provided a recommended remedial alternative for that portion of approximately \$560,000. However, the recommended remediation would not address any potential contamination to adjacent parcels that may be impacted by contamination from the manufactured gas plant. Montana-Dakota and another party agreed to voluntarily investigate and remediate the site and that Montana-Dakota will pay two-thirds of the costs for further investigation and remediation of the site. Montana-Dakota received notice from a prior insurance carrier that it will participate in payment of defense costs incurred in relation to the claim. Montana-Dakota has accrued \$375,000 for the remediation of this site.

A claim was made against Cascade for contamination at the Bremerton Gasworks Superfund Site in Bremerton, Washington, which was received in 1997. A preliminary investigation has found soil and groundwater at the site contain contaminants requiring further investigation and cleanup. The EPA conducted a Targeted Brownfields Assessment of the site and released a report summarizing the results of that assessment in August 2009. The assessment confirms that contaminants have affected soil and groundwater at the site, as well as sediments in the adjacent Port Washington Narrows. Alternative remediation options have been identified with preliminary cost estimates ranging from \$340,000 to \$6.4 million. Data developed through the assessment and previous investigations indicates the contamination likely derived from multiple different sources and multiple current and former owners of properties and businesses in the vicinity of the site may be responsible for the contamination. In April 2010, the Washington DOE issued notice it considered Cascade a PRP for hazardous substances at the site. In May 2012, the EPA added the site to the National Priorities List of Superfund sites. Cascade has entered into an administrative settlement agreement and consent order with the EPA regarding the scope and schedule for a remedial investigation and feasibility study for the site. Current estimates for the cost to complete the remedial investigation and feasibility study are approximately \$7.6 million of which \$4.4 million has been incurred. Cascade has accrued \$3.2 million for the remedial investigation and feasibility study, as well as \$6.4 million for remediation of this site; however, the accrual for remediation costs will be reviewed and adjusted, if necessary, after completion of the remedial investigation and feasibility study. In April 2010, Cascade filed a petition with the WUTC for authority to defer the costs incurred in relation to the environmental remediation of this site. The WUTC approved the petition in September 2010, subject to conditions set forth in the order.

A claim was made against Cascade for contamination at a site in Bellingham, Washington. Cascade received notice from a party in May 2008 that Cascade may be a PRP, along with other parties, for contamination from a manufactured gas plant owned by Cascade and its predecessor from about 1946 to 1962. Other PRPs reached an agreed order and work plan with the Washington DOE for completion of a remedial investigation and feasibility study for the site. A feasibility study prepared for one of the PRPs in March 2018 identifies five cleanup action alternatives for the site with estimated costs ranging from \$8.0 million to \$20.4 million with a selected preferred alternative having an estimated total cost of \$9.3 million. The other PRPs will develop a cleanup action plan and, after public review of the cleanup action plan, develop design documents. Cascade believes its proportional share of any liability will be relatively small in comparison to other PRPs. The plant manufactured gas from coal between approximately 1890 and 1946. In 1946, shortly after Cascade's predecessor acquired the plant, the plant converted to a propane-air gas facility. There are no documented wastes or by-products resulting from the mixing or distribution of propane-air gas. Cascade has recorded an accrual for this site for an amount that is not material.

Cascade has received notices from and entered into agreement with certain of its insurance carriers that they will participate in defense of Cascade for certain of the contamination claims subject to full and complete reservations of rights and defenses to insurance coverage. To the extent these claims are not covered by insurance, Cascade intends to seek recovery of remediation costs through the OPUC and WUTC in its natural gas rates charged to customers.

Purchase commitments

The Company has entered into various commitments largely consisting of contracts for natural gas and coal supply; purchased power; natural gas transportation and storage; employee service; information technology; and construction materials. Certain of these contracts are subject to variability in volume and price. The commitment terms vary in length, up to 41 years. The commitments under these contracts as of December 31, 2019, were:

	2020	2021	2022	2023	2024	Thereafter
	(In thousands)					
Purchase commitments	\$ 405,535	\$ 250,266	\$ 184,225	\$ 123,166	\$ 87,297	\$ 678,432

These commitments were not reflected in the Company's consolidated financial statements. Amounts purchased under various commitments for the years ended December 31, 2019, 2018 and 2017, were \$686.5 million, \$548.0 million and \$516.1 million, respectively.

Guarantees

In June 2016, WBI Energy sold all of the outstanding membership interests in Dakota Prairie Refining. In connection with the sale, Centennial agreed to continue to guarantee certain debt obligations of Dakota Prairie Refining which were expected to mature in 2023. Tesoro agreed to indemnify Centennial for any losses and litigation expenses arising from the guarantee. Continuation of the guarantee was required as a condition to the sale of Dakota Prairie Refining. On October 17, 2018, Centennial was released from this guarantee of certain debt obligations of Dakota Prairie Refining.

In 2009, multiple sale agreements were signed to sell the Company's ownership interests in the Brazilian Transmission Lines. In connection with the sale, Centennial agreed to guarantee payment of any indemnity obligations of certain of the Company's indirect wholly owned subsidiaries. The remaining guarantee is expected to expire in 2021. The guarantees were required by the buyers as a condition to the sale of the Brazilian Transmission Lines.

Certain subsidiaries of the Company have outstanding guarantees to third parties that guarantee the performance of other subsidiaries of the Company. These guarantees are related to construction contracts, insurance deductibles and loss limits, and certain other guarantees. At December 31, 2019, the fixed maximum amounts guaranteed under these agreements aggregated \$174.8 million. Certain of the guarantees also have no fixed maximum amounts specified. The amounts of scheduled expiration of the maximum amounts guaranteed under these agreements aggregate to \$162.6 million in 2020; \$700,000 in 2021; \$400,000 in 2022; \$500,000 in 2023; \$500,000 in 2024; \$1.1 million thereafter; and \$9.0 million, which has no scheduled maturity date. There were no amounts outstanding under the above guarantees at December 31, 2019. In the event of default under these guarantee obligations, the subsidiary issuing the guarantee for that particular obligation would be required to make payments under its guarantee.

Certain subsidiaries have outstanding letters of credit to third parties related to insurance policies and other agreements, some of which are guaranteed by other subsidiaries of the Company. At December 31, 2019, the fixed maximum amounts guaranteed under these letters of credit aggregated \$33.2 million. The amounts of scheduled expiration of the maximum amounts guaranteed under these letters of credit aggregate to \$32.7 million in 2020 and \$500,000 in 2021. There were no amounts outstanding under the above letters of credit at December 31, 2019. In the event of default under these letter of credit obligations, the subsidiary guaranteeing the letter of credit would be obligated for reimbursement of payments made under the letter of credit.

In addition, Centennial, Knife River and MDU Construction Services have issued guarantees to third parties related to the routine purchase of maintenance items, materials and lease obligations for which no fixed maximum amounts have been specified. These guarantees have no scheduled maturity date. In the event a subsidiary of the Company defaults under these obligations, Centennial, Knife River or MDU Construction Services would be required to make payments under these guarantees. Any amounts outstanding by subsidiaries of the Company were reflected on the Consolidated Balance Sheet at December 31, 2019.

In the normal course of business, Centennial has surety bonds related to construction contracts and reclamation obligations of its subsidiaries. In the event a subsidiary of Centennial does not fulfill a bonded obligation, Centennial would be responsible to the surety bond company for completion of the bonded contract or obligation. A large portion of the surety bonds is expected to expire within the next 12 months; however, Centennial will likely continue to enter into surety bonds for its subsidiaries in the future. At December 31, 2019, approximately \$1.1 billion of surety bonds were outstanding, which were not reflected on the Consolidated Balance Sheet.

Variable interest entities

The Company evaluates its arrangements and contracts with other entities to determine if they are VIEs and if so, if the Company is the primary beneficiary.

Part II

Fuel Contract Coyote Station entered into a coal supply agreement with Coyote Creek that provides for the purchase of coal necessary to supply the coal requirements of the Coyote Station for the period May 2016 through December 2040. Coal purchased under the coal supply agreement is reflected in inventories on the Consolidated Balance Sheets and is recovered from customers as a component of electric fuel and purchased power.

The coal supply agreement creates a variable interest in Coyote Creek due to the transfer of all operating and economic risk to the Coyote Station owners, as the agreement is structured so that the price of the coal will cover all costs of operations, as well as future reclamation costs. The Coyote Station owners are also providing a guarantee of the value of the assets of Coyote Creek as they would be required to buy the assets at book value should they terminate the contract prior to the end of the contract term and are providing a guarantee of the value of the equity of Coyote Creek in that they are required to buy the entity at the end of the contract term at equity value. Although the Company has determined that Coyote Creek is a VIE, the Company has concluded that it is not the primary beneficiary of Coyote Creek because the authority to direct the activities of the entity is shared by the four unrelated owners of the Coyote Station, with no primary beneficiary existing. As a result, Coyote Creek is not required to be consolidated in the Company's financial statements.

At December 31, 2019, the Company's exposure to loss as a result of the Company's involvement with the VIE, based on the Company's ownership percentage was \$36.0 million.

Note 21 - Subsequent Events

On February 3, 2020, the Company acquired PerLectric, Inc., a leading electrical construction company in Fairfax, Virginia, which will be included in the Company's construction services segment. On February 14, 2020, the Company acquired the assets of Oldcastle Infrastructure Spokane, a prestressed-concrete business located in Spokane, Washington, which will be included in the Company's construction materials and contracting segment. To date, the initial accounting for these acquisitions is incomplete. Due to the limited time since the date of these acquisitions, it is impracticable for the Company to make business combination disclosures related to these acquisitions. The Company is still gathering the necessary information to provide such disclosures in future filings.

Supplementary Financial Information

Quarterly Data (Unaudited)

The following unaudited information shows selected items by quarter for the years 2019 and 2018:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
(In thousands, except per share amounts)				
2019				
Operating revenues	\$ 1,091,191	\$ 1,303,573	\$ 1,563,799	\$ 1,378,213
Operating expenses	1,026,973	1,206,262	1,374,329	1,247,992
Operating income	64,218	97,311	189,470	130,221
Income from continuing operations	41,089	63,145	136,128	94,804
Income (loss) from discontinued operations, net of tax	(163)	(1,320)	1,509	261
Net income	40,926	61,825	137,637	95,065
Earnings per share - basic:				
Income from continuing operations	.21	.32	.68	.47
Discontinued operations, net of tax	—	(.01)	.01	—
Earnings per share - basic	.21	.31	.69	.47
Earnings per share - diluted:				
Income from continuing operations	.21	.32	.68	.47
Discontinued operations, net of tax	—	(.01)	.01	—
Earnings per share - diluted	.21	.31	.69	.47
Weighted average common shares outstanding:				
Basic	196,401	198,270	199,343	200,383
Diluted	196,414	198,287	199,383	200,478
2018				
Operating revenues	\$ 976,293	\$ 1,064,597	\$ 1,280,787	\$ 1,209,875
Operating expenses	906,917	990,605	1,140,783	1,091,524
Operating income	69,376	73,992	140,004	118,351
Income from continuing operations	41,960	44,075	107,369	75,982
Income (loss) from discontinued operations, net of tax	477	(273)	(118)	2,846
Net income	42,437	43,802	107,251	78,828
Earnings per share - basic:				
Income from continuing operations	.22	.22	.55	.39
Discontinued operations, net of tax	—	—	—	.01
Earnings per share - basic	.22	.22	.55	.40
Earnings per share - diluted:				
Income from continuing operations	.22	.22	.55	.39
Discontinued operations, net of tax	—	—	—	.01
Earnings per share - diluted	.22	.22	.55	.40
Weighted average common shares outstanding:				
Basic	195,304	195,524	196,018	196,023
Diluted	195,982	196,169	196,265	196,385

Certain operations of the Company are highly seasonal and revenues from and certain expenses for such operations may fluctuate significantly among quarterly periods. Accordingly, quarterly financial information may not be indicative of results for a full year.

Part II

Definitions

The following abbreviations and acronyms used in Notes to Consolidated Financial Statements are defined below:

Abbreviation or Acronym

AFUDC	Allowance for funds used during construction
ASC	FASB Accounting Standards Codification
ASU	FASB Accounting Standards Update
Big Stone Station	475-MW coal-fired electric generating facility near Big Stone City, South Dakota (22.7 percent ownership)
Brazilian Transmission Lines	Company's former investment in companies owning three electric transmission lines in Brazil
BSSE	345-kilovolt transmission line from Ellendale, North Dakota, to Big Stone City, South Dakota (50 percent ownership)
Cascade	Cascade Natural Gas Corporation, an indirect wholly owned subsidiary of MDU Energy Capital
Centennial	Centennial Energy Holdings, Inc., a direct wholly owned subsidiary of the Company
Centennial Capital	Centennial Holdings Capital LLC, a direct wholly owned subsidiary of Centennial
Centennial's Consolidated EBITDA	Centennial's consolidated net income from continuing operations plus the related interest expense, taxes, depreciation, depletion, amortization of intangibles and any non-cash charge relating to asset impairment for the preceding 12-month period
Centennial Resources	Centennial Energy Resources LLC, a direct wholly owned subsidiary of Centennial
Company	MDU Resources Group, Inc. (formerly known as MDUR Newco), which, as the context requires, refers to the previous MDU Resources Group, Inc. prior to January 1, 2019, and the new holding company of the same name after January 1, 2019
Coyote Creek	Coyote Creek Mining Company, LLC, a subsidiary of The North American Coal Corporation
Coyote Station	427-MW coal-fired electric generating facility near Beulah, North Dakota (25 percent ownership)
Dakota Prairie Refining	Dakota Prairie Refining, LLC, a limited liability company previously owned by WBI Energy and Calumet Specialty Products Partners, L.P. (previously included in the Company's refining segment)
EBITDA	Earnings before interest, taxes, depreciation, depletion and amortization
EIN	Employer Identification Number
EPA	United States Environmental Protection Agency
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
Fidelity	Fidelity Exploration & Production Company, a direct wholly owned subsidiary of WBI Holdings (previously referred to as the Company's exploration and production segment)
FIP	Funding improvement plan
GAAP	Accounting principles generally accepted in the United States of America
Great Plains	Great Plains Natural Gas Co., a public utility division of the Company prior to the closing of the Holding Company Reorganization and a public utility division of Montana-Dakota as of January 1, 2019
Holding Company Reorganization	The internal holding company reorganization completed on January 1, 2019, pursuant to the agreement and plan of merger, dated as of December 31, 2018, by and among Montana-Dakota, the Company and MDUR Newco Sub, which resulted in the Company becoming a holding company and owning all of the outstanding capital stock of Montana-Dakota.
IBEW	International Brotherhood of Electrical Workers
Intermountain	Intermountain Gas Company, an indirect wholly owned subsidiary of MDU Energy Capital
Knife River	Knife River Corporation, a direct wholly owned subsidiary of Centennial
Knife River - Northwest	Knife River Corporation - Northwest, an indirect wholly owned subsidiary of Knife River
K-Plan	Company's 401(k) Retirement Plan
LWG	Lower Willamette Group
MDU Construction Services	MDU Construction Services Group, Inc., a direct wholly owned subsidiary of Centennial
MDU Energy Capital	MDU Energy Capital, LLC, a direct wholly owned subsidiary of the Company
MDUR Newco	MDUR Newco, Inc., a public holding company created by implementing the Holding Company Reorganization, now known as the Company
MDUR Newco Sub	MDUR Newco Sub, Inc., a direct, wholly owned subsidiary of MDUR Newco, which was merged with and into Montana-Dakota in the Holding Company Reorganization
MEPP	Multiemployer pension plan
MISO	Midcontinent Independent System Operator, Inc.

MNPUC	Minnesota Public Utilities Commission
Montana-Dakota	Montana-Dakota Utilities Co. (formerly known as MDU Resources Group, Inc.), a public utility division of the Company prior to the closing of the Holding Company Reorganization and a direct wholly owned subsidiary of MDU Energy Capital as of January 1, 2019
MTPSC	Montana Public Service Commission
MW	Megawatt
NDPSC	North Dakota Public Service Commission
Oil	Includes crude oil and condensate
OPUC	Oregon Public Utility Commission
PRP	Potentially Responsible Party
RP	Rehabilitation plan
SDPUC	South Dakota Public Utilities Commission
SEC	United States Securities and Exchange Commission
TCJA	Tax Cuts and Jobs Act
Tesoro	Tesoro Refining & Marketing Company LLC
VIE	Variable interest entity
Washington DOE	Washington State Department of Ecology
WBI Energy	WBI Energy, Inc., a direct wholly owned subsidiary of WBI Holdings
WBI Energy Transmission	WBI Energy Transmission, Inc., an indirect wholly owned subsidiary of WBI Holdings
WBI Holdings	WBI Holdings, Inc., a direct wholly owned subsidiary of Centennial
WUTC	Washington Utilities and Transportation Commission
Wygen III	100-MW coal-fired electric generating facility near Gillette, Wyoming (25 percent ownership)
WYPSC	Wyoming Public Service Commission

Part II

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

The following information includes the evaluation of disclosure controls and procedures by the Company's chief executive officer and the chief financial officer, along with any significant changes in internal controls of the Company.

Evaluation of Disclosure Controls and Procedures

The term "disclosure controls and procedures" is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. The Company's disclosure controls and other procedures are designed to provide reasonable assurance that information required to be disclosed in the reports that the Company files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. The Company's disclosure controls and procedures include controls and procedures designed to provide reasonable assurance that information required to be disclosed is accumulated and communicated to management, including the Company's chief executive officer and chief financial officer, to allow timely decisions regarding required disclosure. The Company's management, with the participation of the Company's chief executive officer and chief financial officer, has evaluated the effectiveness of the Company's disclosure controls and procedures. Based upon that evaluation, the chief executive officer and the chief financial officer have concluded that, as of the end of the period covered by this report, such controls and procedures were effective at a reasonable assurance level.

Changes in Internal Controls

No change in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the three months ended December 31, 2019, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Management's Annual Report on Internal Control Over Financial Reporting

The information required by this item is included in this Form 10-K at Item 8 - Management's Report on Internal Control Over Financial Reporting.

Attestation Report of the Registered Public Accounting Firm

The information required by this item is included in this Form 10-K at Item 8 - Report of Independent Registered Public Accounting Firm.

Item 9B. Other Information

None.

Item 10. Directors, Executive Officers and Corporate Governance

Information required by this item will be included in the Company's Proxy Statement, which is incorporated herein by reference.

Item 11. Executive Compensation

Information required by this item will be included in the Company's Proxy Statement, which is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Equity Compensation Plan Information

The following table includes information as of December 31, 2019, with respect to the Company's equity compensation plans:

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by stockholders (1)	596,341 (2) \$	— (3)	4,012,055 (4)(5)
Equity compensation plans not approved by stockholders	N/A	N/A	N/A
Total	596,341 \$	—	4,012,055

(1) Consists of the Non-Employee Director Long-Term Incentive Compensation Plan and the Long-Term Performance-Based Incentive Plan.
(2) Consists of performance shares and restricted stock awards.
(3) No weighted average exercise price is shown for the performance shares or restricted stock awards because such awards have no exercise price.
(4) This amount includes 3,737,848 shares available for future issuance under the Long-Term Performance-Based Incentive Plan in connection with grants of restricted stock, performance units, performance shares or other equity-based awards.
(5) This amount includes 274,207 shares available for future issuance under the Non-Employee Director Long-Term Incentive Compensation Plan.

The remaining information required by this item will be included in the Company's Proxy Statement, which is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information required by this item will be included in the Company's Proxy Statement, which is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

Information required by this item will be included in the Company's Proxy Statement, which is incorporated herein by reference.

Part IV

Item 15. Exhibits, Financial Statement Schedules

(a) Financial Statements, Financial Statement Schedules and Exhibits

Index to Financial Statements and Financial Statement Schedules

1. Financial Statements

The following consolidated financial statements required under this item are included under Item 8 - Financial Statements and Supplementary Data.

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2. Financial Statement Schedules

The following financial statement schedules are included in Part IV of this report.

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MDU RESOURCES GROUP, INC.

Schedule I - Condensed Financial Information of Registrant (Unconsolidated)
Condensed Statements of Income and Comprehensive Income

Years ended December 31,	2019	2018	2017
	(In thousands)		
Operating revenues	\$ —	\$ 628,331	\$ 623,693
Operating expenses	—	540,125	520,069
Operating income	—	88,206	103,624
Other income	—	1,504	4,876
Interest expense	—	32,761	31,997
Income before income taxes	—	56,949	76,503
Income taxes	—	(4,259)	13,800
Equity in earnings of subsidiaries from continuing operations	335,166	208,177	222,283
Net income from continuing operations	335,166	269,385	284,986
Equity in earnings (loss) of subsidiaries from discontinued operations	287	2,933	(3,783)
Loss on redemption of preferred stock	—	—	600
Dividends declared on preferred stock	—	—	171
Earnings on common stock	\$ 335,453	\$ 272,318	\$ 280,432
Comprehensive income	\$ 331,693	\$ 279,269	\$ 279,602

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

Part IV

MDU RESOURCES GROUP, INC. Schedule I - Condensed Financial Information of Registrant (Unconsolidated) Condensed Balance Sheets

December 31,	2019	2018
(In thousands, except shares and per share amounts)		
Assets		
Current assets:		
Cash and cash equivalents	\$ 12,326	\$ 2,271
Receivables, net	4,727	92,724
Accounts receivable from subsidiaries	49,943	36,015
Inventories	—	13,293
Prepayments and other current assets	501	14,488
Total current assets	67,497	158,791
Investments	46,294	76,202
Investment in subsidiaries	2,842,068	1,790,886
Property, plant and equipment	—	2,846,715
Less accumulated depreciation, depletion and amortization	—	836,735
Net property, plant and equipment	—	2,009,980
Deferred charges and other assets:		
Goodwill	—	4,812
Operating lease right-of-use assets	153	—
Other	34,367	180,473
Total deferred charges and other assets	34,520	185,285
Total assets	\$ 2,990,379	\$ 4,221,144
Liabilities and Stockholders' Equity		
Current liabilities:		
Long-term debt due within one year	\$ —	\$ 200,711
Accounts payable	2,981	50,051
Accounts payable to subsidiaries	4,752	12,438
Taxes payable	1,253	24,704
Dividends payable	41,580	39,695
Accrued compensation	8,812	14,346
Current operating lease liabilities	96	—
Other accrued liabilities	7,690	54,099
Total current liabilities	67,164	396,044
Long-term debt	—	586,012
Deferred credits and other liabilities:		
Deferred income taxes	—	165,122
Noncurrent operating lease liabilities	56	—
Other	75,913	507,191
Total deferred credits and other liabilities	75,969	672,313
Commitments and contingencies		
Stockholders' equity:		
Common stock		
Authorized - 500,000,000 shares, \$1.00 par value		
Shares issued - 200,922,790 at December 31, 2019 and 196,564,907 at December 31, 2018	200,923	196,565
Other paid-in capital	1,355,404	1,248,576
Retained earnings	1,336,647	1,163,602
Accumulated other comprehensive loss	(42,102)	(38,342)
Treasury stock at cost - 538,921 shares	(3,626)	(3,626)
Total stockholders' equity	2,847,246	2,566,775
Total liabilities and stockholders' equity	\$ 2,990,379	\$ 4,221,144

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

MDU RESOURCES GROUP, INC.
Schedule I - Condensed Financial Information of Registrant (Unconsolidated)
Condensed Statements of Cash Flows

Years ended December 31,	2019	2018	2017
	(In thousands)		
Net cash provided by operating activities	\$ 168,520	\$ 294,379	\$ 284,075
Investing activities:			
Capital expenditures	—	(242,692)	(146,370)
Net proceeds from sale or disposition of property and other	—	5,032	(5,665)
Investments in and advances to subsidiaries	(120,000)	(40,000)	(40,000)
Advances from subsidiaries	17,000	70,000	40,000
Investments	(236)	(528)	(468)
Net cash used in investing activities	(103,236)	(208,188)	(152,503)
Financing activities:			
Issuance of long-term debt	—	199,422	70,080
Repayment of long-term debt	—	(125,961)	(37,569)
Payments of stock issuance costs	—	(10)	—
Proceeds from issuance of common stock	106,848	—	—
Dividends paid	(160,256)	(154,573)	(150,727)
Redemption of preferred stock	—	—	(15,600)
Repurchase of common stock	—	(1,920)	(564)
Tax withholding on stock-based compensation	(1,821)	(1,721)	(508)
Net cash used in financing activities	(55,229)	(84,763)	(134,888)
Increase (decrease) in cash and cash equivalents	10,055	1,428	(3,316)
Cash and cash equivalents - beginning of year	2,271	843	4,159
Cash and cash equivalents - end of year	\$ 12,326	\$ 2,271	\$ 843

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

Notes to Condensed Financial Statements

Note 1 - Summary of Significant Accounting Policies

Basis of presentation The condensed financial information reported in Schedule I is being presented to comply with Rule 12-04 of Regulation S-X. The information is unconsolidated and is presented for the parent company only, MDU Resources Group, Inc. (the Company) as of and for the year ended December 31, 2019. Prior to the Holding Company Reorganization, the Company included Montana-Dakota and Great Plains, public utility divisions of the Company as of December 31, 2018. On January 2, 2019, the Company announced the completion of the Holding Company Reorganization, which resulted in Montana-Dakota and Great Plains becoming a subsidiary of the Company. Immediately after consummation, the Company had, on a consolidated basis, the same assets, businesses and operations as it had immediately prior to the reorganization. For more information on the reorganization, see Item 8 - Note 1. The prior periods have not been restated and reflect the condensed financial information of Montana-Dakota and Great Plains as of and for the years ended December 31, 2018 and 2017. Due to the completion of the Holding Company Reorganization, the presentation of prior periods will vary from that of and for the year ended December 31, 2019. In Schedule I, investments in subsidiaries are presented under the equity method of accounting where the assets and liabilities of the subsidiaries are not consolidated. The investments in net assets of the subsidiaries are recorded on the Condensed Balance Sheets. The income from subsidiaries is reported as equity in earnings of subsidiaries on the Condensed Statements of Income. The material cash inflows on the Condensed Statements of Cash Flows are primarily from the dividends and other payments received from its subsidiaries and the proceeds raised from the issuance of equity securities. The consolidated financial statements of MDU Resources Group, Inc. reflect certain businesses as discontinued operations. These statements should be read in conjunction with the consolidated financial statements and notes thereto of MDU Resources Group, Inc.

Earnings per common share Please refer to the Consolidated Statements of Income of the registrant for earnings per common share. In addition, see Item 8 - Note 1 for information on the computation of earnings per common share.

Note 2 - Debt At December 31, 2019, the Company had no long-term debt maturities. For more information on debt, see Item 8 - Note 9.

Part IV

Note 3 - Dividends The Company depends on earnings and dividends from its subsidiaries to pay dividends on common stock. Cash dividends paid to the Company by subsidiaries were \$177.1 million, \$115.9 million and \$116.1 million for the years ended December 31, 2019, 2018 and 2017, respectively.

MDU RESOURCES GROUP, INC.

Schedule II - Consolidated Valuation and Qualifying Accounts

For the years ended December 31, 2019, 2018 and 2017

Description	Balance at Beginning of Year	Additions		Deductions **	Balance at End of Year
		Charged to Costs and Expenses	Other *		
(In thousands)					
Allowance for doubtful accounts:					
2019	\$ 8,850	\$ 7,864	\$ 980	\$ 9,197	\$ 8,497
2018	8,069	7,532	1,121	7,872	8,850
2017	10,479	7,024	989	10,423	8,069

* Recoveries.

** Uncollectible accounts written off.

All other schedules are omitted because of the absence of the conditions under which they are required, or because the information required is included in the Company's Consolidated Financial Statements and Notes thereto.

Item 16. Form 10-K Summary

None.

3. Exhibits

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference			
			Form	Period Ended	Filing Date	File Number
2(a)	Agreement and Plan of Merger, dated December 31, 2018, by and among MDU Resources Group, Inc., MDUR Newco, Inc. MDU Newco Sub, Inc.		8-K		2(a) 1/2/19	1-03480
3(a)	Amended and Restated Certificate of Incorporation of MDU Resources Group, Inc.		8-K		3.2 5/8/19	1-03480
3(b)	Amended and Restated Bylaws of MDU Resources Group, Inc.		8-K		3.1 2/15/19	1-03480
4(a)	Indenture, dated as of December 15, 2003, between MDU Resources Group, Inc. and The Bank of New York, as trustee		S-8		4(f) 1/21/04	333-112035
4(b)	First Supplemental Indenture, dated as of November 17, 2009, between MDU Resources Group, Inc. and the Bank of New York Mellon, as trustee		10-K	12/31/09	4(c) 2/17/10	1-03480
*4(c)	Fifth Amended and Restated Credit Agreement, dated as of December 19, 2019, among Centennial Energy Holdings, Inc., U.S. Bank National Association, as Administrative Agent, and The Several Financial Institutions party thereto	X				
*4(d)	Montana-Dakota Utilities Co. Amended and Restated Credit Agreement, dated December 19, 2019, among Montana-Dakota Utilities Co., Various Lenders, and Wells Fargo Bank, National Association, as Administrative Agent	X				
4(e)	Centennial Energy Holdings, Inc. Note Purchase Agreement, dated December 20, 2012, among Centennial Energy Holdings, Inc. and various purchasers of the notes		10-Q	6/30/19	4(a) 8/2/19	1-03480
4(f)	Montana-Dakota Utilities Co. Note Purchase Agreement, dated July 24, 2019, among Montana-Dakota Utilities Co. and various purchasers of the notes		10-Q	9/30/19	4(a) 11/1/19	1-03480

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference				
			Form	Period Ended	Exhibit	Filing Date	File Number
4(g)	MDU Resources Group, Inc. Description of Securities Registered Pursuant to Section 12 of the Securities and Exchange Act of 1934	X					
+10(a)	MDU Resources Group, Inc. Supplemental Income Security Plan, as amended and restated May 10, 2017		10-Q	6/30/17	10(d)	8/4/17	1-03480
+10(b)	MDU Resource Group, Inc. Director Compensation Policy, as amended May 8, 2019		10-Q	6/30/19	10(a)	8/2/19	1-03480
+10(c)	Deferred Compensation Plan for Directors, as amended May 15, 2008		10-Q	6/30/08	10(a)	8/7/08	1-03480
+10(d)	Non-Employee Director Stock Compensation Plan, as amended May 12, 2011		10-Q	6/30/11	10(a)	8/5/11	1-03480
+10(e)	MDU Resources Group, Inc. Non-Employee Director Long-Term Incentive Compensation Plan, as amended May 17, 2012		10-Q	6/30/12	10(a)	8/7/12	1-03480
+10(f)	MDU Resources Group, Inc. Long-Term Performance-Based Incentive Plan, as amended February 11, 2016		10-K	12/31/15	10(f)	2/19/16	1-03480
+10(g)	MDU Resources Group, Inc. Executive Incentive Compensation Plan, as amended November 13, 2019, and Rules and Regulations, as amended November 13, 2019	X					
+10(h)	Form of Performance Share Award Agreement under the Long-Term Performance-Based Incentive Plan, as amended February 16, 2017		8-K		10.1	2/21/17	1-03480
+10(i)	Form of Performance Share Award Agreement under the Long-Term Performance-Based Incentive Plan, as amended February 15, 2018		8-K		10.1	2/21/18	1-03480
+10(j)	Form of Performance Share Award Agreement under the Long-Term Performance-Based Incentive Plan, as amended February 14, 2019		10-K	12/31/18	10(k)	2/22/19	1-03480
+10(k)	Form of Annual Incentive Award Agreement under the Long-Term Performance-Based Incentive Plan, as amended February 13, 2020	X					
+10(l)	Restricted Stock Unit Award Agreement under the Long-Term Performance-Based Incentive Plan, as amended February 15, 2018		8-K		10.3	2/21/18	1-03480
+10(m)	Form of MDU Resources Group, Inc. Indemnification Agreement for Section 16 Officers and Directors, dated May 15, 2014		8-K		10.1	5/15/14	1-03480
+10(n)	Form of Amendment No. 1 to Indemnification Agreement, dated May 15, 2014		8-K		10.2	5/15/14	1-03480
+10(o)	MDU Resources Group, Inc. Nonqualified Defined Contribution Plan, as amended May 10, 2017		10-Q	6/30/17	10(c)	8/4/17	1-03480
+10(p)	MDU Resources Group, Inc. 401(k) Retirement Plan, as restated January 1, 2017		10-Q	3/31/17	10(a)	5/8/17	1-03480
+10(q)	Instrument of Amendment to the MDU Resources Group, Inc. 401(k) Retirement Plan, dated March 31, 2017		10-Q	3/31/17	10(b)	5/8/17	1-03480
+10(r)	Instrument of Amendment to the MDU Resources Group, Inc. 401(k) Retirement Plan, dated April 10, 2017		10-Q	6/30/17	10(e)	8/4/17	1-03480
+10(s)	Instrument of Amendment to the MDU Resources Group, Inc. 401(k) Retirement Plan, dated August 30, 2017		10-Q	9/30/17	10(a)	11/3/17	1-03480
+10(t)	Instrument of Amendment to the MDU Resources Group, Inc. 401(k) Retirement Plan, dated April 25, 2018		10-Q	6/30/19	10(b)	8/2/19	1-03480
+10(u)	Instrument of Amendment to the MDU Resources Group, Inc. 401(k) Retirement Plan, dated September 6, 2018		10-Q	6/30/19	10(c)	8/2/19	1-03480
+10(v)	Instrument of Amendment to the MDU Resources Group, Inc. 401(k) Retirement Plan, dated December 20, 2018		10-Q	6/30/19	10(d)	8/2/19	1-03480

Part IV

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference			
			Form	Period Ended	Exhibit	Filing Date File Number
+10(w)	Instrument of Amendment to the MDU Resources Group, Inc. 401(k) Retirement Plan, dated March 22, 2019		10-Q	6/30/19	10(e)	8/2/19 1-03480
+10(x)	Instrument of Amendment to the MDU Resources Group, Inc. 401(k) Retirement Plan, dated August 22, 2019		10-Q	9/30/19	10(a)	11/1/19 1-03480
+10(y)	Instrument of Amendment to the MDU Resources Group, Inc. 401(k) Retirement Plan, dated October 15, 2019	X				
+10(z)	Employment Letter for Jeffrey S. Thiede, dated May 16, 2013		10-K	12/31/13	10(ab)	2/21/14 1-03480
+10(aa)	Jason L. Vollmer Offer Letter, dated September 20, 2017		8-K		10.1	9/21/17 1-03480
21	Subsidiaries of MDU Resources Group, Inc.	X				
23	Consent of Independent Registered Public Accounting Firm	X				
31(a)	Certification of Chief Executive Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X				
31(b)	Certification of Chief Financial Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X				
32	Certification of Chief Executive Officer and Chief Financial Officer furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X				
95	Mine Safety Disclosures	X				
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document					
101.SCH	XBRL Taxonomy Extension Schema Document					
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document					
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document					
101.LAB	XBRL Taxonomy Extension Label Linkbase Document					
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document					

* Schedules and exhibits to this agreement have been omitted pursuant to Item 601(a)(5) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished as a supplement to the SEC upon request.

+ Management contract, compensatory plan or arrangement.

MDU Resources Group, Inc. agrees to furnish to the SEC upon request any instrument with respect to long-term debt that MDU Resources Group, Inc. has not filed as an exhibit pursuant to the exemption provided by Item 601(b)(4)(iii)(A) of Regulation S-K.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MDU Resources Group, Inc.

Date: February 21, 2020 By: /s/ David L. Goodin
David L. Goodin
(President and Chief Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the date indicated.

Signature	Title	Date
<u>/s/ David L. Goodin</u> David L. Goodin (President and Chief Executive Officer)	Chief Executive Officer and Director	February 21, 2020
<u>/s/ Jason L. Vollmer</u> Jason L. Vollmer (Vice President, Chief Financial Officer and Treasurer)	Chief Financial Officer	February 21, 2020
<u>/s/ Stephanie A. Barth</u> Stephanie A. Barth (Vice President, Chief Accounting Officer and Controller)	Chief Accounting Officer	February 21, 2020
<u>/s/ Dennis W. Johnson</u> Dennis W. Johnson (Chair of the Board)	Director	February 21, 2020
<u>/s/ Thomas Everist</u> Thomas Everist	Director	February 21, 2020
<u>/s/ Karen B. Fagg</u> Karen B. Fagg	Director	February 21, 2020
<u>/s/ Mark A. Hellerstein</u> Mark A. Hellerstein	Director	February 21, 2020
<u>/s/ Patricia L. Moss</u> Patricia L. Moss	Director	February 21, 2020
<u>/s/ Edward A. Ryan</u> Edward A. Ryan	Director	February 21, 2020
<u>/s/ David M. Sparby</u> David M. Sparby	Director	February 21, 2020
<u>/s/ Chenxi Wang</u> Chenxi Wang	Director	February 21, 2020
<u>/s/ John K. Wilson</u> John K. Wilson	Director	February 21, 2020

FIFTH AMENDED AND RESTATED CREDIT AGREEMENT

Dated as of December 19, 2019

among

CENTENNIAL ENERGY HOLDINGS, INC.,

**THE SEVERAL FINANCIAL INSTITUTIONS
FROM TIME TO TIME PARTY TO THIS AGREEMENT,**

**U.S. BANK NATIONAL ASSOCIATION,
as Administrative Agent,**

**MUFG BANK, LTD.,
as Syndication Agent,**

and

**JPMORGAN CHASE BANK, N.A.,
PNC BANK, NATIONAL ASSOCIATION**

and

**ROYAL BANK OF CANADA,
as Co-Documentation Agents**

Arranged By

**U.S. BANK NATIONAL ASSOCIATION,
MUFG BANK, LTD.,
JPMORGAN CHASE BANK, N.A.,
PNC CAPITAL MARKETS LLC**

and

RBC CAPITAL MARKETS

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FIFTH AMENDED AND RESTATED CREDIT AGREEMENT

This FIFTH AMENDED AND RESTATED CREDIT AGREEMENT (this “Agreement”) is entered into as of December 19, 2019 among CENTENNIAL ENERGY HOLDINGS, INC., a Delaware corporation (the “Company”), the several financial institutions from time to time party to this Agreement, JPMORGAN CHASE BANK, N.A., ROYAL BANK OF CANADA and PNC BANK, NATIONAL ASSOCIATION, as Co-Documentation Agents, MUFG BANK, LTD., as Syndication Agent, and U.S. BANK NATIONAL ASSOCIATION, as administrative agent for the Banks.

WHEREAS, the Company, various financial institutions and U.S. Bank National Association, as administrative agent, have entered into that certain Fourth Amended and Restated Credit Agreement dated as of September 23, 2016 (as amended by that certain First Amendment dated as of October 26, 2018, the “Existing Credit Agreement”);

WHEREAS, the parties hereto have agreed to amend and restate the Existing Credit Agreement pursuant to this Agreement; and

WHEREAS, the parties hereto intend that this Agreement and the documents executed in connection herewith not effect a novation of the obligations of the Company under the Existing Credit Agreement, but merely a restatement of and, where applicable, an amendment to the terms governing such obligations;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged hereby, the parties hereto agree as follows:

ARTICLE I **DEFINITIONS**

1.01 Certain Defined Terms. The following terms have the following meanings:

“Acquisition” means any transaction or series of related transactions for the purpose of or resulting, directly or indirectly, in (a) the acquisition of all or substantially all of the assets of a Person, or of any business or division of a Person, (b) the acquisition of more than 50% of the capital stock, partnership interests, membership interests or equity of any Person, or otherwise causing any Person to become a Subsidiary, or (c) a merger or consolidation or any other combination with another Person (other than a Person that is a Subsidiary) provided that the Company or the Subsidiary is the surviving entity.

“Additional Bank” has the meaning specified in Section 2.04(b)(ii).

“Adjusted Leverage Ratio” shall mean, as of the last day of any fiscal quarter, the ratio of Average Consolidated Debt as of such day to Consolidated EBITDA for the four quarter period ending on such day.

“Administrative Agent” means U.S. Bank (together with its branches and affiliates) in its capacity as administrative agent for the Banks pursuant to Article IX, and not in its individual capacity as a Bank, and any successor administrative agent appointed pursuant to Article IX.

“Advance” means a borrowing hereunder (or conversion or continuation thereof) consisting of the aggregate amount of the several Loans made on the same Borrowing Date (or date of conversion or continuation) by the Banks to the Company at the same Rate Option and, in the case of Eurodollar Advances, for the same Interest Period.

“Affected Bank” has the meaning specified in Section 2.15.

“Affiliate” of any Person means any other Person directly or indirectly controlling, controlled by or under common control with such Person. A Person shall be deemed to control another Person if the controlling Person owns 10% or more of any class of voting securities (or other ownership interests) of the controlled Person or possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of stock or other equity interests, by contract or otherwise.

“Agent-Related Persons” means U.S. Bank and any successor Administrative Agent arising under Section 9.12, together with their respective Affiliates and the officers, directors, employees, agents and attorneys-in-fact of such Persons and Affiliates.

“Aggregate Commitment” means the aggregate of the Commitments of all the Banks, as modified from time to time pursuant to the terms hereof.

“Aggregate Outstanding Credit Exposure” means, at any time, the aggregate of the Outstanding Credit Exposures of all Banks.

“Agreement” - see the preamble.

“Alternate Base Rate” means, for any day, a rate of interest per annum equal to the highest of (i) the Prime Rate for such day, (ii) the sum of the Federal Funds Effective Rate for such day plus 1/2% per annum and (iii) the Eurodollar Rate (without giving effect to the Applicable Amount) for a one month Interest Period on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1.0%, provided that the Eurodollar Rate for any day shall be based on the rate reported by the applicable financial information service at approximately 11:00 a.m. (London time) on such day. If the Alternate Base Rate as so determined would be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“Anti-Corruption Laws” has the meaning specified in Section 5.21.

“Applicable Amount” means, for any Pricing Period, with respect to the fees referred to below and outstanding Advances of the Types referred to below, the per annum amount set forth below in the corresponding column under Applicable Amount opposite the applicable Pricing Level:

Pricing Level	Applicable Amount (in basis points per annum)		
	Facility Fee	Eurodollar Advances/ Letter of Credit Fee	Base Rate Advances
1	10.0	77.5	0.0
2	12.5	87.5	0.0
3	15.0	97.5	0.0
4	20.0	105.0	5.0
5	25.0	125.0	25.0
6	30.0	145.0	45.0

“Approved Fund” means any Fund that is administered or managed by (a) a Bank, (b) an Affiliate of a Bank or (c) an entity or an Affiliate of an entity that administers or manages a Bank.

“Assignment Agreement” means an assignment agreement, in substantially the form of Exhibit F hereto (or otherwise reasonably acceptable to the Administrative Agent).

“Attorney Costs” means and includes all fees and disbursements of any law firm or other external counsel, the allocated cost of internal legal services and all disbursements of internal counsel.

“Average Consolidated Debt” means, as of the last day of any fiscal quarter, the average amount of Indebtedness (excluding contingent obligations under surety bonds and similar instruments) of the Company and its Subsidiaries as of the last day of such fiscal quarter and each of the preceding three fiscal quarters.

“Bail-In Action” means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

“Bail-In Legislation” means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

“Bankruptcy Code” means the United States Bankruptcy Code (11 U.S.C. §101, et seq.).

“Banks” means the lending institutions listed on the signature pages of this Agreement and their respective successors and assigns.

“Base Rate” means, for any day, a rate per annum equal to (i) the Alternate Base Rate for such day plus (ii) the Applicable Amount.

“Base Rate Advance” means an Advance that bears interest at the Base Rate.

“Beneficial Ownership Certification” means a certification regarding beneficial ownership or control as required by the Beneficial Ownership Regulation.

“Beneficial Ownership Regulation” means 31 C.F.R. § 1010.230.

“BHC Act Affiliate” of a party means an “affiliate” (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

“Borrowing Date” means a date on which an Advance is made hereunder.

“Borrowing Notice” has the meaning specified in Section 2.02(c).

“Business Day” means a day (other than a Saturday or Sunday) on which banks generally are open in Minneapolis and New York for the conduct of substantially all of their commercial lending activities, interbank wire transfers can be made on the Fedwire system and, with respect to any borrowing, payment or rate selection of Eurodollar Advances or Eurodollar Loans, a day on which dealings in Dollars are carried on in the London interbank market.

“Capitalization Ratio” means, with respect to any Person, the ratio of such Person’s Total Debt to such Person’s Total Capitalization.

“Cash Collateralize” means to pledge and deposit with or deliver to the Administrative Agent, for the benefit of one or more of the Issuers or the Banks, as collateral for Letter of Credit Obligations or obligations of the Banks to fund participations in respect of Letter of Credit Obligations, cash or deposit account balances or, if the Administrative Agent and each applicable Issuer shall agree in their sole discretion, other credit support, in each case pursuant to documentation in form and substance satisfactory to the Administrative Agent and each applicable Issuer. “Cash Collateral” shall have a meaning correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support.

“Centennial International” means Centennial Energy Resources International Inc., a Delaware corporation.

“Change in Law” has the meaning specified in Section 3.01.

“Change of Control” means the occurrence of any event whereby MDU Resources Group, Inc. ceases to own direct or indirect sole beneficial ownership (as defined under Rule 13d-3 under the Exchange Act as in effect on the date of this Agreement) of at least 66-2/3% of the combined voting power of the Company’s securities which are entitled to vote generally in the election of directors of the Company.

“Code” means the Internal Revenue Code of 1986, and regulations promulgated thereunder.

“Co-Documentation Agents” means JPMorgan Chase Bank, N.A., Royal Bank of Canada, PNC Bank, National Association and any other institution agreed upon by the Company and the Co-Lead Arrangers.

“Co-Lead Arrangers” means U.S. Bank, MUFG Bank, Ltd., JPMorgan Chase Bank, N.A., PNC Capital Markets LLC and RBC Capital Markets in their capacity as co-lead arrangers for the credit facilities evidenced hereby.

“Commitment” means, for each Bank, the obligation of such Bank to make Loans and to participate in Letters of Credit in an aggregate amount not exceeding the amount set forth in Schedule 2.01, as it may be modified as a result of any assignment that has become effective pursuant to Section 10.08, or as otherwise modified from time to time pursuant to the terms hereof.

“Commodity Contract” means any agreement, device or arrangement providing for payments which are related to fluctuations in commodity prices, including commodity swap or forward sale or purchase agreements.

“Company” - see the preamble.

“Compliance Certificate” means a certificate substantially in the form of Exhibit A properly completed and signed by a Responsible Officer.

“Connection Income Taxes” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

“Consolidated EBITDA” means, as of the last day of any fiscal quarter, the total of (i) consolidated net income from continuing operations of the Company and its Subsidiaries for the four quarter period ending on such day (determined in accordance with GAAP, but excluding extraordinary gains and losses for such period) plus (ii) to the extent deducted in determining such consolidated net income from continuing operations, interest expense, taxes, depreciation, depletion, amortization of intangibles and any non-cash charge relating to asset impairment, in each case determined in accordance with GAAP.

“Consolidated Net Worth” means, at any time, the excess of total assets of the Company and its Subsidiaries over total liabilities of the Company and its Subsidiaries as of the last day of the fiscal quarter most recently then ended, determined on a consolidated basis in accordance with GAAP.

“Contingent Obligation” means, as to any Person, any direct or indirect liability of that Person, whether or not contingent, with or without recourse, (a) with respect to any Indebtedness, lease, dividend, letter of credit or other obligation (the “primary obligations”) of another Person (the “primary obligor”), including any obligation of that Person (i) to purchase, repurchase or otherwise acquire such primary obligations or any security therefor, (ii) to advance or provide funds for the payment or discharge of any such primary obligation, or to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency or any balance sheet item, level of income or financial condition of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary

¹ RBC Capital Markets is a brand name for the capital markets business of Royal Bank of Canada and its affiliates.

obligation, or (iv) otherwise to assure or hold harmless the holder of any such primary obligation against loss in respect thereof (each, a “Guaranty Obligation”); (b) to purchase any materials, supplies or other property from, or to obtain the services of, another Person if the relevant contract or other related document or obligation requires that payment for such materials, supplies or other property, or for such services, shall be made regardless of whether delivery of such materials, supplies or other property is ever made or tendered, or such services are ever performed or tendered, or (c) in respect of any Swap Contract. The amount of any Contingent Obligation shall, in the case of Guaranty Obligations, be deemed equal to the stated or determinable amount of the primary obligation in respect of which such Guaranty Obligation is made or, if not stated or if indeterminable, the maximum reasonably anticipated liability in respect thereof, and in the case of other Contingent Obligations other than in respect of Swap Contracts, shall be equal to the maximum reasonably anticipated liability in respect thereof and, in the case of Contingent Obligations in respect of Swap Contracts, shall be equal to the Swap Termination Value thereof.

“Contractual Obligation” means, as to any Person, any provision of any security issued by such Person or of any agreement, undertaking, contract, indenture, mortgage, deed of trust or other instrument, document or agreement to which such Person is a party or by which it or any of its property is bound.

“Covered Contracts” means all obligations (contingent or otherwise) of the Company or any Subsidiary existing or arising under Swap Contracts, provided that such obligations are (or were) entered into by such Person in the ordinary course of business for the purpose of directly mitigating interest rate, exchange rate or price risks associated with liabilities, commitments or assets held or reasonably anticipated by such Person and not for the purposes of financing, speculation or taking a “market view”.

“Covered Entity” means any of the following:

- (a) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);
- (b) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or
- (c) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“Covered Party” has the meaning specified in Section 10.25.

“Credit Extension” means the making of an Advance or the issuance or increase in the stated amount of or extension of the term of a Letter of Credit.

“Default” means any event or circumstance which, with the giving of notice, the lapse of time, or both, would (if not cured or otherwise remedied during such time) constitute an Event of Default.

“Default Right” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“Defaulting Bank” means, subject to Section 2.18(b), any Bank that (a) has failed to (i) fund all or any portion of its Loans within two Business Days of the date such Loans were required to be funded hereunder unless such Bank notifies the Administrative Agent and the Company in writing that such failure is the result of such Bank’s determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Administrative Agent, any Issuer or any other Bank any other amount required to be paid by it hereunder (including in respect of its participation in Letters of Credit) within two Business Days of the date when due, (b) has notified the Company, the Administrative Agent or any Issuer in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Bank’s obligation to fund a Loan hereunder and states that such position is based on such Bank’s determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three Business Days after written request by the Administrative Agent or the Company, to confirm in writing to the Administrative Agent and the Company that it will comply with its prospective funding obligations hereunder (provided that such Bank shall cease to be a Defaulting Bank pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and the Company), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of an Insolvency Proceeding, (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity or (iii) become the subject of a Bail-In Action; provided that a Bank shall not be a Defaulting Bank solely by virtue of the ownership or acquisition of any equity interest in that Bank or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Bank with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Bank (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Bank. Any determination by the Administrative Agent that a Bank is a Defaulting Bank under any one or more of clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Bank shall be deemed to be a Defaulting Bank (subject to Section 2.18(b)) upon delivery of written notice of such determination to the Company, each Issuer and each Bank.

“Dollars”, “dollars” and “\$” each mean lawful money of the United States.

“EEA Financial Institution” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority” means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“Effective Time” has the meaning specified in Section 1.04(a).

“Eligible Assignee” means (a) a Bank, (b) an Affiliate of a Bank, (c) an Approved Fund and (d) any other Person (other than a natural person) approved by (i) the Administrative Agent, (ii) each Issuer and (iii) unless an Event of Default has occurred and is continuing, the Company (each such approval not to be unreasonably withheld or delayed); provided that, notwithstanding the foregoing, “Eligible Assignee” shall not include (x) the Company or any of the Company’s Affiliates or Subsidiaries or (y) any Defaulting Bank or any of its Subsidiaries, or any Person that, upon becoming a Bank hereunder, would constitute any of the foregoing Persons described in this clause (y).

“Environmental Claims” means all material claims, however asserted, by any Governmental Authority or other Person alleging potential liability or responsibility for violation of any Environmental Law, or for release or injury to the environment.

“Environmental Laws” means all federal, state or local laws, statutes, rules, regulations, ordinances and codes, together with all administrative orders, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authorities, in each case relating to environmental, health, safety and land use matters, including the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Clean Air Act, the Federal Water Pollution Control Act of 1972, the Solid Waste Disposal Act, the Federal Resource Conservation and Recovery Act, the Toxic Substances Control Act, and the Emergency Planning and Community Right-to-Know Act.

“ERISA” means the Employee Retirement Income Security Act of 1974.

“ERISA Affiliate” means any trade or business (whether or not incorporated) under common control with the Company within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

“ERISA Event” means (a) a Reportable Event with respect to a Pension Plan; (b) a withdrawal by the Company or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations which is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by the Company or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization (within the meaning of Section 4241 of ERISA), insolvent (within the meaning of Section 4245 of ERISA) or in “critical” status (within the meaning of Section 432 of the Code or Section 305 of ERISA); (d) the commencement of proceedings by the PBGC to terminate a Pension Plan; (e) a failure by the Company or any ERISA Affiliate to make required contributions to a Pension Plan or Multiemployer Plan, or the imposition of a lien in favor of a Pension Plan under Section 430(k) of the Code or Section 303(k) of ERISA; (f) an event or condition which might reasonably be expected to constitute grounds under Section 4042 of

ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or for the imposition of any liability under Section 4069 or 4212(c) of ERISA; (g) the imposition of any liability under Title IV of ERISA, other than PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Company or any ERISA Affiliate; (h) an application for a funding waiver pursuant to Section 412 of the Code or Section 302(c) of ERISA with respect to any Plan; or (i) a determination that a Plan is, or is reasonably expected to be, in “at risk” status (within the meaning of Section 430 of the Code or Section 303 of ERISA).

“ERISA Termination Event” means the filing of a notice of intent to terminate a Pension Plan, or the treatment of a plan amendment as the termination of a Pension Plan, under Section 4041 or 4042 of ERISA.

“EU Bail-In Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

“Eurodollar Advance” means an Advance which bears interest based upon the Eurodollar Rate as requested by the Company pursuant to Section 2.02.

“Eurodollar Base Rate” means, with respect to any applicable Advance for the relevant Interest Period, the rate per annum equal to the greater of (a) zero percent (0.0%) and (b) the applicable interest settlement rate for deposits in Dollar LIBOR administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate) appearing on the applicable Reuters Screen LIBOR01 (or on any successor or substitute page on such screen) as of 11:00 a.m. (London time) on the Quotation Date for such Interest Period, and having a maturity equal to such Interest Period, provided that, if the applicable Reuters Screen LIBOR01 for Dollar LIBOR (or any successor or substitute page) is not available to the Administrative Agent for any reason, the applicable Eurodollar Base Rate for the relevant Interest Period shall instead be the applicable interest settlement rate for deposits in Dollar LIBOR administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate) as reported by any other generally recognized financial information service selected by the Administrative Agent as of 11:00 a.m. (London time) on the Quotation Date for such Interest Period, and having a maturity equal to such Interest Period.

“Eurodollar Loan” means a Loan comprising a Eurodollar Advance.

“Eurodollar Rate” means, with respect to a Eurodollar Advance for the relevant Interest Period, the sum of (a) the quotient of (i) the Eurodollar Base Rate applicable to such Interest Period, divided by (ii) one minus the Reserve Requirement (expressed as a decimal) applicable to such Interest Period, plus (b) the Applicable Amount.

“Event of Default” means any of the events or circumstances specified in Section 8.01.

“Exchange Act” means the Securities Exchange Act of 1934.

“Excluded Taxes” means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Bank, its applicable lending office

located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Bank, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Bank with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Bank acquires such interest in such Loan or Commitment (other than pursuant to an assignment request by the Company under Section 3.07) or (ii) such Bank changes its lending office, except in each case to the extent that, pursuant to Section 3.06, amounts with respect to such Taxes were payable either to such Bank's assignor immediately before such Bank became a party hereto or to such Bank immediately before it changed its lending office, (c) Taxes attributable to such Recipient's failure to comply with Section 3.06(g) and (d) any U.S. federal withholding Taxes imposed under FATCA.

"Execution Date" means the date set forth on the cover page of this Agreement.

"Existing Credit Agreement" - see the recitals.

"Existing Letters of Credit" means the letters of credit issued under the Existing Credit Agreement that are listed on Schedule 2.16.

"Existing Termination Date" has the meaning assigned to such term in Section 2.19(a).

"Extending Bank" has the meaning assigned to such term in Section 2.19(b)(ii).

"Extension Request" means a written request from the Company to the Administrative Agent requesting an extension of the Termination Date pursuant to Section 2.19.

"FATCA" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b)(1) of the Code and any intergovernmental agreement entered into in connection with the implementation of such Sections.

"Federal Funds Effective Rate" means, for any day, the greater of (a) zero percent (0.0%) and (b) the rate per annum calculated by the Federal Reserve Bank of New York based on such day's federal funds transactions by depository institutions (as determined in such manner as the Federal Reserve Bank of New York shall set forth on its public website from time to time) and published on the next succeeding Business Day by the Federal Reserve Bank of New York as the federal funds effective rate or, if such rate is not so published for any day that is a Business Day, the average of the quotations at approximately 11:00 a.m. (New York time) on such day on such transactions received by the Administrative Agent from three (3) Federal funds brokers of recognized standing selected by the Administrative Agent in its sole discretion.

"Fee Letter" means each letter agreement referenced in Section 9.13.

"Financial Contract" means any agreement, device or arrangement providing for payments related to fluctuations of interest rates, including interest rate swap or exchange agreements, interest rate cap or collar protection agreements and interest rate options.

“Fitch” means Fitch Ratings Inc. and any successor thereto that is a nationally recognized rating agency (or if neither Fitch Ratings Inc. nor any such successor shall be in the business of rating long-term indebtedness, a nationally recognized rating agency in the United States as mutually agreed between the Majority Banks and the Company).

“Foreign Bank” means a Bank that is not a U.S. Person.

“FRB” means the Board of Governors of the Federal Reserve System, and any Governmental Authority succeeding to any of its principal functions.

“Fronting Exposure” means with respect to any Issuer at any time there is a Defaulting Bank, such Defaulting Bank’s Pro Rata Share of the outstanding Letter of Credit Obligations with respect to Letters of Credit issued by such Issuer, other than Letter of Credit Obligations as to which such Defaulting Bank’s participation obligation has been reallocated to other Banks or Cash Collateralized in accordance with the terms hereof.

“Fund” means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

“GAAP” means generally accepted accounting principles set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the U.S. accounting profession), which are applicable to the circumstances as of the date of determination.

“Governmental Authority” means the government of any nation, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any agency, authority, instrumentality, regulatory body, court or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank), and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

“Guaranty Obligation” has the meaning specified in the definition of “Contingent Obligation.”

“Honor Date” has the meaning specified in Section 2.16(f).

“IFRS” means the body of pronouncements issued by the International Accounting Standards Board (IASB), including International Financial Reporting Standards and interpretations approved by the IASB, International Accounting Standards and Standing Interpretations Committee interpretations approved by the predecessor International Accounting Standards Committee and adapted for use in the European Union.

“Increased Cost Bank” has the meaning specified in Section 3.07(b).

“Indebtedness” of any Person means, without duplication, (a) all indebtedness for borrowed money; (b) all redemption obligations in respect of Redeemable Preferred Stock; (c) all obligations issued, undertaken or assumed as the deferred purchase price of property or services (other than trade payables entered into in the ordinary course of business on ordinary terms); (d) all reimbursement or payment obligations (contingent or otherwise) with respect to Surety Instruments; (e) all obligations evidenced by notes, bonds, debentures or similar instruments, including obligations so evidenced incurred in connection with the acquisition of property, assets or businesses; (f) all indebtedness created or arising under any conditional sale or other title retention agreement, or incurred as financing, in either case with respect to property acquired by the Person (even though the rights and remedies of the seller or bank under such agreement in the event of default are limited to repossession or sale of such property); (g) all liabilities properly appearing on the Person’s balance sheet with respect to capital leases; (h) net liabilities under Swap Contracts; (i) all indebtedness referred to in clauses (a) through (h) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien upon or in property (including accounts and contracts rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness; (j) all Securitization Obligations of such Person; and (k) all Guaranty Obligations in respect of indebtedness or obligations of others of the kinds referred to in clauses (a) through (j) above. For all purposes of this Agreement, the Indebtedness of any Person shall include all recourse Indebtedness of any partnership or joint venture or limited liability company in which such Person is a general partner or a joint venturer or a member.

“Indemnified Taxes” means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Company under any Loan Document and (b) to the extent not otherwise described in the foregoing clause (a), Other Taxes.

“Independent Auditor” has the meaning specified in Section 6.01(a).

“Insolvency Proceeding” means, with respect to any Person, (a) any case, action or proceeding with respect to such Person before any court or other Governmental Authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors, or (b) any general assignment for the benefit of creditors, composition, marshalling of assets for creditors, or other similar arrangement in respect of its creditors generally or any substantial portion of its creditors undertaken under U.S. Federal, state or foreign law, including the Bankruptcy Code.

“Interest Period” means, with respect to a Eurodollar Advance, a period of one, two, three or six months commencing on a Business Day selected by the Company pursuant to this Agreement. Such Interest Period shall end on the day which corresponds numerically to such date one, two, three or six months thereafter; provided that if there is no such numerically corresponding day in such next, second, third or sixth succeeding month, such Interest Period shall end on the last Business Day of such next, second, third or sixth succeeding month. If an Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall end on the next succeeding Business Day; provided that if such next succeeding Business Day falls in a new calendar month, such Interest Period shall end on the immediately preceding Business Day.

“International Subsidiary” means Centennial International or any Subsidiary thereof (other than any Project Finance Subsidiary).

“Investment Grade Rating” means a Rating of BBB- (or the equivalent) or higher from Fitch or S&P.

“IRS” means the Internal Revenue Service, and any Governmental Authority succeeding to any of its principal functions.

“Issuer” means each of U.S. Bank, MUFG Bank, Ltd., JPMorgan Chase Bank, N.A., PNC Bank, National Association and Royal Bank of Canada in its capacity as issuer of Letters of Credit hereunder and any other Bank that may (with the consent of the Company and the Administrative Agent) issue Letters of Credit hereunder, in each case in its capacity as issuer of a Letter of Credit hereunder.

“Joint Venture” means a single-purpose corporation, partnership, limited liability company, joint venture or other similar legal arrangement (whether created by contract or conducted through a separate legal entity) now or hereafter formed by the Company or any of its Subsidiaries with another Person or Persons in order to conduct a common venture or enterprise with such Person or Persons. The term “Joint Venture” shall not include any Subsidiary.

“LC Collateral Account” has the meaning specified in Section 2.16(k).

“LC Disbursement” has the meaning specified in Section 2.16(d).

“Lending Installation” means, with respect to a Bank or the Administrative Agent, any office, branch, subsidiary or affiliate of such Bank or the Administrative Agent.

“Letter of Credit” has the meaning specified in Section 2.16(a). The term “Letter of Credit” includes each Existing Letter of Credit.

“Letter of Credit Application” has the meaning specified in Section 2.16(c).

“Letter of Credit Fee” has the meaning specified in Section 2.16(d).

“Letter of Credit Obligations” means, at any time, the sum, without duplication, of (a) the aggregate undrawn stated amount of all Letters of Credit at such time plus (b) the aggregate unpaid amount of all Reimbursement Obligations at such time.

“Lien” means any security interest, mortgage, deed of trust, pledge, hypothecation, assignment, charge or deposit arrangement, encumbrance, lien (statutory or other) or preferential arrangement of any kind or nature whatsoever in respect of any property (including those created by, arising under or evidenced by any conditional sale or other title retention agreement, the interest of a lessor under a capital lease, any financing lease having substantially the same economic effect as any of the foregoing, or the filing of any financing statement naming the owner of the asset to which such lien relates as debtor, under the Uniform Commercial Code or any comparable law) and any contingent or other agreement to provide any of the foregoing, but not including the interest of a lessor under an operating lease.

“Loan” has the meaning specified in Section 2.01(a).

“Loan Documents” means this Agreement, the Notes, each Letter of Credit, each Letter of Credit Application, each Fee Letter and the other documents and agreements contemplated hereby.

“Majority Banks” means (a) as of any date of determination if the Commitments are then in effect, Banks having in the aggregate in excess of 50% of the Aggregate Commitments; and (b) as of any date of determination if the Commitments have then been terminated and there are Loans outstanding, Banks with Outstanding Credit Exposures aggregating in excess of 50% of the Aggregate Outstanding Credit Exposure; provided that at all times when two or more Banks (excluding Defaulting Banks) are party to this Agreement, the term “Majority Banks” shall in no event mean less than two Banks. The Commitment of any Defaulting Bank shall be disregarded in determining Majority Banks at any time.

“Margin Stock” means “margin stock” as such term is defined in Regulation T, U or X of the FRB.

“Material Adverse Effect” means a material adverse effect on (a) the business, property, condition (financial or otherwise) or results of operations of the Company and its Subsidiaries taken as a whole, (b) the ability of the Company to perform its obligations under the Loan Documents, or (c) the validity or enforceability of any of the Loan Documents or the rights or remedies of the Administrative Agent or the Banks thereunder.

“Minimum Collateral Amount” means, at any time, (a) with respect to Cash Collateral consisting of cash or deposit account balances, an amount equal to 105% of the Fronting Exposure of all Issuers with respect to Letters of Credit issued and outstanding at such time and (b) otherwise, an amount determined by the Administrative Agent and the Issuers in their sole discretion.

“Modification” and “Modify” are defined in Section 2.16(a).

“Multiemployer Plan” means a “multiemployer plan” (within the meaning of Section 4001(a)(3) of ERISA) to which the Company or any ERISA Affiliate (a) makes, is making, or is obligated to make contributions or, (b) has made, or been obligated to make, contributions during the preceding three calendar years.

“Net Capital Expenditures” means, for any period, the positive remainder (if any) of all capital expenditures for such period minus the net cash proceeds from all sales of capital assets during such period from continuing operations of the Company and its Subsidiaries as determined in accordance with GAAP computed for purposes of presentation in the consolidated statement of cash flows.

“Non-Consenting Bank” means any Bank that does not approve any consent, waiver or amendment that (i) requires the approval of all affected Banks in accordance with the terms of Section 10.01 and (ii) has been approved by the Majority Banks.

“Non-Defaulting Bank” means, at any time, each Bank that is not a Defaulting Bank at such time.

“Non-Extending Bank” has the meaning assigned to such term in Section 2.19(a).

“Note” means a promissory note, in substantially the form of Exhibit C hereto, duly executed by the Company and payable to the order of the applicable Bank, including any amendment, modification, renewal or replacement of such promissory note.

“Notice of Assignment” has the meaning specified in Section 10.08(f).

“Obligations” means all unpaid principal of and accrued and unpaid interest on the Loans, all Reimbursement Obligations and accrued and unpaid interest thereon, all accrued and unpaid fees and all expenses, reimbursements, indemnities and other obligations of the Company to any Bank, any Issuer, the Administrative Agent or any indemnified party hereunder arising under any Loan Document.

“OFAC” means the U.S. Department of the Treasury’s Office of Foreign Assets Control, and any successor thereto.

“Opinions of Counsel” means the written legal opinion of Daniel S. Kuntz, general counsel to the Company and its Subsidiaries, substantially in the form of Exhibit B-1, and the written legal opinion of Cohen Tauber Spievack & Wagner, P.C., special counsel to the Company and its Subsidiaries, substantially in the form of Exhibit B-2, together with copies of all factual certificates and legal opinions upon which such counsel has relied.

“Organization Documents” means, for any corporation or other entity, the certificate or articles of incorporation (or similar formation document), the bylaws (or similar governing document), any certificate of determination or instrument relating to the rights of preferred equityholders of such Person, any equityholder rights agreement, and all applicable resolutions of the board of directors (or similar governing body) (or any committee thereof) of such Person.

“Other Connection Taxes” means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

“Other Taxes” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 3.07).

“Outstanding Credit Exposure” means, as to any Bank at any time, the sum of (a) the aggregate principal amount of its Loans outstanding at such time, plus (b) its Pro Rata Share of the Letter of Credit Obligations at such time.

“Participant” has the meaning specified in Section 10.08(a).

“Participant Register” is defined in Section 10.08(d).

“Payment Date” means the last day of each March, June, September and December.

“PBGC” means the Pension Benefit Guaranty Corporation, or any Governmental Authority succeeding to any of its principal functions under ERISA.

“Pension Plan” means a pension plan (as defined in Section 3(2) of ERISA) subject to Title IV of ERISA or the minimum funding standards under Section 412 of the Code, which the Company or any ERISA Affiliate sponsors, maintains, or to which it makes, is making, or is obligated to make contributions, or in the case of a multiple employer plan (as described in Section 4064(a) of ERISA) has made contributions at any time during the immediately preceding five (5) plan years but excluding any Multiemployer Plan.

“Permitted Liens” has the meaning specified in Section 7.01.

“Person” means an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture or Governmental Authority.

“Plan” means an employee benefit plan (as defined in Section 3(3) of ERISA) which the Company or any ERISA Affiliate sponsors or maintains or to which the Company or any ERISA Affiliate makes, is making, or is obligated to make contributions and includes any Pension Plan but excludes any Multiemployer Plan.

“Plan Asset Regulations” means 29 CFR § 2510.3-101 *et seq.*, as modified by Section 3(42) of ERISA, as amended from time to time.

“Pricing Level” means, for each Pricing Period, the pricing level set forth below opposite the Pricing Rating achieved by the Company as of the first day of that Pricing Period (subject to the provisions of the definition of “Pricing Rating”):

Pricing Level	Pricing Rating
1	At least A
2	At least A-
3	At least BBB+
4	At least BBB
5	At least BBB-
6	Below BBB- or not rated.

“Pricing Level Change Date” means, with respect to any change in the Pricing Level which results in a change in the Applicable Amount, the date which is five Business Days after the Administrative Agent has received evidence reasonably satisfactory to it of such change.

“Pricing Period” means (a) the period commencing on the date of this Agreement and ending on the day prior to the first Pricing Level Change Date to occur thereafter and (b) each subsequent period commencing on each Pricing Level Change Date and ending the day prior to the next Pricing Level Change Date.

“Pricing Rating” means, as of any date of determination of the Applicable Amount, (a) the rating assigned by S&P or Fitch to the outstanding senior unsecured non-credit-enhanced long-term indebtedness of the Company or (b) if neither S&P nor Fitch has assigned a rating of the type described in clause (a), the corporate rating assigned to the Company by S&P or the issuer rating assigned to the Company by Fitch; provided that (i) if the Company is split-rated and the ratings differential is one Pricing Level, the higher rating will apply, (ii) if the Company is split-rated and the ratings differential is two Pricing Levels or more, the intermediate rating at the midpoint will apply (or if there is no midpoint, the higher of the two intermediate ratings will apply) and (iii) if only one of the two rating agencies has assigned such a rating, the Pricing Level corresponding to such rating shall apply. For purposes hereof, the rating by each rating agency as of any date shall be the applicable rating by such agency in effect at the close of business on such date. As of the Effective Time, the Applicable Amount is determined based on Pricing Level 3.

“Prime Rate” means a rate per annum equal to the prime rate of interest announced from time to time by U.S. Bank or its parent (which is not necessarily the lowest rate charged to any customer), changing when and as such prime rate changes.

“Principal Operating Subsidiaries” means each of (i) WBI Holdings, Inc., (ii) MDU Construction Services Group, Inc. and (iii) Knife River Corporation, and their respective permitted successors.

“Project Finance Subsidiary” means any Subsidiary that meets each of the following requirements: (a) it is primarily engaged, directly or indirectly, in the ownership, operation and/or financing of facilities and assets used in any line of business engaged in, or closely related to any line of business engaged in, by MDU Resources Group, Inc. and its Subsidiaries as of the date of this Agreement; (b) neither the Company nor any other Subsidiary (other than another Project Finance Subsidiary) has any liability, contingent or otherwise, for the Indebtedness or other obligations of such Subsidiary (other than (i) non-recourse liability resulting solely from the pledge of stock of such Subsidiary and (ii) to the extent permitted by Section 7.04); and (c) it has Indebtedness owing to, or commitments therefor from, Persons other than the Company and its Subsidiaries.

“Pro Rata Share” means, as to any Bank at any time, the percentage equivalent (expressed as a decimal, rounded to the ninth decimal place) at such time of such Bank’s Commitment, subject to adjustment as provided in Section 2.18, divided by the Aggregate Commitment (or, if the Commitments have terminated, of such Bank’s Outstanding Credit Exposure divided by the Aggregate Outstanding Credit Exposure).

“Purchasers” is defined in Section 10.08(e).

“QFC” has the meaning assigned to the term “qualified financial contract” in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

“QFC Credit Support” has the meaning specified in Section 10.25.

“Quotation Date” means, in relation to any Interest Period for which an interest rate is to be determined, two Business Days before the first day of that period.

“Rate Option” means the Eurodollar Rate or the Base Rate.

“Rate Option Notice” is defined in Section 2.02(d).

“Rating” means (a) the rating assigned by S&P or Fitch to the outstanding senior unsecured non-credit enhanced long term indebtedness of the Company or (b) if S&P or Fitch has not assigned a rating of the type described in clause (a), the corporate rating assigned to the Company by S&P or the issuer rating assigned to the Company by Fitch.

“Recipient” means (a) the Administrative Agent, (b) any Bank and (c) any Issuer, as applicable.

“Redeemable Preferred Stock” of any Person means any equity interest of such Person that by its terms (or by the terms of any equity interest into which it is convertible or for which it is exchangeable), or otherwise (including on the happening of an event), is required to be redeemed for cash or other property or is redeemable for cash or other property at the option of the holder thereof, in whole or in part, on or prior to the Termination Date; or is exchangeable for Indebtedness at any time, in whole or in part, on or prior to the Termination Date; provided that Redeemable Preferred Stock shall not include any equity interest by virtue of the fact that it may be exchanged or converted at the option of the holder or of the Company for equity interests of the Company having no preference as to dividends, distributions or liquidation over any other equity interests of the Company.

“Regulation D” means Regulation D of the FRB as from time to time in effect and any successor thereto or other regulation or official interpretation of the FRB relating to reserve requirements applicable to member banks of the Federal Reserve System.

“Reimbursement Obligations” means, at any time, the aggregate of all obligations of the Company then outstanding under Section 2.16 to reimburse the Issuers for amounts paid by the Issuers in respect of any one or more drawings under Letters of Credit.

“Replacement Bank” has the meaning specified in Section 2.19(b)(iii).

“Reportable Event” means any of the events required to be reported by Section 4043(c) of ERISA or the regulations thereunder, other than any such event for which the 30-day notice requirement under ERISA has been waived in regulations issued by the PBGC.

“Requirement of Law” means, as to any Person, any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or of a Governmental Authority, in each case applicable to or binding upon the Person or any of its property or to which the Person or any of its property is subject.

“Reserve Requirement” means, with respect to an Interest Period, the maximum aggregate reserve requirement (including all basic, supplemental, marginal and other reserves) which is imposed under Regulation D on Eurocurrency liabilities during such Interest Period.

“Response Date” has the meaning specified in Section 2.19(a).

“Responsible Officer” means the chief executive officer or the president of the Company, or any other officer having substantially the same authority and responsibility; or, with respect to compliance with financial covenants, the chief financial officer, the treasurer or the assistant treasurer of the Company, or any other officer having substantially the same authority and responsibility. Any document or certificate hereunder that is signed or executed by a Responsible Officer shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of the Company, and such officer shall be conclusively presumed to have acted on behalf of the Company.

“S&P” means Standard & Poor’s Financial Services LLC, a subsidiary of The McGraw-Hill Companies Inc., and any successor thereto that is a nationally recognized rating agency (or, if neither such division nor any successor shall be in the business of rating long-term indebtedness, a nationally recognized rating agency in the United States as mutually agreed between the Majority Banks and the Company).

“Sanctions” means sanctions administered or enforced from time to time by the U.S. government, including those administered by OFAC, the U.S. Department of State, the United Nations Security Council, the European Union, Her Majesty’s Treasury, any EU Member State or other relevant sanctions authority.

“Sanctioned Country” means a country, region or territory subject to Sanctions (currently Crimea, Cuba, Iran, North Korea and Syria).

“Sanctioned Person” means (a) a Person named on the list of Specially Designated Nationals or Blocked Persons maintained by OFAC available at <https://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>, or as otherwise published from time to time, or (b) (i) an agency of the government of a Sanctioned Country, (ii) an organization controlled by a Sanctioned Country, (iii) a Person resident in a Sanctioned Country, to the extent subject to Sanctions, or (iv) any Person otherwise the subject of any Sanctions.

“SEC” means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

“Securitization Obligations” means, with respect to any Securitization Transaction, the aggregate investment or claim held at any time by all purchasers, assignees or transferees of (or of interests in) or holders of obligations that are supported or secured by accounts receivable, lease receivables and other rights to payment in connection with such Securitization Transaction.

“Securitization Transaction” means any sale, assignment or other transfer by the Company or any Subsidiary (other than a Project Finance Subsidiary) of accounts receivable, lease receivables or other payment obligations owing to the Company or such Subsidiary or any interest in any of the foregoing, together in each case with any collections and other proceeds thereof, any collection or deposit accounts related thereto, and any collateral, guaranties or other property or claims in favor of the Company or such Subsidiary supporting or securing payment by the obligor thereon of, or otherwise related to, any such receivables.

“Significant Subsidiary” means a “Significant Subsidiary” as defined in Rule 1-02(w) of Regulation S-X of the SEC, as in effect on the date hereof.

“Solvent” means, as to any Person at any time, that (a) the fair value of the property of such Person is greater than the amount of such Person’s liabilities (including the probable liability of such Person on disputed, contingent and unliquidated liabilities) as such value is established and liabilities evaluated for purposes of Section 101(32) of the Bankruptcy Code; (b) the present fair saleable value of the property of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured; (c) such Person is able to realize upon its property and pay its debts and other liabilities (including the probable liability of such Person on disputed, contingent and unliquidated liabilities) as they mature in the normal course of business; (d) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person’s ability to pay as such debts and liabilities mature; and (e) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person’s property would constitute unreasonably small capital.

“Subsidiary” of a Person means any corporation, association, partnership, limited liability company, joint venture or other business entity of which more than 50% of the voting stock, membership interests or other equity interests (in the case of Persons other than corporations), is owned or controlled directly or indirectly by the Person, or one or more of the Subsidiaries of the Person, or a combination thereof. Unless the context otherwise clearly requires, references herein to a “Subsidiary” refer to a Subsidiary of the Company.

“Supported QFC” has the meaning specified in Section 10.25.

“Surety Instruments” means all letters of credit (including standby and commercial), banker’s acceptances, bank guaranties, shipside bonds, surety bonds and similar instruments.

“Swap Contract” means any swap agreement (as such term is defined in Section 101(53B) of the Bankruptcy Code) and any other agreement, device or arrangement designed to provide protection against fluctuations in interest or currency exchange rates or commodity prices, including any Commodity Contracts and Financial Contract and any other agreement, device or arrangement providing for payments that are related to fluctuations in interest rates (including any interest rate cap, collar or option) or commodity prices (including any forward sale or purchase agreement).

“Swap Termination Value” means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a) the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined by the Company based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include any Bank).

“Syndication Agent” means MUFG Bank, Ltd.

“Taxes” means all present or future taxes, duties, levies, imposts, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“Termination Date” means, with respect to any Bank, the latest of (a) December 19, 2024, (b) if the termination date is extended for such Bank pursuant to Section 2.19, such extended maturity date as determined pursuant to such Section, and (c) the date on which the Aggregate Commitment is reduced to zero or otherwise terminated pursuant to the terms hereof; provided, however, in each case, if such date is not a Business Day, the Termination Date shall be the next preceding Business Day.

“Total Capitalization” means, with respect to any Person, the sum of (a) the total consolidated stockholders’ or owners’ equity of such Person determined in accordance with GAAP (excluding any non-cash gain or loss with respect to Covered Contracts resulting from the requirements of Accounting Standards Codification 815-20-25-104, formerly known as FASB Statement No. 133, “Accounting for Derivative Instruments and Hedging Activities”) plus (b) the Total Debt of such Person.

“Total Debt” means, with respect to any Person, the total consolidated Indebtedness of such Person, excluding (a) Indebtedness under Covered Contracts and (b) 80% of the amount of all contingent reimbursement or payment obligations with respect to unsecured surety bonds incurred in the ordinary course of business includable in the computation of “Indebtedness” pursuant to item (d) of the definition thereof but for this exclusion.

“Transferee” is defined in Section 10.08(h).

“Type” means with respect to any Advance, its nature as a Base Rate Advance or a Eurodollar Advance.

“Unfunded Pension Liability” means the excess of a Pension Plan’s benefit liabilities under Section 302(d)(7) of ERISA, over the current value of that Pension Plan’s assets, determined in accordance with the assumptions used for funding the Pension Plan pursuant to Section 412 of the Code for the applicable plan year.

“United States” and “U.S.” each mean the United States of America.

“USA Patriot Act” means United States Public Law 107-56, Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) of 2001, and the rules and regulations promulgated thereunder.

“U.S. Bank” means U.S. Bank National Association.

“U.S. Person” means any Person that is a “United States person” as defined in Section 7701(a)(30) of the Code.

“U.S. Special Resolution Regimes” has the meaning specified in Section 10.25.

“U.S. Tax Compliance Certificate” has the meaning assigned to such term in Section 3.06(g)(ii)(B)(3).

“WBI Energy Transmission” means WBI Energy Transmission, Inc., a Delaware corporation.

“Wholly-Owned Subsidiary” means any entity in which (other than, in the case of a corporation, directors’ qualifying shares required by law) 100% of the capital stock or other equity interests of each class, if applicable, having ordinary voting power, and 100% of the capital stock or other equity interests of every other class, if applicable, in each case, at the time as of which any determination is being made, is owned, beneficially and of record, by the Company, or by one or more of the other Wholly-Owned Subsidiaries, or both.

“Withholding Agent” means each of the Company and the Administrative Agent.

“Write-Down and Conversion Powers” means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

1.02 Other Interpretive Provisions. (a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

(b) The words “hereof”, “herein”, “hereunder” and similar words refer to this Agreement as a whole and not to any particular provision of this Agreement; and Section, Schedule, Article and Exhibit references are to this Agreement unless otherwise specified.

(c) (i) The term “documents” includes any and all instruments, documents, agreements, certificates, indentures, notices and other writings, however evidenced.

(i) The term “including” is not limiting and means “including without limitation.”

(ii) In the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including”; the words “to” and “until” each mean “to but excluding”, and the word “through” means “to and including.”

(iii) The term “property” includes any kind of property or asset, real, personal or mixed, tangible or intangible.

(d) Unless otherwise expressly provided herein, (i) references to agreements (including this Agreement) and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent such amendments and other modifications are not prohibited by the terms of any Loan Document, and (ii) references to any statute or regulation are to be construed as including all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting the statute or regulation.

(e) The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

(f) This Agreement and other Loan Documents may use several different limitations, tests or measurements to regulate the same or similar matters. All such limitations, tests and measurements are cumulative and shall each be performed in accordance with their terms. Unless otherwise expressly provided, any reference to any action of the Administrative Agent or the Banks by way of consent, approval or waiver shall be deemed modified by the phrase “in its/their sole discretion.”

(g) This Agreement and the other Loan Documents are the result of negotiations among and have been reviewed by counsel to the Administrative Agent, the Company and the other parties, and are the products of all parties. Accordingly, they shall not be construed against the Banks or the Administrative Agent merely because of the Administrative Agent’s or Banks’ involvement in their preparation.

1.03 Accounting Principles.

(a) Unless the context otherwise clearly requires, all accounting terms not expressly defined herein shall be construed, and all financial computations required under this Agreement shall be made, in accordance with GAAP, consistently applied. Notwithstanding the foregoing, the Company may notify the Administrative Agent at any time that it has adopted IFRS in lieu of GAAP and, upon any such notice, references herein to GAAP shall thereafter be construed to mean IFRS as in effect from time to time. If at any time the adoption of IFRS by the Company or any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and the Company, the Administrative Agent or the Majority Banks shall so request, the Administrative Agent, the Banks and the Company shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such adoption of IFRS or change in GAAP (subject to the approval of the Majority Banks); provided that, until so amended, such ratio or requirement shall continue to be computed in accordance with GAAP as in effect and applied immediately before such adoption of IFRS or change in GAAP shall have become effective and the Company shall provide to the Administrative Agent and the Banks reconciliation statements showing the difference in such calculation, together with the delivery of monthly, quarterly and annual financial statements required hereunder. Notwithstanding anything to the contrary contained in this Section 1.03, any change in accounting for leases pursuant to GAAP resulting from the adoption of Financial Accounting Standards Board Accounting Standards Update No. 2016-02, Leases (Topic 842) (“FAS 842”), to the extent such adoption would require treating any lease (or similar arrangement conveying the right to use) as a capital lease where such lease (or similar arrangement) would not have been required to be so treated under GAAP as in effect on December 31, 2015, such lease shall not be considered a capital lease, and all calculations and deliverables under this Agreement or any other Loan Document shall be made or delivered, as applicable, in accordance therewith.

(b) References herein to “fiscal year” and “fiscal quarter” refer to such fiscal periods of the Company.

1.04 Amendment and Restatement.

(a) The Company and the Banks acknowledge and agree that (i) effective at the time at which all conditions precedent set forth in Section 4.01 have been satisfied (the

“Effective Time”), this Agreement shall amend and restate in its entirety the Existing Credit Agreement and (ii) any outstanding Loans thereunder shall be allocated among the Banks in accordance with their respective Pro Rata Shares.

(b) To facilitate the allocation described in clause (a), at the Effective Time, (i) all “Loans” under the Existing Credit Agreement (“Existing Loans”) shall be deemed to be Loans, (ii) each Bank which is a party to the Existing Credit Agreement (an “Existing Bank”) shall transfer to the Administrative Agent an amount equal to the excess, if any, of such Bank’s Pro Rata Share of the outstanding Loans hereunder (including any Loans made at the Effective Time) over the amount of all of such Bank’s Existing Loans, (iii) each Bank which is not a party to the Existing Credit Agreement shall transfer to the Administrative Agent an amount equal to such Bank’s Pro Rata Share of the outstanding Loans hereunder (including any Loans made at the Effective Time), (iv) the Administrative Agent shall apply the funds received from the Banks pursuant to clauses (ii) and (iii), first, on behalf of the Banks (pro rata according to the amount of the applicable Existing Loans each is required to purchase to achieve the allocation described in clause (a)), to purchase from each Existing Bank which has Existing Loans in excess of such Bank’s Pro Rata Share of the outstanding Loans hereunder (including any Loans made at the Effective Time), a portion of such Existing Loans equal to such excess, second, to pay to each Existing Bank all interest, fees and other amounts (including amounts payable pursuant to Section 3.05 of the Existing Credit Agreement, assuming for such purpose that the Existing Loans were prepaid rather than allocated at the Effective Time) owed to such Existing Bank under the Existing Credit Agreement (whether or not otherwise then due) and, third, as the Company shall direct, and (v) all Loans shall commence new Interest Periods in accordance with elections made by the Company at least three Business Days prior to the date of the Effective Time pursuant to the procedures applicable to conversions and continuations set forth in Section 2.02(d) (all as if the Existing Loans were continued or converted at the Effective Time). To the extent the Company fails to make a timely election pursuant to clause (v) of the preceding sentence with respect to any Loans, such Loans shall be Base Rate Advances.

1.05 Divisions. For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction’s laws) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person.

ARTICLE II **THE FACILITY**

2.01 The Facility.

(a) Commitments of the Banks. Each Bank severally agrees to make revolving loans (each a “Loan”) to the Company, and each Issuer agrees to issue Letters of Credit for the account of the Company (or jointly and severally for the account of the Company and Centennial International), and each Bank severally agrees to participate in each such Letter of Credit as more fully set forth in Section 2.16, from time to time on or prior to the Termination Date; provided that (i) the aggregate amount of the outstanding Letter of Credit Obligations shall not exceed \$50,000,000, (ii) after giving effect to any Credit Extension (and the use of proceeds thereof), the Company shall be in compliance with the last sentence of Section 7.12, (iii) the

Outstanding Credit Exposure of any Bank shall not at any time exceed such Bank's Commitment, (iv) the Aggregate Outstanding Credit Exposure shall not at any time exceed the Aggregate Commitment and (v) unless otherwise agreed to by a particular Issuer, the aggregate stated amount of the outstanding Letters of Credit issued by each Issuer shall not exceed \$6,000,000. Subject to the terms of this Agreement, the Company may borrow, repay and reborrow Loans at any time prior to the Termination Date.

(b) Repayment of Facility. The principal amount of each Advance and all other unpaid Obligations shall be paid in full by the Company on the Termination Date.

2.02 Advances.

(a) Advances. Each Advance hereunder shall consist of Loans made from the several Banks ratably in proportion to the amounts of their respective Commitments.

(b) Advance Rate Options. The Advances may be Base Rate Advances or Eurodollar Advances, or a combination thereof, selected by the Company in accordance with Section 2.02(c). No Advance may mature after the Termination Date.

(c) Method of Selecting Rate Options and Interest Periods for Advances. The Company shall select the Rate Option and, in the case of each Eurodollar Advance, the Interest Period applicable thereto, from time to time. The Company shall give the Administrative Agent irrevocable notice (a "Borrowing Notice") substantially in the form of Exhibit H not later than 11:30 a.m. (New York time) on the Borrowing Date of each Base Rate Advance and at least three Business Days before the Borrowing Date for each Eurodollar Advance. A Borrowing Notice shall specify:

(i) the Borrowing Date, which shall be a Business Day, of such Advance,

(ii) the aggregate amount of such Advance,

(iii) the Rate Option selected for such Advance, and

(iv) in the case of each Eurodollar Advance, the Interest Period applicable thereto (which may not end after the Termination Date).

(d) Conversion and Continuation of Outstanding Advances. Base Rate Advances shall continue as Base Rate Advances unless and until such Base Rate Advances are either converted into Eurodollar Advances in accordance with this Section 2.02(d) or are prepaid in accordance with Section 2.06. Each Eurodollar Advance shall continue as a Eurodollar Advance until the end of the then applicable Interest Period therefor, at which time such Eurodollar Advance shall be automatically converted into a Base Rate Advance unless such Eurodollar Advance shall have been either (a) prepaid in accordance with Section 2.06 or (b) continued as a Eurodollar Advance for the same or another Interest Period in accordance with this Section 2.02(d). Subject to the terms of Section 2.05, the Company may elect from time to time to convert an Advance having one Rate Option to an Advance having a different Rate Option, or to continue the Rate Option applicable to all or any part of an Advance; provided that any conversion or continuation of any Eurodollar Advance shall be made on, and only on, the

last day of the Interest Period applicable thereto. The Company shall give the Administrative Agent irrevocable notice (a “Rate Option Notice”) of each conversion of a Base Rate Advance into a Eurodollar Advance, or continuation of a Eurodollar Advance, not later than 11:30 a.m. (New York time) at least three Business Days prior to the date of the requested conversion or continuation, specifying:

(i) the requested date, which shall be a Business Day, of such conversion or continuation,

(ii) the aggregate amount and Rate Option applicable to the Advance which is to be converted or continued,
and

(iii) the amount and Rate Option(s) of Advance(s) into which such Advance is to be converted or continued and, in the case of a conversion into or continuation of a Eurodollar Advance, the duration of the Interest Period applicable thereto.

2.03 Method of Borrowing. Not later than 1:00 p.m. (New York time) on each Borrowing Date, each Bank shall make available its Loan or Loans, in funds immediately available in New York to the Administrative Agent at its address specified pursuant to Section 10.02. The Administrative Agent will make the funds so received from the Banks available to the Company at the Administrative Agent’s aforesaid address.

2.04 Fees; Changes in Aggregate Commitment.

(a) Facility Fee. The Company agrees to pay to the Administrative Agent for the account of each Bank a facility fee equal to the Applicable Amount on the average daily amount of such Bank’s Commitment (whether used or unused) from the date hereof to and including the Termination Date, payable in arrears on each Payment Date hereafter and on the Termination Date.

(b) Changes in Aggregate Commitment.

(i) The Company may permanently reduce the Aggregate Commitment in whole, or in part ratably among the Banks in integral multiples of \$5,000,000, upon at least five Business Days’ written notice to the Administrative Agent, which notice shall specify the amount of any such reduction; provided that the amount of the Aggregate Commitment may not be reduced below the Aggregate Outstanding Credit Exposure. All accrued facility fees shall be payable on the effective date of any termination of the Commitments.

(ii) So long as no Default or Event of Default exists, the Company may, from time to time, by means of a letter delivered to the Administrative Agent substantially in the form of Exhibit G, request that the Aggregate Commitment be increased, by a minimum amount of \$25,000,000 and higher integral multiples of \$5,000,000; provided that the aggregate amount of all increases under this Section 2.04(b) shall not exceed \$100,000,000, by (a) increasing the Commitment of one or more Banks which have agreed to such increase and/or (b) adding one or more commercial banks or other Persons as a party hereto (each an “Additional Bank”) with a Commitment

in an amount agreed to by any such Additional Bank; provided that no Additional Bank shall be added as a party hereto without the written consent of the Administrative Agent and each Issuer (which, in each case, shall not be unreasonably withheld). Any increase in the Aggregate Commitment pursuant to this clause (ii) shall be effective three Business Days after the date on which the Administrative Agent has received and accepted the applicable increase letter in the form of Annex I to Exhibit G (in the case of an increase in the Commitment of an existing Bank) or assumption letter in the form of Annex II to Exhibit G (in the case of the addition of a commercial bank or other Person as a new Bank). The Administrative Agent shall promptly notify the Company and the Banks of any increase in the amount of the Aggregate Commitment pursuant to this clause (ii) and of the Commitment of each Bank after giving effect thereto. The Company acknowledges that, in order to maintain Advances in accordance with each Bank's pro-rata share of all outstanding Advances prior to any increase in the Aggregate Commitment pursuant to this clause (ii), a reallocation of the Commitments as a result of a non-pro-rata increase in the Aggregate Commitment may require prepayment of all or portions of certain Advances on the date of such increase (and any such prepayment shall be subject to the provisions of Section 3.05). For the avoidance of doubt, no Bank shall be required to participate in any increase in the Aggregate Commitment except in its sole discretion.

(iii) As a condition precedent to any increase in the Aggregate Commitment pursuant to clause (ii) above, the Company shall deliver to the Administrative Agent a certificate of the Company, signed by an authorized officer of the Company certifying that before and after giving effect to such increase, (a) the representations and warranties contained in Article V and the other Loan Documents are true and correct, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date and (b) no Default or Event of Default exists; and the Administrative Agent shall have received documents and opinions consistent with those delivered on the effective date of this Agreement as to the organizational power and authority of the Company to borrow hereunder after giving effect to such increase.

(iv) In connection with any increase in the Aggregate Commitment pursuant to clause (ii) above, any Additional Bank shall provide to the Administrative Agent, its name, address, tax identification number and/or such other information as shall be necessary for the Administrative Agent to comply with applicable "know your customer" and anti-money laundering rules and regulations, including the USA Patriot Act.

2.05 Minimum Amount of Each Advance. Except as provided in Section 2.16(f), each Eurodollar Advance shall be in the minimum amount of \$5,000,000 (and in multiples of \$1,000,000 if in excess thereof), and each Base Rate Advance shall be in the minimum amount of \$1,000,000 (and in multiples of \$1,000,000 if in excess thereof); provided that any Base Rate Advance may be in the amount of the unused Commitments. The Company shall not request a Eurodollar Advance if, after giving effect to the requested Eurodollar Advance, more than 10 separate Eurodollar Advances would be outstanding.

2.06 Optional Principal Payments. The Company may from time to time pay, without penalty or premium, all outstanding Base Rate Advances, or, in a minimum aggregate amount of \$1,000,000 or any integral multiple of \$1,000,000 in excess thereof, any portion of the outstanding Base Rate Advances upon notice to the Administrative Agent. The Company may from time to time pay all outstanding Eurodollar Advances, or, in a minimum aggregate amount of \$5,000,000 or any integral multiple of \$1,000,000 in excess thereof, any portion of the outstanding Eurodollar Advances upon at least three Business Days' prior notice to the Administrative Agent, without penalty or premium, but subject to any funding indemnification as provided in Section 3.05.

2.07 Changes in Interest Rate, etc. Each Base Rate Advance shall bear interest on the outstanding principal amount thereof, for each day from and including the date such Advance is made or is converted from a Eurodollar Advance into a Base Rate Advance pursuant to Section 2.02(d) to but excluding the date it is paid (except as otherwise provided in Section 2.08) or is converted into a Eurodollar Advance pursuant to Section 2.02(d), at a rate per annum equal to the Base Rate for such day. Changes in the rate of interest on that portion of any Advance maintained as a Base Rate Advance will take effect simultaneously with each change in the Alternate Base Rate. Each Eurodollar Advance shall bear interest on the outstanding principal amount thereof from and including the first day of the Interest Period applicable thereto to (but not including) the last day of such Interest Period at the interest rate determined as applicable to such Eurodollar Advance.

2.08 Rates Applicable After Default. Notwithstanding anything to the contrary contained in Section 2.02(c) or Section 2.02(d), during the continuance of a Default or an Event of Default the Majority Banks may, at their option, by notice to the Company (which notice may be revoked at the option of the Majority Banks notwithstanding any provision of Section 10.01 requiring unanimous consent of the Banks to changes in interest rates), declare that no Advance may be made as, converted into or continued as a Eurodollar Advance. If any Advance is not paid at maturity, whether by acceleration or otherwise, the Majority Banks may, at their option, (or, in the case of any Default under Section 8.01(a), Section 8.01(f) or Section 8.01(g), automatically upon the occurrence of such Default) by notice to the Company (which notice may be revoked at the option of the Majority Banks notwithstanding any provision of Section 10.01 requiring unanimous consent of the Banks to changes in interest rates), declare that (i) each Eurodollar Advance shall bear interest for the remainder of the applicable Interest Period at the rate otherwise applicable to such Interest Period plus 2% per annum, (ii) each Base Rate Advance shall bear interest at a rate per annum equal to the Base Rate otherwise applicable to such Base Rate Advance plus 2% per annum and (iii) the rate applicable to the Letter of Credit Fee shall be increased by 2% per annum.

2.09 Method of Payment. All payments of the Obligations hereunder shall be made, without setoff, deduction, or counterclaim, in immediately available funds, to the Administrative Agent at the Administrative Agent's address specified pursuant to Section 10.02, or at any other Lending Installation of the Administrative Agent specified in writing by the Administrative Agent to the Company, by 12:00 noon (New York time) on the date when due and shall be applied ratably by the Administrative Agent among the Banks to the payment of all Obligations then due and payable, if any, and otherwise to the payment of the remaining Obligations. Each payment delivered to the Administrative Agent for the account of any Bank shall be delivered promptly by the Administrative Agent to such Bank in the same type of funds that the

Administrative Agent received at its address specified pursuant to Section 10.02 or at any Lending Installation specified in a notice received by the Administrative Agent from such Bank. The Administrative Agent is hereby authorized to charge the account of the Company maintained with the Administrative Agent (and/or its Affiliates) for each payment of principal, interest and fees as it becomes due hereunder.

2.10 Evidence of Debt; Telephonic Notices. The Credit Extensions made by each Bank shall be evidenced by one or more accounts or records maintained by such Bank and by the Administrative Agent in the ordinary course of business. The accounts or records maintained by the Administrative Agent and each Bank shall be conclusive absent manifest error of the amount of the Credit Extensions made by the Banks to the Company and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Company hereunder to pay any amount owing hereunder. In the event of any conflict between the accounts and records maintained by any Bank and the accounts and records of the Administrative Agent in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error. Upon the request of any Bank made through the Administrative Agent, the Company shall execute and deliver to such Bank (through the Administrative Agent) a Note, which shall evidence such Bank's Loans in addition to such accounts or records. Each Bank may attach schedules to its Note and endorse thereon the date, Type (if applicable), amount and maturity of its Loans and payments with respect thereto. The Company hereby authorizes the Banks and the Administrative Agent to extend, convert or continue Advances, effect selections of Rate Options and transfer funds based on telephonic notices made by any person or persons the Administrative Agent or any Bank in good faith believes to be acting on behalf of the Company. The Company agrees to deliver promptly to the Administrative Agent a written confirmation, if such confirmation is requested by the Administrative Agent or any Bank, of each telephonic notice signed by a Responsible Officer. If the written confirmation differs in any material respect from the action taken by the Administrative Agent and the Banks, the records of the Administrative Agent and the Banks shall govern absent manifest error.

2.11 Interest Payment Dates; Interest and Fee Basis. Interest accrued on each Base Rate Advance shall be payable on each Payment Date hereafter and at maturity. Interest accrued on each Eurodollar Advance shall be payable on the last day of its applicable Interest Period, on any date on which the Eurodollar Advance is prepaid, whether by acceleration or otherwise, and at maturity. Interest accrued on each Eurodollar Advance having an Interest Period longer than three months shall also be payable on the last day of each three-month interval during such Interest Period. Interest and fees shall be calculated for actual days elapsed on the basis of a 360-day year, with the exception that interest on Base Rate Advances shall be calculated on the basis of a 365- or 366-day year, as appropriate. Interest shall be payable for the day an Advance is made but not for the day of any payment thereof on the amount paid if payment is received prior to 12:00 noon (New York time) at the place of payment. If any payment of principal of or interest on an Advance shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and, in the case of a principal payment, such extension of time shall be included in computing interest in connection with such payment.

2.12 Notification of Advances, Interest Rates, Prepayments and Commitment Changes. Promptly after receipt thereof, the Administrative Agent will notify each Bank of the contents of each Aggregate Commitment reduction or increase notice, Borrowing Notice, Rate

Option Notice and repayment notice received by it hereunder. The Administrative Agent will notify each Bank of the interest rate applicable to each Eurodollar Advance promptly upon determination of such interest rate and will give each Bank prompt notice of each change in the Alternate Base Rate.

2.13 Lending Installations. Each Bank may book its Loans at any Lending Installation selected by such Bank and may change its Lending Installation from time to time. All terms of this Agreement shall apply to any such Lending Installation and the Loans shall be deemed held by each Bank for the benefit of such Lending Installation. Each Bank may, by written notice to the Administrative Agent and the Company, designate a Lending Installation through which Loans will be made by it and for whose account Loan payments are to be made.

2.14 Non-Receipt of Funds by the Administrative Agent. Unless the Company or a Bank, as the case may be, notifies the Administrative Agent prior to the date on which it is scheduled to make payment to the Administrative Agent of (i) in the case of a Bank, the proceeds of a Loan or (ii) in the case of the Company, a payment of principal, interest or fees to the Administrative Agent for the account of the Banks, that it does not intend to make such payment, the Administrative Agent may assume that such payment has been made. The Administrative Agent may, but shall not be obligated to, make the amount of such payment available to the intended recipient in reliance upon such assumption. If such Bank or the Company, as the case may be, has not in fact made such payment to the Administrative Agent, the recipient of such payment shall, on demand by the Administrative Agent, repay to the Administrative Agent the amount so made available together with interest thereon in respect of each day during the period commencing on the date such amount was so made available by the Administrative Agent until the date the Administrative Agent recovers such amount at a rate per annum equal to (i) in the case of payment by a Bank, the Federal Funds Effective Rate for such day or (ii) in the case of payment by the Company, the interest rate applicable to the relevant Loan.

2.15 Replacement of Bank. If (i) any Bank is a Defaulting Bank, (ii) the Company is required pursuant to Section 3.01, 3.02 or 3.06 to make any additional payment to any Bank or (iii) any Bank's obligation to make or continue, or to convert Base Rate Advances into, Eurodollar Advances shall be suspended pursuant to Section 3.04 (any Bank so affected, an "Affected Bank"), the Company may elect, if any of the foregoing circumstances continue to exist, as applicable, to replace such Affected Bank as a Bank party to this Agreement (unless, in the case of the foregoing clause (ii) or clause (iii), such replacement would not reduce or eliminate such amounts or eliminate such suspension); provided that no Default or Event of Default shall have occurred and be continuing at the time of such replacement and such replacement would not result in the violation of any Requirement of Law by such Affected Bank; and provided, further, that, concurrently with such replacement, (A) another bank or other entity which is reasonably satisfactory to the Company and the Administrative Agent shall agree, as of such date, to purchase for cash the Advances and other Obligations due to such Affected Bank pursuant to an assignment substantially in the form of Exhibit F and to become a Bank for all purposes under this Agreement and to assume all obligations of such Affected Bank to be terminated as of such date and to comply with the requirements of Section 10.08 applicable to assignments (it being understood that such Affected Bank shall not be obligated to pay the processing fee described in Section 10.08(f)(ii) in connection with any such assignment) and (B) the Company shall pay to such Affected Bank in same day funds on the day of such replacement (1) all interest, fees and other amounts then accrued but unpaid to such Affected Bank by the

Company hereunder to and including the date of termination, including payments due to such Affected Bank under Sections 3.01, 3.02, 3.05 and 3.06, and (2) an amount, if any, equal to the payment which would have been due to such Bank on the day of such replacement under Section 3.07 had the Loans of such Affected Bank been prepaid on such date rather than sold to the replacement Bank.

2.16 Letters of Credit.

(a) Issuance. Subject to Section 2.01, each Issuer hereby agrees, on the terms and conditions set forth in this Agreement, to issue standby letters of credit (each a “Letter of Credit”) and to renew, extend, increase, decrease or otherwise modify Letters of Credit (“Modify,” and each such action a “Modification”), in each case in a form reasonably acceptable to the Administrative Agent and such Issuer, from time to time from and including the date of this Agreement and prior to the Termination Date upon the request of the Company. No Letter of Credit shall have an expiry date later than the earlier of (i) one year after the issuance thereof (provided that any Letter of Credit may provide for the automatic renewal thereof for additional one-year periods (unless the applicable Issuer elects not to extend)) and (ii) five Business Days prior to the Termination Date (unless such Letter of Credit is Cash Collateralized as required by Section 2.16(k)). No Issuer shall be obligated to issue any Letter of Credit if (v) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain such Issuer from issuing such Letter of Credit, or any law applicable to such Issuer or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over such Issuer shall prohibit, or request that such Issuer refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon such Issuer with respect to such Letter of Credit any restriction, reserve or capital requirement (for which such Issuer is not otherwise compensated hereunder) not in effect on the Execution Date, or shall impose upon such Issuer any unreimbursed loss, cost or expense which was not applicable on the Execution Date and which such Issuer in good faith deems material to it; (w) except as otherwise agreed by the Administrative Agent and such Issuer, such Letter of Credit is in an initial stated amount less than \$500,000; (x) such Letter of Credit is to be denominated in a currency other than Dollars; (y) any Bank is at that time a Defaulting Bank, unless such Issuer has entered into arrangements, including the delivery of Cash Collateral, satisfactory to such Issuer (in its sole discretion) with the Company or such Bank to eliminate such Issuer’s actual or potential Fronting Exposure (after giving effect to Section 2.18(a)(iv)) with respect to such Defaulting Bank and all other Obligations as to which such Issuer has actual or potential Fronting Exposure, as it may elect in its sole discretion or (z) the issuance of such Letter of Credit would violate one or more policies of the Issuer applicable to letters of credit generally. Effective on the Execution Date, all Existing Letters of Credit shall be deemed to have been issued hereunder and shall be subject to and governed by the terms and conditions hereof.

(b) Participations. Upon the issuance or Modification by an Issuer of a Letter of Credit in accordance with this Section 2.16 (or, in the case of any Existing Letter of Credit, on the date hereof), such Issuer shall be deemed, without further action by any Person, to have unconditionally and irrevocably sold to each Bank, and each Bank shall be deemed, without further action by any Person, to have unconditionally and irrevocably purchased from such Issuer, a participation in such Letter of Credit (and each Modification thereof) and the related Letter of Credit Obligations in proportion to its Pro Rata Share.

(c) Notice. Subject to Section 2.16(a), the Company shall give the Administrative Agent and the applicable Issuer notice prior to 11:00 a.m. (New York time) at least three Business Days (or such lesser period of time as such Issuer may agree in its sole discretion) prior to the proposed date of issuance or Modification of each Letter of Credit, (i) specifying the beneficiary, the proposed date of issuance (or Modification) and the expiry date of such Letter of Credit, (ii) describing the proposed terms of such Letter of Credit and the nature of the transactions proposed to be supported thereby and (iii) if such Letter of Credit is to be issued jointly and severally for the account of the Company and Centennial International, signed by both such entities and confirming that, after giving effect to the issuance of such Letter of Credit, the Company is in compliance with the last sentence of Section 7.12. Upon receipt of such notice the Administrative Agent shall promptly notify each Bank of the contents thereof and of the amount of such Bank's participation in such proposed Letter of Credit. The issuance or Modification by an Issuer of any Letter of Credit shall, in addition to the conditions precedent set forth in Article IV (the satisfaction of which such Issuer shall have no duty to ascertain, it being understood, however, that such Issuer shall not issue any Letter of Credit if it has received written notice from the Company, the Administrative Agent or any Bank that any such conditions precedent have not been satisfied), be subject to the conditions precedent that (i) the applicable Issuer has received notice from the Administrative Agent confirming that there is availability for the issuance of such Letter of Credit and (ii) such Letter of Credit shall be satisfactory to such Issuer and that the Company shall have executed and delivered such application agreement and/or such other instruments and agreements relating to such Letter of Credit as such Issuer shall have reasonably requested (each a "Letter of Credit Application"). In the event of any conflict between the terms of this Agreement and the terms of any Letter of Credit Application, the terms of this Agreement shall control.

(d) Letter of Credit Fees. The Company shall pay to the Administrative Agent, for the account of the Banks ratably in accordance with their respective Pro Rata Shares, with respect to each Letter of Credit, a letter of credit fee (the "Letter of Credit Fee") at a per annum rate equal to the Applicable Amount in effect from time to time on the maximum undrawn amount which may at any time thereafter be available under such Letter of Credit, such fee to be payable in arrears on each Payment Date hereafter, on the Termination Date and thereafter on demand (any such payment, an "LC Disbursement"). The Company shall also pay to each Issuer for its own account (x) a fronting fee as set forth in the applicable Fee Letter, with such fee to be payable in arrears on each Payment Date hereafter, and (y) documentary and processing charges in connection with the issuance or Modification of and draws under the applicable Letters of Credit in accordance with such Issuer's standard schedule for such charges as in effect from time to time.

(e) Administration; Reimbursement by Banks. Upon receipt from the beneficiary of any Letter of Credit of any demand for payment under such Letter of Credit, the applicable Issuer shall notify the Administrative Agent and the Administrative Agent shall promptly notify the Company and each other Bank as to the amount to be paid by such Issuer as a result of such demand. The responsibility of any Issuer to the Company and each Bank shall be only to determine that the documents delivered under each applicable Letter of Credit in connection with a demand for payment are in conformity in all material respects with such Letter of Credit. Each Issuer shall endeavor to exercise the same care in its issuance and administration of Letters of Credit as it does with respect to letters of credit in which no participations are granted, it being understood that in the absence of any gross negligence or willful misconduct by

such Issuer (as determined in a final non-appealable judgment by a court of competent jurisdiction), each Bank shall be unconditionally and irrevocably obligated, without regard to the occurrence of any Default or any condition precedent whatsoever, to reimburse such Issuer on demand for (i) such Bank's Pro Rata Share of the amount of each payment made by such Issuer under each Letter of Credit to the extent such amount is not reimbursed by the Company pursuant to Section 2.16(f) below, plus (ii) interest on the foregoing amount, for each day from the date of the applicable payment by such Issuer to the date on which such Issuer is reimbursed by such Bank for its Pro Rata Share thereof, at a rate per annum equal to the Federal Funds Effective Rate or, beginning on the third Business Day after demand for such amount by such Issuer, the rate applicable to Base Rate Advances.

(f) Reimbursement by Company. The Company shall reimburse (which reimbursement may be by the making of Base Rate Advances pursuant to this Section 2.16(f) or otherwise) the applicable Issuer through the Administrative Agent prior to 12:00 noon (New York time) on the date that any amount is paid by such Issuer under any Letter of Credit (each such date, an "Honor Date") or, if the Company does not receive notice of such payment by such Issuer prior to 10:00 a.m. (New York time) on an Honor Date, on the next succeeding Business Day after the Honor Date (in which case such reimbursement shall include interest for the period from the Honor Date to the date of reimbursement at the rate then applicable to Base Rate Advances). If the Company fails to reimburse the applicable Issuer for the full amount of any drawing under any Letter of Credit on the date and by the time specified in the previous sentence (by the making of Base Rate Advances pursuant to this Section 2.16(f) or otherwise), then (a) the Company shall be deemed to have requested that Base Rate Advances in an amount equal to the unreimbursed amount be made by the Banks on such date (and the Administrative Agent shall promptly notify each Bank thereof); (b) subject to the conditions set forth in Section 4.02 (but without regard to the minimum and integral multiple requirements for borrowings set forth in Section 2.05), the Banks shall make such Advances on such date; and (c) the Administrative Agent shall deliver the proceeds of such Advances to the applicable Issuer to pay such unreimbursed amount. The Company shall be irrevocably and unconditionally obligated to reimburse each Issuer on or before the applicable Honor Date for any amount to be paid by such Issuer upon any drawing under any Letter of Credit, without presentment, demand, protest or other formalities of any kind; provided that the Company shall not be precluded from asserting any claim for direct (but not consequential) damages suffered by the Company to the extent, but only to the extent, caused by (i) the willful misconduct or gross negligence of such Issuer in determining whether a request presented under any Letter of Credit complied with the terms of such Letter of Credit or (ii) such Issuer's failure to pay under any Letter of Credit after the presentation to it of a request strictly complying with the terms and conditions of such Letter of Credit. Each Issuer will pay to each Bank ratably in accordance with its Pro Rata Share all amounts received by it from the Company for application in payment, in whole or in part, of the Reimbursement Obligation in respect of any Letter of Credit issued by such Issuer, but only to the extent such Bank made payment to such Issuer in respect of such Letter of Credit pursuant to Section 2.16(e).

(g) Obligations Absolute. The Company's obligations under this Section 2.16 shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment which the Company may have or have had against the applicable Issuer, any Bank or any beneficiary of a Letter of Credit. The Company further agrees with each Issuer and the Banks that no Issuer or Bank shall be responsible for, and the

Company's Reimbursement Obligation in respect of any Letter of Credit shall not be affected by, among other things, the validity or genuineness of documents or of any endorsements thereon, even if such documents should in fact prove to be in any or all respects invalid, fraudulent or forged, or any dispute between or among the Company, any of its Affiliates, the beneficiary of any Letter of Credit or any financing institution or other party to whom any Letter of Credit may be transferred or any claims or defenses whatsoever of the Company or of any of its Affiliates against the beneficiary of any Letter of Credit or any such transferee. No Issuer shall be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Letter of Credit. The Company agrees that any action taken or omitted by the applicable Issuer or any Bank under or in connection with any Letter of Credit and the related drafts and documents, if done without gross negligence or willful misconduct (as determined in a final non-appealable judgment by a court of competent jurisdiction), shall be binding upon the Company and shall not put such Issuer or any Bank under any liability to the Company. Nothing in this Section 2.16(g) is intended to limit the right of the Company to make a claim against the applicable Issuer for damages as contemplated by the proviso to the third sentence of Section 2.16(f).

(h) Actions of Issuer. Each Issuer shall be entitled to rely, and shall be fully protected in relying, upon any Letter of Credit, draft, writing, resolution, notice, consent, certificate, affidavit, letter, telegram, facsimile, email, telex message, statement, order or other document believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel, independent accountants and other experts selected by such Issuer. Each Issuer shall be fully justified in failing or refusing to take any action under this Agreement unless it shall first have received such advice or concurrence of the Majority Banks as it reasonably deems appropriate or it shall first be indemnified to its reasonable satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Notwithstanding any other provision of this Section 2.16, each Issuer shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement in accordance with a request of the Majority Banks, and such request and any action taken or failure to act pursuant thereto shall be binding upon the Banks and any future holder of a participation in any applicable Letter of Credit.

(i) Indemnification. The Company agrees to indemnify and hold harmless each Bank, the applicable Issuer and the Administrative Agent, and their respective directors, officers, agents and employees, from and against any and all claims and damages, losses, liabilities, costs or expenses which such Bank, such Issuer or the Administrative Agent may incur (or which may be claimed against such Bank, such Issuer or the Administrative Agent by any Person whatsoever) by reason of or in connection with the issuance, execution and delivery or transfer of or payment or failure to pay under any Letter of Credit or any actual or proposed use of any Letter of Credit, including any claims, damages, losses, liabilities, costs or expenses which such Issuer may incur by reason of or in connection with (i) the failure of any other Bank to fulfill or comply with its obligations to such Issuer hereunder (but nothing herein contained shall affect any right the Company may have against any Defaulting Bank) or (ii) by reason of or on account of such Issuer issuing any Letter of Credit which specifies that the term "Beneficiary" therein includes any successor by operation of law of the named Beneficiary, but which Letter of Credit does not require that any drawing by any such successor Beneficiary be accompanied by a copy of a legal document, satisfactory to such Issuer, evidencing the appointment of such

successor Beneficiary; provided that the Company shall not be required to indemnify any Bank, the applicable Issuer or the Administrative Agent for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by (x) the willful misconduct or gross negligence of such Issuer (as determined in a final non-appealable judgment by a court of competent jurisdiction) in determining whether a request presented under any Letter of Credit issued by such Issuer complied with the terms of such Letter of Credit or (y) such Issuer's failure to pay under any Letter of Credit after the presentation to it of a request strictly complying with the terms and conditions of such Letter of Credit. Nothing in this Section 2.16(i) is intended to limit the obligations of the Company under any other provision of this Agreement.

(j) Banks' Indemnification. Each Bank shall, ratably in accordance with its Pro Rata Share, indemnify each applicable Issuer and its affiliates and their respective directors, officers, agents and employees (to the extent not reimbursed by the Company) against any cost, expense (including reasonable counsel fees and charges), claim, demand, action, loss or liability (except such as result from such indemnitees' gross negligence or willful misconduct (as determined in a final non-appealable judgment by a court of competent jurisdiction) or such Issuer's failure to pay under any Letter of Credit after the presentation to it of a request strictly complying with the terms and conditions of such Letter of Credit) that such indemnitees may suffer or incur in connection with this Section 2.16 or any action taken or omitted by such indemnitees hereunder.

(k) LC Collateral Account. The Company agrees that it will establish on the Termination Date (or on such earlier date as may be required pursuant to Section 8.02), and thereafter maintain so long as any Letter of Credit is outstanding or any amount is payable to any Issuer or the Banks in respect of any Letter of Credit, a special collateral account pursuant to arrangements satisfactory to the Administrative Agent (the "LC Collateral Account") at the Administrative Agent's office at the address specified pursuant to Section 10.02, in the name of the Company but under the sole dominion and control of the Administrative Agent, for the benefit of the Banks, and in which the Company shall have no interest other than as set forth in Section 8.02. The Company shall cause to be maintained on deposit in the LC Collateral Account at all times on and after the Termination Date an amount equal to 105% of the Letter of Credit Obligations, and the Company hereby pledges, assigns and grants to the Administrative Agent, on behalf of and for the ratable benefit of the Banks and the Issuers, a security interest in all of the Company's right, title and interest in and to all funds which may from time to time be on deposit in the LC Collateral Account, to secure the prompt and complete payment and performance of the Obligations. The Administrative Agent will invest any funds on deposit from time to time in the LC Collateral Account in certificates of deposit of U.S. Bank having a maturity not exceeding 30 days. At any time prior to the Termination Date, the Administrative Agent will, not later than three Business Days following the request of the Company and so long as no Default or Event of Default then exists, return to the Company funds that were deposited by the Company in the LC Collateral Account pursuant to this clause (k), together with any accrued interest thereon.

(l) Rights as a Bank. In its capacity as a Bank, each Issuer shall have the same rights and obligations as any other Bank.

2.17 Additional Cash Collateral. Without limiting the obligations of the Company under Section 2.16(k), at any time that there shall exist a Defaulting Bank, within two

(2) Business Days following the written request of the Administrative Agent or any Issuer (with a copy to the Administrative Agent), the Company shall Cash Collateralize the Issuers' Fronting Exposure with respect to such Defaulting Bank (determined after giving effect to Section 2.18(a)(iv) and any Cash Collateral provided by such Defaulting Bank) in an amount not less than the Minimum Collateral Amount.

(a) Grant of Security Interest. The Company, and to the extent provided by any Defaulting Bank, such Defaulting Bank, hereby grants to the Administrative Agent, for the benefit of the Issuers, and agrees to maintain, a first priority security interest in all such Cash Collateral as security for the Defaulting Banks' obligations to fund participations in respect of Letter of Credit Obligations, to be applied pursuant to clause (b) below. If at any time the Administrative Agent determines that Cash Collateral is subject to any right or claim of any Person other than the Administrative Agent and the Issuers as herein provided (other than involuntary Liens) or that the total amount of such Cash Collateral is less than the Minimum Collateral Amount, the Company will, promptly upon demand by the Administrative Agent, pay or provide to the Administrative Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency (after giving effect to any Cash Collateral provided by the Defaulting Bank).

(b) Application. Notwithstanding anything to the contrary contained in this Agreement, Cash Collateral provided under this Section 2.17 or Section 2.18 in respect of Letters of Credit shall be applied to the satisfaction of the Defaulting Banks' obligations to fund participations in respect of Letter of Credit Obligations (including, as to Cash Collateral provided by a Defaulting Bank, any interest accrued on such obligation) for which the Cash Collateral was so provided, prior to any other application of such property as may otherwise be provided for herein.

(c) Termination of Requirement. Cash Collateral (or the appropriate portion thereof) provided to reduce any Issuer's Fronting Exposure shall no longer be required to be held as Cash Collateral pursuant to this Section 2.17, and shall be returned to the Person that provided such Cash Collateral not later than three Business Days after such Person's request, in each case following (i) the elimination of the applicable Fronting Exposure (including by the termination of Defaulting Bank status of the applicable Bank in accordance with Section 2.18(b)), or (ii) the determination by the Administrative Agent and each Issuer that there exists excess Cash Collateral; provided that, subject to Section 2.18 (including any agreement pursuant thereto whereby a Defaulting Bank agrees to maintain Cash Collateral with the Administrative Agent as a condition to such Defaulting Bank ceasing to be deemed a Defaulting Bank), the Person providing Cash Collateral and each Issuer may agree that Cash Collateral shall be held to support future anticipated Fronting Exposure or other obligations (and, in the case of any such Cash Collateral that was provided by the Company and will be so held, such Cash Collateral shall remain subject to the security interest granted hereunder).

2.18 Defaulting Banks

(a) Defaulting Bank Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Bank becomes a Defaulting Bank, then, until such time as such Bank is no longer a Defaulting Bank, to the extent permitted by applicable law:

(i) Waivers and Amendments. Such Defaulting Bank's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of Majority Banks.

(ii) Defaulting Bank Waterfall. Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Bank (whether voluntary or mandatory, at maturity, pursuant to Article VIII or otherwise) or received by the Administrative Agent from a Defaulting Bank pursuant to Section 10.10 shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by such Defaulting Bank to the Administrative Agent hereunder; *second*, to the payment on a pro rata basis of any amounts owing by such Defaulting Bank to any Issuer hereunder; *third*, to Cash Collateralize the Issuers' Fronting Exposure with respect to such Defaulting Bank in accordance with Section 2.17; *fourth*, as the Company may request (so long as no Default or Event of Default exists), to the funding of any Advance in respect of which such Defaulting Bank has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; *fifth*, if so determined by the Administrative Agent and the Company, to be held in a deposit account and released pro rata in order to (x) satisfy such Defaulting Bank's potential future funding obligations with respect to Advances under this Agreement and (y) Cash Collateralize the Issuers' future Fronting Exposure with respect to such Defaulting Bank with respect to future Letters of Credit issued under this Agreement, in accordance with Section 2.17; *sixth*, to the payment of any amounts owing to the Banks, the Issuers as a result of any judgment of a court of competent jurisdiction obtained by any Bank or the Issuers against such Defaulting Bank as a result of such Defaulting Bank's breach of its obligations under this Agreement; *seventh*, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Company as a result of any judgment of a court of competent jurisdiction obtained by the Company against such Defaulting Bank as a result of such Defaulting Bank's breach of its obligations under this Agreement; and *eighth*, to such Defaulting Bank or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of any Advances or unpaid Reimbursement Obligations in respect of which such Defaulting Bank has not fully funded its appropriate share, and (y) such Advances were made or the related Letters of Credit were issued at a time when the conditions set forth in Section 4.02 were satisfied or waived, such payment shall be applied solely to pay the Advances of, and LC Disbursements owed to, all Non-Defaulting Banks on a pro rata basis prior to being applied to the payment of any Loans of, or LC Disbursements owed to, such Defaulting Bank until such time as all Advances and funded and unfunded participations in Letter of Credit Obligations are held by the Banks pro rata in accordance with their respective Commitments without giving effect to Section 2.18(a)(iv). Any payments, prepayments or other amounts paid or payable to a Defaulting Bank that are applied (or held) to pay amounts owed by a Defaulting Bank or to post Cash Collateral pursuant to this Section 2.18(a)(ii) shall be deemed paid to and redirected by such Defaulting Bank, and each Bank irrevocably consents hereto.

(iii) Certain Fees. (A) Each Defaulting Bank shall be entitled to receive a facility fee for any period during which that Bank is a Defaulting Bank only to extent allocable to the sum of (1) the outstanding principal amount of the Loans funded by it,

and (2) its Pro Rata Share of the stated amount of Letters of Credit for which it has provided Cash Collateral pursuant to Section 2.17.

(B) Each Defaulting Bank shall be entitled to receive Letter of Credit Fees for any period during which that Bank is a Defaulting Bank only to the extent allocable to its Pro Rata Share of the stated amount of Letters of Credit for which it has provided Cash Collateral pursuant to Section 2.17.

(C) With respect to any facility fee or Letter of Credit Fee not required to be paid to any Defaulting Bank pursuant to clause (A) or (B) above, the Company shall (x) pay to each Non-Defaulting Bank that portion of any such fee otherwise payable to such Defaulting Bank with respect to such Defaulting Bank's participation in Letter of Credit Obligations that has been reallocated to such Non-Defaulting Bank pursuant to clause (iv) below, (y) pay to each Issuer, as applicable, the amount of any such fee otherwise payable to such Defaulting Bank to the extent allocable to such Issuer's Fronting Exposure to such Defaulting Bank, and (z) not be required to pay the remaining amount of any such fee.

(iv) Reallocation of Participations to Reduce Fronting Exposure. All or any part of such Defaulting Bank's participation in Letter of Credit Obligations shall be reallocated among the Non-Defaulting Banks in accordance with their respective Pro Rata Shares (calculated without regard to such Defaulting Bank's Commitment and Outstanding Credit Exposure) but only to the extent that (x) the conditions set forth in Section 4.02 are satisfied at the time of such reallocation (and, unless the Company shall have otherwise notified the Administrative Agent at such time, the Company shall be deemed to have represented and warranted that such conditions are satisfied at such time), and (y) such reallocation does not cause the Outstanding Credit Exposure of any Non-Defaulting Bank to exceed such Non-Defaulting Bank's Commitment. Subject to Section 10.24, no reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Bank arising from that Bank having become a Defaulting Bank, including any claim of a Non-Defaulting Bank as a result of such Non-Defaulting Bank's increased exposure following such reallocation.

(v) Cash Collateral. If the reallocation described in clause (iv) above cannot, or can only partially, be effected, the Company shall, without prejudice to any right or remedy available to it hereunder or under law, Cash Collateralize the Issuers' Fronting Exposure in accordance with the procedures set forth in Section 2.17.

(b) Defaulting Bank Cure. If the Company, the Administrative Agent and each Issuer agree in writing that a Bank is no longer a Defaulting Bank, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions agreed to by the Company, the Administrative Agent, each Issuer and such Bank set forth in such notice, such Bank will, to the extent applicable, purchase at par that portion of outstanding Loans of the other Banks or take such other actions as the Administrative Agent may determine to be necessary to cause the Loans and funded and

unfunded participations in Letters of Credit to be held pro rata by the Banks in accordance with their respective Commitments (without giving effect to Section 2.18(a)(iv)), whereupon such Bank will cease to be a Defaulting Bank; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Company while that Bank was a Defaulting Bank; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Bank to Bank will constitute a waiver or release of any claim of any party hereunder arising from that Bank's having been a Defaulting Bank.

(c) New Letters of Credit. So long as any Bank is a Defaulting Bank, no Issuer shall be required to issue, extend, renew or increase any Letter of Credit unless it is satisfied that it will have no Fronting Exposure after giving effect thereto.

2.19 Extension of Termination Date

(a) Notice of Extension Request. The Company may, by delivering an Extension Request to the Administrative Agent (who shall promptly deliver a copy to each of the Banks), not less than 60 days in advance of the Termination Date in effect at such time (the "Existing Termination Date"), request that the Banks extend the Existing Termination Date to the first anniversary of such Existing Termination Date. Each Bank, acting in its sole discretion, shall, by written notice to the Administrative Agent given not later than the date that is the 20th day after the date of the Extension Request, or if such date is not a Business Day, the immediately following Business Day (the "Response Date"), advise the Administrative Agent in writing whether or not such Bank agrees to the requested extension. Each Bank that advises the Administrative Agent that it will not extend the Existing Termination Date is referred to herein as a "Non-Extending Bank"; provided, that any Bank that does not advise the Administrative Agent of its consent to such requested extension by the Response Date and any Bank that is a Defaulting Bank on the Response Date shall be deemed to be a Non-Extending Bank. The Administrative Agent shall notify the Company, in writing, of the Banks' elections promptly following the Response Date. The election of any Bank to agree to such an extension shall not obligate any other Bank to so agree. The Company may deliver no more than one (1) Extension Request during any 12-month period and the Termination Date may be extended no more than two (2) times pursuant to this Section 2.19.

(b) Required and Replacement Banks

(i) If, by the Response Date, any Bank shall elect to be a Non-Extending Bank then the Company shall have the right on or before the Existing Termination Date, at its own expense, to require any Non-Extending Bank to transfer and assign without recourse (in accordance with and subject to the restrictions contained in Section 10.08) all its interests, rights (other than its rights to payments pursuant to Section 3.01, Section 3.05, Section 3.06 or Section 10.05 arising prior to the effectiveness of such assignment) and obligations under this Agreement to one or more banks or other financial institutions identified to the Non-Extending Bank by the Company, which may include any existing Bank (each a "Replacement Bank"); provided that (i) such Replacement Bank, if not already a Bank hereunder, shall be subject to the approval of the Administrative Agent and each Issuer (such approvals to not be unreasonably withheld) to the extent the consent of the Administrative Agent or the Issuers would be

required to effect an assignment under Section 10.08(e), (ii) such assignment shall become effective as of a date specified by the Company (which shall not be later than the Existing Termination Date in effect for such Non-Extending Bank prior to the effective date of the requested extension) and (iii) the Replacement Bank shall pay to such Non-Extending Bank in immediately available funds on the effective date of such assignment the principal of and interest accrued to the date of payment on the outstanding principal amount Loans made by it hereunder and all other amounts accrued and unpaid for its account or otherwise owed to it hereunder on such date.

(ii) If (and only if), by the Existing Termination Date, Banks that have agreed to extend the Existing Termination Date (each such consenting Bank, an “Extending Bank”) and Replacement Banks holding Commitments that aggregate more than 50% of the total Commitments, then effective as of the Existing Termination Date, the Termination Date for such Extending Banks and Replacement Banks shall be extended to the first anniversary of the Existing Termination Date (subject to satisfaction of the conditions set forth in Section 2.19(d)). In the event of such extension, the Commitment of each Non-Extending Bank shall terminate on the Existing Termination Date in effect for such Non-Extending Bank prior to such extension and the outstanding principal balance of all Loans and other amounts payable hereunder to such Non-Extending Bank shall become due and payable on such Existing Termination Date and, subject to Section 2.19(c) below, the total Commitments hereunder shall be reduced by the Commitments of the Non-Extending Banks so terminated on such Existing Termination Date.

(iii) For the avoidance of doubt, if, as of the Existing Termination Date, Extending Banks and Replacement Banks that hold (or are proposed to hold) Commitments that aggregate more than 50% of the total Commitments have not agreed to extend the Existing Termination Date pursuant to this Section 2.19, then the Existing Termination Date shall not be extended and the outstanding principal balance of all Loans and other amounts payable hereunder shall be payable, and the Commitments shall be terminated, on the Existing Termination Date without giving effect to any such requested extension.

(c) Conditions Precedent. As a condition precedent to each such extension of the Existing Termination Date pursuant to Section 2.19(b)(ii), the Company shall (i) deliver to the Administrative Agent a certificate of the Company dated as of the Existing Termination Date signed by a Responsible Officer of the Company certifying that, as of such date, both before and immediately after giving effect to such extension, (A) the representations and warranties of the Company set forth in this Agreement shall be true and correct, except to the extent that such representations and warranties refer to an earlier date, in which case they are true and correct as of such earlier date and (B) no Default or Event of Default shall have occurred and be continuing and (ii) first make such prepayments of the outstanding Loans and second provide such cash collateral (or make such other arrangements satisfactory to the applicable Issuer) with respect to the outstanding Letters of Credit as shall be required such that, after giving effect to any assignment pursuant to Section 2.19(b)(i) and the termination of the Commitments of the Non-Extending Banks pursuant to Section 2.19(b)(ii), the Aggregate Outstanding Credit Exposure less the face amount of any Letter of Credit supported by any such cash collateral (or other

satisfactory arrangements) so provided does not exceed the aggregate amount of Commitments being extended.

(d) Additional Provisions. For the avoidance of doubt, (i) no consent of any Bank (other than the existing Banks participating in the extension of the Existing Termination Date) shall be required for any extension of the Termination Date pursuant to this Section 2.19 and (ii) the operation of this Section 2.19 in accordance with its terms is not an amendment subject to Section 10.01. For purposes of clarity, it is acknowledged and agreed that the Termination Date on any date of determination shall not be a date more than five (5) years after such date of determination, whether such determination is made before or after giving effect to any extension request made hereunder.

ARTICLE III

YIELD PROTECTION; TAXES

3.01 Increased Costs Generally. If, on or after the date of this Agreement, there occurs any adoption of or change in any law, governmental or quasi-governmental rule, regulation, policy, guideline, interpretation, or directive (whether or not having the force of law) or in the interpretation, promulgation, implementation or administration thereof by any governmental or quasi-governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, including, notwithstanding the foregoing, all requests, rules, guidelines or directives (x) in connection with the Dodd-Frank Wall Street Reform and Consumer Protection Act or (y) promulgated by the Bank for International Settlements, the Basel Committee on Banking Regulations and Supervisory Practices (or any successor or similar authority) or the United States financial regulatory authorities, in each case of clauses (x) and (y), regardless of the date enacted, adopted, issued, promulgated or implemented, or compliance by any Bank or applicable Lending Installation or any Issuer with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency (any of the foregoing, a “Change in Law”) which:

(a) subjects any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto, or

(b) imposes or increases or deems applicable any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Bank or any applicable Lending Installation or any Issuer (other than reserves and assessments taken into account in determining the Eurodollar Rate), or

(c) imposes any other condition (other than Taxes) the result of which is to increase the cost to any Bank or any applicable Lending Installation or any Issuer of funding or maintaining its Loans, or of issuing or participating in Letters of Credit, or reduces any amount receivable by any Bank or any applicable Lending Installation or any Issuer in connection with its Loans, Letters of Credit or participations therein, or requires any Bank or any applicable Lending Installation or any Issuer to make any payment calculated by reference to the amount of Loans, Letters of Credit or participations therein held or interest or Letter of Credit Fees received by it, by an amount deemed material by such Bank or such Issuer as the case may be,

and the result of any of the foregoing is to increase the cost to such Person of making or maintaining its Loans or Commitment or of issuing or participating in Letters of Credit or to reduce the return received by such Person in connection with such Loans or Commitment, Letters of Credit or participations therein, then, within 15 days after demand by such Person, the Company shall pay such Person, as the case may be, such additional amount or amounts as will compensate such Person for such increased cost or reduction in amount received.

3.02 Changes in Capital Adequacy Regulations. If any Bank or Issuer determines that any Change in Law affecting such Bank or Issuer or any lending office of such Bank or such Bank's or Issuer's holding company, if any, regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on such Bank's or Issuer's capital or on the capital of such Bank's or Issuer's holding company, if any, as a consequence of this Agreement, the Commitment of such Bank or the Loans made by, or participations in Letters of Credit held by, such Bank, or the Letters of Credit issued by any Issuer, to a level below that which such Bank or Issuer or such Bank's or Issuer's holding company could have achieved but for such Change in Law (taking into consideration such Bank's or Issuer's policies and the policies of such Bank's or Issuer's holding company with respect to capital adequacy), then from time to time the Company will pay to such Bank or Issuer, as the case may be, such additional amount or amounts as will compensate such Bank or Issuer or such Bank's or Issuer's holding company for any such reduction suffered.

3.03 Certificates for Reimbursement; Delay in Requests.

(a) A certificate of a Bank or Issuer setting forth the amount or amounts necessary to compensate such Bank or Issuer or its holding company, as the case may be, as specified in Section 3.01 or 3.02 and delivered to the Company, shall be conclusive absent manifest error. The Company shall pay such Bank or Issuer, as the case may be, the amount shown as due on any such certificate within 15 days after receipt thereof.

(b) Failure or delay on the part of any Bank or Issuer to demand compensation pursuant to this Section shall not constitute a waiver of such Bank's or Issuer's right to demand such compensation; provided that the Company shall not be required to compensate a Bank or Issuer pursuant to this Section for any increased costs incurred or reductions suffered more than 180 days prior to the date that such Bank or Issuer, as the case may be, notifies the Company of the Change in Law giving rise to such increased costs or reductions, and of such Bank's or Issuer's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 180 day period referred to above shall be extended to include the period of retroactive effect thereof).

3.04 Availability of Types of Advances.

(a) If (i) any Bank determines that the making, maintaining or funding of its Eurodollar Loans at a suitable Lending Installation would violate any applicable law, rule, regulation, or directive, whether or not having the force of law, or (ii) if the Administrative Agent or the Majority Banks determine (which determination shall be conclusive absent manifest error) that (x) deposits of a type and maturity appropriate to match fund Eurodollar Advances are not available or (y) the interest rate applicable to Eurodollar Advances does not accurately reflect the cost of making or maintaining Eurodollar Advances, then the Administrative Agent shall

suspend the availability of Eurodollar Advances and, in the case of clause (i) only, require any affected Eurodollar Advances to be repaid or converted to Base Rate Advances, subject to the payment of any funding indemnification amounts required by Section 3.05.

(b) Notwithstanding the foregoing, in the event the Administrative Agent determines (which determination shall be conclusive absent manifest error) that (i) the circumstances set forth in Section 3.04(a)(ii) have arisen and such circumstances are unlikely to be temporary, (ii) ICE Benchmark Administration Limited (or any Person that takes over the administration of such rate) discontinues its administration and publication of interest settlement rates for deposits in Dollars, or (iii) the supervisor for the administrator of the interest settlement rate described in clause (ii) of this Section 3.04(b) or a Governmental Authority having jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which such interest settlement rate shall no longer be used for determining interest rates for loans, then the Administrative Agent and the Company shall seek to jointly agree upon an alternate rate of interest to the Eurodollar Base Rate that gives due consideration to the then prevailing market convention for determining a rate of interest for syndicated loans in the United States at such time, and the Administrative Agent and the Company shall enter into an amendment to this Agreement to reflect such alternate rate of interest and such other related changes to this Agreement as may be applicable. Notwithstanding anything to the contrary in Section 10.01, such amendment shall become effective without any further action or consent of any other party to this Agreement so long as the Administrative Agent shall not have received, within five Business Days of the date notice of such amendment is provided to the Banks, a written notice from the Majority Banks stating that such Majority Banks object to such amendment (which such notice shall note with specificity the particular provisions of the amendment to which such Majority Banks object). Until an alternate rate of interest shall be determined in accordance with this Section 3.04(b), (x) any request pursuant to Section 2.02(d) that requests the conversion of any Advance to, or continuation of any Advance as, a Eurodollar Advance shall be ineffective and any such Advance (i) may, at the Company's option, be repaid in full or (ii) if not repaid, shall be continued as or converted to, as the case may be, a Base Rate Advance, and (y) if any request pursuant to Section 2.02(c) requests a Eurodollar Advance, such Advance shall be made as a Base Rate Advance. If the alternate rate of interest determined pursuant to this Section 3.04(b) shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

3.05 Funding Indemnification. If (a) any payment of a Eurodollar Advance occurs on a date which is not the last day of the applicable Interest Period, whether because of acceleration, prepayment or otherwise, (b) a Eurodollar Advance is not made on the date specified by the Company for any reason other than default by the Banks, (c) a Eurodollar Loan is converted other than on the last day of the Interest Period applicable thereto, (d) the Company fails to borrow, convert, continue or prepay any Eurodollar Loan on the date specified in any notice delivered pursuant hereto or (e) any Eurodollar Loan is assigned other than on the last day of the Interest Period applicable thereto as a result of a request by the Company pursuant to Section 2.15 or 3.07, the Company will indemnify each Bank for any costs, expenses and Interest Differential (as determined by such Bank) incurred as a result thereof. The term "Interest Differential" shall mean that sum equal to the greater of zero or the financial loss incurred by the applicable Bank resulting from any action described in clauses (a) through (e) above, calculated as the difference between the amount of interest such Bank would have earned (from the investments in money markets as of the Borrowing Date of such Loan) had such action not

occurred and the interest such Bank will actually earn (from like investments in money markets as of the date of prepayment) as a result of the redeployment of such funds. Because of the short-term nature of this facility, the Company agrees that Interest Differential shall not be discounted to its present value.

3.06 Taxes.

(a) Issuer. For purposes of this Section 3.06, the term “Bank” includes any Issuer.

(b) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Company under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the Company shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(c) Payment of Other Taxes by the Company. The Company shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(d) Indemnification by the Company. The Company shall indemnify each Recipient, within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Company by a Bank (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Bank, shall be conclusive absent manifest error.

(e) Indemnification by the Banks. Each Bank shall severally indemnify the Administrative Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Bank (but only to the extent that the Company has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Company to do so), (ii) any Taxes attributable to such Bank’s failure to comply with the provisions of Section 10.08(d) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Bank, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of

such payment or liability delivered to any Bank by the Administrative Agent shall be conclusive absent manifest error. Each Bank hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Bank under any Loan Document or otherwise payable by the Administrative Agent to such Bank from any other source against any amount due to the Administrative Agent under this clause (e).

(f) Evidence of Payments. As soon as practicable after any payment of Taxes by the Company to a Governmental Authority pursuant to this Section 3.06, the Company shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(g) Status of Banks.

(i) Any Bank that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Company and the Administrative Agent, at the time or times reasonably requested by the Company or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Company or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Bank, if reasonably requested by the Company or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Company or the Administrative Agent as will enable the Company or the Administrative Agent to determine whether or not such Bank is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 3.06(g)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the applicable Bank's reasonable judgment such completion, execution or submission would subject such Bank to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Bank.

(ii) Without limiting the generality of the foregoing,

(A) any Bank that is a U.S. Person shall deliver to the Company and the Administrative Agent on or prior to the date on which such Bank becomes a Bank under this Agreement (and from time to time thereafter upon the reasonable request of the Company or the Administrative Agent), executed originals of IRS Form W-9 certifying that such Bank is exempt from U.S. federal backup withholding tax;

(B) any Foreign Bank shall, to the extent it is legally entitled to do so, deliver to the Company and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Bank becomes a Bank under this Agreement (and from time to time thereafter upon the reasonable request of the Company or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Bank claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “interest” article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;

(2) executed copies of IRS Form W-8ECI;

(3) in the case of a Foreign Bank claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit E-1 to the effect that such Foreign Bank is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of the Company within the meaning of Section 871(h)(3)(B) of the Code, or a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code (a “U.S. Tax Compliance Certificate”) and (y) executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable; or

(4) to the extent a Foreign Bank is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit E-2 or Exhibit E-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Bank is a partnership and one or more direct or indirect partners of such Foreign Bank are claiming the portfolio interest exemption, such Foreign Bank may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit E-4 on behalf of each such direct and indirect partner;

(C) any Foreign Bank shall, to the extent it is legally entitled to do so, deliver to the Company and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Bank becomes a Bank under this Agreement (and from time to time thereafter upon the reasonable request of the Company or the Administrative Agent), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Company or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Bank under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Bank were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Bank shall deliver to the Company and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Company or the Administrative Agent

such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Company or the Administrative Agent as may be necessary for the Company and the Administrative Agent to comply with their obligations under FATCA and to determine that such Bank has complied with such Bank's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Bank agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Company and the Administrative Agent in writing of its legal inability to do so.

(h) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 3.06 (including by the payment of additional amounts pursuant to this Section 3.06), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this clause (h) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this clause (h), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this clause (h) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This clause shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

3.07 Mitigation Obligations; Replacement of Banks.

(a) Mitigation Obligations. If any Bank requests compensation under Section 3.01 or 3.02, or requires the Company to pay any Indemnified Taxes or additional amounts to any Bank or any Governmental Authority for the account of any Bank pursuant to Section 3.06, then such Bank shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Bank, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 3.01, 3.02 or 3.06, as the case may be, in the future, and (ii) would not subject such Bank to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Bank. The Company hereby agrees to pay all reasonable costs and expenses incurred by any Bank in connection with any such designation or assignment.

(b) Replacement of Banks. If any Bank requests compensation under Section 3.01 or 3.02, or requires the Company to pay any Indemnified Taxes or additional amounts to any Bank or any Governmental Authority for the account of any Bank pursuant to Section 3.06, and, in each case, such Bank has declined or is unable to designate a different lending office in accordance with Section 3.07(a) (each such Bank, an “Increased Cost Bank”), or if any Bank is a Defaulting Bank or a Non-Consenting Bank, then the Company may, at its sole expense and effort, upon notice to such Bank and the Administrative Agent, require such Bank to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 10.08), all of its interests, rights (other than its existing rights to payments pursuant to Section 3.01, 3.02 or 3.06) and obligations under this Agreement and the related Loan Documents to an Eligible Assignee that shall assume such obligations (which assignee may be another Bank, if a Bank accepts such assignment); provided that:

(i) the Company shall have paid to the Administrative Agent the assignment fee (if any) specified in Section 10.08;

(ii) such Bank shall have received payment of an amount equal to the outstanding principal of its Loans and participations in LC Disbursements, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 3.05) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Company (in the case of all other amounts);

(iii) in the case of any such assignment resulting from a claim for compensation under Section 3.01 or 3.02, such assignment will result in a reduction in such compensation or payments thereafter;

(iv) such assignment does not conflict with applicable law; and

(v) in the case of any assignment resulting from a Bank becoming a Non-Consenting Bank, the applicable assignee shall have consented to the applicable amendment, waiver or consent.

(c) A Bank shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Bank or otherwise, the circumstances entitling the Company to require such assignment and delegation cease to apply. Each Bank and Issuer hereby grants to the Administrative Agent an irrevocable power of attorney (which power is coupled with an interest) to execute and deliver, on behalf of such Bank or Issuer, as the case may be, as assignor, any Assignment Agreement necessary to effect any assignment of such Bank’s or Issuer’s interests hereunder in the circumstances contemplated by this Section 3.07. Each Bank agrees that if the Company exercises its option hereunder to cause an assignment by such Bank as an Increased Cost Bank, Non-Consenting Bank or Defaulting Bank, such Bank shall, promptly after receipt of written notice of such election, execute and deliver all documentation necessary to effect such assignment in accordance with Section 3.07. In the event that a Bank does not comply with the requirements of the immediately preceding sentence within one Business Day after receipt of such notice, each Bank hereby authorizes and directs the Administrative Agent to execute and deliver such documentation as may be required to give

effect to an assignment in accordance with Section 10.08 on behalf of an Increased Cost Bank, Non-Consenting Bank or Defaulting Bank and any such documentation so executed by the Administrative Agent shall be effective for purposes of documenting an assignment pursuant to Section 10.08.

3.08 Survival of Provisions. The provisions of Sections 3.01, 3.02, 3.03, 3.05, 3.06 and 3.07 shall survive the termination of this Agreement.

ARTICLE IV **CONDITIONS PRECEDENT**

4.01 Initial Credit Extension. The obligation of the Banks and the Issuers to make the initial Credit Extension is subject to the following conditions precedent (unless all of the Banks, in their sole and absolute discretion, shall agree otherwise):

(a) The Administrative Agent shall have received all of the following, each of which shall be originals unless otherwise specified, each properly executed by a Responsible Officer, each dated as of the date of this Agreement and each in form and substance satisfactory to the Administrative Agent and the Banks (unless otherwise specified or, in the case of the date of any of the following, unless the Administrative Agent otherwise agrees or directs):

(1) one executed counterpart of this Agreement, together with arrangements satisfactory to Administrative Agent for additional executed counterparts, sufficient in number for distribution to the Banks and the Company;

(2) a Note executed by the Company in favor of each Bank requesting a Note;

(3) copies of the resolutions of the Board of Directors or the executive committee of the Company approving and authorizing the execution, delivery and performance by the Company of the Loan Documents to which it is a party, certified as of the date of this Agreement by the Secretary or an Assistant Secretary of the Company;

(4) a certificate of the Secretary or Assistant Secretary of the Company, certifying the names, titles and true signatures of the Responsible Officers and any other officers of the Company authorized to execute and deliver the Loan Documents to which it is a party, upon which certificate the Administrative Agent, the Issuers and the Banks shall be entitled to rely until informed of any change in writing by the Company;

(5) copies of the articles or certificate of incorporation of the Company as in effect on the date of this Agreement and the bylaws of the Company as in effect on the date of this Agreement, certified by the Secretary or Assistant Secretary of the Company as of the date of this Agreement;

(6) a good standing certificate for the Company from the Secretary of State of the State of Delaware;

(7) the Opinions of Counsel;

(8) a certificate signed by a Responsible Officer certifying that the conditions specified in Sections 4.01(c), 4.01(d) and 4.01(f) have been satisfied;

(9) written money transfer instructions, in substantially the form of Exhibit D, addressed to the Administrative Agent and signed by a Responsible Officer, together with such other related money transfer authorizations as the Administrative Agent may have reasonably requested;

(10) if the initial Credit Extension will be the issuance of a Letter of Credit, a properly completed Letter of Credit Application;

(11) at least five days prior to the Execution Date, all documentation and other information regarding the Company requested in connection with applicable “know your customer” and anti-money laundering rules and regulations, including the USA Patriot Act, to the extent requested in writing of the Company at least 10 days prior to the Execution Date and (ii) to the extent the Company qualifies as a “legal entity customer” under the Beneficial Ownership Regulation, at least five days prior to the Execution Date, any Bank that has requested, in a written notice to the Borrower at least 10 days prior to the Execution Date, a Beneficial Ownership Certification in relation to the Company shall have received such Beneficial Ownership Certification (provided that, upon the execution and delivery by such Lender of its signature page to this Agreement, the condition set forth in this clause (ii) shall be deemed to be satisfied); and

(12) such other assurances, certificates, documents, consents or opinions as the Administrative Agent reasonably may require.

(b) Attorney Costs of the Co-Lead Arrangers to the extent invoiced prior to or on the Execution Date, plus such additional amounts of Attorney Costs as shall constitute the reasonable estimate of Attorney Costs incurred or to be incurred by the Co-Lead Arrangers through the closing proceedings (provided that such estimate shall not thereafter preclude final settling of accounts between the Company and the Co-Lead Arrangers) shall have been paid.

(c) The representations and warranties of the Company contained in Article V shall be true and correct in all material respects.

(d) The Company shall be in compliance with all the terms and provisions of the Loan Documents, and, after giving effect to the initial Advance, no Default or Event of Default shall exist.

(e) The Company shall have paid (or shall concurrently pay with the proceeds of the initial Loans) to the Administrative Agent for the account of the Banks such upfront fees as have been agreed to by the Company, the Administrative Agent and the Co-Lead Arrangers pursuant to the Fee Letters and (ii) all amounts outstanding under the Existing Credit Agreement.

(f) There shall have occurred since December 31, 2018 no event or circumstance that has resulted or could reasonably be expected to result in a Material Adverse Effect.

4.02 Each Credit Extension. The obligation of the Banks and the Issuers to make any Credit Extension (including the initial Credit Extension) is subject to the following conditions precedent:

(a) the representations and warranties of the Company contained in Article V (except (i) in the case of a conversion or continuation pursuant to Section 2.02(d), the representations set forth in Sections 5.05, 5.11(b) and 5.12 and in the second and third sentences of Section 5.14 and (ii) in the case of a Loan the proceeds of which will be used to pay maturing commercial paper of the Company, the representations set forth in Sections 5.05(b) and 5.11(b)) are true and correct in all material respects as though made on and as of the date of such Credit Extension (except to the extent such representations and warranties expressly refer to an earlier date, in which case they are true and correct as of such earlier date);

(b) no Default or Event of Default exists or would result from such Credit Extension; and

(c) the Administrative Agent shall have received, in form and substance satisfactory to the Administrative Agent, such other assurances, certificates, documents or consents related to the foregoing as the Administrative Agent or Majority Banks reasonably may require.

On the date of each Credit Extension, the Company shall be deemed to have represented and warranted that the foregoing conditions have been satisfied.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

The Company represents and warrants to the Administrative Agent, each Issuer and each Bank that:

5.01 Existence and Power; Standing; Compliance With Laws. The Company and each of its Subsidiaries: (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization; (b) has the power and authority and all governmental licenses, authorizations, consents and approvals to (i) own its assets and carry on its business and (ii) with respect to the Company, to execute, deliver, and perform its obligations under the Loan Documents; (c) is duly qualified as a foreign corporation and is licensed and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification or license; and (d) is in compliance with all Requirements of Law; except, in each case referred to in clauses (a) (other than with respect to the Company), (b)(i), (c) and (d), to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect. The Company is not an EEA Financial Institution.

5.02 Corporate Authorization; No Contravention or Conflict. The execution, delivery and performance by the Company of this Agreement and each other Loan Document to which the Company is a party, have been duly authorized by all necessary corporate action, and do not and will not: (a) contravene the terms of any of the Company's Organization Documents; (b) conflict with or result in any breach or contravention of, or the creation of any Lien (other than any Lien created under any Loan Document) under, any document evidencing any

Contractual Obligation to which the Company is a party or any order, injunction, writ or decree of any Governmental Authority to which the Company or its property is subject; or (c) violate any Requirement of Law.

5.03 Governmental Authorization. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Company of the Agreement or any other Loan Document.

5.04 Validity and Binding Effect. This Agreement and each other Loan Document to which the Company is a party constitute the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability.

5.05 Litigation; Environmental Claims. Except as set forth in the Company's financial statements dated December 31, 2018, there are, as of the Execution Date, no actions, suits, proceedings, claims (including Environmental Claims) or disputes pending, or, to the knowledge of the Company, threatened, at law, in equity, in arbitration or by or before any Governmental Authority, against the Company, or its Subsidiaries or any of their respective properties which: (a) purport to affect or pertain to this Agreement or any other Loan Document, or any of the transactions contemplated hereby or thereby; or (b) if determined adversely to the Company or its Subsidiaries, would reasonably be expected to have a Material Adverse Effect. No injunction, writ, temporary restraining order or any order of any nature has been issued by any court or other Governmental Authority purporting to enjoin or restrain the execution, delivery or performance of this Agreement or any other Loan Document, or directing that the transactions provided for herein or therein not be consummated as herein or therein provided.

5.06 No Default. No Default or Event of Default exists or would result from the incurring of any Obligations by the Company. As of the Execution Date, neither the Company nor any Subsidiary is in default under or with respect to any Contractual Obligation in any respect which, individually or together with all such defaults, could reasonably be expected to have a Material Adverse Effect, or that would, if such default had occurred after the Execution Date, create an Event of Default under Section 8.01(e).

5.07 ERISA Compliance. Each of the Company and its ERISA Affiliates is in compliance in all material respects with the applicable provisions of ERISA and the Code and published interpretations thereunder, except for any such failure that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect.

5.08 Use of Proceeds; Margin Regulations. The proceeds of the Loans are to be used solely for the purposes set forth in and permitted by Section 6.11 and Section 7.06. Neither the Company nor any Subsidiary is generally engaged in the business of purchasing or selling Margin Stock or extending credit for the purpose of purchasing or carrying Margin Stock.

Margin Stock constitutes less than 25% of the value of those assets of the Company and its Subsidiaries which are subject to any limitation on sale, pledge or other restriction hereunder.

5.09 Title to Properties. To the Company's knowledge, without having undertaken any search of real property records for this purpose, the Company and each Subsidiary have good and sufficient title to, or valid leasehold interests in, all real property necessary or used in the ordinary conduct of their respective businesses, and good title to all other property and assets reflected in the Company's most recent consolidated financial statements provided to the Banks as owned by the Company and its Subsidiaries, except for such defects in title as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. As of the Execution Date, the property of the Company and its Subsidiaries is subject to no Liens, other than Permitted Liens.

5.10 Taxes. The Company and its Subsidiaries have filed all federal and other tax returns and reports required to be filed, and have paid all federal and other taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings and for which adequate reserves have been provided in accordance with GAAP and except those the failure to file or pay which would not have a Material Adverse Effect. There is no proposed tax assessment against the Company or any Subsidiary that would, if made, have a Material Adverse Effect.

5.11 Financial Condition. (a) The audited consolidated and consolidating financial statements of the Company and its Subsidiaries dated December 31, 2018, and the related consolidated and consolidating statements of income or operations, shareholders' equity and cash flows for the fiscal periods ended on such dates:

(i) were prepared in accordance with GAAP consistently applied throughout the periods covered thereby, except as otherwise expressly noted therein (and subject, in the case of unaudited statements, to the absence of footnotes and to normal year-end adjustments);

(ii) fairly present the financial condition of the Company and its Subsidiaries as of the dates thereof and results of operations for the periods covered thereby; and

(iii) show all material indebtedness and other liabilities, direct or contingent, of the Company and its Subsidiaries as of the dates thereof, including liabilities for taxes, material commitments and Contingent Obligations.

(b) Since December 31, 2018, there has been no Material Adverse Effect.

5.12 Environmental Matters. The Company conducts in the ordinary course of business a review of the effect of existing Environmental Laws and existing Environmental Claims on its business, operations and properties, and as a result thereof the Company has reasonably concluded that such Environmental Laws and Environmental Claims could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

5.13 Regulated Entities. None of the Company, any Person controlling the Company, or any Subsidiary, is required to register as an “Investment Company” within the meaning of the Investment Company Act of 1940. The Company is not subject to regulation under the Federal Power Act, the Interstate Commerce Act, any state public utilities code, or any other Federal or state statute or regulation limiting its ability to incur Indebtedness.

5.14 Copyrights, Patents, Trademarks and Licenses, etc. The Company or its Subsidiaries own or are licensed or otherwise have the right to use all of the patents, trademarks, service marks, trade names, copyrights, contractual franchises, authorizations and other rights that are reasonably necessary for the operation of their respective businesses, without conflict with the rights of any other Person, except to the extent that noncompliance would not have a Material Adverse Effect. To the knowledge of the Company, no slogan or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed, by the Company or any Subsidiary infringes upon any rights held by any other Person, except to the extent that noncompliance would not have a Material Adverse Effect. No claim or litigation regarding any of the foregoing is pending or threatened, and no patent, invention, device, application, principle or any statute, law, rule, regulation, standard or code is pending or, to the knowledge of the Company, proposed, which, in either case, could reasonably be expected to have a Material Adverse Effect.

5.15 Subsidiaries. As of the Execution Date, the Company has no Subsidiaries other than those specifically disclosed in part (I) of Schedule 5.15 and has no equity investments in any other corporation or entity other than those specifically disclosed in part (II) of Schedule 5.15.

5.16 Insurance. The properties of the Company and its Subsidiaries are insured with financially sound and reputable insurance companies not Affiliates of the Company, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where the Company or such Subsidiary operates, except to the extent that noncompliance would not have a Material Adverse Effect.

5.17 Solvency. The Company is Solvent, and the Company and its Subsidiaries, taken as a whole, are Solvent.

5.18 Full Disclosure. None of the representations or warranties made by the Company or any Subsidiary in the Loan Documents as of the date such representations and warranties are made or deemed made, and none of the statements contained in any exhibit, report, statement or certificate furnished by or on behalf of the Company or any Subsidiary in connection with the Loan Documents contains any untrue statement of a material fact or omits any material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they are made, not misleading as of the time when made or delivered. As of the date hereof, the information included in any Beneficial Ownership Certification required to be delivered hereunder is true and correct in all respects. It is understood that any financial projections contained in any of the aforementioned materials represent projections based on various assumptions that the Company believes in good faith are reasonable in light of the circumstances and that any such projection of future results of operations may or may not occur and no assurance can be given that any such projected results will be achieved.

5.19 Senior Debt. The Obligations will be at least pari passu with all other senior unsecured debt of the Company.

5.20 Sanctions; Anti-Terrorism Laws.

(a) The Company, its Subsidiaries and their respective officers and employees and to the knowledge of the Company, its directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. The Company has implemented and maintains in effect for itself and its Subsidiaries policies and procedures to ensure compliance by the Company, its Subsidiaries, and their respective officers, employees, directors, and agents with Anti-Corruption Laws and applicable Sanctions. None of the Company, any of its Subsidiaries or, to the knowledge of the Company, any director, officer, employee, agent, or affiliate of the Company or any of its Subsidiaries is a Sanctioned Person.

(b) The Company will not, directly or, to its knowledge, indirectly, use the proceeds of the Loans or any Letter of Credit, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other Person, (i) to fund any activities or business of or with any Sanctioned Person, or in any Sanctioned Country, or (ii) in any other manner that would result in a violation of Sanctions by any Person (including any Person participating in the Loans, whether as underwriter, advisor, investor, agent, Bank, the Administrative Agent or otherwise).

(c) Neither the making of the Credit Extensions hereunder nor the use of the proceeds thereof will violate any anti-money laundering laws, the USA Patriot Act, the Trading with the Enemy Act, or any of the foreign assets control regulations of the United States Treasury Department (31 C.F.R., Subtitle B, Chapter V) or any enabling legislation or executive order relating thereto or successor statute thereto. The Company and its Subsidiaries are in compliance in all material respects with the USA Patriot Act and the Beneficial Ownership Regulation.

5.21 Anti-Corruption Laws. No part of the proceeds of any Credit Extension shall be used, directly or indirectly: (a) to offer or give anything of value to any official or employee of any foreign government department, agency or instrumentality or any foreign government-owned entity, to any foreign political party or party official or political candidate or to any official or employee of a public international organization, or to anyone else acting in an official capacity (collectively, “Foreign Official”), in order to obtain, retain or direct business by (i) influencing any act or decision of such Foreign Official in such Foreign Official’s official capacity, (ii) inducing such Foreign Official to do or omit to do any act in violation of the lawful duty of such Foreign Official, (iii) securing any improper advantage or (iv) inducing such Foreign Official to use such Foreign Official’s influence with a foreign government or instrumentality to affect or influence any act or decision of such government or instrumentality; (b) in any other manner that would violate the U.S. Foreign Corrupt Practices Act of 1977 (the “FCPA”); or (c) in any manner that would cause any Bank to violate the FCPA or any anti-money laundering or other anti-corruption law applicable to such Bank (the FCPA and all such other laws, “Anti-Corruption Laws”).

5.22 Plan Assets; Prohibited Transactions. None of the Company or any of its Subsidiaries is an entity deemed to hold “plan assets” (within the meaning of the Plan Asset

Regulations), and neither the execution, delivery nor performance of the transactions contemplated under this Agreement, including the making of any Loan and the issuance of any Letter of Credit hereunder, will give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code.

ARTICLE VI

AFFIRMATIVE COVENANTS

So long as any Bank has any Commitment hereunder, any Letter of Credit remains outstanding or any Loan or other Obligation remains unpaid or unsatisfied, unless the Majority Banks waive compliance in writing:

6.01 Financial Statements. The Company shall deliver to the Administrative Agent, in form and detail satisfactory to the Administrative Agent and the Majority Banks, with sufficient copies for each Bank (to be promptly forwarded by the Administrative Agent to each of the Banks upon receipt thereof):

(a) as soon as available, but in no event later than 120 days after the end of each fiscal year (commencing with the fiscal year ending December 31, 2019), copies of the audited consolidated balance sheet of the Company and its Subsidiaries as at the end of such year and the related consolidated statements of income of operations, shareholders' equity and cash flows for such year, together with exhibits thereto containing the consolidating balance sheet of the Company and its Subsidiaries as at the end of such year and the related consolidating statements of income of operations, shareholders' equity and cash flows for such year, setting forth in each case in comparative form the figures for the previous fiscal year, and accompanied by the opinion of a nationally-recognized independent public accounting firm ("Independent Auditor"), which opinion shall (i) state that such financial statements present fairly the financial position and results of operations of the Company and its Subsidiaries at the time and for the periods indicated in conformity with GAAP consistently applied throughout the periods covered thereby, except as otherwise expressly noted in such financial statements, (ii) not be qualified or limited as to going concern or because of a restricted or limited examination by the Independent Auditor of any material portion of the Company's or any Subsidiary's records and (iii) be delivered to the Administrative Agent;

(b) as soon as available, but not later than 60 days after the end of each of the first three fiscal quarters of each fiscal year (commencing with the fiscal quarter ending March 31, 2020), a copy of the unaudited consolidated and consolidating balance sheet of the Company and its Subsidiaries as of the end of such quarter, the related consolidated and consolidating statements of income for the period commencing on the first day and ending on the last day of such quarter and the related consolidated and consolidating statements of equity and cash flows for the period commencing on the first day of the fiscal year and ending on the last day of such quarter, certified by a Responsible Officer as fairly presenting, in accordance with GAAP (subject to ordinary, good faith year-end audit adjustments), the financial position and the results of operations of the Company and its Subsidiaries at the time and for the periods indicated.

Documents required to be delivered pursuant to this Section 6.01 may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date on which (i) the Company delivers such documents in accordance with the terms of Section 10.02; or (ii)

on which such documents are posted on the Company's behalf on an Internet or intranet website, if any, to which each Bank and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); provided that: (i) the Company shall deliver paper copies of such documents to the Administrative Agent or any Bank upon its request to the Company to deliver such paper copies until a written request to cease delivering paper copies is given by the Administrative Agent or such Bank and (ii) the Company shall notify the Administrative Agent and each Bank (by telecopier or electronic mail) of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions (i.e., soft copies) of such documents. The Administrative Agent shall have no obligation to request the delivery of or to maintain paper copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Company with any such request by a Bank for delivery, and each Bank shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

The Company hereby acknowledges that (a) the Administrative Agent and/or the Co-Lead Arrangers will make available to the Banks and the Issuers materials and/or information provided by or on behalf of the Company hereunder (collectively, "Company Materials") by posting the Company Materials on IntraLinks or another similar electronic system (the "Platform") and (b) certain of the Banks (each a "Public Bank") may have personnel who do not wish to receive material non-public information with respect to the Company or its Affiliates, or the respective securities of any of the foregoing, and who may be engaged in investment and other market-related activities with respect to such Persons' securities. The Company hereby agrees that if the Company is the issuer of any outstanding debt or equity securities that are registered or issued pursuant to a private offering or is actively contemplating issuing any such securities (w) all Company Materials that are to be made available to Public Banks shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (x) by marking Company Materials "PUBLIC," the Company shall be deemed to have authorized the Administrative Agent, the Issuers and the Banks to treat such Company Materials as not containing any material non-public information with respect to the Company or its securities for purposes of United States federal and state securities laws; (y) all Company Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated as "Public Side Information;" and (z) the Administrative Agent and the Co-Lead Arrangers shall be entitled to treat any Company Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform that is not marked as "Public Side Information." Notwithstanding the foregoing, the Company shall be under no obligation to mark any Company Materials "PUBLIC" and all information shall be deemed to be private unless the Company specifies in writing that it is public.

6.02 Certificates; Other Information. The Company shall furnish to the Administrative Agent, with sufficient copies for each Bank:

(a) concurrently with the delivery of the financial statements referred to in Sections 6.01(a) and (b), a Compliance Certificate executed by a Responsible Officer;

(b) upon request of any Bank, copies of all financial statements and reports that MDU Resources Group, Inc. sends to its shareholders, and copies of all financial statements

and regular, periodical or special reports (including Forms 10-K, 10-Q and 8-K) that MDU Resources Group, Inc. may make to, or file with, the SEC;

(c) upon request of any Bank, copies of the most recent annual report (Form 5500 Series), including any supporting schedules, filed by the Company or any ERISA Affiliate with the IRS with respect to any Plan; and

(d) promptly, such additional information regarding the business, financial or corporate affairs of the Company or any Subsidiary as the Administrative Agent, at the request of any Bank, may from time to time reasonably request.

6.03 Notices. The Company shall promptly notify the Administrative Agent and each Bank: (a) of the occurrence of any Default or Event of Default, and of the occurrence or existence of any event or circumstance known to the Company that will become a Default or Event of Default; (b) of any matter that has resulted or would reasonably be expected to result in a Material Adverse Effect, including (i) any breach or non-performance of, or any default under, a Contractual Obligation of the Company or any of its Subsidiaries; (ii) any dispute, litigation, investigation, proceeding or suspension between the Company or any of its Subsidiaries and any Governmental Authority; or (iii) the commencement of, or any material development in, any litigation or proceeding affecting the Company or any Subsidiary, including pursuant to any applicable Environmental Laws; (c) of any of the following events affecting the Company, together with a copy of any notice with respect to such event that may be required to be filed with a Governmental Authority and any notice delivered by a Governmental Authority to the Company with respect to such event: (i) an ERISA Event (together with a written notice specifying the nature thereof, what action the Company has taken, is taking or proposes to take with respect thereto, and, when known, any action taken or threatened by the IRS, the PBGC or the Department of Labor with respect thereto); and (ii) the adoption of any Pension Plan, or of any amendment to a Pension Plan if such amendment results in a material increase in contributions or Unfunded Pension Liability; (d) of any material change in accounting policies or financial reporting practices by the Company or any of its Subsidiaries; (e) of any announcement by any rating agency of any change in any component of the Pricing Rating; (f) of any loan or advance made by the Company to Centennial International; (g) upon the request from time to time of the Administrative Agent, of the Swap Termination Values, together with a description of the method by which such amounts were determined, relating to any then-outstanding Swap Contracts to which the Company or any of its Subsidiaries is party; and (h) to the extent such Bank previously received a Beneficial Ownership Certification (or a certification that the Company qualifies for an express exclusion to the “legal entity customer” definition under the Beneficial Ownership Regulation), of any change in the information provided in the Beneficial Ownership Certification that would result in a change to the list of beneficial owners identified therein (or, if applicable, the Company ceasing to fall within an express exclusion to the definition of “legal entity customer” under the Beneficial Ownership Regulation).

Each notice under this Section shall be accompanied by a written statement by a Responsible Officer setting forth details of the occurrence referred to therein, and stating what action the Company or any affected Subsidiary proposes to take with respect thereto and at what time. Each notice under Section 6.03(a) shall describe with particularity any and all clauses or provisions of this Agreement or other Loan Document that the Company believes have been or will be breached or violated.

6.04 Preservation of Existence. Subject to transactions permitted by Section 7.02 or Section 7.03, the Company shall, and shall cause each Subsidiary to: (a) preserve and maintain in full force and effect its existence and good standing under the laws of its state or jurisdiction of organization; (b) preserve and maintain in full force and effect all governmental rights, privileges, qualifications, permits, licenses and franchises necessary or desirable in the normal conduct of its business; (c) use reasonable efforts, in the ordinary course of business, to preserve its business organization and goodwill; and (d) preserve or renew all of its registered patents, trademarks, trade names and service marks; except, in each case referred to in clause (a) with respect to any Subsidiary and clauses (b) through (d), to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

6.05 Maintenance of Property. Subject to transactions permitted by Section 7.02 or Section 7.03, the Company shall maintain, and shall cause each Subsidiary to maintain, and preserve all its property which is used or useful in its business in good working order and condition, ordinary wear and tear excepted, except to the extent that noncompliance would not have a Material Adverse Effect.

6.06 Insurance. The Company shall maintain, and shall cause each of its Subsidiaries to maintain, with financially sound and reputable independent insurers, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts (including deductibles, co-insurance and self-insurance, if adequate reserves are maintained with respect thereto) as are customarily carried under similar circumstances by such other Persons, except to the extent that noncompliance would not have a Material Adverse Effect, and the Company will furnish to any Bank upon request full information as to the insurance carried within fifteen Business Days.

6.07 Payment of Obligations. The Company shall, and shall cause each Subsidiary to, pay and discharge as the same shall become payable, all their respective obligations and liabilities, including: (a) all tax liabilities, assessments and governmental charges or levies upon it or its properties or assets, except where (i) the same are being contested in good faith by appropriate proceedings and (ii) unless the Company has received an opinion of independent tax counsel that more likely than not neither the Company nor any of its Subsidiaries is liable for such amounts, adequate reserves to the extent required under GAAP are being maintained by the Company or such Subsidiary; (b) all lawful claims which, if unpaid, would by law become a Lien upon its property, except to the extent such claims may be contested in good faith by appropriate proceedings or as to which a bona fide dispute may exist or with respect to which adequate reserves to the extent required under GAAP have been taken; and (c) all indebtedness, as and when payable, but subject to any subordination provisions contained in any instrument or agreement evidencing such Indebtedness, except to the extent such claims may be contested in good faith by appropriate proceedings or as to which a bona fide dispute may exist or with respect to which adequate reserves, to the extent required under GAAP, have been taken; except, in each case referred to in clauses (a) through (c), to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

6.08 Compliance with Laws. The Company shall comply, and shall cause each Subsidiary to comply, in all respects with all Requirements of Law of any Governmental Authority having jurisdiction over it or its business, except such as may be contested in good

faith or as to which a bona fide dispute may exist and except to the extent that noncompliance would not reasonably be expected to have a Material Adverse Effect.

6.09 Inspection of Property and Books and Records. The Company shall maintain and shall cause each Subsidiary to maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of the Company and such Subsidiaries. The Company shall permit, and shall cause each Subsidiary to permit, representatives and independent contractors of the Administrative Agent or any Bank to visit and inspect any of their respective properties, to examine their respective corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss their respective affairs, finances and accounts with their respective directors, officers, and (unless there exists an Event of Default, in the presence of one or more officers of the Company, which persons the Company agrees to make available) independent public accountants, all at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to the Company; provided that when an Event of Default exists, the Administrative Agent or any Bank may do any of the foregoing at the expense of the Company at any time during normal business hours and without advance notice, and provided further that neither the Administrative Agent nor any Bank shall be entitled to examine, copy or make extracts from, or otherwise obtain information with respect to the Company's or any Subsidiary's records relating to pending or threatened litigation if any such disclosure by the Company would reasonably be expected to give rise to a waiver of any attorney/client privilege of the Company or any of its Subsidiaries or Affiliates relating to such information.

6.10 Environmental Laws. The Company shall, and shall cause each Subsidiary to, conduct its operations and keep and maintain its property in compliance with all Environmental Laws, except to the extent that noncompliance would not have a Material Adverse Effect.

6.11 Use of Proceeds. The Company shall use the proceeds of the Loans for working capital and other general corporate purposes (including for commercial paper back-up and to fund negotiated Acquisitions and other investments otherwise permitted hereunder) not in contravention of any Requirement of Law or of any Loan Document.

6.12 OFAC, USA Patriot Act Compliance. The Company shall, and shall cause each Subsidiary to, (i) refrain from doing business in a Sanctioned Country or with a Sanctioned Person in violation of the economic sanctions of the United States administered by OFAC, and (ii) provide, to the extent commercially reasonable, such information and take such actions as are reasonably requested by the Administrative Agent or any Bank in order to assist the Administrative Agent and the Banks in maintaining compliance with the USA Patriot Act and the Beneficial Ownership Regulation.

ARTICLE VII
NEGATIVE COVENANTS

So long as any Bank has any Commitment hereunder, any Letter of Credit remains outstanding or any Loan or other Obligation remains unpaid or unsatisfied, unless the Majority Banks waive compliance in writing:

7.01 Limitation on Liens. The Company shall not, and shall not suffer or permit any Subsidiary (other than any Project Finance Subsidiary or any International Subsidiary) to, directly or indirectly, make, create, incur, assume or suffer to exist any Lien upon or with respect to any part of its property, whether now owned or hereafter acquired, other than the following (“Permitted Liens”):

(a) any Lien existing on property of the Company or any Subsidiary on the Execution Date and set forth in Schedule 7.01 securing Indebtedness outstanding on such date;

(b) any Lien created under any Loan Document;

(c) Liens for taxes, fees, assessments or other governmental charges which are not delinquent or remain payable without penalty, or to the extent that non-payment thereof is permitted by Section 6.07;

(d) carriers’, warehousemen’s, mechanics’, landlords’, materialmen’s, repairmen’s, operators’ (including Liens arising under operating, pooling or unitizing agreements of a scope and nature customary in the oil and gas industry) or other similar Liens arising in the ordinary course of business which are not delinquent or remain payable without penalty or which are being contested in good faith and by appropriate proceedings, which proceedings have the effect of preventing the forfeiture or sale of the property subject thereto, and for which adequate reserves are maintained on the books of such Person;

(e) Liens (other than any Lien imposed by ERISA) consisting of pledges or deposits required in the ordinary course of business under workers’ compensation laws, unemployment insurance and other social security or retirement benefits, or similar legislation;

(f) Liens on the property of the Company or its Subsidiaries securing (i) the non-delinquent performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, (ii) contingent obligations on surety, reclamation and appeal bonds, and (iii) other non-delinquent obligations of a like nature, in each case, incurred in the ordinary course of business, provided all such Liens in the aggregate would not (even if enforced) cause a Material Adverse Effect;

(g) Liens consisting of judgment or judicial attachment liens, provided that the enforcement of such Liens is effectively stayed and the aggregate amount of the obligations secured by all such liens for the Company and its Subsidiaries (other than any Project Finance Subsidiary) does not exceed \$50,000,000 at any time;

(h) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business which, in the aggregate, are not substantial in amount,

and which do not in any case materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the businesses of the Company and its Subsidiaries;

(i) Liens on assets of Persons which become Subsidiaries after the Execution Date or liens existing on any property acquired by the Company or any Subsidiary at the time such property is acquired, provided that (A) such Liens existed at the time the respective Persons became Subsidiaries or at the time such property was acquired, as applicable, and were not created in anticipation thereof and (B) such Liens shall extend solely to the property so acquired and to identifiable proceeds thereof, and shall not attach to any other property of the Company or its Subsidiaries;

(j) purchase money security interests on any real or personal property acquired or held by the Company or its Subsidiaries in the ordinary course of business, securing Indebtedness incurred or assumed for the purpose of financing all or any part of the cost of acquiring such property; provided that (i) any such Lien attaches to such property concurrently with or within 20 days after the acquisition thereof, (ii) such Lien attaches solely to the property so acquired in such transaction, and (iii) the principal amount of the debt secured thereby does not exceed 100% of the cost of such property;

(k) Liens securing obligations in respect of capital leases on assets subject to such leases, provided that such capital leases are otherwise permitted hereunder;

(l) Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution; provided that (i) such deposit account is not a dedicated cash collateral account and is not subject to restrictions against access by the Company in excess of those set forth by regulations promulgated by the FRB, and (ii) such deposit account is not intended by the Company or any Subsidiary to provide collateral to the depository institution;

(m) Liens arising in connection with Securitization Transactions; provided that the amount of all Securitization Obligations shall not at any time exceed \$75,000,000;

(n) Liens on the stock or other equity interests of any Project Finance Subsidiary or Joint Venture to secure obligations of such Project Finance Subsidiary or Joint Venture, as applicable (provided that the agreement under which any such Lien is created shall expressly state that it is non-recourse to the pledgor);

(o) Liens securing Indebtedness of a Subsidiary owed to the Company;

(p) other Liens securing Indebtedness otherwise permitted herein not exceeding \$35,000,000 in the aggregate; and

(q) any Lien renewing, extending or refunding any Lien permitted by clause (a), (i) or (j) of this Section 7.01; provided that (i) the principal amount of the Indebtedness secured by the subject Liens is not increased over the amount of the Indebtedness secured thereby immediately prior to such extension, renewal or refunding, (ii) such Lien is not extended to any other property and (iii) immediately after such extension, renewal or refunding, no Default or Event of Default would exist.

7.02 Disposition of Assets. The Company shall not, and shall not suffer or permit any Subsidiary (other than any Project Finance Subsidiary or any International Subsidiary) to, directly or indirectly, sell, assign, lease, convey, transfer or otherwise dispose of (whether in one or a series of transactions) any assets (including accounts and notes receivable, with or without recourse, and including any interest in any Subsidiary) or enter into any agreement to do any of the foregoing, except:

(i) dispositions of inventory (including inventory comprised of electric energy, gas, oil, coal, aggregate and other materials and products generated, manufactured, produced, mined or purchased for sale, distribution or use in the ordinary course of business), or used, worn-out, damaged or surplus equipment, all in the ordinary course of business;

(ii) the sale of equipment to the extent that such equipment is exchanged for credit against the purchase price of similar replacement equipment, or the proceeds of such sale are reasonably promptly applied to the purchase price of such replacement equipment;

(iii) dispositions of assets by the Company or any Subsidiary to the Company or any Subsidiary (other than a Project Finance Subsidiary) pursuant to reasonable business requirements;

(iv) exchanges of property on which recognition of gain or loss would be exempted from recognition pursuant to section 1031 of the Code; or

(v) the sale, assignment or other transfer of accounts receivable, lease receivables or other rights to payment pursuant to any Securitization Transaction;

provided that dispositions not prohibited by other provisions of this Agreement and not otherwise permitted by the foregoing which are made for fair market value are permitted so long as (w) at the time of any disposition, no Default or Event of Default shall exist or shall result from such disposition, (x) the aggregate sales price from such disposition shall be paid (1) in cash, (2) in marketable securities that are the subject of widely or regularly distributed standard price quotations, and/or (3) through the issuance of indebtedness by the buyer of such assets; provided that the aggregate outstanding principal amount of all such indebtedness shall not at any time exceed \$35,000,000, (y) the aggregate value of all assets so sold by the Company and its Subsidiaries pursuant to clauses (i) through (iv), together, shall not exceed in any fiscal year 20% of total consolidated assets (as determined in accordance with GAAP) of the Company and its Subsidiaries, based upon the most recent annual audited financial statements delivered to the Administrative Agent under Section 6.01(a) (or, solely in the case of the Company's 2019 fiscal year, based upon the Company's 2018 annual audited financial statements delivered pursuant to the Existing Credit Agreement), and (z) the aggregate amount of all Securitization Obligations shall not at any time exceed \$75,000,000; and provided, further, that in no event shall the Company sell, assign, lease, convey, transfer or otherwise dispose of any capital stock or other equity interests in any of the Principal Operating Subsidiaries, except pursuant to a merger or other transaction permitted in accordance with Section 7.03.

7.03 Consolidations and Mergers. The Company shall not, and shall not suffer or permit any Subsidiary (other than any Project Finance Subsidiary or any International Subsidiary) to, merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of, any Person, except:

(a) any Subsidiary may merge or consolidate with or into (i) the Company, provided that the Company shall be the continuing or surviving corporation, or (ii) any one or more Subsidiaries (other than a Project Finance Subsidiary or an International Subsidiary (unless such merger or consolidation involves only International Subsidiaries)); provided that if (A) any transaction shall be between a Subsidiary and a Wholly-Owned Subsidiary, the Wholly-Owned Subsidiary shall be the continuing or surviving entity and (B) any transaction shall involve a Principal Operating Subsidiary, a Principal Operating Subsidiary shall be the continuing or surviving entity;

(b) the Company and any Subsidiary may convey, transfer, lease or otherwise dispose of all or substantially all of its assets in compliance with the provisions of Section 7.02;

(c) any Subsidiary may convey, transfer, lease or otherwise dispose of all or substantially all of its assets (upon voluntary liquidation or otherwise) to the Company or another Wholly-Owned Subsidiary (other than a Project Finance Subsidiary or an International Subsidiary (unless such transaction involves only International Subsidiaries));

(d) any Subsidiary may merge, consolidate or combine with or into any other Person; provided that the successor formed by such consolidation or combination or the survivor of such merger is a Subsidiary and the Company directly or indirectly through Wholly-Owned Subsidiaries owns at least the same percentage of outstanding stock or other equity interests of the successor or survivor Subsidiary as the Subsidiary involved in the consolidation, combination or merger; and provided, further, that (i) the prior, effective written consent or approval to such consolidation, combination or merger of the board of directors or equivalent governing body of the other party is obtained and (ii) in the case of a merger, consolidation or combination with or into an entity that, if it were a separate Subsidiary of the Company, would be deemed to constitute a Significant Subsidiary, the Pricing Rating immediately before giving effect to such transaction is not below, and the Pricing Rating would not reasonably be expected solely as a result of such transaction to decline below, BBB+; and

(e) the Company may merge, consolidate or combine with another entity if the Company is the Person surviving the merger, consolidation or combination; provided that (i) the prior, effective written consent or approval to such consolidation, combination or merger of the board of directors or equivalent governing body of the other party is obtained and (ii) in the case of a merger, consolidation or combination with or into an entity that, if it were a separate Subsidiary of the Company, would be deemed to constitute a Significant Subsidiary, the Pricing Rating immediately before giving effect to such transaction is not below, and the Pricing Rating would not reasonably be expected solely as a result of such transaction to decline below, BBB+.

7.04 Loans and Investments. The Company shall not purchase or acquire, or suffer or permit any Subsidiary (other than a Project Finance Subsidiary) to purchase or acquire, or make any legally binding commitment therefor, any capital stock or other equity interests, or any

obligations or other securities of, or any interest in, any Person, or make, or make any legally binding commitment to make, any Acquisitions, or make, or make any legally binding commitment to make, any advance, loan, extension of credit or capital contribution to or any other investment in, any Person, including any Affiliate of the Company, except for:

(a) investments in cash equivalents and short-term marketable securities pursuant to and in accordance with the terms of the Company's then-current investment policy duly adopted by the board of directors of the Company (the "Investment Policy");

(b) investments in capital stock, equity or long-term fixed income securities of any Subsidiary (other than a Project Finance Subsidiary) that is not a Wholly-Owned Subsidiary, or otherwise undertaken in accordance with the Investment Policy, which do not in the aggregate exceed \$100,000,000 in value at any time (value for this purpose being defined as the greatest of face value, market value or original cost to the Company or any Subsidiary);

(c) extensions of credit in the nature of accounts receivable or notes receivable arising from the sale or lease of goods or services in the ordinary course of business;

(d) subject to Section 7.12, advances, loans and other extensions of credit by the Company to any of its Wholly-Owned Subsidiaries (other than a Project Finance Subsidiary) or by any of its Wholly-Owned Subsidiaries to another of its Wholly-Owned Subsidiaries (other than a Project Finance Subsidiary);

(e) equity investments in or capital contributions to any Wholly-Owned Subsidiary (other than a Project Finance Subsidiary) by the Company or any of its Wholly-Owned Subsidiaries;

(f) investments incurred in order to consummate Acquisitions; provided that such Acquisitions are undertaken in accordance with all material applicable Requirements of Law and the prior, effective written consent or approval to such Acquisition of the board of directors or equivalent governing body of the acquiree is obtained;

(g) investments in, Guaranty Obligations in respect of, or advances, loans, extensions of credit or capital contributions to, any Project Finance Subsidiary; provided that, notwithstanding any other provision of this Section 7.04, the aggregate amount of all such investments, Guaranty Obligations, advances, loans, extensions of credit and capital contributions pursuant to this clause (g) (without giving effect to any changes in the value thereof after the making thereof) shall not in the aggregate exceed \$100,000,000 in value at any time;

(h) investments in the MDU Resources Group, Inc. Benefits Protection Trust in accordance with past practice of the Company; or

(i) other investments; provided that the value of the aggregate amount of investments permitted by this clause (i) shall not exceed 20% of Consolidated Net Worth at any time.

Nothing contained in this Section 7.04 (other than clause (g) hereof) shall prohibit the Company or any Subsidiary from incurring Guaranty Obligations to the extent permitted by Section 7.11 and Section 7.12.

7.05 Transactions with Affiliates. The Company shall not enter into any material transaction or arrangement or series of related transactions or arrangements that in the aggregate would be material with any Affiliate of the Company, and the Company shall not suffer or permit any Subsidiary (other than a Project Finance Subsidiary) to enter into any material transaction or arrangement or series of related transactions or arrangements that in the aggregate would be material with any Affiliate of the Company other than another Subsidiary of the Company that is a Wholly-Owned Subsidiary (but which is not a Project Finance Subsidiary), except (i) upon fair and reasonable terms no less favorable to the Company or such Subsidiary than would be obtained, taking into account all facts and circumstances, in a comparable arm's-length transaction with a Person not an Affiliate of the Company or such Subsidiary, (ii) in connection with any transaction permitted by Section 7.04(g), or (iii) (A) in the ordinary course and pursuant to the reasonable requirements of the business of WBI Energy Transmission as may be required by the Federal Energy Regulatory Commission or other appropriate Governmental Authorities having jurisdiction over WBI Energy Transmission, or (B) pursuant to the Asset Purchase Agreement, dated August 6, 1982, by and between Montana-Dakota Utilities Co. ("Montana-Dakota") and WBI Energy Transmission, as amended by Amendment to the Asset Purchase Agreement, dated January 21, 1985, entered into in furtherance of the Revised Stipulation and Agreement of Settlement in FERC Docket No. CP82-487-000 et al. (the "Settlement Agreement"), to the extent that Article Twelve thereof requires WBI Energy Transmission, if and when it implements a pricing mechanism for WBI Energy Transmission owned production which results in prices higher than cost-of-service pricing for such production, to make a payment to Montana-Dakota which is equal in amount to the adjustment made by Montana-Dakota pursuant to Section 10.1 of such Settlement Agreement; provided that all such transactions and agreements permitted by this clause (iii) do not, individually or in the aggregate, result in a Material Adverse Effect.

7.06 Use of Proceeds. The Company shall not, and shall not suffer or permit any Subsidiary to, use any portion of the Loan proceeds, directly or indirectly, (a) to purchase or carry Margin Stock, (b) to repay or otherwise refinance Indebtedness of the Company or others incurred to purchase or carry Margin Stock, (c) to extend credit for the purpose of purchasing or carrying any Margin Stock, or (d) to make any Acquisition that is opposed by either the board of directors or similar governing body, or by stockholders or other equity holders possessing a majority of the voting power of the outstanding voting stock or other equity interests, as the case may be, of the entity that is subject to, or whose assets are the subject of, such Acquisition.

7.07 Joint Ventures. The Company shall not, and shall not suffer or permit any Subsidiary to, enter into any Joint Venture that is or will be engaged in any line of business other than (a) businesses engaged in by MDU Resources Group, Inc. and its Subsidiaries as of the date of this Agreement, or (b) businesses closely related to any business engaged in by MDU Resources Group, Inc. and its Subsidiaries as of the date of this Agreement.

7.08 Restricted Payments. The Company shall not, and shall not suffer or permit any Subsidiary (other than a Project Finance Subsidiary) to, declare or make any dividend payment or other distribution of assets, properties, cash, rights, obligations or securities on account of any

shares of any class of its capital stock or other equity interests, or purchase, redeem or otherwise acquire for value any shares of its capital stock or any other equity interests or any warrants, rights or options to acquire such shares or other equity interests, now or hereafter outstanding; except that (a) any Subsidiary may declare and pay dividends or make distributions to the Company or a Wholly-Owned Subsidiary, and (b) the Company or any Subsidiary may:

(i) declare and make dividend payments or other distributions payable solely in its common stock or other equity interests;

(ii) purchase, redeem or otherwise acquire shares of its common stock or other equity interests or warrants or options to acquire any such shares with the proceeds received from the substantially concurrent issue of new shares of its common stock or other equity interests; and

(iii) declare or pay cash dividends or other distributions to its equity holders and purchase, redeem or otherwise acquire shares of its capital stock or other equity interests or warrants, rights or options to acquire any such shares or other equity interests for cash so long as (x) no Default or Event of Default exists or will result therefrom; (y) the Adjusted Leverage Ratio as of the last day of the most recently-ended fiscal quarter does not exceed 3.50 to 1.0; and (z) after giving effect to any such restricted payment, all restricted payments made during the 12-month period ending on the last day of the fiscal quarter in which such restricted payment is made will not exceed the remainder of Consolidated EBITDA for such 12-month period minus Net Capital Expenditures for such 12-month period; provided that if the Company has Investment Grade Ratings from both Fitch and S&P, this clause (z) shall not apply.

7.09 Change in Business. The Company shall not, and shall not suffer or permit any Subsidiary to, engage in any material line of business substantially different from those lines of business carried on by MDU Resources Group, Inc. and its Subsidiaries on the date hereof.

7.10 Accounting Changes. The Company shall not, and shall not suffer or permit any Subsidiary to, make any significant change in accounting treatment or reporting practices, except as required or permitted by GAAP (or, if applicable, IFRS), or change the fiscal year of the Company.

7.11 Maximum Company Capitalization Ratio. The Company shall not permit the Company's Capitalization Ratio to exceed 65% as of the end of any fiscal quarter during the term hereof.

7.12 Limitation on Subsidiary Indebtedness. The Company will not permit any Subsidiary of the Company to, directly or indirectly, create, incur, assume, guarantee, have outstanding, or otherwise become or remain directly or indirectly liable with respect to, any Indebtedness other than:

(i) Indebtedness outstanding on the date hereof and disclosed in Schedule 7.12; provided that such Indebtedness may not be extended, renewed or refunded except as otherwise permitted by this Agreement;

- (ii) Indebtedness in respect of unsecured surety bonds incurred in the ordinary course of business;
- (iii) Indebtedness of a Subsidiary owed to the Company or any Wholly-Owned Subsidiary (other than a Project Finance Subsidiary);
- (iv) Indebtedness under Covered Contracts;
- (v) Indebtedness of WBI Energy Transmission to the extent such Indebtedness does not exceed \$500,000,000;
- (vi) Indebtedness of a Project Finance Subsidiary or Joint Venture for which neither the Company nor or any other Subsidiary (other than another Project Finance Subsidiary) has any liability (other than pursuant to Liens permitted by Section 7.01(n) or to the extent permitted by Section 7.04); and
- (vii) Indebtedness of a Subsidiary (other than a Project Finance Subsidiary) in addition to that otherwise permitted by the foregoing provisions of this Section 7.12; provided that on the date such Subsidiary incurs or otherwise becomes liable with respect to any such additional Indebtedness and immediately after giving effect thereto and to the concurrent retirement of any other Indebtedness, (A) no Default or Event of Default exists and (B) the total amount of all Indebtedness described in this clause (vii) outstanding does not exceed \$50,000,000.

For purposes of this Section 7.12, any Person becoming a Subsidiary after the date hereof shall be deemed, at the time it becomes a Subsidiary, to have incurred all of its then outstanding Indebtedness, and any Person extending, renewing or refunding any Indebtedness shall be deemed to have incurred such Indebtedness at the time of such extension, renewal or refunding. Notwithstanding any provision of this Agreement to the contrary, the Company will not at any time permit (a) the sum of (i) the aggregate stated amount of all Letters of Credit issued jointly for the account of the Company and Centennial International plus (ii) the aggregate amount of all intercompany loans and other advances made by the Company or any Subsidiary (other than any International Subsidiary) to the International Subsidiaries to at any time exceed \$100,000,000 or (b) the aggregate outstanding principal amount of consolidated Indebtedness of the International Subsidiaries (including with respect to intercompany loans and advances (other than any loan or advance made by any International Subsidiary) and Letters of Credit) to exceed 10% of the result of (i) Consolidated Net Worth less (ii) the aggregate book value of the consolidated intangible assets of the Company and its Subsidiaries.

7.13 Agreements Restricting Subsidiary Dividends. With the exception of (a) the referenced sections of the existing agreements specified in Schedule 7.13, (b) Organization Documents of any Subsidiary and Requirements of Law and (c) agreements, instruments or other documents, evidencing Indebtedness and/or Contingent Obligations having an aggregate principal amount not in excess of \$15,000,000, to which any Person which becomes a Subsidiary after the Execution Date and which, together with all other Subsidiaries of the Company which became Subsidiaries after the Execution Date that are parties to such agreements, instruments or documents, would, if a single Subsidiary of the Company, be a Significant Subsidiary (a “Restricted Future Subsidiary”) is a party, that existed at the time the Person became a

Subsidiary and were not entered into in anticipation thereof, the Company agrees that it will not, and it will not permit any Person that, as of the Execution Date, is a Subsidiary or any Restricted Future Subsidiary (other than any Project Finance Subsidiary) to, be a party to or enter into any agreement, instrument or other document which contractually prohibits or restricts the ability of any Subsidiary to pay dividends or make any other similar distributions to the Company or any of its Wholly-Owned Subsidiaries that owns outstanding shares of capital stock or similar equity interests of such Subsidiary.

7.14 Activities of International Subsidiaries. The Company agrees that it will not permit any International Subsidiary, directly or indirectly, to be primarily engaged in the ownership or financing of assets located in, or to conduct the primary portion of its operations in, the United States.

7.15 Anti-Money Laundering and Anti-Terrorism Finance Laws; Foreign Corrupt Practices Act. The Company shall not, and shall not permit any Subsidiary to, (a) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or otherwise violates any Anti-Corruption Law, (b) cause or permit any of the funds that are used to repay the Obligations to be derived from any unlawful activity with the result that the Administrative Agent, any Bank or any Loan Party would be in violation of any Requirement of Law or (c) use any part of the proceeds of any Credit Extension, directly or indirectly, for any conduct that would cause the representations and warranties in Sections 5.20 and 5.21 to be untrue as if made on the date any such conduct occurs.

ARTICLE VIII

EVENTS OF DEFAULT

8.01 Event of Default. Any of the following shall constitute an “Event of Default”:

(a) Non-Payment. The Company fails to pay (i) within two days after the same becomes due, any amount of principal of any Loan or any Reimbursement Obligations, (ii) within five days after the same becomes due, any interest or fee hereunder, or (iii) within five days after the same becomes due pursuant to delivery of a written demand therefor by the Administrative Agent or any Bank, any other amount payable hereunder or under any other Loan Document; or

(b) Representation or Warranty. Any representation or warranty by the Company or any Subsidiary made or deemed made herein or in any other Loan Document, or which is contained in any certificate, document or financial or other statement by the Company, any Subsidiary, or any Responsible Officer, furnished at any time under this Agreement, or in or under any other Loan Document, is incorrect in any material respect on or as of the date made or deemed made; or

(c) Specific Defaults. (i) The Company fails to perform or observe any term, covenant or agreement contained in Article VII; or (ii) the Company fails to perform or observe any term, covenant or agreement contained in any of Section 6.01, 6.02, 6.03, 6.04(a) (with respect to the Company), 6.09 or 6.12 and such failure continues for a period of three days after the date such performance or observance is first required; or

(d) Other Defaults. The Company fails to perform or observe any other term or covenant contained in this Agreement or any other Loan Document, and such default shall continue unremedied for a period of 30 days after the earlier of (i) the date upon which a Responsible Officer knew or reasonably should have known of such failure or (ii) the date upon which written notice thereof is given to the Company by the Administrative Agent or any Bank; or

(e) Cross-Default. The Company or any Subsidiary (i) fails to make any payment in respect of any Indebtedness or Contingent Obligation having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than \$35,000,000 when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) and such failure continues after the applicable grace or notice period, if any, specified in the relevant document on the date of such failure; or (ii) fails to perform or observe any other condition or covenant, or any other event shall occur or condition exist, under any agreement or instrument relating to any such Indebtedness or Contingent Obligation, and such failure continues after the applicable grace or notice period, if any, specified in the relevant document on the date of such failure if the effect of such failure, event or condition is to cause, or to permit the holder or holders of such Indebtedness or beneficiary or beneficiaries of such Indebtedness (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, such Indebtedness to be declared to be due and payable prior to its stated maturity, or such Contingent Obligation to become payable or cash collateral in respect thereof to be demanded; or

(f) Insolvency; Voluntary Proceedings. The Company or any Subsidiary (i) ceases or fails to be Solvent, or generally fails to pay, or admits in writing its inability to pay, its debts as they become due, subject to applicable grace periods, if any, whether at stated maturity or otherwise; (ii) voluntarily ceases to conduct its business in the ordinary course; (iii) commences any Insolvency Proceeding with respect to itself; or (iv) takes any action to effectuate or authorize any of the foregoing; or

(g) Involuntary Proceedings. (i) Any involuntary Insolvency Proceeding is commenced or filed against the Company or any Subsidiary, or any writ, judgment, warrant of attachment, execution or similar process is issued or levied against a substantial part of the Company's or any Subsidiary's properties, and any such proceeding or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be released, vacated or fully bonded within 60 days after commencement, filing or levy; (ii) the Company or any Subsidiary admits the material allegations of a petition against it in any Insolvency Proceeding, or an order for relief (or similar order under non-U.S. law) is ordered in any Insolvency Proceeding; or (iii) the Company or any Subsidiary acquiesces in the appointment of a receiver, trustee, custodian, conservator, liquidator, mortgagee in possession (or agent therefor), or other similar Person for itself or a substantial portion of its property or business; or

(h) ERISA. (i) An ERISA Event with respect to a Pension Plan or Multiemployer Plan, or an ERISA Termination Event with respect to a Pension Plan, shall occur which has resulted or would reasonably be expected to result in liability of the Company under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of 10% of Consolidated Net Worth; (ii) the commencement or increase of contributions

to, or the adoption of or the amendment of, a Pension Plan by the Company or an ERISA Affiliate which has resulted or could reasonably be expected to result in an increase in Unfunded Pension Liability among all Pension Plans in an aggregate amount in excess of 10% of Consolidated Net Worth; or (iii) the Company or an ERISA Affiliate shall fail to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan which has resulted or could reasonably be expected to result in a Material Adverse Effect; or

(i) Judgments. (x) One or more non-interlocutory judgments, non-interlocutory orders, decrees or arbitration awards is entered against the Company or any Subsidiary involving in the aggregate a liability (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage) of \$25,000,000 or more; or (y) any non-monetary final judgment is entered against the Company or any Subsidiary that has, or could reasonably be expected to have, a material adverse effect on the ability of the Company to perform its obligations under the Loan Documents; and in either case, the same shall remain unsatisfied, unvacated, unstayed pending appeal, unbonded or discharged for a period of 60 days after the entry thereof; or

(j) Change of Control. There occurs any Change of Control; or

(k) Invalidity of Loan Documents. Any Loan Document ceases to be in full force and effect or the Company contests in any manner the validity or enforceability thereof.

8.02 Remedies. If any Event of Default occurs, the Administrative Agent shall, at the request of, or may, with the consent of, the Majority Banks, take any or all of the following actions:

(a) declare the commitment of each Bank to make Loans and of the Issuers to issue Letters of Credit to be suspended or terminated, whereupon such commitments shall be suspended or terminated, as applicable;

(b) declare all or any part of the Obligations to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Company;

(c) exercise on behalf of itself and the Banks all rights and remedies available to it and the Banks under the Loan Documents or applicable law; and/or

(d) upon notice to the Company and in addition to the continuing right to demand payment of all amounts payable under this Agreement, make demand on the Company to pay, and the Company will, forthwith upon such demand and without any further notice or act, pay to the Administrative Agent an amount in immediately available funds equal to the excess of (i) the amount of Letter of Credit Obligations at such time over (ii) the amount on deposit in the LC Collateral Account at such time which is free and clear of all rights and claims of third parties and has not been applied against the Obligations (such difference, the “Collateral Shortfall Amount”), which funds shall be deposited and held in the LC Collateral Account;

provided that upon the occurrence of any event specified in clause (f) or (g) of Section 8.01 (in the case of clause (i) of clause (g) upon the expiration of the 60-day period mentioned therein),

the obligation of each Bank to make Loans and the obligation and power of each Issuer to issue Letters of Credit shall automatically terminate and the Obligations shall automatically become due and payable without further act of the Administrative Agent or any Bank and the Company will be and become thereby unconditionally obligated, without any further notice, act or demand, to pay to the Administrative Agent the Collateral Shortfall Amount; provided, further, that if, within 30 days after acceleration of the Obligations or termination of the obligations of the Banks to make Loans and of the Issuers to issue Letters of Credit as a result of any Event of Default (other than any Event of Default as described in clause (f) or (g) of Section 8.01 with respect to the Company) and before any judgment or decree for the payment of the Obligations due shall have been obtained or entered, the Majority Banks (in their sole discretion) shall so direct, the Administrative Agent shall, by notice to the Company, rescind and annul such acceleration and/or termination.

ARTICLE IX

THE ADMINISTRATIVE AGENT

9.01 Appointment; Nature of Relationship. (a) U.S. Bank is hereby appointed by each of the Banks as its contractual representative (herein referred to as the “Administrative Agent”) hereunder and under each other Loan Document, and each of the Banks irrevocably authorizes the Administrative Agent to act as the contractual representative of such Bank with the rights and duties expressly set forth herein and in the other Loan Documents. The Administrative Agent agrees to act as such contractual representative upon the express conditions contained in this Article IX. Notwithstanding the use of the defined term “Administrative Agent,” it is expressly understood and agreed that the Administrative Agent shall not have any fiduciary responsibilities to any Bank by reason of this Agreement or any other Loan Document and that the Administrative Agent is merely acting as the contractual representative of the Banks with only those duties as are expressly set forth in this Agreement and the other Loan Documents. In its capacity as the Banks’ contractual representative, the Administrative Agent (i) does not hereby assume any fiduciary duties to any of the Banks, (ii) is a “representative” of the Banks within the meaning of Section 9-102 of the Uniform Commercial Code and (iii) is acting as an independent contractor, the rights and duties of which are limited to those expressly set forth in this Agreement and the other Loan Documents. Each of the Banks hereby agrees to assert no claim against the Administrative Agent on any agency theory or any other theory of liability for breach of fiduciary duty, all of which claims each Bank hereby waives.

(b) Each Issuer shall act on behalf of the Banks with respect to any Letter of Credit issued by it and the documents associated therewith. Each Issuer shall have all of the benefits and immunities provided to the Administrative Agent in this Article IX with respect to any acts taken or omissions suffered by such Issuer in connection with Letters of Credit issued by it or proposed to be issued by it and the applications and agreements for letters of credit pertaining to such Letters of Credit as fully as if the term “Administrative Agent”, as used in this Article IX, included such Issuer with respect to such acts or omissions and as additionally provided in this Agreement with respect to such Issuer.

9.02 Powers. The Administrative Agent shall have and may exercise such powers under the Loan Documents as are specifically delegated to the Administrative Agent by the terms of each thereof, together with such powers as are reasonably incidental thereto. The

Administrative Agent shall have no implied duties to the Banks, or any obligation to the Banks to take any action thereunder except any action specifically provided by the Loan Documents to be taken by the Administrative Agent.

9.03 General Immunity. Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be liable to the Company or any Bank for any action taken or omitted to be taken by it or them hereunder or under any other Loan Document or in connection herewith or therewith except to the extent such action or inaction is determined in a final non-appealable judgment by a court of competent jurisdiction to have arisen from the gross negligence or willful misconduct of such Person.

9.04 No Responsibility for Loans, Recitals, etc. Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into, or verify (a) any statement, warranty or representation made in connection with any Loan Document or any borrowing hereunder; (b) the performance or observance of any of the covenants or agreements of any obligor under any Loan Document, including any agreement by an obligor to furnish information directly to each Bank; (c) the satisfaction of any condition specified in Article IV, except receipt of items required to be delivered solely to the Administrative Agent; (d) the existence or possible existence of any Default or Event of Default; (e) the validity, enforceability, effectiveness, sufficiency or genuineness of any Loan Document or any other instrument or writing furnished in connection therewith; (f) the value, sufficiency, creation, perfection or priority of any Lien in any collateral security; or (g) the financial condition of the Company or any guarantor of any of the Obligations or of any of the Company's or any such guarantor's respective Subsidiaries. The Administrative Agent shall have no duty to disclose to the Banks information that is not required to be furnished by the Company to the Administrative Agent at such time, but is voluntarily furnished by the Company to the Administrative Agent (either in its capacity as Administrative Agent or in its individual capacity).

9.05 Action on Instructions of Banks. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder and under any other Loan Document in accordance with written instructions signed by the Majority Banks, and such instructions and any action taken or failure to act pursuant thereto shall be binding on all of the Banks. The Banks hereby acknowledge that the Administrative Agent shall be under no duty to take any discretionary action permitted to be taken by it pursuant to the provisions of this Agreement or any other Loan Document unless it shall be requested in writing to do so by the Majority Banks. The Administrative Agent shall be fully justified in failing or refusing to take any action hereunder and under any other Loan Document unless it shall first be indemnified to its satisfaction by the Banks pro rata against any and all liability, cost and expense that it may incur by reason of taking or continuing to take any such action.

9.06 Employment of Agents and Counsel. The Administrative Agent may execute any of its duties as Administrative Agent hereunder and under any other Loan Document by or through employees, agents, and attorneys-in-fact and shall not be answerable to the Banks, except as to money or securities received by it or its authorized agents, for the default or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care. The Administrative Agent shall be entitled to advice of counsel concerning the contractual

arrangement between the Administrative Agent and the Banks and all matters pertaining to the Administrative Agent's duties hereunder and under any other Loan Document.

9.07 Reliance on Documents; Counsel. The Administrative Agent shall be entitled to rely upon any Note, notice, consent, certificate, affidavit, letter, telegram, statement, paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons, and, in respect to legal matters, upon the opinion of counsel selected by the Administrative Agent, which counsel may be employees of the Administrative Agent. For purposes of determining compliance with the conditions specified in Section 4.01, each Bank that has executed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter either sent by the Administrative Agent to such Bank for consent, approval, acceptance or satisfaction, or required thereunder to be consented to or approved by or acceptable or satisfactory to the Bank.

9.08 Administrative Agent's Reimbursement and Indemnification. The Banks agree to reimburse and indemnify the Administrative Agent ratably in proportion to their respective Commitments (or, if the Commitments have been terminated, in proportion to their Commitments immediately prior to such termination) (i) for any amounts not reimbursed by the Company for which the Administrative Agent is entitled to reimbursement by the Company under the Loan Documents, (ii) for any other expenses incurred by the Administrative Agent on behalf of the Banks, in connection with the preparation, execution, delivery, administration and enforcement of the Loan Documents (including for any expenses incurred by the Administrative Agent in connection with any dispute between the Administrative Agent and any Bank or between two or more of the Banks) and (iii) for any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Administrative Agent in any way relating to or arising out of the Loan Documents or any other document delivered in connection therewith or the transactions contemplated thereby (including for any such amounts incurred by or asserted against the Administrative Agent in connection with any dispute between the Administrative Agent and any Bank or between two or more of the Banks), or the enforcement of any of the terms of the Loan Documents or of any such other documents; provided that (i) no Bank shall be liable for any of the foregoing to the extent any of the foregoing is found in a final non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the Administrative Agent and (ii) any indemnification required pursuant to Section 3.06(e) shall, notwithstanding the provisions of this Section 9.08, be paid by the relevant Bank in accordance with the provisions thereof. The obligations of the Banks under this Section 9.08 shall survive payment of the Obligations and termination of this Agreement.

9.09 Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder, except with respect to a Default or Event of Default arising from the non-payment of principal, interest or fees required to be paid to the Administrative Agent for the account of the Banks, unless the Administrative Agent has received written notice from a Bank or the Company referring to this Agreement describing such Default or Event of Default and stating that such notice is a "notice of default". If the Administrative Agent receives such a notice, the Administrative Agent shall give prompt notice thereof to the Banks.

9.10 Rights as a Bank. If the Administrative Agent is a Bank, the Administrative Agent shall have the same rights and powers hereunder and under any other Loan Document with respect to its Commitment and its Loans as any Bank and may exercise the same as though it were not the Administrative Agent, and the term “Bank” or “Banks” shall, at any time when the Administrative Agent is a Bank, unless the context otherwise indicates, include the Administrative Agent in its individual capacity. The Administrative Agent and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of trust, debt, equity or other transaction, in addition to those contemplated by this Agreement or any other Loan Document, with the Company or any of its Affiliates in which the Company or such Affiliates is not restricted hereby from engaging with any other Person. The Administrative Agent, in its individual capacity, is not obligated to remain a Bank.

9.11 Bank Credit Decision. Each Bank acknowledges that it has, independently and without reliance upon the Administrative Agent, any Co-Lead Arranger, any Issuer or any other Bank and based on the financial statements prepared by the Company and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and the other Loan Documents. Each Bank also acknowledges that it will, independently and without reliance upon the Administrative Agent, any Co-Lead Arranger, any Issuer or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Loan Documents.

9.12 Successor Administrative Agent. The Administrative Agent may resign at any time by giving written notice thereof to the Banks and the Company, such resignation to be effective upon the appointment of a successor Administrative Agent or, if no successor Administrative Agent has been appointed, 45 days after the retiring Administrative Agent gives notice of its intention to resign. If at any time the Person serving as Administrative Agent is a Defaulting Bank, the Administrative Agent may be removed by written notice received by the Administrative Agent from the Majority Banks, such removal to be effective on the date specified by the Majority Banks; provided that the Administrative Agent may not be removed unless the Administrative Agent (in its individual capacity) and any affiliate thereof acting as Issuer is relieved of all of its duties as Issuer pursuant to documentation reasonably satisfactory to such Person on or prior to the date of such removal. Upon any such resignation or removal, the Majority Banks shall have the right to appoint, on behalf of the Company and the Banks, a successor Administrative Agent. If no successor Administrative Agent shall have been so appointed by the Majority Banks within 30 days after the resigning Administrative Agent’s giving notice of its intention to resign, then the resigning Administrative Agent may appoint, on behalf of the Company and the Banks, a successor Administrative Agent. Notwithstanding the previous sentence, the Administrative Agent may at any time without the consent of the Company or any Bank, appoint any of its Affiliates which is a commercial bank as a successor Administrative Agent hereunder. If the Administrative Agent has resigned or been removed and no successor Administrative Agent has been appointed, the Banks may perform all the duties of the Administrative Agent hereunder and the Company shall make all payments in respect of the Obligations to the applicable Bank and for all other purposes shall deal directly with the Banks. No successor Administrative Agent shall be deemed to be appointed hereunder until such successor Administrative Agent has accepted the appointment. Any such successor Administrative Agent shall be a commercial bank having capital and retained earnings of at least \$100,000,000. Upon the acceptance of any appointment as Administrative Agent hereunder by a

successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the resigning or removed Administrative Agent. Upon the effectiveness of the resignation or removal of the Administrative Agent, the resigning or removed Administrative Agent shall be discharged from its duties and obligations hereunder and under the Loan Documents. After the effectiveness of the resignation or removal of an Administrative Agent, the provisions of this Article IX shall continue in effect for the benefit of such Administrative Agent in respect of any actions taken or omitted to be taken by it while it was acting as the Administrative Agent hereunder and under the other Loan Documents. If there is a successor to the Administrative Agent by merger, or the Administrative Agent assigns its duties and obligations to an Affiliate pursuant to this Section 9.12, then the term “Prime Rate” as used in this Agreement shall mean the prime rate, base rate or other analogous rate of the new Administrative Agent.

9.13 Administrative Agent’s and Co-Lead Arrangers’ Fees. The Company agrees to pay to the Administrative Agent and to the Co-Lead Arrangers, for their respective accounts, the fees agreed to by the Company, the Administrative Agent and the Co-Lead Arrangers pursuant to the separate fee letters dated as of November 14, 2019, or as otherwise agreed from time to time.

9.14 Delegation to Affiliates. The Company and the Banks agree that the Administrative Agent may delegate any of its duties under this Agreement to any of its Affiliates. Any such Affiliate (and such Affiliate’s directors, officers, agents and employees) which performs duties in connection with this Agreement shall be entitled to the same benefits of the indemnification, waiver and other protective provisions to which the Administrative Agent is entitled under Articles VIII and IX.

9.15 Other Agents. Neither the Syndication Agent nor the Co-Documentation Agents shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Banks as such. Without limiting the foregoing, neither the Syndication Agent nor the Co-Documentation Agents shall have or be deemed to have a fiduciary relationship with any Bank. Each Bank hereby makes the same acknowledgments with respect to the Syndication Agent and each Co-Documentation Agent as it makes with respect to the Administrative Agent in Section 9.11.

9.16 Certain ERISA Matters.

(a) Each Bank (x) represents and warrants, as of the date such Person became a Bank party hereto, to, and (y) covenants, from the date such Person became a Bank party hereto to the date such Person ceases being a Bank party hereto, for the benefit of the Administrative Agent and not, for the avoidance of doubt, to or for the benefit of the Company, that at least one of the following is and will be true:

(i) such Bank is not using “plan assets” (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Plans with respect to such Bank’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments or this Agreement;

(ii) the transaction exemption set forth in one or more prohibited transaction exemptions issued by the Department of Labor (each, a “PTE”), such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Bank’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement;

(iii) (A) such Bank is an investment fund managed by a “Qualified Professional Asset Manager” (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Bank to enter into, participate in, administer and perform the Loans, the Letters of Credit, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement satisfies the requirements of subsections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Bank, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Bank’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement; or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Bank.

(b) In addition, unless either (1) subclause (i) in the immediately preceding clause (a) is true with respect to a Bank or (2) a Bank has provided another representation, warranty and covenant in accordance with subclause (iv) in the immediately preceding clause (a), such Bank further (x) represents and warrants, as of the date such Person became a Bank party hereto, to, and (y) covenants, from the date such Person became a Bank party hereto to the date such Person ceases being a Bank party hereto, for the benefit of, the Administrative Agent and not, for the avoidance of doubt, to or for the benefit of the Company, that the Administrative Agent is not a fiduciary with respect to the assets of such Bank involved in such Bank’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Loan Document or any documents related hereto or thereto).

ARTICLE X

MISCELLANEOUS

10.01 Amendments and Waivers. No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent with respect to any departure by the Company therefrom, shall be effective unless the same shall be in writing and signed by the Majority Banks (or by the Administrative Agent at the written request of the Majority Banks) and the Company and acknowledged by the Administrative Agent, and then any such waiver or

consent shall be effective only in the specific instance and for the specific purpose for which given; provided that no such waiver, amendment, or consent shall (a) without the written approval of each Bank directly affected thereby: (i) increase or extend the Commitment (except pursuant to Section 2.04(b)(ii)), or amend or modify the Pro Rata Share of any Bank (or reinstate any Commitment terminated pursuant to Section 8.02); (ii) postpone or delay any date fixed by this Agreement or any other Loan Document for any payment of principal, interest, fees or other amounts due to the Banks (or any of them) hereunder or under any other Loan Document; or (iii) reduce the principal of, or the rate of interest specified herein on, any Loan, or any fees or other amounts payable hereunder or under any other Loan Document; and (b) without the consent of each Bank: (i) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Loans which is required for the Banks or any of them to take any action hereunder; (ii) amend this Section, the definition of "Majority Banks," Section 10.10, Article IV, Article IX or any provision herein providing for consent or other action by all Banks; or (iii) release any funds from the LC Collateral Account, except to the extent that such release is expressly permitted hereunder; and provided, further, that (w) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Majority Banks or all the Banks, as the case may be, affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document, (x) no amendment of any provision of this Agreement relating to any Issuer shall be effective without the written consent of such Issuer, (y) any Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed by the respective parties thereto, and (z) the Administrative Agent and the Company may, without the consent of any Bank, enter into amendments or modifications to the Agreement or enter into any additional Loan Documents as the Administrative Agent reasonably deems appropriate in order to implement or effectuate the terms of Section 3.04 in accordance with the terms of Section 3.04. Notwithstanding anything to the contrary herein, no Defaulting Bank shall have any right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent which by its terms requires the consent of all Banks or each affected Bank may be effected with the consent of the applicable Banks other than Defaulting Banks), except that (A) the Commitment of any Defaulting Bank may not be increased or extended without the consent of such Bank and (B) any waiver, amendment or modification requiring the consent of all Banks or each affected Bank that by its terms affects any Defaulting Bank disproportionately adversely relative to other affected Banks shall require the consent of such Defaulting Bank.

10.02 Notices.

(a) Notices Generally. Except as otherwise permitted by Section 2.10 with respect to borrowing notices, all notices, requests and other communications to any party hereunder shall be in writing (including electronic transmission, facsimile transmission or similar writing) and shall be given to such party: (x) in the case of the Company or the Administrative Agent, at its address or facsimile number set forth in Schedule 10.02, (y) in the case of any Bank, at its address or facsimile number set forth in Schedule 10.02 or (z) in the case of any party, at such other address or facsimile number as such party may hereafter specify for the purpose by notice to the Administrative Agent and the Company. Each such notice, request or other communication shall be effective (i) if given by facsimile transmission, when transmitted to the facsimile number specified in this Section and confirmation of receipt is received, (ii) if given by mail, 72 hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid, or (iii) if given by any other means, when delivered (or, in the

case of electronic transmission, as provided by Section 10.02(b)) at the address specified in this Section; provided that notices to the Administrative Agent under Article II shall not be effective until received.

(b) Electronic Communications. Notices and other communications to the Banks and the Issuers hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Bank or Issuer pursuant to Article II if such Bank or Issuer, as applicable, has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or the Company may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

(c) Change of Address, etc. The Company, the Administrative Agent and any Bank may each change the address or facsimile number for service of notice and other communications by a notice in writing to the other parties hereto.

10.03 No Waiver; Cumulative Remedies. The rights, powers, privileges and remedies of the Administrative Agent, the Banks and the Issuers provided herein or in any other Loan Document are cumulative and not exclusive of any right, power, privilege or remedy provided by law or equity or under any other instrument, document or agreement now existing or hereafter arising. No failure to exercise and no delay in exercising, on the part of the Administrative Agent, any Bank or any Issuer, any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

10.04 Several Obligations; Benefits of this Agreement. The respective obligations of the Banks hereunder are several and not joint and no Bank shall be the partner or agent of any other (except to the extent to which the Administrative Agent is authorized to act as such). The failure of any Bank to perform any of its obligations hereunder shall not relieve any other Bank from any of its obligations hereunder. This Agreement shall not be construed so as to confer any right or benefit upon any Person other than the parties to this Agreement and their respective successors and assigns; provided that the parties hereto expressly agree that the Co-Lead

Arrangers shall enjoy the benefits of the provisions of Sections 9.11, 10.05 and 10.21 to the extent specifically set forth therein and shall have the right to enforce such provisions on its own behalf and in its own name to the same extent as if it were a party to this Agreement.

10.05 Expenses; Indemnification. (a) The Company shall reimburse the Administrative Agent and the Co-Lead Arrangers for any reasonable costs, internal charges and out-of-pocket expenses (including reasonable Attorney Costs) paid or incurred by the Administrative Agent or the Co-Lead Arrangers in connection with the preparation, negotiation, execution, delivery, syndication, distribution (including via the internet), review, amendment, modification, and administration of the Loan Documents. The Company also agrees to reimburse the Administrative Agent, each Co-Lead Arranger, each Issuer and each Bank for any costs, internal charges and out-of-pocket expenses (including Attorney Costs) paid or incurred by the Administrative Agent, such Co-Lead Arranger, such Issuer or such Bank in connection with the collection and enforcement of the Loan Documents.

(b) The Company hereby further agrees to indemnify the Administrative Agent, each Co-Lead Arranger, each Issuer, each Bank, their respective Affiliates, and each of their directors, officers, agents and employees against all losses, claims, damages, penalties, judgments, liabilities and expenses (including all expenses of litigation or preparation therefor whether or not the Administrative Agent, any Co-Lead Arranger, any Issuer, any Bank or any Affiliate is a party thereto) which any of them may pay or incur arising out of or relating to this Agreement, the other Loan Documents, the transactions contemplated hereby or the direct or indirect application or proposed application of the proceeds of any Loan hereunder, whether based in contract, tort or any other theory, whether brought by a third party or by the Company or any of its Affiliates or creditors, and regardless of whether the party seeking indemnification is a party thereto, except to the extent that they are determined in a final non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the party, or the party's Affiliates, seeking indemnification. The obligations of the Company under this Section 10.05 shall survive the termination of this Agreement.

10.06 Marshalling; Payments Set Aside. None of the Administrative Agent, the Banks or the Issuers shall be under any obligation to marshall any assets in favor of the Company or any other Person or against or in payment of any or all of the Obligations. To the extent that the Company makes a payment to the Administrative Agent, the Banks or the Issuers, or the Administrative Agent, the Banks or the Issuers exercise their right of set-off, and such payment or the proceeds of such set-off or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent, such Bank or such Issuer in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any Insolvency Proceeding or otherwise, then (a) to the extent of such recovery the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such set-off had not occurred, and (b) each Bank severally agrees to pay to the Administrative Agent upon demand its pro rata share of any amount so recovered from or repaid by the Administrative Agent.

10.07 Successors and Assigns. The terms and provisions of the Loan Documents shall be binding upon and inure to the benefit of the Administrative Agent, the Company, the Banks

and the Issuers and their respective successors and assigns, except that (i) the Company shall not have the right to assign its rights or obligations under the Loan Documents without the consent of the Administrative Agent and each Bank and (ii) any assignment by any Bank must be made in compliance with Section 10.08. The parties to this Agreement acknowledge that clause (ii) of this Section 10.07 relates only to absolute assignments and does not prohibit assignments creating security interests, including (x) any pledge or assignment by any Bank of all or any portion of its rights under this Agreement and any Note to secure obligations of such Bank, including any pledge or assignment to secure obligations to a Federal Reserve Bank or any other central banking authority, or (y) in the case of a Bank which is a fund, any pledge or assignment of all or any portion of its rights under this Agreement and any Note to its trustee in support of its obligations to its trustee; provided that no such pledge or assignment creating a security interest shall release the transferor Bank from its obligations hereunder unless and until the parties thereto have complied with the provisions of Section 10.08. The Administrative Agent may treat the Person which made any Loan or which holds any Note as the owner thereof for all purposes hereof unless and until such Person complies with Section 10.08; provided that the Administrative Agent may in its discretion (but shall not be required to) follow instructions from the Person which made any Loan or which holds any Note to direct payments relating to such Loan or Note to another Person. Any assignee of the rights to any Loan or any Note agrees by acceptance of such assignment to be bound by all the terms and provisions of the Loan Documents. Any request, authority or consent of any Person, who at the time of making such request or giving such authority or consent is the owner of the rights to any Loan (whether or not a Note has been issued in evidence thereof), shall be conclusive and binding on any subsequent holder or assignee of the rights to such Loan.

10.08 Participations; Assignments, etc. (a) Permitted Participants; Effect. Any Bank may, in the ordinary course of its business and in accordance with applicable law, at any time sell to one or more banks or other Persons (other than a natural Person, a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of a natural Person, a Defaulting Bank or the Company or any of the Company's Affiliates or Subsidiaries) ("Participants") participating interests in any Loan owing to such Bank, any Note held by such Bank, the Commitment of such Bank or any other interest of such Bank under the Loan Documents. Upon any such sale by a Bank of participating interests to a Participant, such Bank's obligations under the Loan Documents shall remain unchanged, such Bank shall remain solely responsible to the other parties hereto for the performance of such obligations, such Bank shall remain the owner of its Loans and the holder of any Note issued to it in evidence thereof for all purposes under the Loan Documents, all amounts payable by the Company under this Agreement shall be determined as if such Bank had not sold such participating interests, and the Company and the Administrative Agent shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under the Loan Documents.

(b) Voting Rights. Each Bank shall retain the sole right to approve, without the consent of any Participant, any amendment, modification or waiver of any provision of the Loan Documents other than any amendment, modification or waiver which requires the unanimous consent of all Banks under Section 10.01.

(c) Benefit of Setoff. The Company agrees that each Participant shall be deemed to have the right of setoff provided in Section 10.10 in respect of its participating interest in amounts owing under the Loan Documents to the same extent as if the amount of its

participating interest were owing directly to it as a Bank under the Loan Documents; provided that each Bank shall retain the right of setoff provided in Section 10.10 with respect to the amount of participating interests sold to each Participant. The Banks agree to share with each Participant, and each Participant, by exercising the right of setoff provided in Section 10.10, agrees to share with each Bank, any amount received pursuant to the exercise of its right of setoff, such amounts to be shared in accordance with Section 10.10 as if each Participant were a Bank.

(d) Participant Register. Each Bank that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Company, maintain a register on which it enters the name and address of each of its Participants and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Bank shall have any obligation to disclose any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any Commitment, Loan, Letter of Credit or other Obligation under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such Commitment, Loan, Letter of Credit or other Obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Bank shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(e) Permitted Assignments. Any Bank may, in the ordinary course of its business and in accordance with applicable law, at any time assign to one or more Eligible Assignees ("Purchasers") all or any part of its rights and obligations under the Loan Documents; provided that (i) unless a Default or an Event of Default has occurred and is continuing, the consent of the Company (not to be unreasonably withheld or delayed) shall be required prior to an assignment becoming effective with respect to a Purchaser that is not a Bank or an Affiliate thereof; (ii) the consent of the Administrative Agent and each Issuer (in each case not to be unreasonably withheld or delayed) shall be required prior to any assignment becoming effective; and (iii) the Company shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within ten (10) Business Days after having received notice thereof. Any assignment shall be made pursuant to a document substantially in the form of Exhibit F or in such other form as may be agreed to by the parties thereto. Each assignment with respect to a Purchaser that is not a Bank or an Affiliate thereof shall (unless each of the Company and the Administrative Agent otherwise consents) be in an amount not less than the lesser of (i) \$5,000,000 or (ii) the remaining amount of the assigning Bank's Commitment or outstanding Loans (if such Commitment has terminated).

(f) Effect; Effective Date. Upon (i) delivery to the Administrative Agent of a notice of assignment, substantially in the form attached as Annex I to Exhibit F (a "Notice of Assignment"), together with any consents required by Section 10.08(e), and (ii) payment by the assigning Bank of a \$4,000 fee to the Administrative Agent for processing such assignment, such assignment shall become effective on the effective date specified in such Notice of Assignment. The Notice of Assignment shall contain a representation by the Purchaser to the effect that none of the consideration used to make the purchase of the Commitment and Loans under the

applicable assignment agreement constitutes “plan assets” as defined under ERISA and that the rights and interests of the Purchaser in and under the Loan Documents will not be “plan assets” under ERISA. On and after the effective date of such assignment, such Purchaser shall for all purposes be a Bank party to this Agreement and any other Loan Document executed by or on behalf of the Banks and shall have all the rights and obligations of a Bank under the Loan Documents, to the same extent as if it were an original party hereto, and no further consent or action by the Company, the Banks or the Administrative Agent shall be required to release the transferor Bank with respect to the percentage of the Aggregate Commitment and Loans assigned to such Purchaser; provided that, except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Bank will constitute a waiver or release of any claim of any party hereunder arising from that Bank’s having been a Defaulting Bank. Upon the consummation of any assignment to a Purchaser pursuant to this Section 10.08(f), the transferor Bank, the Administrative Agent and the Company shall, if the transferor Bank or the Purchaser desires that its Loans be evidenced by Notes, make appropriate arrangements so that new Notes or, as appropriate, replacement Notes are issued to such transferor Bank and new Notes or, as appropriate, replacement Notes, are issued to such Purchaser, in each case in principal amounts reflecting their respective Commitments, as adjusted pursuant to such assignment.

(g) Register. The Administrative Agent, acting solely for this purpose as a non-fiduciary agent of the Company, shall maintain at the Administrative Agent’s office specified for payments pursuant to Section 2.09, a copy of each Notice of Assignment delivered to it and a register for the recordation of the names and addresses of the Banks, and the Commitments of, and principal amounts (and stated interest) of the Loans owing to, each Bank pursuant to the terms hereof from time to time (the “Register”). The entries in the Register shall be conclusive absent manifest error, and the Company, the Administrative Agent and the Banks shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Bank hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Company or any Bank at any reasonable time and from time to time upon reasonable prior notice. Upon its receipt of a duly completed Notice of Assignment executed by an assigning Bank and an assignee and the recordation fee referred to in clause (f) of this Section and any written consent to such assignment required by clause (e) of this Section, the Administrative Agent shall accept such Notice of Assignment and record the information contained therein in the Register; provided that, if either the assigning Bank or the assignee shall have failed to make any payment required to be made by it pursuant to this Agreement, the Administrative Agent shall have no obligation to accept such Notice of Assignment and record the information therein in the Register unless and until such payment shall have been made in full, together with all accrued interest thereon. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(h) Dissemination of Information. The Company authorizes each Bank to disclose to any Participant or Purchaser or any other Person acquiring an interest in the Loan Documents by operation of law (each a “Transferee”) and any prospective Transferee any and all information in such Bank’s possession concerning the creditworthiness of the Company and its Subsidiaries; provided that each Transferee and prospective Transferee agrees to be bound by Section 10.09 of this Agreement.

(i) Tax Treatment. If any interest in any Loan Document is transferred to any Transferee which is organized under the laws of any jurisdiction other than the United States or

any State thereof, the transferor Bank shall cause such Transferee, concurrently with the effectiveness of such transfer, to comply with the provisions of Section 3.06(g).

10.09 Confidentiality. Each Bank agrees to take and to cause its Affiliates to take normal and reasonable precautions and exercise due care to maintain the confidentiality of all information identified as “confidential” or “secret” by the Company and provided to it by the Company or any Subsidiary, or by the Administrative Agent on the Company’s or such Subsidiary’s behalf, under this Agreement or any other Loan Document, and neither it nor any of its Affiliates shall use any such information other than in connection with or in enforcement of this Agreement and the other Loan Documents or in connection with other business now or hereafter existing or contemplated with the Company or any Subsidiary; except to the extent such information (i) was or becomes generally available to the public other than as a result of disclosure by the Bank, or (ii) was or becomes available on a non-confidential basis from a source other than the Company, provided that such source is not bound by a confidentiality agreement with the Company known to the Bank; provided that any Bank may disclose such information (A) at the request or pursuant to any requirement of any Governmental Authority to which the Bank is subject or in connection with an examination of such Bank by any such authority; (B) pursuant to subpoena or other court process; (C) when required to do so in accordance with the provisions of any applicable Requirement of Law; (D) to the extent reasonably required in connection with any litigation or proceeding to which the Administrative Agent, any Bank or their respective Affiliates may be party; (E) to the extent reasonably required in connection with the exercise of any remedy hereunder or under any other Loan Document; (F) to such Bank’s independent auditors and other professional advisors; (G) to any Participant or Purchaser, actual or potential, provided that such Person agrees in writing to keep such information confidential to the same extent required of the Banks hereunder; (H) as to any Bank or its Affiliate, as expressly permitted under the terms of any other document or agreement regarding confidentiality to which the Company or any Subsidiary is party or is deemed party with such Bank or such Affiliate; (I) to its Affiliates and to the partners, directors, officers, employees, agents, trustees, administrators, managers, independent auditors and other professional advisors and representatives of such Bank and of such Bank’s Affiliates who are advised of the confidential nature of such information; (J) to the National Association of Insurance Commissioners or any similar organization or any nationally recognized rating agency that requires access to information about such Bank’s investment portfolio in connection with ratings issued with respect to such Bank; (K) to market data collectors, similar service providers to the lending industry (including league table providers that serve the lending industry) and service providers in connection with the administration of this Agreement and (L) to any direct or indirect contractual counterparty to any swap or derivative transaction relating to the Company and its obligations, provided that such Person agrees in writing to keep such information confidential to the same extent required of the Banks hereunder. Notwithstanding anything herein to the contrary, the Administrative Agent, each Issuer and each Bank may disclose to any Person, without limitation of any kind, the U.S. tax treatment and tax structure of the transactions contemplated hereby and all materials of any kind (including opinions or other tax analyses) that are provided to the Administrative Agent, any Issuer or any Bank relating to such U.S. tax treatment and tax structure.

10.10 Set-off; Ratable Payments. In addition to, and without limitation of, any rights of the Banks under applicable law, if any Event of Default occurs and is continuing, any and all deposits (including all account balances, whether provisional or final and whether or not

collected or available) and any other Indebtedness at any time held or owing by any Bank or any Affiliate of any Bank to or for the credit or account of the Company may be offset and applied toward the payment of the Obligations owing to such Bank, whether or not the Obligations, or any part hereof, shall then be due; provided that in the event that any Defaulting Bank shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.18 and, pending such payment, shall be segregated by such Defaulting Bank from its other funds and deemed held in trust for the benefit of the Administrative Agent, the Issuers, and the Banks, and (y) the Defaulting Bank shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Bank as to which it exercised such right of setoff. If any Bank, whether by setoff or otherwise, has payment made to it upon its Loans or its participations in Letters of Credit (other than payments received pursuant to Section 3.01, 3.02, 3.05 or 3.06 and payments made to any Issuer in respect of Reimbursement Obligations so long as the Banks have not funded their participations therein) in a greater proportion than that received by any other Bank, such Bank agrees, promptly upon demand, to purchase a portion of the Outstanding Credit Exposures held by the other Banks so that after such purchase each Bank will hold its Pro Rata Share of the Aggregate Outstanding Credit Exposure. If any Bank, whether in connection with setoff or amounts which might be subject to setoff or otherwise, receives collateral or other protection for its Obligations or such amounts which may be subject to setoff, such Bank agrees, promptly upon demand, to take such action necessary such that all Banks share in the benefits of such collateral ratably in accordance with their respective Pro Rata Shares. In case any such payment is disturbed by legal process, or otherwise, appropriate further adjustments shall be made.

10.11 Automatic Debits of Fees. With respect to any facility fee, agency fee, arrangement fee, or other fee, or any other cost or expense (including Attorney Costs) due and payable to the Administrative Agent, U.S. Bank or any other Co-Lead Arranger under the Loan Documents, the Company hereby irrevocably authorizes the Administrative Agent and/or U.S. Bank to debit any deposit account of the Company with Administrative Agent and/or U.S. Bank in an amount such that the aggregate amount debited from all such deposit accounts does not exceed such fee or other reasonable cost or expense. If there are insufficient funds in such deposit accounts to cover the amount of the fee or other cost or expense then due, such debits will be reversed (in whole or in part, in the Administrative Agent's and/or U.S. Bank's sole discretion) and such amount not debited shall be deemed to be unpaid. No such debit under this Section shall be deemed a set-off.

10.12 Notification of Addresses, Lending Installations, Etc. Each Bank shall promptly notify the Administrative Agent in writing of any changes in the address to which notices to the Bank should be directed, of addresses of any Lending Installation, of payment instructions in respect of all payments to be made to it hereunder and of such other administrative information as the Administrative Agent shall reasonably request.

10.13 Counterparts. This Agreement may be executed in any number of separate counterparts, each of which, when so executed, shall be deemed an original, and all of such counterparts taken together shall be deemed to constitute but one and the same instrument.

10.14 Severability. The illegality or unenforceability of any provision of this Agreement or any instrument or agreement required hereunder shall not in any way affect or

impair the legality or enforceability of the remaining provisions of this Agreement or any instrument or agreement required hereunder.

10.15 GOVERNING LAW AND JURISDICTION. (J) THE LOAN DOCUMENTS (OTHER THAN THOSE CONTAINING A CONTRARY EXPRESS CHOICE OF LAW PROVISION) SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW (OTHER THAN TITLE 14 OF ARTICLE 5 OF THE NEW YORK GENERAL OBLIGATIONS LAW); PROVIDED THAT THE ADMINISTRATIVE AGENT AND THE BANKS SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE COMPANY, THE ADMINISTRATIVE AGENT, EACH ISSUER AND EACH BANK CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH OF THE COMPANY, THE ADMINISTRATIVE AGENT, EACH ISSUER AND EACH BANK IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR ANY DOCUMENT RELATED HERETO. THE COMPANY, THE ADMINISTRATIVE AGENT, EACH ISSUER AND THE BANKS EACH WAIVE PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH MAY BE MADE BY ANY OTHER MEANS PERMITTED BY NEW YORK LAW.

NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE ADMINISTRATIVE AGENT, ANY ISSUER OR ANY BANK TO BRING PROCEEDINGS AGAINST THE COMPANY IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY THE COMPANY AGAINST THE ADMINISTRATIVE AGENT, ANY ISSUER OR ANY BANK OR ANY AFFILIATE OF THE ADMINISTRATIVE AGENT, ANY ISSUER OR ANY BANK INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT SHALL BE BROUGHT ONLY IN A COURT IN NEW YORK, NEW YORK.

10.16 WAIVER OF JURY TRIAL. THE COMPANY, THE BANKS, THE ISSUERS AND THE ADMINISTRATIVE AGENT EACH WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR ANY AGENT-RELATED PERSON, PARTICIPANT OR PURCHASER, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. THE COMPANY, THE BANKS, THE ISSUERS AND THE ADMINISTRATIVE AGENT EACH AGREE THAT ANY SUCH CLAIM OR CAUSE

OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

10.17 Entire Agreement. This Agreement, together with the other Loan Documents, embodies the entire agreement and understanding among the Company, the Banks, the Issuers and the Administrative Agent, and supersedes all prior or contemporaneous agreements and understandings of such Persons, verbal or written, relating to the subject matter hereof and thereof (other than the Fee Letters).

10.18 Survival of Representations. All representations and warranties of the Company contained in this Agreement shall survive the making of the Credit Extensions herein contemplated.

10.19 Governmental Regulation. Anything contained in this Agreement to the contrary notwithstanding, no Bank shall be obligated to extend credit to the Company in violation of any limitation or prohibition provided by any applicable statute or regulation.

10.20 Numbers of Documents. All statements, notices, closing documents, and requests hereunder shall be furnished to the Administrative Agent with sufficient counterparts so that the Administrative Agent may furnish one to each of the Banks.

10.21 Nonliability of Banks. The Company agrees that neither the Administrative Agent, any Co-Lead Arranger, the Syndication Agent, any Co-Documentation Agent, any Issuer nor any Bank shall have liability to the Company (whether sounding in tort, contract or otherwise) for losses suffered by the Company in connection with, arising out of, or in any way related to, the transactions contemplated and the relationship established by the Loan Documents, or any act, omission or event occurring in connection therewith, unless it is determined in a final non-appealable judgment by a court of competent jurisdiction that such losses resulted from the gross negligence or willful misconduct of the party from which recovery is sought. Neither the Administrative Agent, any Co-Lead Arranger, the Syndication Agent, any Co-Documentation Agent, any Issuer nor any Bank, nor any of their respective Affiliates, or any director, officer, agent or employee of any of the foregoing shall have any liability with respect to, and the Company hereby waives, releases and agrees not to sue for, any special, indirect consequential or punitive damages suffered by the Company in connection with, arising out of, or in any way related to the Loan Documents or the transactions contemplated thereby.

10.22 No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), the Company acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (a)(i) the arranging and other services regarding this Agreement provided by the Administrative Agent and the Co-Lead

Arrangers are arm's-length commercial transactions between the Company and its Affiliates, on the one hand, and the Administrative Agent and the Co-Lead Arrangers, on the other hand, (ii) the Company has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate and (iii) the Company is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (b)(i) the Administrative Agent and each Co-Lead Arranger each is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Company or any of its Affiliates, or any other Person and (ii) neither the Administrative Agent nor any Co-Lead Arranger has any obligation to the Company or any of its Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (c) the Administrative Agent and the Co-Lead Arrangers and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Company and its Affiliates, and neither the Administrative Agent nor any Co-Lead Arranger has any obligation to disclose any of such interests to the Company or its Affiliates. To the fullest extent permitted by law, the Company hereby waives and releases any claims that it may have against the Administrative Agent and the Co-Lead Arrangers with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

10.23 USA Patriot Act Notice. Each Bank that is subject to the USA Patriot Act and the Administrative Agent (for itself and not on behalf of any Bank) hereby notifies the Company that pursuant to the requirements of the USA Patriot Act, it is required to obtain, verify and record information that identifies the Company, which information includes the name and address of the Company and other information that will allow such Bank or the Administrative Agent, as applicable, to identify the Company in accordance with the USA Patriot Act.

10.24 Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of any EEA Resolution Authority.

10.25 Acknowledgement Regarding Any Supported QFCs. To the extent that the Loan Documents provide support, through a guarantee or otherwise, for hedging agreements or any other agreement or instrument that is a QFC (such support “QFC Credit Support” and each such QFC a “Supported QFC”), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the “U.S. Special Resolution Regimes”) in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

In the event a Covered Entity that is party to a Supported QFC (each, a “Covered Party”) becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Bank shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

[SIGNATURES BEGIN ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

CENTENNIAL ENERGY HOLDINGS, INC.

By: /s/ Jason L. Vollmer

Name: Jason L. Vollmer

Title: Vice President, Chief Financial Officer and Treasurer

[Signature page to the Centennial Energy Holdings, Inc.
Credit Agreement]

U.S. BANK NATIONAL ASSOCIATION, as Administrative Agent, as an Issuer and
as a Bank

By: /s/ James O'Shaughnessy
Name: James O'Shaughnessy
Title: Vice President

[Signature page to the Centennial Energy Holdings, Inc.
Credit Agreement]

MUFG BANK, LTD., as Syndication Agent, as an Issuer and as a Bank

By: /s/ Viet-Linh Fujitaki

Name: Viet-Linh Fujitaki

Title: Vice President

[Signature page to the Centennial Energy Holdings, Inc.
Credit Agreement]

JPMORGAN CHASE BANK, N.A., as a Co-Documentation Agent, as an Issuer and as
a Bank

By: /s/ Justin Martin
Name: Justin Martin
Title: Authorized Officer

[Signature page to the Centennial Energy Holdings, Inc.
Credit Agreement]

PNC BANK, NATIONAL ASSOCIATION, as a Co-Documentation Agent, as an Issuer and as a Bank

By: /s/ Christopher Olsen
Name: Christopher Olsen
Title: Vice President

By: /s/ Jack Broeren
Name: Jack Broeren
Title: Managing Director

[Signature page to the Centennial Energy Holdings, Inc.
Credit Agreement]

ROYAL BANK OF CANADA, as a Co-Documentation Agent, as an Issuer and as a Bank

By: /s/ Justin Painter
Name: Justin Painter
Title: Authorized Signatory

[Signature page to the Centennial Energy Holdings, Inc.
Credit Agreement]

WELLS FARGO BANK, NATIONAL ASSOCIATION, as a Bank

By: /s/ Keith Luettel
Name: Keith Luettel
Title: Managing Director

[Signature page to the Centennial Energy Holdings, Inc.
Credit Agreement]

BRANCH, as a Bank

TORONTO-DOMINION BANK, NEW YORK

By: /s/ Michael Borowiecki

Name: Michael Borowiecki

Title: Authorized Signatory

[Signature page to the Centennial Energy Holdings, Inc.
Credit Agreement]

CANADIAN IMPERIAL BANK OF COMMERCE, New York Branch, as a Bank

By: /s/ Anju Abraham
Name: Anju Abraham
Title: Authorized Signatory

By: /s/ Peter O'Neill
Name: Peter O'Neill
Title: Authorized Signatory

[Signature page to the Centennial Energy Holdings, Inc.
Credit Agreement]

KEYBANK NATIONAL ASSOCIATION, as a Bank

By: /s/ Keven D. Smith

Name: Keven D. Smith

Title: Senior Vice President

[Signature page to the Centennial Energy Holdings, Inc.
Credit Agreement]

BANK OF AMERICA, N.A., as a Bank

By: /s/ Michael Snook

Name: Michael Snook

Title: Senior Vice President

[Signature page to the Centennial Energy Holdings, Inc.
Credit Agreement]

GOLDMAN SACHS BANK USA, as a Bank

By: /s/ Ryan Durkin

Name: Ryan Durkin

Title: Authorized Signatory

[Signature page to the Centennial Energy Holdings, Inc.
Credit Agreement]

\$175,000,000

AMENDED AND RESTATED CREDIT AGREEMENT

dated as of December 19, 2019,

by and among

MONTANA-DAKOTA UTILITIES CO.,
as Borrower,

the Lenders referred to herein,
as Lenders,

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Administrative Agent and
Swingline Lender

MUFG BANK, LTD.
as Syndication Agent

WELLS FARGO SECURITIES, LLC
and
MUFG BANK, LTD.
as Joint Lead Arrangers and Joint Bookrunners

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AMENDED AND RESTATED CREDIT AGREEMENT, dated as of December 19, 2019, by and among MONTANA-DAKOTA UTILITIES CO., a Delaware corporation, as Borrower, the lenders who are party to this Agreement and the lenders who may become a party to this Agreement pursuant to the terms hereof, as Lenders, and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association, as Administrative Agent for the Lenders.

STATEMENT OF PURPOSE

WHEREAS, the Borrower, certain financial institutions party thereto and Wells Fargo Bank, National Association, as administrative agent, are parties to that certain Credit Agreement dated as of June 8, 2018 (as amended, modified, restated or supplemented immediately prior to the date hereof, the “Existing Credit Agreement”). The Borrower has requested, and subject to the terms and conditions set forth in this Agreement, the Administrative Agent and the Lenders have agreed, to amend and restate the Existing Credit Agreement pursuant to the terms hereof.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, such parties hereby agree as follows:

Article I

DEFINITIONS

Section 1.1 Definitions. The following terms when used in this Agreement shall have the meanings assigned to them below:

“Administrative Agent” means Wells Fargo, in its capacity as administrative agent for the Lenders, and any successor thereto appointed pursuant to Section 10.6.

“Administrative Agent’s Office” means the office of the Administrative Agent specified in or determined in accordance with the provisions of Section 11.1(c).

“Administrative Questionnaire” means an administrative questionnaire in a form supplied by the Administrative Agent.

“Affiliate” means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

“Agent Parties” has the meaning assigned thereto in Section 11.1(e)(ii).

“Agreement” means this Amended and Restated Credit Agreement.

“Anti-Corruption Laws” means all laws, rules, and regulations of any jurisdiction from time to time concerning or relating to bribery or corruption, including the United States Foreign Corrupt Practices Act of 1977 and the rules and regulations thereunder and the U.K. Bribery Act 2010 and the rules and regulations thereunder.

“Anti-Money Laundering Laws” means any and all laws, statutes, regulations or obligatory government orders, decrees, ordinances or rules related to terrorism financing, money laundering, any predicate crime to money laundering or any financial record keeping, including any applicable provision of

the PATRIOT Act and The Currency and Foreign Transactions Reporting Act (also known as the “Bank Secrecy Act,” 31 U.S.C. §§ 5311-5330 and 12 U.S.C. §§ 1818(s), 1820(b) and 1951-1959).

“Applicable Law” means all applicable provisions of constitutions, laws, statutes, ordinances, rules, treaties, regulations, permits, licenses, approvals, interpretations and orders of Governmental Authorities and all orders and decrees of all courts and arbitrators.

“Applicable Margin” means the corresponding percentages per annum as set forth below based on the Borrower’s Applicable Rating:

Pricing Level	Applicable Rating (S&P/Fitch)	Applicable Facility Fee Rate	Applicable Margin for LIBOR Rate Loans and Letter of Credit Fees	Applicable Margin for Base Rate Loans
I	≥ A+/A+	0.075%	0.800%	0%
II	A/A	0.100%	0.900%	0%
III	A-/A-	0.125%	1.000%	0%
IV	BBB+/BBB+	0.175%	1.075%	0.075%
V	≤ BBB/BBB	0.225%	1.275%	0.275%

The Applicable Margin at any time shall be determined on the basis of the Borrower’s Pricing Level; provided that (a) if any of the Rating Agencies changes the meaning or designation for its Applicable Ratings, the criteria for Pricing Level in the table above shall be adjusted in such manner as the Required Lenders may reasonably determine to correspond with the applicable rating designations used by the applicable Rating Agency in effect on the date hereof; (b) if there is a one tier difference between the Applicable Ratings, then the tier corresponding to the higher Applicable Rating shall be used to determine the Borrower’s Pricing Level, (c) if there is a greater than one tier difference between the Applicable Ratings, then the tier immediately below the higher Applicable Rating shall be used to determine the Borrower’s Pricing Level; (d) if one Rating Agency (but not both Rating Agencies) ceases to issue its Applicable Rating, the Borrower’s Pricing Level shall be determined on the basis of the Applicable Rating of the remaining Rating Agency and (e) if both Rating Agencies cease to establish their Applicable Ratings, the Borrower shall be deemed to be at Pricing Level V. Any adjustment in the Pricing Level shall be applicable to all Extensions of Credit then existing or subsequently made or issued.

“Applicable Rating” means (i) with respect to S&P, the rating designated by S&P as its long-term corporate credit rating of the Borrower, and (ii) with respect to Fitch, the rating designated by Fitch as its rating of the Borrower’s senior unsecured debt.

“Approved Fund” means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“Assignment and Assumption” means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 11.8), and accepted by the Administrative Agent, in substantially the form attached as **Exhibit F** or any other form approved by the Administrative Agent and the Borrower.

“Attributable Debt” means, as to any particular lease relating to a Sale-and-Leaseback Transaction, the greater of (i) the present value of all Lease Rentals required to be paid by the Borrower or any Subsidiary under such lease during the remaining term thereof (determined in accordance with GAAP using a discount factor equal to the interest rate implicit in such lease if known or, if not known, of 8% *per annum*) and (ii) the Fair Market Value of the property subject to such Sale-and-Leaseback Transaction as determined at the time of consummation of such Sale-and-Leaseback Transaction.

“Authorizing Order” means any order of any public utilities commission or any other regulatory body having jurisdiction over the Borrower, authorizing and/or restricting the indebtedness that may be created from time to time hereunder (whether on account of Extensions of Credit or otherwise).

“Bail-In Action” means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

“Bail-In Legislation” means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

“Bankruptcy Code” means 11 U.S.C. §§ 101 *et seq.*

“Base Rate” means, at any time, the highest of (a) the Prime Rate, (b) the Federal Funds Rate plus 0.50%, (c) LIBOR for an Interest Period of one month plus 1% and (d) 0%; each change in the Base Rate shall take effect simultaneously with the corresponding change or changes in the Prime Rate, the Federal Funds Rate or LIBOR (provided that clause (c) shall not be applicable during any period in which LIBOR is unavailable or unascertainable).

“Base Rate Loan” means any Loan bearing interest at a rate based upon the Base Rate as provided in Section 4.1(a).

“Benchmark Replacement” means the sum of: (a) the alternate benchmark rate (which may include Term SOFR) that has been selected by the Administrative Agent and the Borrower giving due consideration to (i) any selection or recommendation of a replacement rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a rate of interest as a replacement to LIBOR for U.S. dollar-denominated syndicated credit facilities and (b) the Benchmark Replacement Adjustment; provided that, if the Benchmark Replacement as so determined would be less than zero, the Benchmark Replacement will be deemed to be zero for the purposes of this Agreement.

“Benchmark Replacement Adjustment” means, with respect to any replacement of LIBOR with an Unadjusted Benchmark Replacement for each applicable Interest Period, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Administrative Agent and the Borrower giving due consideration to (a) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of LIBOR with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body or (b) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of LIBOR with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated syndicated credit facilities at such time.

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Base Rate,” the definition of “Interest Period,” timing and frequency of determining rates and making payments of interest and other administrative matters) that the Administrative Agent decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of the Benchmark Replacement exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement).

“Benchmark Replacement Date” means the earlier to occur of the following events with respect to LIBOR:

(a) in the case of clause (a) or (b) of the definition of “Benchmark Transition Event,” the later of (i) the date of the public statement or publication of information referenced therein and (ii) the date on which the administrator of LIBOR permanently or indefinitely ceases to provide LIBOR; and

(b) in the case of clause (c) of the definition of “Benchmark Transition Event,” the date of the public statement or publication of information referenced therein.

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to LIBOR:

(a) a public statement or publication of information by or on behalf of the administrator of LIBOR announcing that such administrator has ceased or will cease to provide LIBOR, permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide LIBOR;

(b) a public statement or publication of information by the regulatory supervisor for the administrator of LIBOR, the U.S. Federal Reserve System, an insolvency official with jurisdiction over the administrator for LIBOR, a resolution authority with jurisdiction over the administrator for LIBOR or a court or an entity with similar insolvency or resolution authority over the administrator for LIBOR, which states that the administrator of LIBOR has ceased or will cease to provide LIBOR permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide LIBOR; or

(c) a public statement or publication of information by the regulatory supervisor for the administrator of LIBOR announcing that LIBOR is no longer representative.

“Benchmark Transition Start Date” means (a) in the case of a Benchmark Transition Event, the earlier of (i) the applicable Benchmark Replacement Date and (ii) if such Benchmark Transition Event is a public statement or publication of information of a prospective event, the 90th day prior to the expected date of such event as of such public statement or publication of information (or if the expected date of such prospective event is fewer than 90 days after such statement or publication, the date of such statement or publication) and (b) in the case of an Early Opt-in Election, the date specified by the Administrative Agent or the Required Lenders, as applicable, by notice to the Borrower, the Administrative Agent (in the case of such notice by the Required Lenders) and the Lenders.

“Benchmark Unavailability Period” means, if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to LIBOR and solely to the extent that LIBOR has not been replaced with a Benchmark Replacement, the period (a) beginning at the time that such Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced LIBOR for all purposes hereunder in accordance with Section 4.8(c) and (b) ending at the time that a Benchmark Replacement has replaced LIBOR for all purposes hereunder pursuant to Section 4.8(c).

“Beneficial Ownership Certification” means a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

“Beneficial Ownership Regulation” means 31 CFR § 1010.230.

“Benefit Plan” means any of (a) an “employee benefit plan” (as defined in ERISA) that is subject to Title I of ERISA, (b) a “plan” as defined in and subject to Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such “employee benefit plan” or “plan”.

“Borrower” means Montana-Dakota Utilities Co., a Delaware corporation.

“Borrower Materials” has the meaning assigned thereto in Section 7.1.

“Business Day” means (a) for all purposes other than as set forth in clause (b) below, any day other than a Saturday, Sunday or legal holiday on which banks in New York, New York, are open for the conduct of their commercial banking business and (b) with respect to all notices and determinations in connection with, and payments of principal and interest on, any LIBOR Rate Loan, or any Base Rate Loan as to which the interest rate is determined by reference to LIBOR, any day that is a Business Day described in clause (a) and that is also a London Banking Day.

“Capital Lease” means any lease that in accordance with GAAP should be capitalized on the balance sheet of the lessee thereunder or for which the amount of the asset and liability thereunder as if so capitalized should be disclosed in a note to such balance sheet. All obligations under any lease that is treated as an operating lease under GAAP but pursuant to which the lessee thereunder retains tax ownership of the leased property for federal income tax purposes shall be treated as a Capital Lease for purposes of this Agreement.

“Capitalization” means, with respect to any Person as of any Covenant Compliance Date, (i) Funded Debt of that Person, plus (ii) shareholders’ equity of that Person (excluding any non-cash gain or loss resulting from the requirements of Financial Accounting Standards Board Statement No. 133 (ASC 815-20), “Accounting for Derivative Instruments and Hedging Activities”), all determined in accordance with GAAP.

“Cash Collateral” shall have a meaning correlative to the definition of “Cash Collateralize” and shall include the proceeds of such cash collateral and other credit support.

“Cash Collateralize” means, to pledge and deposit with, or deliver to the Administrative Agent, or directly to the applicable Issuing Lender (with notice thereof to the Administrative Agent), for the benefit of one or more of the Issuing Lenders, the Swingline Lender or the Lenders, as collateral for L/C Obligations or obligations of the Lenders to fund participations in respect of L/C Obligations or Swingline Loans, cash or deposit account balances or, if the Administrative Agent and the applicable Issuing Lender and the Swingline Lender shall agree, in their sole discretion, other credit support, in each case pursuant to

documentation in form and substance reasonably satisfactory to the Administrative Agent, such Issuing Lender or the Swingline Lender, as applicable.

“Cash Equivalents” means, as to any Person, (a) securities issued or directly and fully guaranteed or insured by the United States or any agency or instrumentality thereof (but only so long as the full faith and credit of the United States is pledged in support thereof) having maturities of not more than 24 months from the date of acquisition; (b) securities issued by any state of the United States or any political subdivision of any such state or any public instrumentality thereof having maturities of not more than 24 months from the date of acquisition and having one of the two highest ratings from S&P, Fitch, or Moody’s Investors Service, Inc.; (c) domestic and Eurodollar certificates of deposit or time deposits or bankers’ acceptances maturing within 24 months after the date of acquisition issued or guaranteed by or placed with, and money market and demand deposit accounts issued or offered by, any commercial bank organized under the laws of the United States or any state thereof or the District of Columbia, or any Canadian chartered bank, having combined capital and surplus of not less than \$500,000,000; (d) repurchase obligations with a term of not more than thirty days for underlying securities of the types described in clause (a) and (b) of this definition entered into with any bank meeting the qualifications specified in clause (c) of this definition; (e) commercial paper issued by any commercial bank incorporated in the United States having capital and surplus in excess of \$500,000,000 and commercial paper issued by any Person (other than a commercial bank) incorporated in the United States, which commercial paper has one of the two highest ratings from S&P, Fitch or Moody’s Investors Service, Inc., and in each case maturing not more than ninety days after the date of acquisition by such Person; and (f) investments in money market funds substantially all the assets of which are comprised of cash or securities of the types described in clauses (a) through (e) of this definition.

“Change in Control” means the occurrence of any event whereby MDU ceases to own direct or indirect sole beneficial ownership (as defined under Rule 13d-3 under the Exchange Act as in effect on the date of this Agreement) of at least 66-2/3% of the combined voting power of the Borrower’s securities which are entitled to vote generally in the election of directors of the Borrower.

“Change in Law” means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith or in implementation thereof and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted, implemented or issued.

“Closing Date” means the date of this Agreement.

“Code” means the Internal Revenue Code of 1986.

“Collateral Account” has the meaning assigned thereto in Section 3.11(a).

“Commitment” means (a) as to any Revolving Credit Lender, the obligation of such Revolving Credit Lender to make Revolving Credit Loans to, and to purchase participations in L/C Obligations and Swingline Loans for the account of, the Borrower hereunder in an aggregate principal amount at any time outstanding not to exceed the amount set forth opposite such Revolving Credit Lender’s name on Schedule

1.1 or in the applicable Assignment and Assumption, as such amount may be modified at any time or from time to time pursuant to the terms hereof (including Section 4.13) and (b) as to all Revolving Credit Lenders, the aggregate commitment of all Revolving Credit Lenders to make Revolving Credit Loans in the aggregate amount set forth on Schedule 1.1, as such amount may be modified at any time or from time to time pursuant to the terms hereof (including Section 4.13). The aggregate Commitment of all the Revolving Credit Lenders on the Closing Date shall be \$175,000,000. The Commitment of each Revolving Credit Lender on the Closing Date is set forth opposite the name of such Lender on Schedule 1.1.

“Commitment Percentage” means, with respect to any Revolving Credit Lender at any time, the percentage of the total Commitments of all the Revolving Credit Lenders represented by such Revolving Credit Lender’s Commitment. If the Commitments have terminated or expired, the Commitment Percentages shall be determined based upon the Commitments most recently in effect, giving effect to any assignments. The Commitment Percentage of each Revolving Credit Lender on the Closing Date is set forth opposite the name of such Lender on Schedule 1.1.

“Connection Income Taxes” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

“Consolidated Net Worth” means, at any time, the excess of total assets of the Borrower and its Subsidiaries over total liabilities of the Borrower and its Subsidiaries as of the last day of the fiscal quarter most recently then ended, determined on a consolidated basis in accordance with GAAP.

“Consolidated Total Leverage Ratio” means, as of any Covenant Compliance Date, the ratio of Funded Debt to Capitalization, determined on a consolidated basis with respect to the Borrower and all of its Subsidiaries.

“Consolidating Exhibits” has the meaning assigned thereto in Section 7.1(a).

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto.

“Covenant Compliance Date” means the last day of each fiscal quarter of the Borrower.

“Covered Party” has the meaning assigned thereto in Section 11.22.

“Credit Facility” means, collectively, the Revolving Credit Facility, the Swingline Facility and the L/C Facility.

“Debtor Relief Laws” means the Bankruptcy Code and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States or other applicable jurisdictions from time to time in effect.

“Default” means any of the events specified in Section 9.1 which with the passage of time, the giving of notice or any other condition, would constitute an Event of Default.

“Defaulting Lender” means, subject to Section 4.15(b), any Lender that (a) has failed to (i) fund all or any portion of the Revolving Credit Loans required to be funded by it hereunder within two Business Days of the date such Loans were required to be funded hereunder unless such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender’s

determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Administrative Agent, any Issuing Lender, the Swingline Lender or any other Lender any other amount required to be paid by it hereunder (including in respect of its participation in Letters of Credit or Swingline Loans) within two Business Days of the date when due, (b) has notified the Borrower, the Administrative Agent, any Issuing Lender or the Swingline Lender in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender's obligation to fund a Loan hereunder and states that such position is based on such Lender's good faith determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three Business Days after written request by the Administrative Agent or the Borrower, to confirm in writing to the Administrative Agent and the Borrower that it will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and the Borrower), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the FDIC or any other state or federal regulatory authority acting in such a capacity or (iii) become the subject of a Bail-In Action; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 4.15(b)) upon delivery of written notice of such determination to the Borrower, each Issuing Lender, the Swingline Lender and each Lender.

“Distribution” means any payment made by the Borrower on account of any equity interest in Borrower, including any dividend and any payment in purchase, redemption or other retirement of any equity interest.

“Dollars” or “\$” means, unless otherwise qualified, dollars in lawful currency of the United States.

“Early Opt-in Election” means the occurrence of:

(a) (i) a determination by the Administrative Agent or (ii) a notification by the Required Lenders to the Administrative Agent (with a copy to the Borrower) that the Required Lenders have determined that U.S. dollar-denominated syndicated credit facilities being executed at such time, or that include language similar to that contained in Section 4.8(c) are being executed or amended, as applicable, to incorporate or adopt a new benchmark interest rate to replace LIBOR, and

(b) the election by the (i) Administrative Agent or (ii) Required Lenders to declare that an Early Opt-in Election has occurred and the provision, as applicable, by the Administrative Agent of written notice of such election to the Borrower and the Lenders or by the Required Lenders of written notice of such election to the Administrative Agent.

“EEA Financial Institution” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity

established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority” means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any credit institution or investment firm established in any EEA Member Country.

“Eligible Assignee” means any Person that meets the requirements to be an assignee under Section 11.8 (subject to such consents, if any, as may be required under Section 11.8(b)(iii)).

“Environmental Claims” means all material claims, however asserted, by any Governmental Authority or other Person alleging potential liability or responsibility for violation of any Environmental Law, or for release or injury to the environment.

“Environmental Laws” means any and all federal, foreign, state, provincial and local laws, statutes, ordinances, codes, rules, standards and regulations, permits, licenses, approvals, interpretations and orders of courts or Governmental Authorities, relating to the protection of public health or the environment, including, but not limited to, requirements pertaining to the manufacture, processing, distribution, use, treatment, storage, disposal, transportation, handling, reporting, licensing, permitting, investigation or remediation of Hazardous Materials.

“Equity Interests” means (a) in the case of a corporation, capital stock, (b) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of capital stock, (c) in the case of a partnership, partnership interests (whether general or limited), (d) in the case of a limited liability company, membership interests, (e) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person and (f) any and all warrants, rights or options to purchase any of the foregoing.

“ERISA” means the Employee Retirement Income Security Act of 1974, and the rules and regulations thereunder.

“ERISA Affiliate” means any Person who together with the Borrower or any of its Subsidiaries is treated as a single employer within the meaning of Section 414(b), (c), (m) or (o) of the Code or Section 4001(b) of ERISA.

“ERISA Event” means (a) a Reportable Event with respect to a Pension Plan; (b) a withdrawal by the Borrower or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations which is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by the Borrower or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is insolvent (within the meaning of Section 4245 of ERISA) or in “critical” status (within the meaning of Section 432 of the Code or Section 305 of ERISA); (d) the commencement of proceedings by the PBGC to

terminate a Pension Plan; (e) a failure by the Borrower or any ERISA Affiliate to make required contributions to a Pension Plan or Multiemployer Plan, or the imposition of a lien in favor of a Pension Plan under Section 430(k) of the Code or Section 303(k) of ERISA; (f) an event or condition which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or for the imposition of any liability under Section 4069 or 4212(c) of ERISA; (g) the imposition of any liability under Title IV of ERISA, other than PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Borrower or any ERISA Affiliate; (h) an application for a funding waiver pursuant to Section 412 of the Code or Section 302(c) of ERISA with respect to any Pension Plan; or (i) a determination that a Pension Plan is, or is reasonably expected to be, in “at risk” status (within the meaning of Section 430 of the Code or Section 303 of ERISA).

“ERISA Termination Event” means the filing of a notice of intent to terminate a Pension Plan, or the treatment of a plan amendment as the termination of a Pension Plan, under Section 4041 or 4042 of ERISA.

“EU Bail-In Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor thereto), as in effect from time to time.

“Eurodollar Reserve Percentage” means, for any day, the percentage which is in effect for such day as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including any basic, supplemental or emergency reserves) in respect of eurocurrency liabilities or any similar category of liabilities for a member bank of the Federal Reserve System in New York City.

“Event of Default” means any of the events specified in Section 9.1; provided that any requirement for passage of time, giving of notice, or any other condition, has been satisfied.

“Exchange Act” means the Securities Exchange Act of 1934.

“Excluded Taxes” means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable Lending Office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, United States federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by the Borrower under Section 4.12(b)) or (ii) such Lender changes its Lending Office, except in each case to the extent that, pursuant to Section 4.11, amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its Lending Office, (c) Taxes attributable to such Recipient’s failure to comply with Section 4.11(g) and (d) any United States federal withholding Taxes imposed under FATCA.

“Existing Credit Agreement” has the meaning assigned thereto in the Statement of Purpose.

“Existing Revolving Credit Maturity Date” has the meaning assigned thereto in Section 2.7(a).

“Extension Effective Date” has the meaning assigned thereto in Section 2.7(c).

“Extension Notice Deadline” has the meaning assigned thereto in Section 2.7(b).

“Extension Request Date” has the meaning assigned thereto in Section 2.7(a).

“Extension Request Notice” has the meaning assigned thereto in Section 2.7(a).

“Extensions of Credit” means, as to any Lender at any time, the making of any Loan or participation in any Letter of Credit by such Lender, as the context requires.

“Facility Fee” has the meaning assigned thereto in Section 4.3(a).

“Facility Fee Rate” means a percentage, determined as set forth in the definition of “Applicable Margin.”

“Fair Market Value” means, at any time and with respect to any property, the same value of such property that would be realized in an arm’s-length sale at such time between an informed and willing buyer and an informed and willing seller (neither being under a compulsion to buy or sell).

“FATCA” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code, and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities entered into in connection with the implementation of the foregoing.

“FDIC” means the Federal Deposit Insurance Corporation.

“Federal Funds Rate” means, for any day, the rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, provided that if such rate is not so published for any day which is a Business Day, the Federal Funds Rate for such day shall be the average of the quotation for such day on such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by the Administrative Agent. Notwithstanding the foregoing, if the Federal Funds Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“Federal Reserve Bank of New York’s Website” means the website of the Federal Reserve Bank of New York at <http://www.newyorkfed.org>, or any successor source.

“Fee Letters” means (a) the separate fee letter agreement dated November 14, 2019 among the Borrower, Wells Fargo and Wells Fargo Securities, LLC and (b) any letter between the Borrower and any Issuing Lender (other than Wells Fargo) relating to certain fees payable to such Issuing Lender in its capacity as such.

“Fitch” means Fitch, Inc.

“Foreign Lender” means a Lender that is not a U.S. Person.

“Fronting Exposure” means, at any time there is a Defaulting Lender, (a) with respect to any Issuing Lender, such Defaulting Lender’s Commitment Percentage of the outstanding L/C Obligations with respect to Letters of Credit issued by such Issuing Lender, other than such L/C Obligations as to which such

Defaulting Lender's participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof and (b) with respect to the Swingline Lender, such Defaulting Lender's Commitment Percentage of outstanding Swingline Loans other than Swingline Loans as to which such Defaulting Lender's participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof.

“Fund” means any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans, bonds and similar extensions of credit in the ordinary course of its activities.

“Funded Debt” of any Person means (without duplication) (a) all Indebtedness of such Person for borrowed money (which shall, in the case of the Borrower, include but not be limited to all Indebtedness under this Agreement and all Indebtedness arising under the Indenture); (b) Indebtedness of such Person evidenced by bonds, notes or similar written instruments, whether or not representing obligations for borrowed money; (c) all liabilities required to appear on such Person's balance sheet with respect to Capital Lease obligations of such Person; (d) all Indebtedness secured by a Lien on any property owned by such Person, whether or not such Indebtedness has been assumed by such Person or is nonrecourse to such Person; (e) the face amount of all letters of credit and bankers' acceptances issued for the account of such Person, and without duplication, all drafts drawn thereunder; (f) all obligations of such Person with respect to leases constituting part of a Sale-and-Leaseback Transaction; (g) all net obligations of such Person under interest rate agreements or currency agreements; and (h) Guaranty obligations of such Person with respect to Indebtedness for borrowed money of another Person (including affiliates).

“GAAP” means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or such other principles as may be approved by a significant segment of the accounting profession in the United States, that are applicable to the circumstances as of the date of determination, consistently applied. Notwithstanding anything to the contrary contained herein, any lease (whether or not in existence on the Closing Date) that would have been considered an operating lease under the provisions of GAAP as in effect as of December 31, 2018 (and not as a capital or finance lease) regardless of any change in GAAP (whether or not such change in GAAP is contemplated as of the date hereof) following December 31, 2018 that would otherwise require such lease to be re-characterized (on a prospective or retroactive basis or otherwise) as a capital or finance lease, shall be treated as an operating lease.

“Governmental Approvals” means all authorizations, consents, approvals, permits, licenses and exemptions of, and all registrations and filings with or issued by, any Governmental Authorities.

“Governmental Authority” means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“Guaranty” means, with respect to any Person, any obligation (except the endorsement in the ordinary course of business of negotiable instruments for deposit or collection) of such Person guaranteeing or in effect guaranteeing any Indebtedness, dividend or other obligation of any other Person in any manner, whether directly or indirectly, including obligations incurred through an agreement, contingent or otherwise, by such Person:

- (a) to purchase (or advance or supply funds for the purchase of) such Indebtedness or obligation or any property constituting security therefor;
- (b) to advance or supply funds (i) for the purchase or payment of such Indebtedness or obligation, or (ii) to maintain any working capital or other balance sheet condition or any income statement condition of any other Person or otherwise to advance or make available funds for the purchase or payment of such Indebtedness or obligation;
- (c) to lease properties or to purchase properties or services primarily for the purpose of assuring the owner of such Indebtedness or obligation of the ability of any other Person to make payment of the indebtedness or obligation; or
- (d) otherwise to assure the owner of such Indebtedness or obligation against loss in respect thereof.

In any computation of the Indebtedness or other liabilities of the obligor under any Guaranty, the Indebtedness or other obligations that are the subject of such Guaranty shall be assumed to be direct obligations of such obligor.

“Hazardous Materials” means any substances or materials (a) which are or become defined as hazardous wastes, hazardous substances, pollutants, contaminants, chemical substances or mixtures or toxic substances under any Environmental Law, (b) which are toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise harmful to public health or the environment and are or become regulated by any Governmental Authority, (c) the presence of which require investigation or remediation under any Environmental Law or common law, (d) the discharge or emission or release of which requires a permit or license under any Environmental Law or other Governmental Approval, (e) which are deemed by a Governmental Authority to constitute a nuisance or a trespass which pose a health or safety hazard to Persons or neighboring properties, or (f) which contain, without limitation, asbestos, polychlorinated biphenyls, urea formaldehyde foam insulation, petroleum hydrocarbons, petroleum derived substances or waste, crude oil, nuclear fuel, natural gas or synthetic gas.

“Hedge Agreement” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement.

“IFRS” means the body of pronouncements issued by the International Accounting Standards Board (“IASB”), including International Financial Reporting Standards and interpretations approved by the IASB, International Accounting Standards and Standing Interpretations Committee interpretations approved by the predecessor International Accounting Standards Committee and adapted for use in the European Union.

“Increased Amount Date” has the meaning assigned thereto in Section 4.13(a).

“Incremental Commitment” has the meaning assigned thereto in Section 4.13(a).

“Incremental Lender” has the meaning assigned thereto in Section 4.13(a).

“Indebtedness” means, with respect to any Person at any date and without duplication:

(a) its liabilities for borrowed money, including obligations of such Person evidenced by bonds, debentures, notes or other similar instruments of any such Person, and its redemption obligations in respect of mandatorily Redeemable Preferred Stock;

(b) its liabilities for the deferred purchase price of property acquired by such Person (excluding accounts payable arising in the ordinary course of business but including all liabilities created or arising under any conditional sale or other title retention agreement with respect to any such property);

(c) (i) all liabilities appearing on its balance sheet in accordance with GAAP in respect of Capital Leases and (ii) all liabilities which would appear on its balance sheet in accordance with GAAP in respect of Synthetic Leases assuming such Synthetic Leases were accounted for as Capital Leases;

(d) all liabilities for borrowed money secured by any Lien with respect to any property owned by such Person, whether or not it has assumed or otherwise become liable for such liabilities (other than Indebtedness of others secured by Liens, neither assumed nor guaranteed by such Person or any Subsidiary of such Person nor with respect to which such Person or any Subsidiary of such Person pays principal and/or interest, existing upon real estate or rights in or relating to real estate acquired by such Person or any Subsidiary of such Person for substation, metering station, gathering line, transmission line, transportation line, distribution line or right of way purposes to the extent such Lien does not, or the foreclosure thereof would not, materially impair the value of such property or the use of such property for the purpose for which it was acquired by such Person or such Subsidiary);

(e) all its liabilities in respect of letters of credit or instruments serving a similar function issued or accepted for its account by banks and other financial institutions whether or not representing obligations for borrowed money;

(f) the aggregate Swap Termination Value of all Swap Contracts of such Person;

(g) all Securitization Obligations of such Person;

(h) all Attributable Debt;

(i) Preferred Stock of any Subsidiary held by a Person other than the such Person or a Wholly-Owned Subsidiary of such Person; and

(j) any Guaranty of such Person with respect to liabilities of a type described in any of clauses (a) through (i) hereof.

Indebtedness of any Person shall include all obligations of such Person of the character described in clauses (a) through (j) to the extent such Person remains legally liable in respect thereof notwithstanding that any such obligation is deemed to be extinguished under GAAP.

“Indemnified Taxes” means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Borrower under any Loan Document and (b) to the extent not otherwise described in clause (a), Other Taxes.

“Indemnitee” has the meaning assigned thereto in Section 11.3(b).

“Indenture” means the Indenture, dated as of December 15, 2003, by the Borrower and delivered to the Bank of New York Mellon, as trustee thereunder, as heretofore amended and supplemented and as hereafter amended and/or supplemented from time to time.

“Information” has the meaning assigned thereto in Section 11.9.

“Interest Period” means, as to each LIBOR Rate Loan, the period commencing on the date such LIBOR Rate Loan is disbursed or converted to or continued as a LIBOR Rate Loan and ending on the date one (1), two (2), three (3), or six (6) months thereafter, in each case as selected by the Borrower in its Notice of Borrowing or Notice of Conversion/Continuation and subject to availability; provided that:

(a) the Interest Period shall commence on the date of advance of or conversion to any LIBOR Rate Loan and, in the case of immediately successive Interest Periods, each successive Interest Period shall commence on the date on which the immediately preceding Interest Period expires;

(b) if any Interest Period would otherwise expire on a day that is not a Business Day, such Interest Period shall expire on the next succeeding Business Day; provided that if any Interest Period with respect to a LIBOR Rate Loan would otherwise expire on a day that is not a Business Day but is a day of the month after which no further Business Day occurs in such month, such Interest Period shall expire on the immediately preceding Business Day;

(c) any Interest Period with respect to a LIBOR Rate Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the relevant calendar month at the end of such Interest Period;

(d) no Interest Period shall extend beyond the Revolving Credit Maturity Date; and

(e) there shall be no more than ten (10) Interest Periods in effect at any time for such Credit Facility.

“Investment Company Act” means the Investment Company Act of 1940 (15 U.S.C. § 80(a)(1), *et seq.*).

“IRS” means the United States Internal Revenue Service.

“ISP98” means the International Standby Practices (1998 Revision, effective January 1, 1999), International Chamber of Commerce Publication No. 590 (or such later version thereof as may be in effect at the applicable time).

“Issuing Lender” means Wells Fargo, MUFG Bank, Ltd. and any other Revolving Credit Lender to the extent it has agreed in its sole discretion to act as an “Issuing Lender” hereunder and that has been approved in writing by the Borrower and the Administrative Agent (such approval by the Administrative Agent not to be unreasonably delayed or withheld).

“Joint Lead Arrangers” means Wells Fargo Securities, LLC and MUFG Bank, Ltd. in their capacity as joint lead arrangers and joint bookrunners.

“Lease Rentals” means, with respect to any period, the sum of the minimum amount of rental and other obligations required to be paid during such period by the Borrower or any Subsidiary as lessee under all leases of real or personal property (other than Capital Leases), *excluding* any amounts required to be paid by the lessee (whether or not therein designated as rental or additional rental) (a) which are on account of maintenance and repairs, insurance, taxes, assessments, water rates and similar charges, or (b) which are based on profits, revenues or sales realized by the lessee from the leased property or otherwise based on the performance of the lessee.

“L/C Commitment” means, (a) as to Wells Fargo, \$10,000,000, (b) as to MUFG Bank, Ltd., \$10,000,000, and (c) as to any other Issuing Lender, the obligation of such Issuing Lender to issue Letters of Credit for the account of the Borrower or one or more of its Subsidiaries from time to time in an aggregate amount equal to such amount as separately agreed to in a written agreement between the Borrower and such Issuing Lender (which such agreement shall be promptly delivered to the Administrative Agent upon execution), in each case of clauses (a), (b) and (c) above, any such amount may be changed after the Closing Date in a written agreement between the Borrower and such Issuing Lender (which such agreement shall be promptly delivered to the Administrative Agent upon execution); provided that the L/C Commitment with respect to any Person that ceases to be an Issuing Lender for any reason pursuant to the terms hereof shall be \$0 (subject to the Letters of Credit of such Person remaining outstanding in accordance with the provisions hereof).

“L/C Facility” means the letter of credit facility established pursuant to Article III.

“L/C Obligations” means at any time, an amount equal to the sum of (a) the aggregate undrawn and unexpired face amount of the then outstanding Letters of Credit and (b) the aggregate amount of drawings under Letters of Credit which have not then been reimbursed pursuant to Section 3.5.

“L/C Participants” means, with respect to any Letter of Credit, the collective reference to all the Revolving Credit Lenders other than the applicable Issuing Lender.

“L/C Sublimit” means the lesser of (a) \$20,000,000 and (b) the Commitment.

“Lender” means each Person executing this Agreement as a Lender on the Closing Date and any other Person that shall have become a party to this Agreement as a Lender pursuant to an Assignment and Assumption or pursuant to Section 4.13, other than any Person that ceases to be a party hereto as a Lender pursuant to an Assignment and Assumption. Unless the context otherwise requires, the term “Lenders” includes the Swingline Lender.

“Lender Joinder Agreement” means a joinder agreement in form and substance reasonably satisfactory to the Administrative Agent delivered in connection with Section 4.13.

“Lender Parties” means collectively, the Administrative Agent, the Lenders, the Issuing Lenders, each co-agent or sub-agent appointed by the Administrative Agent from time to time pursuant to Section 10.5, any other holder from time to time of any of any Obligations and, in each case, their respective successors and permitted assigns.

“Lending Office” means, with respect to any Lender, the office of such Lender maintaining such Lender’s Extensions of Credit, which office may, to the extent the applicable Lender notifies the

Administrative Agent in writing, include an office of any Affiliate of such Lender or any domestic or foreign branch of such Lender or Affiliate.

“Letter of Credit Application” means an application requesting such Issuing Lender to issue a Letter of Credit and a reimbursement agreement, in each case in the form specified by the applicable Issuing Lender from time to time.

“Letters of Credit” means the collective reference to letters of credit issued pursuant to Section 3.1.

“LIBOR” means, subject to the implementation of a Benchmark Replacement in accordance with Section 4.8(c),

(a) for any interest rate calculation with respect to a LIBOR Rate Loan, the rate of interest per annum determined on the basis of the rate for deposits in Dollars for a period equal to the applicable Interest Period as published by the ICE Benchmark Administration Limited, a United Kingdom company, or a comparable or successor quoting service approved by the Administrative Agent, at approximately 11:00 a.m. (London time) two (2) London Banking Days prior to the first day of the applicable Interest Period. If, for any reason, such rate is not so published then “LIBOR” shall be determined by the Administrative Agent to be the arithmetic average of the rate per annum at which deposits in Dollars would be offered by first class banks in the London interbank market to the Administrative Agent at approximately 11:00 a.m. (London time) two (2) London Banking Days prior to the first day of the applicable Interest Period for a period equal to such Interest Period, and

(b) for any interest rate calculation with respect to a Base Rate Loan, the rate of interest per annum determined on the basis of the rate for deposits in Dollars for an Interest Period equal to one month (commencing on the date of determination of such interest rate) as published by ICE Benchmark Administration Limited, a United Kingdom company, or a comparable or successor quoting service approved by the Administrative Agent, at approximately 11:00 a.m. (London time) on such date of determination, or, if such date is not a Business Day, then the immediately preceding Business Day. If, for any reason, such rate is not so published then “LIBOR” for such Base Rate Loan shall be determined by the Administrative Agent to be the arithmetic average of the rate per annum at which deposits in Dollars would be offered by first class banks in the London interbank market to the Administrative Agent at approximately 11:00 a.m. (London time) on such date of determination for a period equal to one month commencing on such date of determination.

Each calculation by the Administrative Agent of LIBOR shall be conclusive and binding for all purposes, absent manifest error.

Notwithstanding the foregoing, (x) in no event shall LIBOR (including any Benchmark Replacement with respect thereto) be less than 0% and (y) unless otherwise specified in any amendment to this Agreement entered into in accordance with Section 4.8(c), in the event that a Benchmark Replacement with respect to LIBOR is implemented then all references herein to LIBOR shall be deemed references to such Benchmark Replacement.

“LIBOR Rate” means a rate per annum determined by the Administrative Agent pursuant to the following formula:

$$\text{LIBOR Rate} = \frac{\text{LIBOR}}{1.00\text{-Eurodollar Reserve Percentage}}$$

“LIBOR Rate Loan” means any Loan bearing interest at a rate based upon the LIBOR Rate as provided in Section 4.1(a).

“Lien” means, with respect to any asset, any mortgage, leasehold mortgage, lien, pledge, charge, security interest, hypothecation or encumbrance of any kind in respect of such asset. For the purposes of this Agreement, a Person shall be deemed to own subject to a Lien any asset which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, Capital Lease or other title retention agreement relating to such asset; provided that in no event shall an operating lease be deemed to constitute a Lien.

“Loan Documents” means, collectively, this Agreement, each Note, the Fee Letters and each other document, instrument and agreement executed and delivered by the Borrower to the Administrative Agent or any Lender in connection herewith.

“Loans” means the collective reference to the Revolving Credit Loans and the Swingline Loans, and “Loan” means any of such Loans.

“London Banking Day” means any day on which dealings in Dollar deposits are conducted by and between banks in the London interbank Eurodollar market.

“Material Adverse Effect” means (a) a material adverse change in, or a material adverse effect on, the operations, business, assets or condition (financial or otherwise) of the Borrower and its Subsidiaries, taken as a whole, (b) a material impairment of the ability of the Borrower to perform its obligations under the Loan Documents to which it is a party, (c) a material adverse effect on the rights and remedies of the Administrative Agent, the Lenders or the Issuing Lenders under any Loan Document or (d) an impairment of the legality, validity, binding effect or enforceability against the Borrower of any Loan Document to which it is a party.

“MDU” means MDU Resources Group, Inc., a Delaware corporation.

“MDUEC” means MDU Energy Capital, LLC, a Delaware limited liability company.

“Minimum Collateral Amount” means, at any time, (a) with respect to Cash Collateral consisting of cash or deposit account balances, an amount equal to the sum of (i) the Fronting Exposure of the Issuing Lenders with respect to Letters of Credit issued and outstanding at such time and (ii) the Fronting Exposure of the Swingline Lender with respect to all Swingline Loans outstanding at such time and (b) otherwise, 105% of the amount of Cash Collateral to which each of the applicable Issuing Lenders is entitled hereunder at such time.

“Multiemployer Plan” means a “multiemployer plan” as defined in Section 4001(a)(3) of ERISA to which the Borrower or any ERISA Affiliate is making, or is accruing an obligation to make, or has accrued an obligation to make contributions within the preceding three (3) years and which is subject to Title IV of ERISA.

“Non-Consenting Lender” means any Lender that does not approve any consent, waiver, amendment, modification or termination that (a) requires the approval of all Lenders or all affected Lenders in accordance with the terms of Section 11.2 and (b) has been approved by the Required Lenders.

“Non-Defaulting Lender” means, at any time, each Lender that is not a Defaulting Lender at such time.

“Non-Extending Lender” has the meaning assigned thereto in Section 2.7(b).

“Notes” means the collective reference to the Revolving Credit Notes and the Swingline Note.

“Notice of Account Designation” has the meaning assigned thereto in Section 2.3(b).

“Notice of Borrowing” has the meaning assigned thereto in Section 2.3(a).

“Notice of Conversion/Continuation” has the meaning assigned thereto in Section 4.2.

“Notice of Prepayment” has the meaning assigned thereto in Section 2.4(c).

“Obligations” means, in each case, whether now in existence or hereafter arising: (a) the principal of and interest on (including interest and fees accruing after the filing of any bankruptcy or similar petition) the Loans, (b) the L/C Obligations and (c) all other fees and commissions (including attorneys’ fees), charges, indebtedness, loans, liabilities, financial accommodations, obligations, covenants and duties owing by the Borrower to the Lenders, the Issuing Lenders or the Administrative Agent, in each case under any Loan Document, with respect to any Loan or Letter of Credit of every kind, nature and description, direct or indirect, absolute or contingent, due or to become due, contractual or tortious, liquidated or unliquidated, and whether or not evidenced by any note and including interest and fees that accrue after the commencement by or against the Borrower of any proceeding under any Debtor Relief Laws, naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.

“OFAC” means the U.S. Department of the Treasury’s Office of Foreign Assets Control.

“Officer’s Compliance Certificate” means a certificate of a Responsible Officer of the Borrower substantially in the form attached as ***Exhibit E***.

“Other Connection Taxes” means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

“Other Taxes” means all present or future stamp, court, documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 4.12).

“Participant” has the meaning assigned thereto in Section 11.8(d).

“Participant Register” has the meaning assigned thereto in Section 11.8(d).

“PATRIOT Act” means the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)).

“PBGC” means the Pension Benefit Guaranty Corporation or any successor agency.

“Pension Plan” means a pension plan (as defined in Section 3(2) of ERISA) subject to Title IV of ERISA or the minimum funding standards under Section 412 of the Code, which the Borrower or any ERISA Affiliate sponsors, maintains, or to which it makes, is making, or is obligated to make contributions, or in the case of a multiple employer plan (as described in Section 4064(a) of ERISA) has made contributions at any time during the immediately preceding five (5) plan years but excluding any Multiemployer Plan.

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“Platform” means Debt Domain, Intralinks, SyndTrak or a substantially similar electronic transmission system.

“Preferred Stock” means any class of capital stock of a Person that is preferred over any other class of capital stock (or similar equity interests) of such Person as to the payment of dividends or the payment of any amount upon liquidation or dissolution of such Person.

“Pricing Level” means Level I, Level II, Level III, Level IV or Level V, each as determined pursuant to the table in the definition of “Applicable Margin”.

“Prime Rate” means, at any time, the rate of interest per annum publicly announced from time to time by the Administrative Agent as its prime rate. Each change in the Prime Rate shall be effective as of the opening of business on the day such change in such prime rate occurs. The parties hereto acknowledge that the rate announced publicly by the Administrative Agent as its prime rate is an index or base rate and shall not necessarily be its lowest or best rate charged to its customers or other banks.

“PTE” means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

“Public Lenders” has the meaning assigned thereto in Section 7.1.

“QFC Credit Support” has the meaning assigned thereto in Section 11.22.

“Rating Agencies” means Fitch and S&P, collectively.

“Recipient” means (a) the Administrative Agent, (b) any Lender and (c) any Issuing Lender, as applicable.

“Redeemable Preferred Stock” of any Person means any equity interest of such Person that by its terms (or by the terms of any equity interest into which it is convertible or for which it is exchangeable) or otherwise (including on the happening of any event), is required to be redeemed for cash or other property or is redeemable for cash or other property at the option of the holder thereof, in whole or in part, on or prior to the Revolving Credit Maturity Date; or is exchangeable for Indebtedness at any time, in whole or in part, on or prior to the Revolving Credit Maturity Date *provided* that Redeemable Preferred Stock shall not include any equity interest by virtue of the fact that it may be exchanged or converted at the option of the holder or of the Borrower for equity interests of the Borrower having no preference as to dividends, distributions or liquidation over any other equity interests of the Borrower.

“Register” has the meaning assigned thereto in Section 11.8(c).

“Reimbursement Obligation” means the obligation of the Borrower to reimburse any Issuing Lender pursuant to Section 3.5 for amounts drawn under Letters of Credit issued by such Issuing Lender.

“Related Parties” means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors, representatives and heirs of such Person and of such Person’s Affiliates.

“Relevant Governmental Body” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

“Removal Effective Date” has the meaning assigned thereto in Section 10.6(b).

“Reportable Event” means any of the events required to be reported by Section 4043(c) of ERISA or the regulations thereunder, other than any such event for which the 30-day notice requirement under ERISA has been waived in regulations issued by the PBGC.

“Required Lenders” means, at any time, Lenders having Total Credit Exposures representing more than fifty percent (50%) of the Total Credit Exposures of all Lenders. The Total Credit Exposure of any Defaulting Lender shall be disregarded in determining Required Lenders at any time.

“Resignation Effective Date” has the meaning assigned thereto in Section 10.6(a).

“Responsible Officer” means, as to any Person, the chief executive officer, president, chief financial officer, controller, treasurer or assistant treasurer or similar person of such Person or any other officer of such Person designated in writing by the Borrower, or, if such Person does not have any such officer, such officers of such Person’s managing member or general partner; provided that, to the extent requested thereby, the Administrative Agent shall have received a certificate of such Person certifying as to the incumbency and genuineness of the signature of each such officer. Any document delivered hereunder or under any other Loan Document that is signed by a Responsible Officer of a Person shall be conclusively presumed to have been authorized by all necessary corporate, limited liability company, partnership and/or other action on the part of such Person and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Person.

“Revolving Credit Exposure” means, as to any Revolving Credit Lender at any time, the aggregate principal amount of its outstanding Revolving Credit Loans and such Revolving Credit Lender’s participation in L/C Obligations and Swingline Loans at such time.

“Revolving Credit Facility” means the revolving credit facility established pursuant to Article II (including any increase in such revolving credit facility established pursuant to Section 4.13).

“Revolving Credit Lenders” means, collectively, all of the Lenders with a Commitment.

“Revolving Credit Loan” means any revolving loan made to the Borrower pursuant to Section 2.1, and all such revolving loans collectively as the context requires.

“Revolving Credit Maturity Date” means the earliest to occur of (a)(1) December 19, 2024 (except that, if such date is not a Business Day, the Revolving Credit Maturity Date shall be the immediately preceding Business Day) and (2) if the Revolving Credit Maturity Date is extended pursuant to Section 2.7 as to any Revolving Credit Lender, such extended maturity date as determined pursuant to such Section, (b) the date of termination of the entire Commitment by the Borrower pursuant to Section 2.5, and (c) the

date of termination of the Commitment pursuant to Section 9.2(a). Notwithstanding the foregoing or anything else to the contrary herein, upon the occurrence of a Trigger Date, if the Borrower has not received all Governmental Approvals required to be obtained in order to request Extensions of Credit under this Agreement, then the Revolving Credit Maturity Date shall be the applicable Trigger Date.

“Revolving Credit Note” means a promissory note made by the Borrower in favor of a Revolving Credit Lender evidencing the Revolving Credit Loans made by such Revolving Credit Lender, substantially in the form attached as ***Exhibit A-1***, and any substitutes therefor, and any replacements, restatements, renewals or extension thereof, in whole or in part.

“Revolving Credit Outstandings” means the sum of (a) with respect to Revolving Credit Loans and Swingline Loans on any date, the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of Revolving Credit Loans and Swingline Loans, as the case may be, occurring on such date; plus (b) with respect to any L/C Obligations on any date, the aggregate outstanding amount thereof on such date after giving effect to any Extensions of Credit occurring on such date and any other changes in the aggregate amount of the L/C Obligations as of such date, including as a result of any reimbursements of outstanding unpaid drawings under any Letters of Credit or any reductions in the maximum amount available for drawing under Letters of Credit taking effect on such date.

“S&P” means S&P Global Ratings, a division of S&P Global Inc., and any successor thereto.

“Sale-and-Leaseback Transaction” means a transaction or series of transactions pursuant to which the Borrower or any Subsidiary shall sell or transfer to any Person (other than the Borrower or a Subsidiary) any property, whether now owned or hereafter acquired, and, as part of the same transaction or series of transactions, the Borrower or any Subsidiary shall rent or lease as lessee (other than pursuant to a Capital Lease), or similarly acquire the right to possession or use of, such property or one or more properties which it intends to use for the same purpose or purposes as such property.

“Sanctioned Country” means at any time, a country, region or territory which is itself (or whose government is) the subject or target of any Sanctions (including, as of the Closing Date, Cuba, Iran, North Korea, Syria and Crimea).

“Sanctioned Person” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC (including OFAC’s Specially Designated Nationals and Blocked Persons List and OFAC’s Consolidated Non-SDN List), the U.S. Department of State, the United Nations Security Council, the European Union, any European member state, Her Majesty’s Treasury, or other relevant sanctions authority, (b) any Person operating, organized or resident in a Sanctioned Country, (c) any Person owned or controlled by, or acting or purporting to act for or on behalf of, directly or indirectly, any such Person or Persons described in clauses (a) and (b), including a Person that is deemed by OFAC to be a Sanctions target based on the ownership of such legal entity by Sanctioned Person(s) or (d) any Person otherwise a target of Sanctions, including vessels and aircraft, that are designated under any Sanctions program.

“Sanctions” means any and all economic or financial sanctions, sectoral sanctions, secondary sanctions, trade embargoes and anti-terrorism laws, including but not limited to those imposed, administered or enforced from time to time by the U.S. government (including those administered by OFAC or the U.S. Department of State), the United Nations Security Council, the European Union, Her Majesty’s Treasury, or other relevant sanctions authority with jurisdiction over any Lender, the Borrower or any of its Subsidiaries or Affiliates.

“Securitization Obligations” means, with respect to any Securitization Transaction, the aggregate investment or claim held at any time by all purchasers, assignees or transferees of (or of interests in) or holders of obligations that are supported or secured by accounts receivable, lease receivables and other rights to payment in connection with such Securitization Transaction.

“Securitization Transaction” means any sale, assignment or other transfer by the Borrower or any Subsidiary of accounts receivable, lease receivables or other payment obligations owing to the Borrower or such Subsidiary or any interest in any of the foregoing, together in each case with any collections and other proceeds thereof, any collection or deposit accounts related thereto, and any collateral, guaranties or other property or claims in favor of the Borrower or such Subsidiary supporting or securing payment by the obligor thereon of, or otherwise related to, any such receivables.

“SOFR” with respect to any day means the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark, (or a successor administrator) on the Federal Reserve Bank of New York’s Website.

“Solvent” means as to any Person at any time (a) the fair value of the property of such Person is greater than the amount of such Person’s liabilities (including the probable liability of such Person on disputed, contingent and unliquidated liabilities) as such value is established and liabilities evaluated for purposes of Section 101(32) of the Bankruptcy Code; (b) the present fair saleable value of the property of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured; (c) such Person is able to realize upon its property and pay its debts and other liabilities (including the probable liability of such Person on disputed, contingent and unliquidated liabilities) as they mature in the normal course of business; (d) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person’s ability to pay as such debts and liabilities mature; and (e) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person’s property would constitute unreasonably small capital.

“Stated Revolving Credit Maturity Date” means the date described in clause (a) of the definition of “Revolving Credit Maturity Date.” Notwithstanding the foregoing or anything else to the contrary herein, upon the occurrence of a Trigger Date if the Borrower has not received all Governmental Approvals required to be obtained in order to request Extensions of Credit under this Agreement, then the Stated Revolving Credit Maturity Date shall be the applicable Trigger Date.

“Subsidiary” means as to any Person, any corporation, partnership, limited liability company or other entity of which more than fifty percent (50%) of the outstanding Equity Interests having ordinary voting power to elect a majority of the board of directors (or equivalent governing body) of such corporation, partnership, limited liability company or other entity is at the time owned by (directly or indirectly) or the board of directors (or equivalent governing body) is otherwise controlled by (directly or indirectly) such Person (other than Equity Interests having such power only by reason of the happening of a contingency). Unless otherwise qualified, references to “Subsidiary” or “Subsidiaries” herein shall refer to those of the Borrower.

“Supported QFC” has the meaning assigned thereto in Section 11.22.

“Swap Contract” means (a) any and all interest rate swap transactions, basis swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond

index swaps or options or forward foreign exchange transactions, cap transactions, floor transactions, currency options, spot contracts or any other similar transactions or any of the foregoing (including any options to enter into any of the foregoing), and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., or any International Foreign Exchange Master Agreement.

“Swap Termination Value” means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts.

“Swingline Commitment” means the lesser of (a) \$15,000,000 and (b) the Commitment.

“Swingline Facility” means the swingline facility established pursuant to Section 2.2.

“Swingline Lender” means Wells Fargo in its capacity as swingline lender hereunder or any successor thereto.

“Swingline Loan” means any swingline loan made by the Swingline Lender to the Borrower pursuant to Section 2.2, and all such swingline loans collectively as the context requires.

“Swingline Note” means a promissory note made by the Borrower in favor of the Swingline Lender evidencing the Swingline Loans made by the Swingline Lender, substantially in the form attached as **Exhibit A-2**, and any substitutes therefor, and any replacements, restatements, renewals or extension thereof, in whole or in part.

“Swingline Participation Amount” has the meaning assigned thereto in Section 2.2(b)(iii).

“Synthetic Lease” means, at any time, any lease (including leases that may be terminated by the lessee at any time) of any property (a) that is accounted for as an operating lease under GAAP and (b) in respect of which the lessee retains or obtains ownership of the property so leased for United States federal income tax purposes, other than any such lease under which such Person is the lessor.

“Taxes” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, fines, additions to tax or penalties applicable thereto.

“Term SOFR” means the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

“Total Credit Exposure” means, as to any Lender at any time, the unused Commitments and Revolving Credit Exposure of such Lender at such time.

“Trigger Date” means December 31, 2021 or any other date on which the Borrower shall require an additional Governmental Approval in order to obtain additional Extensions of Credit and perform its obligations under this Agreement.

“UCC” means the Uniform Commercial Code as in effect in the State of New York.

“Unadjusted Benchmark Replacement” means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

“Unfunded Pension Liability” means the excess of a Pension Plan’s benefit liabilities under Section 302(d)(7) of ERISA, over the current value of that Pension Plan’s assets, determined in accordance with the assumptions used for funding the Pension Plan pursuant to Section 412 of the Code for the applicable plan year.

“United States” means the United States of America.

“U.S. Person” means any Person that is a “United States person” as defined in Section 7701(a)(30) of the Code.

“U.S. Special Resolution Regimes” has the meaning assigned thereto in Section 11.22.”

“U.S. Tax Compliance Certificate” has the meaning assigned thereto in Section 4.11(g)(ii)(B)(3).

“Wells Fargo” means Wells Fargo Bank, National Association, a national banking association.

“Wholly-Owned” means, with respect to a Subsidiary, that all of the Equity Interests of such Subsidiary are, directly or indirectly, owned or controlled by the Borrower and/or one or more of its Wholly-Owned Subsidiaries (except for directors’ qualifying shares or other shares required by Applicable Law to be owned by a Person other than the Borrower and/or one or more of its Wholly-Owned Subsidiaries).

“Withholding Agent” means the Borrower and the Administrative Agent.

“Write-Down and Conversion Powers” means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

Section 1.2 Other Definitions and Provisions. With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document: (a) the definitions of terms herein shall apply equally to the singular and plural forms of the terms defined, (b) whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms, (c) the words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation,” (d) the word “will” shall be construed to have the same meaning and effect as the word “shall”, (e) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (f) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (g) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, (h) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights, (i) the term “documents” includes any and all instruments, documents, agreements, certificates, notices, reports, financial statements and other writings, however evidenced, whether in physical or electronic form and (j) in the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including;” the words “to” and “until” each mean “to but excluding;” and the word “through” means “to and including,” (k) any definition of or reference to any agreement, instrument or other document shall be construed as referring to

such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Loan Document) and (l) any reference to any law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time.

Section 1.3 Accounting Terms.

(a) All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with GAAP as in effect from time to time, subject to clause (b) below. Notwithstanding the foregoing, (i) for purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, Indebtedness of the Borrower and its Subsidiaries shall be deemed to be carried at 100% of the outstanding principal amount thereof, and the effects of FASB ASC 825 and FASB ASC 470-20 on financial liabilities shall be disregarded, and (ii) the Borrower may at any time make a one-time election to adopt IFRS in lieu of GAAP; provided, that the Borrower shall notify the Administrative Agent that it has made such election and, upon such notice, references herein to GAAP shall thereafter be construed to mean IFRS as in effect from time to time. After such election, the Borrower shall not subsequently elect to adopt GAAP in lieu of IFRS.

(b) If at any time the adoption of IFRS by the Borrower or any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the Borrower or the Required Lenders shall so request, the Administrative Agent, the Lenders and the Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such adoption of IFRS or change in GAAP (subject to the approval of the Required Lenders); provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP as in effect and applied immediately prior to such adoption of IFRS or change in GAAP shall have become effective and (ii) the Borrower shall provide to the Administrative Agent and the Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such adoption of IFRS or change in GAAP.

Section 1.4 Rounding. Any financial ratios required to be maintained pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio or percentage is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

Section 1.5 References to Agreement and Laws. Any definition or reference to any Applicable Law, including Anti-Corruption Laws, Anti-Money Laundering Laws, the Bankruptcy Code, the Code, ERISA, the Exchange Act, the PATRIOT Act, the UCC, the Investment Company Act, or any of the foreign assets control regulations of the United States Treasury Department, and shall include all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such Applicable Law.

Section 1.6 Times of Day. Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable).

Section 1.7 Letter of Credit Amounts. Unless otherwise specified, all references herein to the amount of a Letter of Credit at any time shall be deemed to mean the maximum face amount of such Letter

of Credit after giving effect to all increases thereof contemplated by such Letter of Credit or the Letter of Credit Application therefor (at the time specified therefor in such applicable Letter of Credit or Letter of Credit Application and as such amount may be reduced by (a) any permanent reduction of such Letter of Credit or (b) any amount which is drawn and no longer available under such Letter of Credit).

Section 1.8 Guaranties/Earn-Outs. Unless otherwise specified, (a) the amount of any Guaranty shall be the lesser of the amount of the obligations guaranteed and still outstanding and the maximum amount for which the guaranteeing Person may be liable pursuant to the terms of the instrument embodying such Guaranty and (b) the amount of any earn-out or similar obligation shall be the amount of such obligation as reflected on the balance sheet of such Person in accordance with GAAP.

Section 1.9 Divisions. For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its Equity Interest at such time.

Section 1.10 Rates. The Administrative Agent does not warrant or accept responsibility for, and shall not have any liability with respect to, the administration, submission or any other matter related to the rates in the definition of "LIBOR" or with respect to any rate that is an alternative or replacement for or successor to any such rate (including any Benchmark Replacement) or the effect of any of the foregoing, or of any Benchmark Replacement Conforming Changes.

ARTICLE II

REVOLVING CREDIT FACILITY

Section 2.1 Revolving Credit Loans. Subject to the terms and conditions of this Agreement and the other Loan Documents, and in reliance upon the representations and warranties set forth in this Agreement and the other Loan Documents, each Revolving Credit Lender severally agrees to make Revolving Credit Loans in Dollars to the Borrower from time to time from the Closing Date to, but not including, the Revolving Credit Maturity Date as requested by the Borrower in accordance with the terms of Section 2.3; provided, that (a) the Revolving Credit Outstandings shall not exceed the aggregate Commitments of all the Revolving Credit Lenders and (b) the Revolving Credit Exposure of any Revolving Credit Lender shall not at any time exceed such Revolving Credit Lender's Commitment. Each Revolving Credit Loan by a Revolving Credit Lender shall be in a principal amount equal to such Revolving Credit Lender's Commitment Percentage of the aggregate principal amount of Revolving Credit Loans requested on such occasion. Subject to the terms and conditions hereof, the Borrower may borrow, repay and reborrow Revolving Credit Loans hereunder until the Revolving Credit Maturity Date.

Section 2.2 Swingline Loans.

(a) Availability. Subject to the terms and conditions of this Agreement and the other Loan Documents, including Section 2.2(c) of this Agreement, and in reliance upon the representations and warranties set forth in this Agreement and the other Loan Documents, the Swingline Lender agrees to make Swingline Loans in Dollars to the Borrower from time to time from the Closing Date to, but not including, the Revolving Credit Maturity Date; provided, that (i) after giving effect to any amount requested, the Revolving Credit Outstandings shall not exceed the aggregate Commitments of all the Revolving Credit Lenders and (ii) the aggregate principal amount of all outstanding Swingline Loans (after giving effect to any amount requested) shall not exceed the Swingline Commitment.

(b) Refunding.

(i) The Swingline Lender, at any time and from time to time in its sole and absolute discretion may, on behalf of the Borrower (which hereby irrevocably directs the Swingline Lender to act on its behalf), by written notice given no later than 1:00 p.m. on any Business Day request each Revolving Credit Lender to make, and each Revolving Credit Lender hereby agrees to make, a Revolving Credit Loan as a Base Rate Loan in an amount equal to such Revolving Credit Lender's Commitment Percentage of the aggregate amount of the Swingline Loans outstanding on the date of such notice, to repay the Swingline Lender. Each Revolving Credit Lender shall make the amount of such Revolving Credit Loan available to the Administrative Agent in immediately available funds at the Administrative Agent's Office not later than 3:00 p.m. on the day specified in such notice. The proceeds of such Revolving Credit Loans shall be immediately made available by the Administrative Agent to the Swingline Lender for application by the Swingline Lender to the repayment of the Swingline Loans. No Revolving Credit Lender's obligation to fund its respective Commitment Percentage of a Swingline Loan shall be affected by any other Revolving Credit Lender's failure to fund its Commitment Percentage of a Swingline Loan, nor shall any Revolving Credit Lender's Commitment Percentage be increased as a result of any such failure of any other Revolving Credit Lender to fund its Commitment Percentage of a Swingline Loan.

(ii) The Borrower shall pay to the Swingline Lender on demand, and in any event on the date set forth in Section 2.4(a), in immediately available funds the amount of such Swingline Loans to the extent amounts received from the Revolving Credit Lenders are not sufficient to repay in full the outstanding Swingline Loans requested or required to be refunded. If any portion of any such amount paid to the Swingline Lender shall be recovered by or on behalf of the Borrower from the Swingline Lender in bankruptcy or otherwise, the loss of the amount so recovered shall be ratably shared among all the Revolving Credit Lenders in accordance with their respective Commitment Percentages.

(iii) If for any reason any Swingline Loan cannot be refinanced with a Revolving Credit Loan pursuant to Section 2.2(b)(i), each Revolving Credit Lender shall, on the date such Revolving Credit Loan was to have been made pursuant to the notice referred to in Section 2.2(b)(i), purchase for cash an undivided participating interest in the then outstanding Swingline Loans by paying to the Swingline Lender an amount (the "Swingline Participation Amount") equal to such Revolving Credit Lender's Commitment Percentage of the aggregate principal amount of Swingline Loans then outstanding. Each Revolving Credit Lender will immediately transfer to the Swingline Lender, in immediately available funds, the amount of its Swingline Participation Amount. Whenever, at any time after the Swingline Lender has received from any Revolving Credit Lender such Revolving Credit Lender's Swingline Participation Amount, the Swingline Lender receives any payment on account of the Swingline Loans, the Swingline Lender will distribute to such Revolving Credit Lender its Swingline Participation Amount (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's participating interest was outstanding and funded and, in the case of principal and interest payments, to reflect such Revolving Credit Lender's pro rata portion of such payment if such payment is not sufficient to pay the principal of and interest on all Swingline Loans then due); provided that in the event that such payment received by the Swingline Lender is required to be returned, such Revolving Credit Lender will return to the Swingline Lender any portion thereof previously distributed to it by the Swingline Lender.

(iv) Each Revolving Credit Lender's obligation to make the Revolving Credit Loans referred to in Section 2.2(b)(i) and to purchase participating interests pursuant to Section 2.2(b)(iii) shall be absolute and unconditional and shall not be affected by any circumstance,

including (A) any setoff, counterclaim, recoupment, defense or other right that such Revolving Credit Lender or the Borrower may have against the Swingline Lender, the Borrower or any other Person for any reason whatsoever, (B) the occurrence or continuance of a Default or an Event of Default or the failure to satisfy any of the other conditions specified in Article V, (C) any adverse change in the condition (financial or otherwise) of the Borrower, (D) any breach of this Agreement or any other Loan Document by the Borrower or any other Revolving Credit Lender or (E) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

(v) If any Revolving Credit Lender fails to make available to the Administrative Agent, for the account of the Swingline Lender, any amount required to be paid by such Revolving Credit Lender pursuant to the foregoing provisions of this Section 2.2(b) by the time specified in Section 2.2(b)(i) or 2.2(b)(iii), as applicable, the Swingline Lender shall be entitled to recover from such Revolving Credit Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the Swingline Lender at a rate per annum equal to the applicable Federal Funds Rate, plus any administrative, processing or similar fees customarily charged by the Swingline Lender in connection with the foregoing. If such Revolving Credit Lender pays such amount (with interest and fees as aforesaid), the amount so paid shall constitute such Revolving Credit Lender's Revolving Credit Loan or Swingline Participation Amount, as the case may be. A certificate of the Swingline Lender submitted to any Revolving Credit Lender (through the Administrative Agent) with respect to any amounts owing under this clause (v) shall be conclusive absent manifest error.

(c) Defaulting Lenders. So long as any Lender is a Defaulting Lender, the Swingline Lender shall not be required to fund any Swingline Loans unless it is satisfied that it will have no Fronting Exposure after giving effect to such Swingline Loan. Notwithstanding anything to the contrary contained in this Agreement, this Section 2.2 shall be subject to the terms and conditions of Section 4.14 and Section 4.15.

Section 2.3 Procedure for Advances of Revolving Credit Loans and Swingline Loans.

(a) Requests for Borrowing. The Borrower shall give the Administrative Agent irrevocable prior telephonic notice not later than 12:00 p.m. to be followed promptly by written notice substantially in the form of **Exhibit B** (a "Notice of Borrowing") (i) on the same Business Day as each Base Rate Loan and each Swingline Loan and (ii) at least three (3) Business Days before each LIBOR Rate Loan, of its intention to borrow, specifying (A) the date of such borrowing, which shall be a Business Day, (B) the amount of such borrowing, which shall be, (x) with respect to Base Rate Loans in an aggregate principal amount of \$250,000 or a whole multiple of \$50,000 in excess thereof, (y) with respect to LIBOR Rate Loans in an aggregate principal amount of \$1,000,000 or a whole multiple of \$100,000 in excess thereof and (z) with respect to Swingline Loans in an aggregate principal amount of \$500,000 or a whole multiple of \$100,000 in excess thereof, (C) whether such Loan is to be a Revolving Credit Loan or Swingline Loan, (D) in the case of a Revolving Credit Loan whether the Loan is to be a LIBOR Rate Loan or Base Rate Loan, and (E) in the case of a LIBOR Rate Loan, the duration of the Interest Period applicable thereto. If the Borrower fails to specify a type of Loan in a Notice of Borrowing, then the applicable Loan shall be made as a Base Rate Loan. If the Borrower requests a borrowing of a LIBOR Rate Loan in any such Notice of Borrowing, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month. A Notice of Borrowing received after 12:00 p.m. shall be deemed received on the next Business Day. The Administrative Agent shall promptly notify the Revolving Credit Lenders of each Notice of Borrowing.

(b) Disbursement of Revolving Credit and Swingline Loans. Not later than 2:00 p.m. on the proposed borrowing date, (i) each Revolving Credit Lender will make available to the Administrative Agent, for the account of the Borrower, at the Administrative Agent's Office in funds immediately available

to the Administrative Agent, such Revolving Credit Lender's Commitment Percentage of the Revolving Credit Loans to be made on such borrowing date and (ii) the Swingline Lender will make available to the Administrative Agent, for the account of the Borrower, at the office of the Administrative Agent in funds immediately available to the Administrative Agent, the Swingline Loans to be made on such borrowing date. The Borrower hereby irrevocably authorizes the Administrative Agent to disburse the proceeds of each borrowing requested pursuant to this Section in immediately available funds by crediting or wiring such proceeds to the deposit account of the Borrower identified in the most recent notice substantially in the form attached as **Exhibit C** (a "Notice of Account Designation") delivered by the Borrower to the Administrative Agent or as may be otherwise agreed upon by the Borrower and the Administrative Agent from time to time. Subject to Section 4.7 hereof, the Administrative Agent shall not be obligated to disburse the portion of the proceeds of any Revolving Credit Loan requested pursuant to this Section to the extent that any Revolving Credit Lender has not made available to the Administrative Agent its Commitment Percentage of such Loan. Revolving Credit Loans to be made for the purpose of refunding Swingline Loans shall be made by the Revolving Credit Lenders as provided in Section 2.2(b).

Section 2.4 Repayment and Prepayment of Revolving Credit and Swingline Loans.

(a) Repayment on Revolving Credit Maturity Date. The Borrower hereby agrees to repay the outstanding principal amount of (i) all Revolving Credit Loans in full on the earlier of (A) the Revolving Credit Maturity Date and (B) the date that is 364 days after such Revolving Credit Loan is made, and (ii) all Swingline Loans on the earlier to occur of (A) the date ten Business Days after such Swingline Loan is made and (B) the Revolving Credit Maturity Date, together, in each case, with all accrued but unpaid interest thereon.

(b) Mandatory Prepayments. If at any time the Revolving Credit Outstandings exceed the aggregate Commitments of all the Revolving Credit Lenders, the Borrower agrees to repay immediately upon notice from the Administrative Agent, by payment to the Administrative Agent for the account of the Revolving Credit Lenders, Extensions of Credit in an amount equal to such excess with each such repayment applied first, to the principal amount of outstanding Swingline Loans, second to the principal amount of outstanding Revolving Credit Loans and third, with respect to any Letters of Credit then outstanding, a payment of Cash Collateral into a Cash Collateral account opened by the Administrative Agent, for the benefit of the Revolving Credit Lenders, in an amount equal to such excess (such Cash Collateral to be applied in accordance with Section 9.2(b)).

(c) Optional Prepayments. The Borrower may at any time and from time to time prepay Revolving Credit Loans and Swingline Loans, in whole or in part, without premium or penalty, with irrevocable (other than as set forth in this clause (c)) prior written notice to the Administrative Agent (a "Notice of Prepayment") given not later than, unless the Administrative Agent may agree, 12:00 p.m. (i) on the same Business Day as each Base Rate Loan prepayment and each Swingline Loan prepayment and (ii) at least three (3) Business Days before each LIBOR Rate Loan prepayment, specifying the date and amount of prepayment and whether the prepayment is of LIBOR Rate Loans, Base Rate Loans, Swingline Loans or a combination thereof, and, if of a combination thereof, the amount allocable to each. Upon receipt of such notice, the Administrative Agent shall promptly notify each Revolving Credit Lender. If any such notice is given, the amount specified in such notice shall be due and payable on the date set forth in such notice; provided that the Borrower may state that such notice is conditioned on the effectiveness of another transaction, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Partial prepayments shall be in an aggregate amount of \$250,000 or a whole multiple of \$50,000 in excess thereof with respect to Base Rate Loans (other than Swingline Loans), \$1,000,000 or a whole multiple of \$100,000 in excess thereof with respect to LIBOR Rate Loans and \$100,000 or a whole multiple of \$25,000 in excess thereof with respect to Swingline Loans unless (in each case) the aggregate outstanding balance of any

Loan being prepaid is less than such applicable minimum amount, in which event such prepayment may be in the amount of the aggregate outstanding balance of such Loan. A Notice of Prepayment received after 12:00 p.m. (unless the Administrative Agent otherwise agrees) shall be deemed received on the next Business Day. Each such repayment shall be accompanied by any amount required to be paid pursuant to Section 4.8(a) hereof.

Section 2.5 Permanent Reduction of the Commitment.

(a) Voluntary Reduction. The Borrower shall have the right at any time and from time to time, upon at least three (3) Business Days prior irrevocable written notice (provided that the Borrower may state that such notice is conditioned on the effectiveness of another transaction, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied) to the Administrative Agent, to permanently reduce, without premium or penalty, (i) the entire Commitment at any time or (ii) portions of the Commitment, from time to time, in an aggregate principal amount not less than \$3,000,000 or any whole multiple of \$1,000,000 in excess thereof. Any reduction of the Commitment shall be applied to the Commitment of each Revolving Credit Lender according to its Commitment Percentage. All Facility Fees accrued until the effective date of any termination of the Commitment shall be paid on the effective date of such termination.

(b) Corresponding Payment. Each permanent reduction permitted pursuant to this Section shall be accompanied by a payment of principal sufficient to reduce the Revolving Credit Outstandings after such reduction to the Commitment as so reduced, and if the aggregate amount of all outstanding Letters of Credit exceeds the Commitment as so reduced, the Borrower shall be required to deposit Cash Collateral in a Cash Collateral account opened by the Administrative Agent in an amount equal to such excess. Such Cash Collateral shall be applied in accordance with Section 9.2(b). Any reduction of the Commitment to zero shall be accompanied by payment of all outstanding Revolving Credit Loans and Swingline Loans (and furnishing of Cash Collateral satisfactory to the Administrative Agent for all L/C Obligations) and shall result in the termination of the Commitment and the Swingline Commitment and the Revolving Credit Facility. If the reduction of the Commitment requires the repayment of any LIBOR Rate Loan, such repayment shall be accompanied by any amount required to be paid pursuant to Section 4.8(a) hereof.

Section 2.6 Termination of Revolving Credit Facility. The Revolving Credit Facility and the Commitments shall terminate on the Revolving Credit Maturity Date.

Section 2.7 Extension of Revolving Credit Maturity Date.

(a) Requests for Extension. The Borrower may, by notice (an “Extension Request Notice”) to the Administrative Agent (who shall promptly notify the Lenders) at any time (but not less than 60 days prior to the latest Revolving Credit Maturity Date then in effect hereunder) request that each Revolving Credit Lender extend such Revolving Credit Lender’s Revolving Credit Maturity Date then in effect hereunder (the “Existing Revolving Credit Maturity Date”) for an additional 1-year period from the Existing Revolving Credit Maturity Date. As used herein, “Extension Request Date” means the date on which the Borrower delivers an Extension Request Notice in accordance with this paragraph.

(b) Lender Elections to Extend. Each Revolving Credit Lender, acting in its sole and individual discretion, shall, by notice to the Administrative Agent given not later than the day (the “Extension Notice Deadline”) that is 15 days following the Extension Request Date, notify the Administrative Agent as to whether or not such Revolving Credit Lender agrees to the requested extension. Each Revolving Credit Lender that fails to provide such notice on or before the Extension Notice Deadline shall be deemed to have notified the Administrative Agent that it does not agree to the requested extension. As used herein, “Non-Extending Lender” means each Revolving Credit Lender that provides (or is deemed

to have provided) notice that it does not agree to the requested extension. The election of any Revolving Credit Lender to agree to such extension shall not obligate any other Revolving Credit Lender to so agree.

(c) Notification by Administrative Agent. The Administrative Agent shall notify the Borrower of each Revolving Credit Lender's determination under this Section on a date (the "Extension Effective Date") that is not later than the 15th day following the Extension Notice Deadline (or, if such date is not a Business Day, the next preceding Business Day).

(d) Minimum Extension Requirement. The Borrower may, at its sole expense and effort, require any Non-Extending Lender to assign and delegate its rights and obligations under this Agreement to one or more Eligible Assignees selected by the Borrower and willing to accept such assignment (in accordance with, and subject to, the restrictions and consents otherwise required for assignments generally). If (and only if) the total of the Commitments of the Revolving Credit Lenders (including Revolving Credit Lenders replacing any Non-Extending Lenders) that have agreed so to extend their Revolving Credit Maturity Date is more than 50% of the aggregate amount of the Commitments in effect immediately prior to the Existing Revolving Credit Maturity Date, then, effective as of the Existing Revolving Credit Maturity Date, the Revolving Credit Maturity Date of each extending Lender shall be extended to the first anniversary of the Existing Revolving Credit Maturity Date (except that, if such date is not a Business Day, such Revolving Credit Maturity Date as so extended shall be the next preceding Business Day).

(e) Limitations. The Borrower may deliver no more than one (1) Extension Request Notice during any 12-month period and no more than two Extension Request Notices during the term of this Agreement. No extension pursuant to this Section 2.7 shall extend the Revolving Credit Maturity Date with respect to any Revolving Credit Lender to a date that is later than the fifth anniversary of the Extension Effective Date.

(f) Conditions to Effectiveness of Extensions. Notwithstanding the foregoing, the extension of the Revolving Credit Maturity Date pursuant to this Section shall not be effective with respect to any Revolving Credit Lender unless:

(i) no Default or Event of Default shall have occurred and be continuing on the date of such extension and after giving effect thereto;

(ii) the representations and warranties contained in this Agreement are true and correct on and as of the date of such extension and after giving effect thereto, as though made on and as of such date (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date); and

(iii) on or before the Revolving Credit Maturity Date of each Non-Extending Lender, (1) the Borrower shall have paid in full the principal of and interest on all of the Revolving Loans made by such Non-Extending Lender to the Borrower hereunder and (2) the Borrower shall have paid in full all other amounts owing to such Non-Extending Lender hereunder.

ARTICLE III

LETTER OF CREDIT FACILITY

Section 3.1 L/C Facility.

(a) Availability. Subject to the terms and conditions hereof, each Issuing Lender, in reliance on the agreements of the Revolving Credit Lenders set forth in Section 3.4(a), agrees to issue standby

Letters of Credit in an aggregate amount not to exceed its L/C Commitment for the account of the Borrower or, subject to Section 3.10, any Subsidiary thereof. Letters of Credit may be issued on any Business Day from the Closing Date to the 30th Business Day prior to the Stated Revolving Credit Maturity Date in such form as may be approved from time to time by the applicable Issuing Lender; provided, that no Issuing Lender shall issue any Letter of Credit if, after giving effect to such issuance, (a) the L/C Obligations would exceed the L/C Sublimit, (b) the L/C Obligations with respect to Letters of Credit issued by such Issuing Lender would exceed such Issuing Lender's L/C Commitment or (c) the Revolving Credit Outstandings would exceed the aggregate Commitments of all the Revolving Credit Lenders. Letters of Credit issued hereunder shall constitute utilization of the Commitment.

(b) Terms of Letters of Credit. Each Letter of Credit shall (i) be denominated in Dollars in a minimum amount of \$50,000, (or such lesser amount as agreed to by the applicable Issuing Lender and the Administrative Agent), (ii) expire on a date no later than the earlier of (A) the 5th Business Day prior to the Stated Revolving Credit Maturity Date and (B) twelve (12) months after the date of issuance or last renewal of such Letter of Credit (subject to automatic renewal for additional one (1) year periods (but not to a date later than the 5th Business Day prior to the Stated Revolving Credit Maturity Date) pursuant to the terms of the Letter of Credit Application or other documentation acceptable to the applicable Issuing Lender), provided that any Letter of Credit may expire after such date with the consent of the applicable Issuing Lender to the extent it is Cash Collateralized, and (iii) be subject to the ISP98 as set forth in the Letter of Credit Application or as determined by the applicable Issuing Lender and, to the extent not inconsistent therewith, the laws of the State of New York. No Issuing Lender shall at any time be obligated to issue any Letter of Credit hereunder if (A) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain such Issuing Lender from issuing such Letter of Credit, or any Applicable Law applicable to such Issuing Lender or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over such Issuing Lender shall prohibit, or request that such Issuing Lender refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon such Issuing Lender with respect to letters of credit generally or such Letter of Credit in particular any restriction or reserve or capital requirement (for which such Issuing Lender is not otherwise compensated) not in effect on the Closing Date, or any unreimbursed loss, cost or expense that was not applicable, in effect as of the Closing Date and that such Issuing Lender in good faith deems material to it, (B) the conditions set forth in Section 5.2 are not satisfied, (C) the issuance of such Letter of Credit would violate one or more policies of such Issuing Lender applicable to letters of credit generally or (D) the proceeds of such Letter of Credit would be made available to any Person (x) to fund any activity or business of or with any Sanctioned Person, or in any Sanctioned Country or (y) in any manner that would result in a violation of any Sanctions by any party to this Agreement. References herein to "issue" and derivations thereof with respect to Letters of Credit shall also include extensions or modifications of any outstanding Letters of Credit, unless the context otherwise requires.

(c) Defaulting Lenders. So long as any Lender is a Defaulting Lender, no Issuing Lender shall be required to issue, extend, renew or increase any Letter of Credit unless it is satisfied that it will have no Fronting Exposure after giving effect thereto. Notwithstanding anything to the contrary contained in this Agreement, this Article III shall be subject to the terms and conditions of Section 4.14 and Section 4.15.

Section 3.2 Procedure for Issuance of Letters of Credit. The Borrower may from time to time request that any Issuing Lender issue a Letter of Credit by delivering to such Issuing Lender at its applicable office (with a copy to the Administrative Agent at the Administrative Agent's Office) a Letter of Credit Application therefor, completed to the satisfaction of such Issuing Lender, and such other certificates, documents and other papers and information as such Issuing Lender or the Administrative Agent may request. Upon receipt of any Letter of Credit Application, the applicable Issuing Lender shall process such Letter of Credit Application and the certificates, documents and other papers and information delivered to it in connection therewith in accordance with its customary procedures and shall, subject to Section 3.1

and Article V, promptly issue the Letter of Credit requested thereby (but in no event shall such Issuing Lender be required to issue any Letter of Credit earlier than three (3) Business Days after its receipt of the Letter of Credit Application therefor and all such other certificates, documents and other papers and information relating thereto) by issuing the original of such Letter of Credit to the beneficiary thereof or as otherwise may be agreed by such Issuing Lender and the Borrower. The applicable Issuing Lender shall promptly furnish to the Borrower and the Administrative Agent a copy of such Letter of Credit and the Administrative Agent shall promptly notify each Revolving Credit Lender of the issuance and upon request by any Lender, furnish to such Revolving Credit Lender a copy of such Letter of Credit and the amount of such Revolving Credit Lender's participation therein.

Section 3.3 Commissions and Other Charges.

(a) Letter of Credit Commissions. Subject to Section 4.15(a)(iii)(B), the Borrower shall pay to the Administrative Agent, for the account of the applicable Issuing Lender and the L/C Participants, a letter of credit commission with respect to each Letter of Credit in the amount equal to the daily amount available to be drawn under such Letters of Credit times the Applicable Margin with respect to LIBOR Rate Loans (determined, in each case, on a per annum basis). Such commission shall be payable quarterly in arrears on the last Business Day of each calendar quarter beginning with the calendar quarter ending on December 31, 2019, on the Revolving Credit Maturity Date and thereafter on demand of the Administrative Agent. The Administrative Agent shall, promptly following its receipt thereof, distribute to the applicable Issuing Lender and the L/C Participants all commissions received pursuant to this Section 3.3 in accordance with their respective Commitment Percentages.

(b) Issuance Fee. In addition to the foregoing commission, the Borrower shall pay directly to the applicable Issuing Lender, for its own account, an issuance fee with respect to each Letter of Credit issued by such Issuing Lender as set forth in the Fee Letter executed by such Issuing Lender. Such issuance fee shall be payable quarterly in arrears on the last Business Day of each calendar quarter commencing with the first such date to occur after the issuance of such Letter of Credit, on the Revolving Credit Maturity Date and thereafter on demand of the applicable Issuing Lender.

(c) Other Fees, Costs, Charges and Expenses. In addition to the foregoing fees and commissions, the Borrower shall pay or reimburse each Issuing Lender for such normal and customary fees, costs, charges and expenses as are incurred or charged by such Issuing Lender in issuing, effecting payment under, amending or otherwise administering any Letter of Credit issued by it. Such customary fees, costs, charges and expenses are due and payable on demand and are nonrefundable.

Section 3.4 L/C Participations.

(a) Each Issuing Lender irrevocably agrees to grant and hereby grants to each L/C Participant, and, to induce each Issuing Lender to issue Letters of Credit hereunder, each L/C Participant irrevocably agrees to accept and purchase and hereby accepts and purchases from each Issuing Lender, on the terms and conditions hereinafter stated, for such L/C Participant's own account and risk an undivided interest equal to such L/C Participant's Commitment Percentage in each Issuing Lender's obligations and rights under and in respect of each Letter of Credit issued by it hereunder and the amount of each draft paid by such Issuing Lender thereunder. Each L/C Participant unconditionally and irrevocably agrees with each Issuing Lender that, if a draft is paid under any Letter of Credit issued by such Issuing Lender for which such Issuing Lender is not reimbursed in full by the Borrower through a Revolving Credit Loan or otherwise in accordance with the terms of this Agreement, such L/C Participant shall pay to such Issuing Lender upon demand at such Issuing Lender's address for notices specified herein an amount equal to such L/C Participant's Commitment Percentage of the amount of such draft, or any part thereof, which is not so reimbursed.

(b) Upon becoming aware of any amount required to be paid by any L/C Participant to any Issuing Lender pursuant to Section 3.4(a) in respect of any unreimbursed portion of any payment made by such Issuing Lender under any Letter of Credit issued by it, such Issuing Lender shall notify the Administrative Agent of such unreimbursed amount and the Administrative Agent shall notify each L/C Participant (with a copy to the applicable Issuing Lender) of the amount and due date of such required payment and such L/C Participant shall pay to the Administrative Agent (which, in turn shall pay such Issuing Lender) the amount specified on the applicable due date. If any such amount is paid to such Issuing Lender after the date such payment is due, such L/C Participant shall pay to the Administrative Agent, which in turn shall pay such Issuing Lender on demand, in addition to such amount, the product of (i) such amount, times (ii) the daily average Federal Funds Rate as determined by the Administrative Agent during the period from and including the date such payment is due to the date on which such payment is immediately available to such Issuing Lender, times (iii) a fraction the numerator of which is the number of days that elapse during such period and the denominator of which is 360, plus any administrative, processing or similar fees customarily charged by such Issuing Lender in connection with the foregoing. A certificate of such Issuing Lender with respect to any amounts owing under this Section shall be conclusive in the absence of manifest error. With respect to payment to such Issuing Lender of the unreimbursed amounts described in this Section, if the L/C Participants receive notice that any such payment is due (A) prior to 1:00 p.m. on any Business Day, such payment shall be due that Business Day, and (B) after 1:00 p.m. on any Business Day, such payment shall be due on the following Business Day.

(c) Whenever, at any time after any Issuing Lender has made payment under any Letter of Credit issued by it and has received from any L/C Participant its Commitment Percentage of such payment in accordance with this Section, such Issuing Lender receives any payment related to such Letter of Credit (whether directly from the Administrative Agent or otherwise), or any payment of interest on account thereof, such Issuing Lender will distribute to such L/C Participant its pro rata share thereof; provided, that in the event that any such payment received by such Issuing Lender shall be required to be returned by such Issuing Lender, such L/C Participant shall return to the Administrative Agent, which shall in turn pay to such Issuing Lender, the portion thereof previously distributed by such Issuing Lender to it.

(d) Each L/C Participant's obligation to make the Revolving Credit Loans referred to in Section 3.4(b) and to purchase participating interests pursuant to Section 3.4(a) shall be absolute and unconditional and shall not be affected by any circumstance, including (i) any setoff, counterclaim, recoupment, defense or other right that such Revolving Credit Lender or the Borrower may have against the Issuing Lender, the Borrower or any other Person for any reason whatsoever, (ii) the occurrence or continuance of a Default or an Event of Default or the failure to satisfy any of the other conditions specified in Article V, (iii) any adverse change in the condition (financial or otherwise) of the Borrower, (iv) any breach of this Agreement or any other Loan Document by the Borrower or any other Revolving Credit Lender or (v) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

Section 3.5 Reimbursement Obligation of the Borrower. In the event of any drawing under any Letter of Credit, the Borrower agrees to reimburse (either with the proceeds of a Revolving Credit Loan as provided for in this Section or with funds from other sources), in same day funds, the applicable Issuing Lender by paying to the Administrative Agent on each date on which such Issuing Lender notifies the Borrower of the date and amount of a draft paid by it under any Letter of Credit for the amount of (a) such draft so paid and (b) any amounts referred to in Section 3.3(c) incurred by such Issuing Lender in connection with such payment. Unless the Borrower shall immediately notify the Administrative Agent and such Issuing Lender that the Borrower intends to reimburse such Issuing Lender for such drawing from other sources or funds, the Borrower shall be deemed to have timely given a Notice of Borrowing to the Administrative Agent requesting that the Revolving Credit Lenders make a Revolving Credit Loan as a Base Rate Loan on the applicable repayment date in the amount of (i) such draft so paid and (ii) any amounts

referred to in Section 3.3(c) incurred by such Issuing Lender in connection with such payment, and the Revolving Credit Lenders shall make a Revolving Credit Loan as a Base Rate Loan in such amount (without regard to the minimum and multiples specified in Section 2.3(a)), the proceeds of which shall be applied to reimburse such Issuing Lender for the amount of the related drawing and such fees and expenses. Each Revolving Credit Lender acknowledges and agrees that its obligation to fund a Revolving Credit Loan in accordance with this Section to reimburse such Issuing Lender for any draft paid under a Letter of Credit issued by it is absolute and unconditional and shall not be affected by any circumstance whatsoever, including non-satisfaction of the conditions set forth in Section 2.3(a) or Article V. If the Borrower has elected to pay the amount of such drawing with funds from other sources and shall fail to reimburse such Issuing Lender as provided above, or if the amount of such drawing is not fully refunded through a Base Rate Loan as provided above, the unreimbursed amount of such drawing shall bear interest at the rate which would be payable on any outstanding Base Rate Loans which were then overdue from the date such amounts become payable (whether at stated maturity, by acceleration or otherwise) until paid in full.

Section 3.6 Obligations Absolute. The Borrower's obligations under this Article III (including the Reimbursement Obligation) shall be absolute, unconditional and irrevocable under any and all circumstances whatsoever, and shall be performed strictly in accordance with the terms of this Agreement, and irrespective of:

- (i) any lack of validity or enforceability of any Letter of Credit, any Letter of Credit Application or this Agreement, or any term or provision therein or herein;
- (ii) the existence of any claim, counterclaim, setoff, defense or other right that the Borrower may have or have had against the applicable Issuing Lender or any beneficiary of a Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), the applicable Issuing Lender or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by such Letter of Credit or any agreement or instrument relating thereto, or any unrelated transaction;
- (iii) the validity or genuineness of documents or of any endorsements thereon, even though such documents shall in fact prove to be invalid, fraudulent, forged or insufficient in any respect or any statement in such draft or other document being untrue or inaccurate in any respect; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under such Letter of Credit;
- (iv) any payment by the applicable Issuing Lender under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit; or
- (v) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrower's obligations hereunder.

(b) The Borrower also agrees that the applicable Issuing Lender and the L/C Participants shall not be responsible for, and the Borrower's Reimbursement Obligation under Section 3.5 shall not be affected by, among other things, the validity or genuineness of documents or of any endorsements thereon, even though such documents shall in fact prove to be invalid, fraudulent or forged, or any dispute between or among the Borrower and any beneficiary of any Letter of Credit or any other party to which such Letter of Credit may be transferred or any claims whatsoever of the Borrower against any beneficiary of such Letter of Credit or any such transferee. The applicable Issuing Lender, the L/C Participants and their respective Related Parties shall not have any liability or responsibility by reason of or in connection with

the issuance or transfer of any Letter of Credit, or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the applicable Issuing Lender; provided that the foregoing shall not be construed to excuse an Issuing Lender from liability to the Borrower to the extent of any direct damages (as opposed to special, indirect, consequential or punitive damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by Applicable Law) suffered by the Borrower that are caused by such Issuing Lender's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of the applicable Issuing Lender (as finally determined by a court of competent jurisdiction), such Issuing Lender shall be deemed to have exercised care in each such determination.

(c) In furtherance of the foregoing and without limiting the generality thereof, the parties agree that (i) with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, the applicable Issuing Lender may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit, (ii) an Issuing Lender may act upon any instruction or request relative to a Letter of Credit or requested Letter of Credit that such Issuing Lender in good faith believes to have been given by a Person authorized to give such instruction or request and (iii) an Issuing Lender may replace a purportedly lost, stolen, or destroyed original Letter of Credit or missing amendment thereto with a certified true copy marked as such or waive a requirement for its presentation. The responsibility of any Issuing Lender to the Borrower in connection with any draft presented for payment under any Letter of Credit issued by it shall, in addition to any payment obligation expressly provided for in such Letter of Credit, be limited to determining that the documents (including each draft) delivered under such Letter of Credit in connection with such presentment substantially conforms to the requirements under such Letter of Credit.

Section 3.7 Effect of Letter of Credit Application. To the extent that any provision of any Letter of Credit Application related to any Letter of Credit is inconsistent with the provisions of this Article III, the provisions of this Article III shall apply.

Section 3.8 Resignation of Issuing Lenders.

(a) Any Lender may at any time resign from its role as an Issuing Lender hereunder upon not less than thirty (30) days prior notice to the Borrower and the Administrative Agent (or such shorter period of time as may be acceptable to the Borrower and the Administrative Agent).

(b) Any resigning Issuing Lender shall retain all the rights, powers, privileges and duties of an Issuing Lender hereunder with respect to all Letters of Credit issued by it that are outstanding as of the effective date of its resignation as an Issuing Lender and all L/C Obligations with respect thereto (including the right to require the Revolving Credit Lenders to take such actions as are required under Section 3.4). Without limiting the foregoing, upon the resignation of a Lender as an Issuing Lender hereunder, the Borrower may, or at the request of such resigned Issuing Lender the Borrower shall, use commercially reasonable efforts to, arrange for one or more of the other Issuing Lenders to issue Letters of Credit hereunder in substitution for the Letters of Credit, if any, issued by such resigned Issuing Lender and outstanding at the time of such resignation, or make other arrangements satisfactory to the resigned Issuing

Lender to effectively cause another Issuing Lender to assume the obligations of the resigned Issuing Lender with respect to any such Letters of Credit.

Section 3.9 Reporting of Letter of Credit Information and L/C Commitment. At any time that there is an Issuing Lender that is not also the financial institution acting as Administrative Agent, then (a) on the last Business Day of each calendar month, (b) on each date that a Letter of Credit is amended, terminated or otherwise expires, (c) on each date that a Letter of Credit is issued or the expiry date of a Letter of Credit is extended, and (d) upon the request of the Administrative Agent, each Issuing Lender (or, in the case of clauses (b), (c) or (d) of this Section, the applicable Issuing Lender) shall deliver to the Administrative Agent a report setting forth in form and detail reasonably satisfactory to the Administrative Agent information (including any reimbursement, Cash Collateral, or termination in respect of Letters of Credit issued by such Issuing Lender) with respect to each Letter of Credit issued by such Issuing Lender that is outstanding hereunder. In addition, each Issuing Lender shall provide notice to the Administrative Agent of its L/C Commitment, or any change thereto, promptly upon it becoming an Issuing Lender or making any change to its L/C Commitment. No failure on the part of any Issuing Lender to provide such information pursuant to this Section 3.9 shall limit the obligations of the Borrower or any Revolving Credit Lender hereunder with respect to its reimbursement and participation obligations hereunder.

Section 3.10 Letters of Credit Issued for Subsidiaries. Notwithstanding that a Letter of Credit issued or outstanding hereunder is in support of any obligations of, or is for the account of, a Subsidiary, or states that a Subsidiary is the “account party,” “applicant,” “customer,” “instructing party,” or the like of or for such Letter of Credit, and without derogating from any rights of the applicable Issuing Lender (whether arising by contract, at law, in equity or otherwise) against such Subsidiary in respect of such Letter of Credit, the Borrower (a) shall be obligated to reimburse, or to cause the applicable Subsidiary to reimburse, the applicable Issuing Lender hereunder for any and all drawings under such Letter of Credit as if such Letter of Credit had been issued solely for the account of the Borrower and (b) irrevocably waives any and all defenses that might otherwise be available to it as a guarantor or surety of any or all of the obligations of such Subsidiary in respect of such Letter of Credit. The Borrower hereby acknowledges that the issuance of Letters of Credit for the account of any of its Subsidiaries inures to the benefit of the Borrower and that the Borrower’s business derives substantial benefits from the businesses of such Subsidiaries.

Section 3.11 Cash Collateralization.

(a) Cash Collateralization. (i) If any Event of Default shall occur and be continuing on the Business Day that the Borrower receives written notice from the Administrative Agent (at the direction of the Required Lenders) or the Required Lenders (or if the maturity of the Loans has been accelerated, Lenders with L/C Obligations representing more than 50% of the total L/C Obligations) demanding the deposit of Cash Collateral pursuant to this paragraph, or (ii) if any Letters of Credit issued under this Agreement are outstanding on the fifth (5th) Business Day prior to the Revolving Credit Maturity Date, the Borrower shall immediately deposit into an account established and maintained on the books and records of the Administrative Agent (the “Collateral Account”) an amount in cash equal to 105% of the total L/C Obligations as of such date, provided that the obligation to deposit such Cash Collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to the Borrower described in clause (g) or (h) of Section 9.1. Such deposit shall be held by the Administrative Agent as collateral for the payment and performance of the obligations of the Borrower under this Agreement. In addition, and without limiting the foregoing or Section 3.1(b), if any L/C Obligations remain outstanding after the expiration date specified in Section 3.1(b), the Borrower shall immediately deposit into the Collateral Account an amount in cash equal to 105% of such L/C Obligations as of such date.

(b) Grant of Security Interest. The Borrower, and to the extent provided by the L/C Participants, each of such L/C Participants, hereby grants to the Administrative Agent and each applicable Issuing Lender of each Letter of Credit, and agrees to maintain, a first priority security interest in, all Cash Collateral required to be provided by this Section 3.11 as security for such Issuing Lender's obligation to fund draws under such Letters of Credit, to be applied pursuant to subsection (c) below. If at any time the applicable Issuing Lender determines that the Cash Collateral is subject to any right or claim of any Person other than such Issuing Lender as herein provided, or that the total amount of such Cash Collateral is less than the amount required pursuant to subsection (a) above, the Borrower will, promptly upon demand by such Issuing Lender, made through the Administrative Agent, pay or provide to the Administrative Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency.

(c) Application. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over the Collateral Account. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Administrative Agent and at the Borrower's risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in the Collateral Account. Moneys in the Collateral Account shall be applied by the Administrative Agent to reimburse each Issuing Lender for any disbursement under any Letter of Credit issued by such Issuing Lender for which it has not been reimbursed, together with related fees, costs, and customary processing charges, and, to the extent not so applied, shall be held for the satisfaction of the Reimbursement Obligations of the Borrower for the L/C Obligations at such time or, if the maturity of the Loans has been accelerated (but subject to the consent of Lenders with L/C Obligations representing more than 50% of the total L/C Obligations), be applied to satisfy other obligations of the Borrower under this Agreement. If the Borrower is required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to the Borrower within three Business Days after all Events of Default have been cured or waived.

ARTICLE IV GENERAL LOAN PROVISIONS

Section 4.1 Interest.

(a) Interest Rate Options. Subject to the provisions of this Section, at the election of the Borrower, (i) Revolving Credit Loans shall bear interest at (A) the Base Rate plus the Applicable Margin or (B) the LIBOR Rate plus the Applicable Margin (provided that the LIBOR Rate shall not be available until three (3) Business Days after the Closing Date unless the applicable Notice of Borrowing includes an agreement by the Borrower to indemnify the Lenders in the manner set forth in Section 4.8(a) of this Agreement) and (ii) any Swingline Loan shall bear interest at the Base Rate plus the Applicable Margin. The Borrower shall select the rate of interest and Interest Period, if any, applicable to any Loan at the time a Notice of Borrowing is given or at the time a Notice of Conversion/Continuation is given pursuant to Section 4.2.

(b) Default Rate. Subject to Section 9.3, (i) immediately upon the occurrence and during the continuance of an Event of Default under Section 9.1(a), (b), (g) or (h), or (ii) at the election of the Required Lenders (or the Administrative Agent at the direction of the Required Lenders), upon the occurrence and during the continuance of any other Event of Default (A) the Borrower shall no longer have the option to request or continue LIBOR Rate Loans or convert Base Rate Loans into LIBOR Rate Loans, (B) all outstanding LIBOR Rate Loans shall bear interest at a rate per annum of two percent (2%) in excess of the rate (including the Applicable Margin) then applicable to LIBOR Rate Loans until the end of the applicable Interest Period and (C) all outstanding Base Rate Loans, Swingline Loans and other Obligations arising

hereunder or under any other Loan Document shall bear interest at a rate per annum equal to two percent (2%) in excess of the rate (including the Applicable Margin) then applicable to Base Rate Loans. Interest shall continue to accrue on the Obligations after the filing by or against the Borrower of any petition seeking any relief in bankruptcy or under any Debtor Relief Law.

(c) Interest Payment and Computation. Interest on each Base Rate Loan and Swingline Loans shall be due and payable in arrears on the last Business Day of each calendar quarter commencing December 31, 2019; and interest on each LIBOR Rate Loan shall be due and payable on the last day of each Interest Period applicable thereto, and if such Interest Period extends over three (3) months, at the end of each three (3) month interval during such Interest Period. All computations of interest for Base Rate Loans when the Base Rate is determined by the Prime Rate shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of fees and interest provided hereunder shall be made on the basis of a 360-day year and actual days elapsed (which results in more fees or interest, as applicable, being paid than if computed on the basis of a 365/366-day year).

(d) Maximum Rate.

(i) In no contingency or event whatsoever shall the aggregate of all amounts deemed interest under this Agreement charged or collected pursuant to the terms of this Agreement exceed the highest rate permissible under any Applicable Law which a court of competent jurisdiction shall, in a final determination, deem applicable hereto. In the event that such a court determines that the Lenders have charged or received interest hereunder in excess of the highest applicable rate, the rate in effect hereunder shall automatically be reduced to the maximum rate permitted by Applicable Law and the Lenders shall at the Administrative Agent's option (i) promptly refund to the Borrower any interest received by the Lenders in excess of the maximum lawful rate or (ii) apply such excess to the principal balance of the Obligations. It is the intent hereof that the Borrower not pay or contract to pay, and that neither the Administrative Agent nor any Lender receive or contract to receive, directly or indirectly in any manner whatsoever, interest in excess of that which may be paid by the Borrower under Applicable Law.

(ii) Notwithstanding anything in this Section 4.1 to the contrary, interest with respect to Base Rate Loans when determined by reference to the Base Rate shall not in any event exceed an annual rate equal to the sum of the prime rate as then published at <http://www.bloomberg.com/markets/rate-bondsselectcdrates.com/prime-rate> plus 450 basis points. This paragraph (ii) shall be of no force and effect if <http://www.bloomberg.com/markets/rate-bonds>, such limitation is no longer mandated by any then-effective Authorizing Order.

Section 4.2 Notice and Manner of Conversion or Continuation of Loans. The Borrower shall have the option to (a) provided that no Event of Default has occurred and is then continuing, convert at any time following the third Business Day after the Closing Date (or earlier if acceptable to the Administrative Agent) all or any portion of any outstanding Base Rate Loans in a principal amount equal to \$1,000,000 or any whole multiple of \$100,000 in excess thereof into one or more LIBOR Rate Loans and (b) upon the expiration of any Interest Period, (i) convert all or any part of its outstanding LIBOR Rate Loans in a principal amount equal to \$250,000 or a whole multiple of \$50,000 in excess thereof into Base Rate Loans (other than Swingline Loans) or (ii) provided that no Event of Default has occurred and is then continuing, continue such LIBOR Rate Loans as LIBOR Rate Loans. Whenever the Borrower desires to convert or continue Loans as provided above, the Borrower shall give the Administrative Agent irrevocable prior written notice in the form attached as **Exhibit D** (a "Notice of Conversion/Continuation") not later than 12:00 p.m. on the day on which a proposed conversion or continuation of such Loan is to be effective (with respect to a continuation of, or conversion to, Base Rate Loans) and 12:00 p.m. three (3) Business Days before the day on which a proposed conversion or continuation of such Loan is to be effective (with respect

to a continuation of, or conversion to, LIBOR Loans) specifying (A) the Loans to be converted or continued, and, in the case of any LIBOR Rate Loan to be converted or continued, the last day of the Interest Period therefor, (B) the effective date of such conversion or continuation (which shall be a Business Day), (C) the principal amount of such Loans to be converted or continued, and (D) the Interest Period to be applicable to such converted or continued LIBOR Rate Loan. If the Borrower fails to give a timely Notice of Conversion/Continuation prior to the end of the Interest Period for any LIBOR Rate Loan, then the applicable LIBOR Rate Loan shall be converted to a Base Rate Loan. Any such automatic conversion to a Base Rate Loan shall be effective as of the last day of the Interest Period then in effect with respect to the applicable LIBOR Rate Loan. If the Borrower requests a conversion to, or continuation of, a LIBOR Rate Loan, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month. Notwithstanding anything to the contrary herein, a Swingline Loan may not be converted to a LIBOR Rate Loan and shall always be maintained as a Base Rate Loan. The Administrative Agent shall promptly notify the affected Lenders of such Notice of Conversion/Continuation.

Section 4.3 Fees.

(a) Facility Fee. Commencing on the Closing Date, subject to Section 4.15(a)(iii)(A), the Borrower shall pay to the Administrative Agent, for the account of the Revolving Credit Lenders, a non-refundable facility fee (the “Facility Fee”) at a rate per annum equal to the then-applicable Facility Fee Rate on the Commitment, regardless of usage. The Facility Fee shall be payable in arrears on the last Business Day of each calendar quarter during the term of this Agreement commencing December 31, 2019, and ending on the date upon which all Obligations (other than contingent indemnification obligations not then due) arising under the Revolving Credit Facility shall have been indefeasibly and irrevocably paid and satisfied in full, all Letters of Credit have been terminated or expired (or been Cash Collateralized) and the Commitment has been terminated. The Facility Fee shall be distributed by the Administrative Agent to the Revolving Credit Lenders pro rata in accordance with the Revolving Credit Lenders’ respective Commitment Percentages.

(b) Other Fees. The Borrower shall pay to the Joint Lead Arrangers and the Administrative Agent for their own respective accounts fees in the amounts and at the times specified in their Fee Letters. The Borrower shall pay to the Lenders such fees as shall have been separately agreed upon in writing by the Borrower in the amounts and at the times so specified.

Section 4.4 Manner of Payment. Each payment by the Borrower on account of the principal of or interest on the Loans or of any fee, commission or other amounts (including the Reimbursement Obligation) payable to the Lenders under this Agreement shall be made not later than 2:00 p.m. on the date specified for payment under this Agreement (unless such obligation to make such payment did not arise until after 12:00 p.m. on such date, in which case such payment shall be required to be made by 2:00 p.m. on the immediately succeeding Business Day) to the Administrative Agent at the Administrative Agent’s Office for the account of the Lenders entitled to such payment in Dollars, in immediately available funds and shall be made without any setoff, counterclaim or deduction whatsoever. Any payment received after such time on such day shall be deemed a payment on such date for the purposes of Section 9.1, but for all other purposes shall be deemed to have been made on the next succeeding Business Day. Upon receipt by the Administrative Agent of each such payment, the Administrative Agent shall distribute to each such Lender at its address for notices set forth herein its Commitment Percentage in respect of the relevant Credit Facility (or other applicable share as provided herein) of such payment and shall wire advice of the amount of such credit to each Lender. Each payment to the Administrative Agent on account of the principal of or interest on the Swingline Loans or of any fee, commission or other amounts payable to the Swingline Lender shall be made in like manner, but for the account of the Swingline Lender. Each payment to the Administrative Agent of any Issuing Lender’s fees or L/C Participants’ commissions shall be made in like manner, but for the account of such Issuing Lender or the L/C Participants, as the case may be. Each

payment to the Administrative Agent of Administrative Agent's fees or expenses shall be made for the account of the Administrative Agent and any amount payable to any Lender under Sections 4.8(a), 4.10, 4.11 or 11.3 shall be paid to the Administrative Agent for the account of the applicable Lender. Subject to the definition of Interest Period, if any payment under this Agreement shall be specified to be made upon a day which is not a Business Day, it shall be made on the next succeeding day which is a Business Day and such extension of time shall in such case be included in computing any interest if payable along with such payment. Notwithstanding the foregoing, if there exists a Defaulting Lender each payment by the Borrower to such Defaulting Lender hereunder shall be applied in accordance with Section 4.15(a)(ii).

Section 4.5 Evidence of Indebtedness.

(a) Extensions of Credit. The Extensions of Credit made by each Lender and each Issuing Lender shall be evidenced by one or more accounts or records maintained by such Lender or such Issuing Lender and by the Administrative Agent in the ordinary course of business. The accounts or records maintained by the Administrative Agent and each Lender or the applicable Issuing Lender shall be conclusive absent manifest error of the amount of the Extensions of Credit made by the Lenders or such Issuing Lender to the Borrower and its Subsidiaries and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrower hereunder to pay any amount owing with respect to the Obligations. In the event of any conflict between the accounts and records maintained by any Lender or any Issuing Lender and the accounts and records of the Administrative Agent in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error. Upon the request of any Lender made through the Administrative Agent, the Borrower shall execute and deliver to such Lender (through the Administrative Agent) a Revolving Credit Note and/or Swingline Note, as applicable, which shall evidence such Lender's Revolving Credit Loans and/or Swingline Loans, as applicable, in addition to such accounts or records. Each Lender may attach schedules to its Notes and endorse thereon the date, amount and maturity of its Loans and payments with respect thereto.

(b) Participations. In addition to the accounts and records referred to in subsection (a), each Revolving Credit Lender and the Administrative Agent shall maintain in accordance with its usual practice accounts or records evidencing the purchases and sales by such Revolving Credit Lender of participations in Letters of Credit and Swingline Loans. In the event of any conflict between the accounts and records maintained by the Administrative Agent and the accounts and records of any Revolving Credit Lender in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error.

Section 4.6 Sharing of Payments by Lenders. If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans or other obligations hereunder resulting in such Lender's receiving payment of a proportion of the aggregate amount of its Loans and accrued interest thereon or other such obligations (other than pursuant to Sections 4.8(a), 4.10, 4.11 or 11.3) greater than its pro rata share thereof as provided herein, then the Lender receiving such greater proportion shall (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in the Loans and such other obligations of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and other amounts owing them; provided that:

(i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and

(ii) the provisions of this paragraph shall not be construed to apply to (A) any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Lender), (B) the application of Cash Collateral provided for in Section 3.11 or Section 4.14 or (C) any payment obtained by a Lender as consideration for the assignment of, or sale of, a participation in any of its Loans or participations in Swingline Loans and Letters of Credit to any assignee or participant, other than to the Borrower or any of its Subsidiaries or Affiliates (as to which the provisions of this paragraph shall apply).

The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under Applicable Law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

Section 4.7 Administrative Agent's Clawback.

(a) Funding by Lenders; Presumption by Administrative Agent. Unless the Administrative Agent shall have received notice from a Lender (i) in the case of Base Rate Loans, not later than 12:00 noon on the date of any proposed borrowing and (ii) otherwise, prior to the proposed date of any borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with Section 2.3(b), and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (A) in the case of a payment to be made by such Lender, the greater of the daily average Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation and (B) in the case of a payment to be made by the Borrower, the interest rate applicable to Base Rate Loans. If the Borrower and such Lender shall pay such interest to the Administrative Agent for the same or an overlapping period, the Administrative Agent shall promptly remit to the Borrower the amount of such interest paid by the Borrower for such period. If such Lender pays its share of the applicable borrowing to the Administrative Agent, then the amount so paid shall constitute such Lender's Loan included in such borrowing. Any payment by the Borrower shall be without prejudice to any claim the Borrower may have against a Lender that shall have failed to make such payment to the Administrative Agent.

(b) Payments by the Borrower; Presumptions by Administrative Agent. Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders, the Issuing Lender or the Swingline Lender hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders, the Issuing Lender or the Swingline Lender, as the case may be, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders, the Issuing Lender or the Swingline Lender, as the case maybe, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender, Issuing Lender or the Swingline Lender, with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(c) Nature of Obligations of Lenders. The obligations of the Lenders under this Agreement to make the Loans, to issue or participate in Letters of Credit and to make payments under this Section, Section 4.11(e), Section 11.3(c) or Section 11.7, as applicable, are several and are not joint or joint and several. The failure of any Lender to make available its Commitment Percentage of any Loan requested by the Borrower shall not relieve it or any other Lender of its obligation, if any, hereunder to make its Commitment Percentage of such Loan available on the borrowing date, but no Lender shall be responsible for the failure of any other Lender to make its Commitment Percentage of such Loan available on the borrowing date.

Section 4.8 Changed Circumstances.

(a) Circumstances Affecting LIBOR Rate Availability. Subject to clause (c) below, in connection with any request for a LIBOR Rate Loan or a conversion to or continuation thereof or otherwise, if for any reason (i) the Administrative Agent shall determine (which determination shall be conclusive and binding absent manifest error) that Dollar deposits are not being offered to banks in the London interbank Eurodollar market for the applicable amount and Interest Period of such Loan, (ii) the Administrative Agent shall determine (which determination shall be conclusive and binding absent manifest error) that reasonable and adequate means do not exist for the ascertaining the LIBOR Rate for such Interest Period with respect to a proposed LIBOR Rate Loan or (iii) the Required Lenders shall determine (which determination shall be conclusive and binding absent manifest error) that the LIBOR Rate does not adequately and fairly reflect the cost to such Lenders of making or maintaining such Loans during such Interest Period, then the Administrative Agent shall promptly give notice thereof to the Borrower. Thereafter, until the Administrative Agent notifies the Borrower that such circumstances no longer exist, the obligation of the Lenders to make LIBOR Rate Loans and the right of the Borrower to convert any Loan to or continue any Loan as a LIBOR Rate Loan shall be suspended, and the Borrower shall either (A) repay in full (or cause to be repaid in full) the then outstanding principal amount of each such LIBOR Rate Loan together with accrued interest thereon (subject to Section 4.1(d)), on the last day of the then current Interest Period applicable to such LIBOR Rate Loan; or (B) convert the then outstanding principal amount of each such LIBOR Rate Loan to a Base Rate Loan as of the last day of such Interest Period.

(b) Laws Affecting LIBOR Rate Availability. If, after the date hereof, the introduction of, or any change in, any Applicable Law or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any of the Lenders (or any of their respective Lending Offices) with any request or directive (whether or not having the force of law) of any such Governmental Authority, central bank or comparable agency, shall make it unlawful or impossible for any of the Lenders (or any of their respective Lending Offices) to honor its obligations hereunder to make or maintain any LIBOR Rate Loan, such Lender shall promptly give notice thereof to the Administrative Agent and the Administrative Agent shall promptly give notice to the Borrower and the other Lenders. Thereafter, until the Administrative Agent notifies the Borrower that such circumstances no longer exist, (i) the obligations of the Lenders to make LIBOR Rate Loans, and the right of the Borrower to convert any Loan to a LIBOR Rate Loan or continue any Loan as a LIBOR Rate Loan shall be suspended and thereafter the Borrower may select only Base Rate Loans and (ii) if any of the Lenders may not lawfully continue to maintain a LIBOR Rate Loan to the end of the then current Interest Period applicable thereto, the applicable Loan shall immediately be converted to a Base Rate Loan for the remainder of such Interest Period.

(c) Effect of Benchmark Transition Event.

(i) Benchmark Replacement. Notwithstanding anything to the contrary herein or in any other Loan Document, upon the occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, the Administrative Agent and the Borrower may amend this Agreement to replace LIBOR with a Benchmark Replacement. Any such amendment with respect to a

Benchmark Transition Event will become effective at 5:00 p.m. on the fifth (5th) Business Day after the Administrative Agent has posted such proposed amendment to all Lenders and the Borrower so long as the Administrative Agent has not received, by such time, written notice of objection to such amendment from Lenders comprising the Required Lenders. Any such amendment with respect to an Early Opt-in Election will become effective on the date that Lenders comprising the Required Lenders have delivered to the Administrative Agent written notice that such Required Lenders accept such amendment. No replacement of LIBOR with a Benchmark Replacement pursuant to this Section 4.8(c) will occur prior to the applicable Benchmark Transition Start Date.

(ii) Benchmark Replacement Conforming Changes. In connection with the implementation of a Benchmark Replacement, the Administrative Agent will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement.

(iii) Notices; Standards for Decisions and Determinations. The Administrative Agent will promptly notify the Borrower and the Lenders of (A) any occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date and Benchmark Transition Start Date, (B) the implementation of any Benchmark Replacement, (C) the effectiveness of any Benchmark Replacement Conforming Changes and (D) the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Administrative Agent or Lenders pursuant to this Section 4.8(c), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party hereto, except, in each case, as expressly required pursuant to this Section 4.8(c).

(iv) Benchmark Unavailability Period. Upon the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period, the Borrower may revoke any request for the making of, conversion to or continuation of LIBOR Rate Loans to be made, converted or continued during any Benchmark Unavailability Period and, failing that, the Borrower will be deemed to have converted any such request into a request for a borrowing of or conversion to Base Rate Loans. During any Benchmark Unavailability Period, the component of the Base Rate based upon LIBOR will not be used in any determination of the Base Rate.

Section 4.9 Indemnity. The Borrower hereby indemnifies each of the Lenders against any loss or expense (including any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain a LIBOR Rate Loan or from fees payable to terminate the deposits from which such funds were obtained) which may arise or be attributable to each Lender's obtaining, liquidating or employing deposits or other funds acquired to effect, fund or maintain any Loan (a) as a consequence of any failure by the Borrower to make any payment when due of any amount due hereunder in connection with a LIBOR Rate Loan, (b) due to any failure of the Borrower to borrow or continue a LIBOR Rate Loan or convert to a LIBOR Rate Loan on a date specified therefor in a Notice of Borrowing or Notice of Conversion/Continuation or (c) due to any payment, prepayment or conversion of any LIBOR Rate Loan on a date other than the last day of the Interest Period therefor. The amount of such loss or expense shall be determined, in the applicable Lender's sole discretion, based upon the assumption that such Lender funded its Commitment Percentage of the LIBOR Rate Loans in the London interbank market and using any reasonable attribution or averaging methods which such Lender deems appropriate and practical. A

certificate of such Lender setting forth the basis for determining such amount or amounts necessary to compensate such Lender shall be forwarded to the Borrower through the Administrative Agent and shall be conclusively presumed to be correct save for manifest error. All of the obligations of the Recipients under this Section 4.9 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitment and the repayment, satisfaction or discharge of all obligations under any Loan Document.

Section 4.10 Increased Costs.

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or advances, loans or other credit extended or participated in by, any Lender (except any reserve requirement reflected in the LIBOR Rate) or any Issuing Lender;

(ii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Lender or any Issuing Lender or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or LIBOR Rate Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Recipient of making, converting to, continuing or maintaining any Loan (or of maintaining its obligation to make any such Loan), or to increase the cost to such Recipient of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by such Lender, such Issuing Lender or such other Recipient hereunder (whether of principal, interest or any other amount) then, upon written request of such Recipient, the Borrower shall promptly pay to any such Recipient, as the case may be, such additional amount or amounts as will compensate such Lender, such Issuing Lender or other Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If any Lender or any Issuing Lender determines that any Change in Law affecting such Lender or such Issuing Lender or any Lending Office of such Lender or such Lender's or such Issuing Lender's holding company, if any, regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on such Lender's or such Issuing Lender's capital or on the capital of such Lender's or such Issuing Lender's holding company, if any, as a consequence of this Agreement, the Commitment of such Lender or the Loans made by, or participations in Letters of Credit or Swingline Loans held by, such Lender, or the Letters of Credit issued by such Issuing Lender, to a level below that which such Lender or such Issuing Lender or such Lender's or such Issuing Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or such Issuing Lender's policies and the policies of such Lender's or such Issuing Lender's holding company with respect to capital adequacy and liquidity), then from time to time upon written request of such Lender or such Issuing Lender the Borrower shall promptly pay to such Lender or such Issuing Lender, as the case may be, such additional amount or amounts as will compensate such Lender or such Issuing Lender or such Lender's or such Issuing Lender's holding company for any such reduction suffered.

(c) Certificates for Reimbursement. A certificate of a Lender, or an Issuing Lender or such other Recipient setting forth the amount or amounts necessary to compensate such Lender or such Issuing Lender, such other Recipient or any of their respective holding companies, as the case may be, as specified in paragraph (a) or (b) of this Section and delivered to the Borrower, shall be conclusive absent manifest error. The Borrower shall pay such Lender or such Issuing Lender or such other Recipient, as the case may be, the amount shown as due on any such certificate within ten (10) Business Days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of any Recipient to demand compensation pursuant to this Section shall not constitute a waiver of such Recipient's right to demand such compensation; provided that the Borrower shall not be required to compensate any Recipient pursuant to this Section for any increased costs incurred or reductions suffered more than three (3) months prior to the date that such Recipient, as the case may be, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions, and of such Recipient's intention to claim compensation therefor (except that if the Change in Law giving rise to such increased costs or reductions is retroactive, then the three-month period referred to above shall be extended to include the period of retroactive effect thereof).

(e) Survival. All of the obligations of the Borrower under this Section 4.10 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

Section 4.11 Taxes.

(a) Defined Terms. For purposes of this Section 4.11, the term "Lender" includes any Issuing Lender and the term "Applicable Law" includes FATCA.

(b) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Borrower under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by Applicable Law. If any Applicable Law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with Applicable Law and, if such Tax is an Indemnified Tax, then the sum payable by the Borrower shall be increased as necessary so that, after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section), the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(c) Payment of Other Taxes by the Borrower. The Borrower shall timely pay to the relevant Governmental Authority in accordance with Applicable Law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(d) Indemnification by the Borrower. The Borrower shall indemnify each Recipient, within ten (10) Business Days after written demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Recipient (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Recipient, shall be conclusive absent manifest error.

(e) Indemnification by the Lenders. Each Lender shall severally indemnify the Administrative Agent, within ten (10) days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that the Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Borrower to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 11.8(d) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to setoff and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (e).

(f) Evidence of Payments. As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority pursuant to this Section 4.11, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(g) Status of Lenders.

(i) Each Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, each Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 4.11(g)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing:

(A) Any Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), duly completed, valid and executed copies of IRS Form W-9 (or any successor form) certifying that such Lender is exempt from United States federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes

a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, duly completed, valid and executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E (or any successor thereto) establishing an exemption from, or reduction of, United States federal withholding Tax pursuant to the “interest” article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, duly completed, valid and executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E (or any successor thereto) establishing an exemption from, or reduction of, United States federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;

(2) duly completed, valid and executed copies of IRS Form W-8ECI (or any successor thereto) certifying that the payments received by such Lender are effectively connected with such Lender’s conduct of a trade or business in the United States;

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of **Exhibit G-1** to the effect that such Foreign Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, or a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code (a “U.S. Tax Compliance Certificate”) and (y) duly completed, valid and executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E (or any successor thereto); or

(4) to the extent a Foreign Lender is not the beneficial owner, duly completed, valid and executed copies of IRS Form W-8IMY (or any successor thereto), accompanied by IRS Form W-8ECI, IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of **Exhibit G-2** or **Exhibit G-3**, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of **Exhibit G-4** on behalf of each such direct and indirect partner;

(C) each Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed copies of any other form prescribed by Applicable Law as a basis for claiming exemption from or a reduction in United States federal withholding Tax, duly completed, valid and executed, together with such supplementary documentation as may be prescribed by Applicable Law to permit the

Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to United States federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by Applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(h) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 4.11 (including by the payment of additional amounts pursuant to this Section 4.11), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (h) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (h), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (h) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(i) Survival. Each party's obligations under this Section 4.11 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

Section 4.12 Mitigation Obligations; Replacement of Lenders.

(a) Designation of a Different Lending Office. If any Lender requests compensation under Section 4.10, or if the Borrower is required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 4.11, then such

Lender shall, at the request of the Borrower, use reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 4.10 or Section 4.11, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) Replacement of Lenders. If any Lender requests compensation under Section 4.10, or if the Borrower is required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 4.11, and, in each case, such Lender has declined or is unable to designate a different Lending Office in accordance with Section 4.12(a), or if any Lender is a Defaulting Lender or a Non-Consenting Lender, then the Borrower may, at its sole expense and effort, (and in the case of a Defaulting Lender, the Administrative Agent may) upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 11.8), all of its interests, rights (other than its existing rights to payments pursuant to Section 4.10 or Section 4.11) and obligations under this Agreement and the related Loan Documents to an Eligible Assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that:

(i) the Borrower shall have paid to the Administrative Agent the assignment fee (if any) specified in Section 11.8;

(ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and funded participations in Letters of Credit and Swingline Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 4.8(a)) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts);

(iii) in the case of any such assignment resulting from a claim for compensation under Section 4.10 or payments required to be made pursuant to Section 4.11, such assignment will result in a reduction in such compensation or payments thereafter;

(iv) such assignment does not conflict with Applicable Law; and

(v) in the case of any assignment resulting from a Lender becoming a Non-Consenting Lender, the applicable assignee shall have consented to the applicable amendment, waiver or consent.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply. Solely for purposes of effecting any assignment involving a Defaulting Lender under this Section 4.12 and to the extent permitted under Applicable Law, each Lender hereby designates and appoints the Administrative Agent as true and lawful agent and attorney-in-fact, with full power and authority, for and on behalf of and in the name of such Lender to execute, acknowledge and deliver the Assignment and Assumption required hereunder if such Lender is a Defaulting Lender and such Lender shall be bound thereby as fully and effectively as if such Lender had personally executed, acknowledged and delivered the same.

(c) Selection of Lending Office. Subject to Section 4.12(a), each Lender may make any Loan to the Borrower through any Lending Office, provided that the exercise of this option shall not affect the obligations of the Borrower to repay the Loan in accordance with the terms of this Agreement or otherwise alter the rights of the parties hereto.

Section 4.13 Increases in Commitments.

(a) At any time, the Borrower may by written notice to the Administrative Agent elect to request the establishment of one or more increases in the Commitments (any such increase, an “Incremental Commitment”) to make additional revolving credit loans under the Revolving Credit Facility; provided that (1) the total aggregate initial principal amount (as of the date of incurrence thereof) of all such requested Incremental Commitments shall not exceed \$50,000,000 and (2) the total aggregate amount for each Incremental Commitment shall not be less than a minimum principal amount of \$5,000,000 or, if less, the remaining amount permitted pursuant to the foregoing clause (1). Each such notice shall specify the date (each, an “Increased Amount Date”) on which the Borrower proposes that any Incremental Commitment shall be effective, which shall be a date not less than twenty (20) Business Days after the date on which such notice is delivered to Administrative Agent (or such other date as may be approved by the Administrative Agent). The Borrower may invite any Eligible Assignee to provide an Incremental Commitment (any such Person, an “Incremental Lender”); provided, that no Lender shall be obligated to provide any portion of the Incremental Commitments. Any proposed Incremental Lender offered or approached to provide all or a portion of any Incremental Commitment may elect or decline, in its sole discretion, to provide such Incremental Commitment or any portion thereof. Any Incremental Commitment shall become effective as of such Increased Amount Date; provided that each of the following conditions has been satisfied or waived as of such Increased Amount Date:

(i) no Default or Event of Default shall exist on such Increased Amount Date immediately prior to or after giving effect to (1) any Incremental Commitment and (2) the making of any Extensions of Credit made on the Increased Amount Date pursuant thereto and the proposed use of proceeds thereof;

(ii) the Administrative Agent and the Lenders shall have received from the Borrower an Officer’s Compliance Certificate demonstrating that the Borrower is in compliance with the financial covenant set forth in Section 8.9 based on the financial statements most recently delivered pursuant to Section 7.1, both immediately before and immediately after giving effect (on a pro forma basis) to any Incremental Commitment (with any Incremental Commitment being deemed to be fully funded);

(iii) each of the representations and warranties contained in Article VI shall be true and correct in all material respects, except to the extent any such representation and warranty is qualified by materiality or reference to Material Adverse Effect, in which case, such representation and warranty shall be true, correct and complete in all respects, on such Increased Amount Date with the same effect as if made on and as of such date (except for any such representation and warranty that by its terms is made only as of an earlier date, which representation and warranty shall remain true and correct as of such earlier date);

(iv) each Incremental Commitment shall constitute Obligations of the Borrower;

(v) all of the terms and conditions applicable to each Incremental Commitment shall be identical to the terms and conditions applicable to the Revolving Credit Facility.

(vi) such Incremental Commitment shall be effected pursuant to one or more Lender Joinder Agreements executed and delivered by the Borrower, the Administrative Agent and the applicable Incremental Lenders (which Lender Joinder Agreement may, without the consent of any other Lenders, effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the opinion of the Administrative Agent in consultation with the Borrower, to effect the provisions of this Section 4.13); and

(vii) the Borrower shall deliver or cause to be delivered any customary legal opinions or other documents authorizing such Incremental Commitment as may be reasonably requested by Administrative Agent in connection with any such transaction to the extent substantially similar documentation was delivered on the Closing Date pursuant to Section 5.1.

(b) The Incremental Lenders shall be included in any determination of the Required Lenders, as applicable, and, unless otherwise agreed, the Incremental Lenders will not constitute a separate voting class for any purposes under this Agreement.

(c) On any Increased Amount Date on which any Incremental Commitment becomes effective, subject to the foregoing terms and conditions, each Incremental Lender with an Incremental Commitment shall become a Revolving Credit Lender hereunder with respect to such Incremental Commitment.

Section 4.14 Cash Collateral. At any time that there shall exist a Defaulting Lender, within one Business Day following the written request of the Administrative Agent, any Issuing Lender (with a copy to the Administrative Agent) or the Swingline Lender (with a copy to the Administrative Agent), the Borrower shall Cash Collateralize the Fronting Exposure of such Issuing Lender and/or the Swingline Lender, as applicable, with respect to such Defaulting Lender (determined after giving effect to Section 4.15(a)(iv) and any Cash Collateral provided by such Defaulting Lender) in an amount not less than the Minimum Collateral Amount.

(a) Grant of Security Interest. The Borrower, and to the extent provided by any Defaulting Lender, such Defaulting Lender, hereby grants to the Administrative Agent, for the benefit of each Issuing Lender and the Swingline Lender, and agrees to maintain, a first priority security interest in all such Cash Collateral as security for the Defaulting Lender's obligation to fund participations in respect of L/C Obligations and Swingline Loans, to be applied pursuant to subsection (b) below. If at any time the Administrative Agent determines that Cash Collateral is subject to any right or claim of any Person other than the Administrative Agent, each Issuing Lender or the Swingline Lender as herein provided or customary rights of claims for the applicable depository bank with which such Cash Collateral is held, or the total amount of such Cash Collateral is less than the Minimum Collateral Amount, the Borrower will, promptly upon demand by the Administrative Agent, pay or provide to the Administrative Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency (after giving effect to any Cash Collateral provided by the Defaulting Lender).

(b) Application. Notwithstanding anything to the contrary contained in this Agreement or any other Loan Document, Cash Collateral provided under this Section 4.14 or Section 4.15 in respect of Letters of Credit and Swingline Loans shall be applied to the satisfaction of the Defaulting Lender's obligation to fund participations in respect of L/C Obligations and Swingline Loans (including, as to Cash Collateral provided by a Defaulting Lender, any interest accrued on such obligation) for which the Cash Collateral was so provided, prior to any other application of such property as may otherwise be provided for herein.

(c) Termination of Requirement. Cash Collateral (or the appropriate portion thereof) provided to reduce the Fronting Exposure of any Issuing Lender and/or the Swingline Lender, as applicable, shall no

longer be required to be held as Cash Collateral pursuant to Section 3.11 or this Section 4.14 and the Administrative Agent, each Issuing Lender and the Swingline Lender agree to provide the Borrower with, or permit the Borrower to withdraw, such Cash Collateral within five Business Days, in each case following (i) the elimination of the applicable Fronting Exposure (including by the termination of Defaulting Lender status of the applicable Lender), or (ii) the determination by the Administrative Agent, the Issuing Lenders and the Swingline Lender (which such determination shall be made within three Business Days after written request by the Borrower) that there exists excess Cash Collateral; provided that, subject to Section 4.15, the Person providing Cash Collateral, the Issuing Lenders and the Swingline Lender may agree that Cash Collateral shall be held to support future anticipated Fronting Exposure or other obligations.

Section 4.15 Defaulting Lenders.

(a) Defaulting Lender Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by Applicable Law:

(i) Waivers and Amendments. Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of Required Lenders and Section 11.2.

(ii) Defaulting Lender Waterfall. Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article IX or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 11.4 shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; *second*, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to the Issuing Lenders or the Swingline Lender hereunder; *third*, to Cash Collateralize the Fronting Exposure of the Issuing Lenders and the Swingline Lender with respect to such Defaulting Lender in accordance with Section 4.14; *fourth*, as the Borrower may request (so long as no Default or Event of Default exists), to the funding of any Loan or funded participation in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; *fifth*, if so determined by the Administrative Agent and the Borrower, to be held in a deposit account and released pro rata in order to (A) satisfy such Defaulting Lender's potential future funding obligations with respect to Loans and funded participations under this Agreement and (B) Cash Collateralize the Issuing Lenders' future Fronting Exposure with respect to such Defaulting Lender with respect to future Letters of Credit issued under this Agreement, in accordance with Section 4.14; *sixth*, to the payment of any amounts owing to the Lenders, the Issuing Lenders or the Swingline Lender as a result of any judgment of a court of competent jurisdiction obtained by any Lender, any Issuing Lender or the Swingline Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; *seventh*, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and *eighth*, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (1) such payment is a payment of the principal amount of any Loans or funded participations in Letters of Credit or Swingline Loans in respect of which such Defaulting Lender has not fully funded its appropriate share, and (2) such Loans were made or the related Letters of Credit or Swingline Loans were issued at a time when the conditions set forth in Section 5.2 were satisfied or waived, such payment shall be applied solely to pay the Loans of, and funded participations in Letters of Credit or

Swingline Loans owed to, all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of, or funded participations in Letters of Credit or Swingline Loans owed to, such Defaulting Lender until such time as all Loans and funded and unfunded participations in L/C Obligations and Swingline Loans are held by the Lenders pro rata in accordance with the Commitments under the applicable Revolving Credit Facility without giving effect to Section 4.15(a)(iv). Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant to this Section 4.15(a)(ii) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) Certain Fees.

(A) No Defaulting Lender shall be entitled to receive any Facility Fee for any period during which that Lender is a Defaulting Lender (and the Borrower shall not be required to pay any such fee that otherwise would have been required to have been paid to that Defaulting Lender).

(B) Each Defaulting Lender shall be entitled to receive letter of credit commissions pursuant to Section 3.3(a) for any period during which that Lender is a Defaulting Lender only to the extent allocable to its Commitment Percentage of the stated amount of Letters of Credit for which it has provided Cash Collateral pursuant to Section 4.14.

(C) With respect to any Facility Fee or letter of credit commission not required to be paid to any Defaulting Lender pursuant to clause (A) or (B) above, the Borrower shall (1) pay to each Non-Defaulting Lender that portion of any such fee otherwise payable to such Defaulting Lender with respect to such Defaulting Lender's participation in L/C Obligations or Swingline Loans that has been reallocated to such Non-Defaulting Lender pursuant to clause (iv) below, (2) pay to each applicable Issuing Lender and Swingline Lender, as applicable, the amount of any such fee otherwise payable to such Defaulting Lender to the extent allocable to such Issuing Lender's or Swingline Lender's Fronting Exposure to such Defaulting Lender, and (3) not be required to pay the remaining amount of any such fee.

(iv) Reallocation of Participations to Reduce Fronting Exposure. All or any part of such Defaulting Lender's participation in L/C Obligations and Swingline Loans shall be reallocated among the Non-Defaulting Lenders in accordance with their respective Commitment Percentages (calculated without regard to such Defaulting Lender's Commitment) but only to the extent that such reallocation does not cause the aggregate Revolving Credit Exposure of any Non-Defaulting Lender to exceed such Non-Defaulting Lender's Commitment. Subject to Section 11.20, no reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a Non-Defaulting Lender as a result of such Non-Defaulting Lender's increased exposure following such reallocation.

(v) Cash Collateral, Repayment of Swingline Loans. If the reallocation described in clause (iv) above cannot, or can only partially, be effected, the Borrower shall, without prejudice to any right or remedy available to it hereunder or under law, (x) first, repay Swingline Loans in an amount equal to the Swingline Lenders' Fronting Exposure and (y) second, Cash Collateralize the Issuing Lenders' Fronting Exposure in accordance with the procedures set forth in Section 4.14.

(b) Defaulting Lender Cure. If the Borrower, the Administrative Agent, the Issuing Lenders and the Swingline Lender agree in writing that a Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), such Lender will, to the extent applicable, purchase at par that portion of outstanding Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Loans and funded and unfunded participations in Letters of Credit and Swingline Loans to be held pro rata by the Lenders in accordance with the Commitments under the applicable Credit Facility (without giving effect to Section 4.15(a)(iv)), whereupon such Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued, fees not paid pursuant to Section 4.15(a) or payments made by or on behalf of the Borrower while that Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

ARTICLE V CONDITIONS OF CLOSING AND BORROWING

Section 5.1 Conditions to Closing and Initial Extensions of Credit. The obligation of the Lenders to close this Agreement and to make the initial Loans or issue or participate in the initial Letters of Credit, if any, is subject to the satisfaction of each of the following conditions:

(a) Executed Loan Documents. This Agreement, a Revolving Credit Note and a Swingline Note in favor of the Swingline Lender (in each case, if requested thereby), shall have been executed and delivered to the Administrative Agent by the parties thereto.

(b) Closing Certificates; Etc. The Administrative Agent shall have received each of the following in form and substance reasonably satisfactory to the Administrative Agent:

(i) Officer's Certificate. A certificate from a Responsible Officer of the Borrower to the effect that (A) all representations and warranties of the Borrower contained in this Agreement and the other Loan Documents are true, correct and complete; (B) the Borrower is not in violation of any of the covenants contained in this Agreement and the other Loan Documents; (C) after giving effect to the transactions contemplated hereby, no Default or Event of Default has occurred and is continuing; (D) since December 31, 2018, no event has occurred or condition arisen, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect; (E) the Borrower has satisfied each of the conditions set forth in Section 5.1 and Section 5.2; and (F) no action, suit, investigation or proceeding is pending or, to the knowledge of the Borrower, threatened in any court or before any arbitrator or Governmental Authority that could reasonably be expected to have a Material Adverse Effect.

(ii) Certificate of Secretary of the Borrower. A certificate of the secretary or an assistant secretary of the Borrower certifying as to the incumbency and genuineness of the signature of each officer of the Borrower executing Loan Documents to which it is a party and certifying that attached thereto is a true, correct and complete copy of (A) the articles of incorporation of the Borrower and all amendments thereto, certified as of a recent date by the appropriate Governmental Authority in its jurisdiction of incorporation, (B) the bylaws of the Borrower as in effect on the Closing Date, (C) all Authorizing Orders, (D) resolutions duly adopted by the Board of Directors of the Borrower authorizing and approving the transactions contemplated hereunder and the

execution, delivery and performance of this Agreement and the other Loan Documents to which it is a party, and (E) the certificate required to be delivered pursuant to Section 5.1(b)(iii).

(iii) Certificate of Good Standing. A certificate of the good standing of the Borrower under the laws of its jurisdiction of incorporation, dated not more than ten days prior to the date on which the other conditions in this Section 5.1 are satisfied.

(iv) Opinions of Counsel. Opinions of Daniel S. Kuntz, general counsel for the Borrower, and of Cohen Tauber Spievack & Wagner P.C., special counsel to the Borrower, each addressed to the Administrative Agent and the Lenders with respect to the Borrower, the Loan Documents and such other customary matters as the Administrative Agent shall reasonably request (which such opinion shall expressly permit reliance by permitted successors and assigns of the Administrative Agent and the Lenders).

(c) Payment at Closing. The Borrower shall have paid or made arrangements to pay contemporaneously with closing (i) to the Administrative Agent, the Joint Lead Arrangers and the Lenders the fees set forth or referenced in Section 4.3 (which amounts may be offset against the proceeds of the Credit Facilities), and (ii) to the extent required to be reimbursed pursuant to Section 11.3, all reasonable and documented out-of-pocket fees, charges and disbursements of Robinson, Bradshaw & Hinson, P.A. as counsel to the Administrative Agent (directly to such counsel if requested by the Administrative Agent) to the extent invoiced to the Borrower at least two (2) Business Days prior to the Closing Date.

(d) Miscellaneous.

(i) Notice of Account Designation. The Administrative Agent shall have received a Notice of Account Designation specifying the account or accounts to which the proceeds of any Loans made on or after the Closing Date are to be disbursed.

(ii) PATRIOT Act, etc.

(A) The Borrower shall have provided to the Administrative Agent and the Lenders, at least five (5) Business Days prior to the Closing Date, the documentation and other information requested by the Administrative Agent and the Lenders in writing at least ten (10) Business Days prior to the Closing Date in order to comply with requirements of any Anti-Money Laundering Laws, including the PATRIOT Act and any applicable “know your customer” rules and regulations.

(B) The Borrower, to the extent it qualifies as a “legal entity customer” under the Beneficial Ownership Regulation, shall have delivered to each Lender requesting the same at least ten (10) Business Days prior to the Closing Date a Beneficial Ownership Certification in relation to the Borrower, in each case delivered at least five (5) Business Days prior to the Closing Date.

Without limiting the generality of the provisions of Section 10.3(c), for purposes of determining compliance with the conditions specified in this Section 5.1, the Administrative Agent and each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

Section 5.2 Conditions to All Extensions of Credit. The obligations of the Lenders to make or participate in any Extensions of Credit (including the initial Extension of Credit but excluding any conversion to or continuation of LIBOR Rate Loans) and/or any Issuing Lender to issue or extend any Letter of Credit are subject to the satisfaction of the following conditions precedent on the relevant borrowing, issuance or extension date:

(a) Continuation of Representations and Warranties. The representations and warranties contained in this Agreement and the other Loan Documents shall be true and correct (except for any such representation and warranty that by its terms is made only as of an earlier date, which representation and warranty shall remain true and correct in all material respects as of such earlier date).

(b) No Existing Default. No Default or Event of Default shall have occurred and be continuing (i) on the borrowing date with respect to such Loan or immediately after giving effect to the Loans to be made on such date and the proposed use of proceeds thereof or (ii) on the issuance or extension date with respect to such Letter of Credit or immediately after giving effect to the issuance or extension of such Letter of Credit on such date and the proposed use of such Letter of Credit.

(c) Notices. The Administrative Agent or the applicable Issuing Lender shall have received a Notice of Borrowing or Letter of Credit Application, as applicable, from the Borrower in accordance with Section 2.3(a) or Section 3.2, as applicable.

ARTICLE VI REPRESENTATIONS AND WARRANTIES OF THE BORROWER

To induce the Lenders to enter into this Agreement and to make Extensions of Credit, the Borrower hereby represents and warrants to the Lenders on the Closing Date and as otherwise set forth in Section 5.2, that:

Section 6.1 Organization; Power; Qualification. The Borrower is a corporation duly incorporated, validly existing and in good standing under the laws of Delaware, and is duly licensed or qualified to transact business in all jurisdictions where the character of the property owned or leased or the nature of the business transacted by it makes such licensing or qualification necessary, except where the failure to be so licensed or qualified (i) will not permanently preclude the Borrower from maintaining any material action in any such jurisdiction even though such action arose in whole or in part during the period of such failure, and (ii) will not result in any other Material Adverse Effect. The Borrower has all requisite power and authority, corporate or otherwise, to conduct its business, to own its properties and to execute and deliver, and to perform all of its obligations under, the Loan Documents. Neither the Borrower nor any Subsidiary thereof is an EEA Financial Institution.

Section 6.2 Authorization of Extensions of Credit; No Conflict as to Law or Agreements. The execution, delivery and performance by the Borrower of the Loan Documents, and the borrowings from time to time hereunder, have been duly authorized by all necessary corporate action and by all necessary public utilities commissions and any other regulatory bodies having jurisdiction over the Borrower (except as noted in Schedule 6.2 with respect to borrowings made after September 11, 2021), and do not and will not (i) require any consent or approval of the stockholders of the Borrower, or any authorization, consent or approval by any governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, other than Authorizing Orders set forth in Schedule 6.2 (except as noted therein with respect to borrowings made after September 11, 2021) that have been obtained and copies of which have been delivered to the Administrative Agent pursuant to Section 5.1, (ii) violate any provision of any law, rule or regulation (including Regulation T, U or X of the Board of Governors of the Federal Reserve

System) or of any order, writ, injunction or decree presently in effect having applicability to the Borrower or of the articles of incorporation or bylaws of the Borrower, (iii) result in a breach of or constitute a default under any indenture or loan or credit agreement or any other agreement, lease or instrument to which the Borrower is a party or by which it or its properties may be bound or affected, or (iv) result in, or require, the creation or imposition of any Lien or other charge or encumbrance of any nature (other than those in favor of the Administrative Agent to secure one or more of the Obligations) upon or with respect to any of the properties now owned or hereafter acquired by the Borrower.

Section 6.3 Legal Agreements. This Agreement and the other Loan Documents constitute the legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms, except to the extent that such enforcement may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally or by general equitable principles.

Section 6.4 Subsidiaries. Schedule 6.4 hereto is a complete and correct list of all present Subsidiaries and of the percentage of the ownership of the Borrower or any other Subsidiary in each case as of the date of this Agreement. Except as otherwise indicated in that Schedule, all shares of each Subsidiary owned by the Borrower or by any such other Subsidiary are validly issued and fully paid and nonassessable.

Section 6.5 Financial Condition. The Borrower has furnished to the Lenders its audited consolidated financial statement as of December 31, 2018, and its unaudited interim financial statement as of September 30, 2019. Those financial statements fairly present the financial condition of the Borrower and its Subsidiaries on the dates thereof and the results of their operations and cash flows for the periods then ended, and were prepared in accordance with GAAP, except as expressly noted therein.

Section 6.6 Adverse Change. There has been no material adverse change in the business, properties or condition (financial or otherwise) of the Borrower since December 31, 2018.

Section 6.7 Litigation. Except as set forth in MDU's Annual Report on Form 10-K for the year ended December 31, 2018, or in any document subsequently filed pursuant to Section 13, 14 or 15(d) of the Exchange Act, there are no actions, suits or proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower or the properties of the Borrower, before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which, if determined adversely to the Borrower, would have a Material Adverse Effect.

Section 6.8 Anti-Corruption Laws; Anti-Money Laundering Laws and Sanctions.

(a) None of (i) the Borrower, any Subsidiary or, to the knowledge of the Borrower, any of their respective directors, officers, employees or Affiliates, or (ii) any agent or representative of the Borrower or any Subsidiary that will act in any capacity in connection with or benefit from the Credit Facility, (A) is a Sanctioned Person or currently the subject or target of any Sanctions, (B) has its assets located in a Sanctioned Country, (C) is under administrative, civil or criminal investigation for an alleged violation of, or received notice from or made a voluntary disclosure to any governmental entity regarding a possible violation of, Anti-Corruption Laws, Anti-Money Laundering Laws or Sanctions by a governmental authority that enforces Sanctions or any Anti-Corruption Laws or Anti-Money Laundering Laws, or (D) directly or indirectly derives revenues from investments in, or transactions with, Sanctioned Persons.

(b) The Borrower has implemented and maintains in effect policies and procedures designed to promote compliance by the Borrower and its Subsidiaries and their respective directors, officers, employees, agents and Affiliates with all Anti-Corruption Laws, Anti-Money Laundering Laws and applicable Sanctions.

(c) Each of the Borrower and its Subsidiaries, and to the knowledge of the Borrower, their directors, officers, employees, agents and Affiliates, is in compliance with all Anti-Corruption Laws, Anti-Money Laundering Laws in all respects and applicable Sanctions.

(d) No proceeds of any Loan have, and no Letter of Credit has, been used, directly or indirectly, by the Borrower, any of its Subsidiaries or any of its or their respective directors, officers, employees and agents in violation of Section 8.8.

Section 6.9 Environmental Matters. The Borrower conducts in the ordinary course of business a review of the effect of existing Environmental Laws and existing Environmental Claims on its business, operations and properties and, as a result thereof, the Borrower has reasonably concluded that such Environmental Laws and Environmental Claims could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, exclusive of Environmental Claims as set forth in MDU's Annual Report on Form 10-K for the year ended December 31, 2018, or in any document subsequently filed pursuant to Section 13, 14 or 15(d) of the Exchange Act.

Margin Regulations; Investment Company Act. The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U of the Board of Governors of the Federal Reserve System). No part of the proceeds of any Extensions of Credit will be used directly or indirectly for any purpose that violates, or that would require any Lender to make any filings in accordance with, the provisions of Regulation T, U or X of the Board of Governors of the Federal Reserve System as now and from time to time hereafter in effect. Neither the Borrower nor any Subsidiary is an "investment company" or a company "controlled" by an "investment company" (as each such term is defined or used in the Investment Company Act).

Section 6.10 Compliance with Law; Governmental Approvals. The Borrower (a) has all Governmental Approvals required by any Applicable Law for it to conduct its business, each of which is in full force and effect, is final and not subject to review on appeal and is not the subject of any pending or, to its knowledge, threatened challenge by direct or collateral proceeding, (b) is in compliance with each Governmental Approval applicable to it and in compliance with all other Applicable Laws relating to it or any of its respective properties and (c) has timely filed all material reports, documents and other materials required to be filed by it under all Applicable Laws with any Governmental Authority and has retained all material records and documents required to be retained by it under Applicable Law, except, in such instances in which (i) any such requirement is being contested in good faith or the subject of a bona fide dispute or (ii) the failure to so comply, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

Section 6.11 Taxes. The Borrower has filed all federal and other tax returns and reports required to be filed, and has paid all federal and other taxes, assessments, fees and other governmental charges levied or imposed upon it or its properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings and for which adequate reserves have been provided in accordance with GAAP and except those the failure to file or pay which would not have a Material Adverse Effect. There is no proposed tax assessment against the Borrower that would, if made, have a Material Adverse Effect.

Section 6.12 Titles and Liens. To the Borrower's knowledge, without having undertaken any search of real property records for this purpose, the Borrower has good and sufficient title to, or valid leasehold interests in, all real property necessary or used in the ordinary conduct of its business, and good title to all other property and assets reflected in the Borrower's most recent consolidated financial statements provided to the Lenders as owned by the Borrower, except for such defects in title as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect and other than

any sold, as permitted by Section 8.4. As of the date of this Agreement, the property of the Borrower is subject to no Liens other than as permitted pursuant to Section 8.1.

Section 6.13 Intellectual Property. The Borrower owns or is licensed or otherwise has the right to use all of the patents, trademarks, service marks, trade names, copyrights, contractual franchises, authorizations and other rights that are reasonably necessary for the operation of its business, without conflict with the rights of any other Person, except to the extent that noncompliance would not have a Material Adverse Effect. To the knowledge of the Borrower, no slogan or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed, by the Borrower infringes upon any rights held by any other Person, except to the extent that noncompliance would not have a Material Adverse Effect. No claim or litigation regarding any of the foregoing is pending or threatened, and no patent, invention, device, application, principle or any statute, law, rule, regulation, standard or code is pending or, to the knowledge of the Borrower, proposed, which, in either case, could reasonably be expected to have a Material Adverse Effect.

Section 6.14 Employee Benefit Matters. Each of the Borrower and its ERISA Affiliates is in compliance in all material respects with the applicable provisions of ERISA and the Code and published interpretations thereunder, except for any such failure that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect.

ARTICLE VII AFFIRMATIVE COVENANTS

Until all of the Obligations (other than contingent indemnification obligations not then due) have been paid and satisfied in full in cash, all Letters of Credit have been terminated or expired or have been Cash Collateralized and the Commitments terminated, the Borrower will, and will cause each of its Subsidiaries to:

Section 7.1 Reporting. The Borrower will deliver to each Lender:

(a) As soon as available and in any event within 120 days after the end of each fiscal year of MDUEC, commencing with the fiscal year ending on December 31, 2019, financial statements of MDUEC and its Subsidiaries, consisting of a consolidated balance sheet and the related consolidated statements of income, cash flow and members' equity as of the end of such fiscal year, together with consolidating exhibits of such financial statements (the "Consolidating Exhibits") covering MDUEC and its Subsidiaries (including the Borrower), including identification of cash paid for income taxes and interest expense on the cash flow statement of such Consolidating Exhibits, in each case accompanied by the audit report thereon by independent certified public accountants selected by MDUEC and the Borrower and approved by the Administrative Agent (which reports shall be prepared in accordance with GAAP and shall not be qualified by reason of restricted or limited examination of any material portion of MDUEC's records and shall contain no disclaimer of opinion or adverse opinion except such as the Administrative Agent in its sole discretion determines to be immaterial).

(b) As soon as available and in any event within 60 days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower, commencing with the fiscal quarter ended March 31, 2020, unaudited consolidated statements of income, cash flow (including identification of cash paid for income taxes and interest expense) and changes in stockholders' equity for the Borrower and its Subsidiaries for such quarter and for the period from the beginning of such fiscal year to the end of such

quarter, and a consolidated balance sheet of the Borrower as at the end of such quarter, setting forth in comparative form figures for the corresponding period for the preceding fiscal year, accompanied by a certificate signed by a Responsible Officer of the Borrower stating that such financial statements present fairly the financial condition of the Borrower and its Subsidiaries and that the same have been prepared in accordance with GAAP (except for the absence of footnotes and subject to year-end audit adjustments as to the interim statements).

(c) Concurrently with the delivery of any financial statements under paragraph (a) or (b), an Officer's Compliance Certificate, duly executed by a Responsible Officer of the Borrower.

(d) Promptly following the issuance thereof, a copy of any Authorizing Order not previously delivered to the Administrative Agent.

(e) Promptly upon becoming available, copies of any reports or applications filed by the Borrower with any governmental body if such reports indicate any material change in the business, operations, affairs or condition of the Borrower, or if copies thereof are requested by any Lender.

(f) Immediately after the commencement thereof, notice in writing of all litigation and of all proceedings before any governmental or regulatory agency affecting the Borrower of the type described in Section 6.7 or which seek a monetary recovery against the Borrower in excess of \$10,000,000.

(g) As promptly as practicable (but in any event not later than five (5) Business Days) after an officer of the Borrower obtains knowledge of the occurrence of any Default or Event of Default, notice of such occurrence, together with a detailed statement by a Responsible Officer of the Borrower of the steps being taken by the Borrower to cure the effect of such event.

(h) Promptly following the issuance thereof, (i) any unfavorable determination letter from the IRS regarding the qualification of an Employee Benefit Plan under Section 401(a) of the Code (along with a copy thereof), (ii) all notices received by the Borrower or any ERISA Affiliate of the PBGC's intent to terminate any Pension Plan or to have a trustee appointed to administer any Pension Plan, (iii) all notices received by the Borrower or any ERISA Affiliate from a Multiemployer Plan sponsor concerning the imposition or amount of withdrawal liability pursuant to Section 4202 of ERISA and (iv) the Borrower obtaining knowledge or reason to know that the Borrower or any ERISA Affiliate has filed or intends to file a notice of intent to terminate any Pension Plan under a distress termination within the meaning of Section 4041(c) of ERISA Promptly upon the request thereof, such other information and documentation required by bank regulatory authorities under applicable Anti-Money Laundering Laws (including any applicable "know your customer" rules and regulations and the PATRIOT Act), or any policy or procedure implemented by any of the Administrative Agent or the Lenders to comply therewith, as from time to time reasonably requested by the Administrative Agent or any Lender.

(i) Such information (in addition to that specified elsewhere in this Section) respecting the financial condition and results of operations of the Borrower as any Lender may from time to time reasonably request.

The Borrower hereby acknowledges that (a) the Administrative Agent and/or the Joint Lead Arrangers will make available to the Lenders and the Issuing Lenders materials and/or information provided by or on behalf of the Borrower hereunder (collectively, "Borrower Materials") by posting the Borrower Materials on the Platform and (b) certain of the Lenders may be "public-side" Lenders (i.e., Lenders that do not wish to receive material non-public information with respect to the Borrower or its securities) (each, a "Public Lender"). The Borrower hereby agrees that (w) all such Borrower Materials that are to be made available to the Public Lenders shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, means

that the word “PUBLIC” shall appear prominently on the first page thereof; (x) by marking Borrower Materials “PUBLIC,” the Borrower shall be deemed to have authorized the Administrative Agent, the Joint Lead Arrangers, the Issuing Lenders and the Lenders to treat such Borrower Materials as not containing any material non-public information (although it may be sensitive and proprietary) with respect to the Borrower or its securities for purposes of United States Federal and state securities laws (provided, however, that to the extent such Borrower Materials constitute Information, they shall be treated as set forth in Section 11.9); (y) all Borrower Materials marked “PUBLIC” are permitted to be made available through a portion of the Platform designated “Public Investor;” and (z) the Administrative Agent and the Joint Lead Arranger shall treat any Borrower Materials that are not marked “PUBLIC” as being suitable only for posting on a portion of the Platform not designated “Public Investor.” Notwithstanding the foregoing, the Borrower shall be under no obligation to mark any of the Borrower Materials “PUBLIC” and all information shall be deemed to be private unless the Borrower specifies in writing that it is public.

Section 7.2 Books and Records; Inspection and Examination. The Borrower will keep accurate books of record and account for itself in which true and complete entries will be made in accordance with GAAP and, upon request of any Lender, will give any representative of that Lender access to, and permit such representative to examine, copy or make extracts from, any and all books, records and documents in its possession, to inspect any of its properties (subject to reasonable procedures relating to safety and security) and to discuss its affairs, finances and accounts with any of its principal officers, all at such times during normal business hours and as often as any Lender may reasonably request, provided that no Lender shall be entitled to examine, copy or make extracts from, or otherwise obtain information with respect to the Borrower’s records relating to pending or threatened litigation if any such disclosure by the Borrower would reasonably be expected to give rise to a waiver of any attorney/client privilege of the Borrower or any of its Subsidiaries or Affiliates relating to such information.

Section 7.3 Compliance with Laws. The Borrower will comply with the requirements of applicable laws and regulations, except any law and regulation (i) the compliance with which is contested in good faith or the subject of a bona fide dispute, and (ii) the noncompliance with which would not have a Material Adverse Effect.

Section 7.4 Payment of Taxes and Other Claims. The Borrower will pay or discharge, when due, (a) all taxes, assessments and governmental charges levied or imposed upon it or upon its income or profits, or upon any properties belonging to it, prior to the date on which penalties attach thereto, (b) all federal, state and local taxes required to be withheld by it, and (c) all lawful claims for labor, materials and supplies which, if unpaid, might by law become a Lien or charge upon any properties of the Borrower; provided, that the Borrower shall not be required to pay any such tax, assessment, charge or claim so long as (x) the amount, applicability or validity of such tax, assessment, charge or claim is being contested in good faith by appropriate proceedings or is the subject of a bona fide dispute, and (y) the Borrower has provided adequate reserves therefor in accordance with GAAP, except (with respect to any of the foregoing) to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

Section 7.5 Maintenance of Properties. Subject to transactions permitted by Section 8.4, the Borrower shall maintain and preserve all its property which is used or useful in its business in good working order and condition, ordinary wear and tear excepted, except to the extent that noncompliance would not have a Material Adverse Effect.

Section 7.6 Insurance. The Borrower shall maintain with financially sound and reputable independent insurers, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts (including deductibles, co-insurance and self-insurance, if adequate reserves are maintained with respect thereto) as are customarily carried under similar circumstances by such other Persons, except

to the extent that noncompliance would not have a Material Adverse Effect, and the Borrower will furnish any Lender upon request full information as to the insurance carried within 15 Business Days.

Section 7.7 Preservation of Corporate Existence. Subject to transactions permitted by Section 8.4, the Borrower shall (i) preserve and maintain in full force and effect its corporate existence and good standing under the laws of its state or jurisdiction of incorporation; (ii) preserve and maintain in full force and effect all governmental rights, privileges, qualifications, permits, licenses and franchises necessary or desirable in the normal conduct of its business; and (iii) preserve its business organization and goodwill; and (iv) preserve or renew all of its registered patents, trademarks, trade names and service marks; except, in each case, to the extent that failure to do so does not have a Material Adverse Effect.

Section 7.8 Compliance with Anti-Corruption Laws; Beneficial Ownership Regulation, Anti-Money Laundering Laws and Sanctions. The Borrower will (a) maintain in effect and enforce policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with all Anti-Corruption Laws, Anti-Money Laundering Laws and applicable Sanctions, (b) notify the Administrative Agent and each Lender that previously received a Beneficial Ownership Certification (or a certification that the Borrower qualifies for an express exclusion to the “legal entity customer” definition under the Beneficial Ownership Regulation) of any change in the information provided in the Beneficial Ownership Certification that would result in a change to the list of beneficial owners identified therein (or, if applicable, the Borrower ceasing to fall within an express exclusion to the definition of “legal entity customer” under the Beneficial Ownership Regulation) and (c) promptly upon the reasonable request of the Administrative Agent or any Lender, provide the Administrative Agent or directly to such Lender, as the case may be, any information or documentation requested by it for purposes of complying with the Beneficial Ownership Regulation.

ARTICLE VIII NEGATIVE COVENANTS

Until all of the Obligations (other than contingent, indemnification obligations not then due) have been paid and satisfied in full in cash, all Letters of Credit have been terminated or expired and the Commitments terminated, the Borrower will not, and will not permit any of its Subsidiaries to.

Section 8.1 Liens. Create, incur, assume or suffer to exist, any Lien on or with respect to any of its property, whether now owned or hereafter acquired, except:

(a) Liens for taxes, assessments of governmental charges or levies on its property if the same shall not at the time be delinquent or thereafter can be paid without penalty, or are being contested in good faith and by appropriate proceedings.

(b) Liens imposed by law, such as carriers’, warehousemen’s and mechanics’ liens and other similar liens arising in the ordinary course of business which secure payment of obligations not yet due and payable or remaining payable without penalty or which are being contested in good faith by appropriate proceedings.

(c) Liens arising out of pledges or deposits under worker’s compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits, or similar legislation.

(d) Utility easements, buildings restrictions and such other encumbrances or charges against real property as are of a nature generally existing with respect to properties of a similar character and which

do not in any material way affect the marketability of the same or interference with the use thereof in the business of the Borrower.

(e) Purchase money Liens upon or in any property acquired or held by the Borrower in the ordinary course of business, provided that (i) no such Lien is created later than the 90th day following the acquisition or completion of construction of such property by the Borrower, and (ii) no such Lien extends or shall extend to or cover any property of the Borrower other than the property then being acquired, fixed improvements then or thereafter erected thereon and improvements and modifications thereto necessary to maintain such properties in working order.

(f) Liens incurred or deposits made in the ordinary course of business to secure (or to obtain letters of credit that secure) the performance of tenders, statutory obligations, surety bonds, appeal bonds, bids, leases (other than Capital Leases), performance bonds, purchase, construction or sales contracts and other similar obligations, in each case not incurred or made in connection with the incurrence of any Obligation.

(g) Liens resulting from judgments, unless such judgments are not bonded or otherwise discharged within 60 days; are not stayed pending appeal or otherwise being appropriately contested in good faith; or are not discharged within 45 days after expiration of any such stay.

(h) Liens created under or in connection with the Indenture as such Indenture exists on the date hereof, without regard to any waiver, amendment, modification or restatement thereof.

(i) Liens permitted under the Indenture as such Indenture exists on the date hereof, without regard to any waiver, amendment, modification or restatement thereof.

(j) Liens on any property of the Borrower (other than those described in subsection (e)) securing any indebtedness for borrowed money in existence on the date hereof and listed in Schedule 8.1 hereto.

Section 8.2 Investments. The Borrower will not purchase or hold beneficially any stock or other securities or evidence of indebtedness of, make or permit to exist any loans or advances to, or make any investment or acquire any interest whatsoever in, any other Person, except:

(a) Investments in Cash Equivalents pursuant to and in accordance with the terms of the Borrower's then-current investment policy duly adopted by the board of directors of the Borrower.

(b) Investments in the MDU Resources Group, Inc. Benefits Protection Trust in accordance with the Borrower's historical practices.

(c) Any existing investment by the Borrower in the voting stock, membership interests or other equity interests of any Subsidiary.

(d) Any investment by the Borrower in any Subsidiary after the date hereof, so long as (i) the entire amount of such investment is obtained from (A) the issuance of equity interests by the Borrower and/or (B) dividends or similar distributions paid to the Borrower by any other Subsidiary of the Borrower, in each case concurrent with the Borrower's investment in such Subsidiary, and (ii) no Default or Event of Default has occurred and is continuing when such investment is actually made. In the case of any investment funded as described in clause (i) (B), the applicable dividend or distribution and the corresponding investment shall be accurately and completely reflected on the books and records of the Borrower and the applicable Subsidiaries.

(e) Consolidations, mergers and acquisitions not prohibited by Section 8.6.

(f) Travel, relocation and similar advances made to officers and employees of the Borrower in anticipation of expenses to be incurred by such officers and employees, in each case in the ordinary course of the Borrower's business consistent with the Borrower's past practices.

(g) Advances in the form of progress payments, prepaid rent or security deposits.

(h) Evidences of indebtedness in the nature of accounts receivable or notes receivable arising from the sale or lease of goods or services in the ordinary course of business.

(i) Investments made for the purpose of economic development, so long as the aggregate value of the investments permitted by this clause (i) does not exceed \$10,000,000.

Section 8.3 Distributions. The Borrower will not make any Distribution at any time following and during the continuance of any Default or Event of Default arising under paragraph (a), (b), (g) or (h) of Section 9.1.

Section 8.4 Sale of Assets. The Borrower will not lease, sell or otherwise dispose of all, or a substantial portion of, its property, assets or business (whether in one transaction or in a series of transactions) to any other Person except for sales of inventory in the ordinary course of business. For purposes of this Section, "substantial portion" means assets (including other Persons) (i) representing more than 20% of the consolidated assets of the Borrower as reflected in the most recent consolidating financial statement of the Borrower referred to in Section 6.5, or (ii) responsible for more than 15% of the consolidated net sales or the consolidated net income of the Borrower as reflected in the financial statement referred to in clause (i) above.

Section 8.5 Transactions with Affiliates. The Borrower shall not enter into any material transaction or arrangement or series of related transactions or arrangements that in the aggregate would be material with any Affiliate of the Borrower, except (i) transactions upon terms no less favorable to the Borrower than would obtain, taking into account all facts and circumstances, in a comparable arm's-length transaction with a Person not an Affiliate of the Borrower, (ii) investments in Subsidiaries to the extent not prohibited by Section 8.2, (iii) Distributions to the extent not prohibited by Section 8.3, and (iv) payments required by regulatory rule or order; in the case of clauses (i), (ii) and (iii), to the extent that such payments are (x) made in the ordinary course of the Borrower's business, (y) consistent with the Borrower's past practices, and (z) fair and reasonable.

Section 8.6 Consolidation and Merger. The Borrower will not consolidate with or merge into any Person, or permit any other Person to merge into it, or acquire (in a transaction analogous in purpose or effect to a consolidation or merger) all or substantially all of the assets of any other Person or any existing business (whether existing as a separate entity, subsidiary, division, unit, line of business or otherwise) of any Person; provided, however, that the restrictions contained in this Section shall not apply to or prevent the consolidation or merger of any Person with, or a conveyance or transfer of its assets to, the Borrower so long as (i) no Default or Event of Default exists at the time of, or will be caused by, such consolidation, merger, conveyance or transfer, (ii) the Borrower shall be the continuing or surviving corporation, and (iii) the prior, effective written consent or approval of the board of directors or equivalent governing body of the other party to such consolidation, merger, conveyance or transfer is obtained.

Section 8.7 Restrictions on Nature of Business. The Borrower will not engage in any material line of business that is significantly different from that presently engaged in by the Borrower.

Section 8.8 Use of Proceeds. The Borrower will not request any Extension of Credit, and the Borrower shall not use, and shall ensure that its Subsidiaries and its or their respective directors, officers, employees and agents shall not use, the proceeds of any Extension of Credit, directly or indirectly, (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws or Anti-Money Laundering Laws, (ii) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, or (iii) in any manner that would result in the violation of any Sanctions or Anti-Money Laundering Laws applicable to any party hereto.

Section 8.9 Consolidated Total Leverage Ratio. The Borrower will not at any time permit its Consolidated Total Leverage Ratio, determined as of any Covenant Compliance Date, to be greater than 0.65 to 1.

ARTICLE IX DEFAULT AND REMEDIES

Section 9.1 Events of Default. Each of the following shall constitute an Event of Default:

- (a) Default in the payment of any principal of any Loan or any Reimbursement Obligation when it becomes due and payable.
- (b) Default in the payment of any interest due hereunder or under any Note when the same becomes due and payable and the continuance of such default for a period of two (2) calendar days; or default in the payment of any fees required under Section 4.3 when the same become due and payable and the continuance of such default for a period of five (5) calendar days.
- (c) Default in the performance, or breach, of any covenant or agreement on the part of the Borrower contained in Article VIII.
- (d) Default in the performance, or breach, of any covenant or agreement of the Borrower in this Agreement (other than a covenant or agreement a default in whose performance or whose breach is elsewhere in this Section specifically dealt with), and the continuance of such default or breach for a period of 30 days after the Lenders have given notice to the Borrower specifying such default or breach and requiring it to be remedied.
- (e) Any representation or warranty made by the Borrower in this Agreement or by the Borrower (or any of its officers) in any certificate, instrument, or statement contemplated by or made or delivered pursuant to or in connection with this Agreement, shall prove to have been incorrect or misleading in any material respect when made.
- (f) A default under the Indenture or with respect to any other Indebtedness of the Borrower (other than any default dealt with elsewhere in this Section) and the expiration of the applicable period of grace, if any, specified in the applicable evidence of indebtedness, indenture or other instrument; provided, however, that no Event of Default shall be deemed to have occurred under this paragraph if the aggregate amount owing as to all such Indebtedness as to which such defaults have occurred and are continuing is less than \$15,000,000; provided further that if such default shall be cured by the Borrower, or waived by the holders of such Indebtedness, in each case prior to the commencement of any action under Section 9.2 and as may be permitted by such evidence of indebtedness, indenture or other instrument, then the Event of Default hereunder by reason of such default shall be deemed likewise to have been thereupon cured or waived.

(g) The Borrower (i) ceases or fails to be Solvent, or generally fails to pay, or admits in writing its inability to pay, its debts as they become due, subject to applicable grace periods, if any, whether at stated maturity or otherwise; (ii) voluntarily ceases to conduct its business in the ordinary course; (iii) commences any proceeding under any Debtor Relief Law with respect to itself; or (iv) takes any action to effectuate or authorize any of the foregoing.

(h) (i) Any involuntary proceeding under any Debtor Relief Law is commenced or filed against the Borrower, or any writ, judgment, warrant of attachment, execution or similar process is issued or levied against a substantial part of the Borrower's properties, and any such proceeding or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be released, vacated or fully bonded within 60 days after commencement, filing or levy; or (ii) the Borrower admits the material allegations of a petition against it in any proceeding under any Debtor Relief Law, or an order for relief (or similar order under non-U.S. law) is ordered in any proceeding under any Debtor Relief Law; or (iii) the Borrower acquiesces in the appointment of a receiver, trustee, custodian, conservator, liquidator, mortgagee in possession (or agent therefor), or similar Person for itself or a substantial portion of its property or business.

(i) A Change in Control shall occur.

(j) The Borrower shall fail within 60 days to pay, bond or otherwise discharge any judgment or order for the payment of money in excess of \$25,000,000, which is not stayed on appeal or otherwise being appropriately contested in good faith.

(k) Any material provision of this Agreement or any provision of any other Loan Document shall for any reason, other than satisfaction in full of all Obligations, cease to be valid and binding on the Borrower, or the Borrower shall so state in writing, in each case other than in accordance with the express terms hereof or thereof.

(l) (i) an ERISA Event with respect to a Pension Plan or Multiemployer Plan, or an ERISA Termination Event with respect to a Pension Plan, shall occur which has resulted or would reasonably be expected to result in liability of the Borrower under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of 10% of Consolidated Net Worth; (ii) the commencement or increase of contributions to, or the adoption of or the amendment of, a Pension Plan by the Borrower or an ERISA Affiliate which has resulted or could reasonably be expected to result in an increase in Unfunded Pension Liability among all Pension Plans in an aggregate amount in excess of 10% of Consolidated Net Worth; or (iii) the Borrower or an ERISA Affiliate shall fail to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan which has resulted or could reasonably be expected to result in a Material Adverse Effect.

(m) Any governmental authority or other administrative or legal authority having regulatory jurisdiction over the Borrower takes any action which has a Material Adverse Effect on the Borrower.

Section 9.2 Remedies. Upon the occurrence and during the continuance of an Event of Default, with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, by notice to the Borrower:

(a) Acceleration; Termination of Credit Facility. Terminate the Commitment and declare the principal of and interest on the Loans and the Reimbursement Obligations at the time outstanding, and all other amounts owed to the Lenders and to the Administrative Agent under this Agreement or any of the other Loan Documents and all other Obligations, to be forthwith due and payable, whereupon the same

shall immediately become due and payable without presentment, demand, protest or other notice of any kind, all of which are expressly waived by the Borrower, anything in this Agreement or the other Loan Documents to the contrary notwithstanding, and terminate the Credit Facility and any right of the Borrower to request borrowings or Letters of Credit thereunder; provided, that upon the occurrence of an Event of Default specified in Section 9.1(g) or (h) the Credit Facility shall be automatically terminated and all Obligations shall automatically become due and payable without presentment, demand, protest or other notice of any kind, all of which are expressly waived by the Borrower, anything in this Agreement or in any other Loan Document to the contrary notwithstanding.

(b) Letters of Credit. With respect to all Letters of Credit with respect to which presentment for honor shall not have occurred at the time of an acceleration pursuant to the preceding paragraph, demand that the Borrower deposit in a Cash Collateral account opened by the Administrative Agent an amount equal to the Minimum Collateral Amount in accordance with Section 3.11; provided, that the Borrower's obligation to deposit the Minimum Collateral Amount shall be automatic upon an Event of Default specified in Section 9.1(g) or (h) in accordance with Section 3.11. Amounts held in such Cash Collateral account shall be applied by the Administrative Agent to the payment of drafts drawn under such Letters of Credit, and the unused portion thereof after all such Letters of Credit shall have expired or been fully drawn upon, if any, shall be applied to repay the other Obligations in accordance with Section 9.4. After all such Letters of Credit shall have expired or been fully drawn upon, the Reimbursement Obligation shall have been satisfied and all other Obligations shall have been paid in full, the balance, if any, in such Cash Collateral account shall be returned to the Borrower.

(c) General Remedies. Exercise on behalf of the Lender Parties all of its other rights and remedies under this Agreement, the other Loan Documents and Applicable Law, in order to satisfy all of the Obligations.

Section 9.3 Rights and Remedies Cumulative; Non-Waiver; etc.

(a) The enumeration of the rights and remedies of the Administrative Agent and the Lenders set forth in this Agreement is not intended to be exhaustive and the exercise by the Administrative Agent and the Lenders of any right or remedy shall not preclude the exercise of any other rights or remedies, all of which shall be cumulative, and shall be in addition to any other right or remedy given hereunder or under the other Loan Documents or that may now or hereafter exist at law or in equity or by suit or otherwise. No delay or failure to take action on the part of the Administrative Agent or any Lender in exercising any right, power or privilege shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege or shall be construed to be a waiver of any Event of Default. No course of dealing between the Borrower, the Administrative Agent and the Lenders or their respective agents or employees shall be effective to change, modify or discharge any provision of this Agreement or any of the other Loan Documents or to constitute a waiver of any Event of Default.

(b) Notwithstanding anything to the contrary contained herein or in any other Loan Document, the authority to enforce rights and remedies hereunder and under the other Loan Documents against the Borrower shall be vested exclusively in, and all actions and proceedings at law in connection with such enforcement shall be instituted and maintained exclusively by, the Administrative Agent in accordance with Section 9.2 for the benefit of all the Lenders and the Issuing Lenders; provided that the foregoing shall not prohibit (a) the Administrative Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacity as Administrative Agent) hereunder and under the other Loan Documents, (b) any Issuing Lender or the Swingline Lender from exercising the rights and remedies that inure to its benefit (solely in its capacity as an Issuing Lender or Swingline Lender, as the case may be) hereunder and under the other Loan Documents, (c) any Lender from exercising setoff rights in accordance

with Section 11.4 (subject to the terms of Section 4.6), or (d) any Lender from filing proofs of claim or appearing and filing pleadings on its own behalf during the pendency of a proceeding relative to the Borrower under any Debtor Relief Law; and provided, further, that if at any time there is no Person acting as Administrative Agent hereunder and under the other Loan Documents, then (i) the Required Lenders shall have the rights otherwise ascribed to the Administrative Agent pursuant to Section 9.2 and (ii) in addition to the matters set forth in clauses (b), (c) and (d) of the preceding proviso and subject to Section 4.6, any Lender may, with the consent of the Required Lenders, enforce any rights and remedies available to it and as authorized by the Required Lenders.

Section 9.4 Crediting of Payments and Proceeds. In the event that the Obligations have been accelerated pursuant to Section 9.2 or the Administrative Agent or any Lender has exercised any remedy set forth in this Agreement or any other Loan Document, all payments received on account of the Obligations shall, subject to the provisions of Sections 3.11, 4.14 and 4.15, be applied by the Administrative Agent as follows:

First, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts, including attorney fees, payable to the Administrative Agent in its capacity as such;

Second, to payment of that portion of the Obligations constituting fees (other than Facility Fees and Letter of Credit fees payable to the Revolving Credit Lenders), indemnities and other amounts (other than principal and interest) payable to the Lenders, the Issuing Lenders and the Swingline Lender under the Loan Documents, including attorney fees, ratably among the Lenders, the Issuing Lenders and the Swingline Lender in proportion to the respective amounts described in this clause Second payable to them;

Third, to payment of that portion of the Obligations constituting accrued and unpaid Facility Fees and Letter of Credit fees payable to the Revolving Credit Lenders and interest on the Loans and Reimbursement Obligations, ratably among the Lenders, the Issuing Lenders and the Swingline Lender in proportion to the respective amounts described in this clause Third payable to them;

Fourth, to payment of that portion of the Obligations constituting unpaid principal of the Loans, Reimbursement Obligations, ratably among the Lenders and the Issuing Lenders in proportion to the respective amounts described in this clause Fourth payable to them;

Fifth, to the Administrative Agent for the account of the Issuing Lenders, to Cash Collateralize any L/C Obligations then outstanding not to exceed the Minimum Collateral Amount; and

Last, the balance, if any, after all of the Obligations have been indefeasibly paid in full, to the Borrower or as otherwise required by Applicable Law.

Section 9.5 Administrative Agent May File Proofs of Claim. In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to the Borrower, the Administrative Agent (irrespective of whether the principal of any Loan or L/C Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered (but not obligated) by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, L/C Obligations and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, the Issuing Lenders and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders, the Issuing Lenders and the Administrative Agent

and their respective agents and counsel and all other amounts due the Lenders, the Issuing Lenders and the Administrative Agent under Sections 3.3, 4.3 and 11.3) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender and each Issuing Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders and the Issuing Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 3.3, 4.3 and 11.3.

ARTICLE X THE ADMINISTRATIVE AGENT

Section 10.1 Appointment and Authority. Each of the Lenders and each Issuing Lender hereby irrevocably appoints Wells Fargo to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. Except as provided in Section 10.6, the provisions of this Article are solely for the benefit of the Administrative Agent, the Lenders and the Issuing Lenders, and neither the Borrower nor any Subsidiary thereof shall have rights as a third-party beneficiary of any of such provisions. It is understood and agreed that the use of the term “agent” herein or in any other Loan Documents (or any other similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any Applicable Law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

Section 10.2 Rights as a Lender. The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term “Lender” or “Lenders” shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Borrower or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

Section 10.3 Exculpatory Provisions.

(a) The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents, and its duties hereunder and thereunder shall be administrative in nature. Without limiting the generality of the foregoing, the Administrative Agent:

(i) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default or Event of Default has occurred and is continuing;

(ii) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or Applicable Law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any Debtor Relief Law; and

(iii) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Subsidiaries or Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

(b) The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Section 11.2 and Section 9.2) or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final nonappealable judgment. The Administrative Agent shall be deemed not to have knowledge of any Default or Event of Default unless and until notice describing such Default or Event of Default and indicating that such notice is a "Notice of Default" is given to the Administrative Agent by the Borrower, a Lender or an Issuing Lender.

(c) The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith (including any report provided to it by an Issuing Lender pursuant to Section 3.9), (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default or Event of Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document, (v) the satisfaction of any condition set forth in Article V or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent or (vi) the utilization of any Issuing Lender's L/C Commitment (it being understood and agreed that each Issuing Lender shall monitor compliance with its own L/C Commitment without any further action by the Administrative Agent).

Section 10.4 Reliance by the Administrative Agent. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, or the issuance, extension, renewal or increase of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or an Issuing Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender or such Issuing Lender unless the Administrative Agent shall have received notice to the contrary from such Lender or such Issuing Lender prior to the making of such Loan or the issuance of such Letter of Credit. The Administrative Agent may consult with legal counsel (who

may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

Section 10.5 Delegation of Duties. The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the Credit Facility as well as activities as Administrative Agent. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agents except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

Section 10.6 Resignation of Administrative Agent.

(a) The Administrative Agent may at any time give notice of its resignation to the Lenders, the Issuing Lenders and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Borrower and subject to the consent (not to be unreasonably withheld or delayed) of the Borrower (provided no Event of Default has occurred and is continuing at the time of such resignation), to appoint a successor, which shall be a bank or financial institution reasonably experienced in serving as administrative agent on syndicated bank facilities with an office in the United States, or an Affiliate of any such bank or financial institution with an office in the United States. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders) (the “Resignation Effective Date”), then the retiring Administrative Agent may (but shall not be obligated to), on behalf of the Lenders and the Issuing Lenders, appoint a successor Administrative Agent meeting the qualifications set forth above; provided that in no event shall any such successor Administrative Agent be a Defaulting Lender. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

(b) If the Person serving as Administrative Agent is a Defaulting Lender pursuant to clause (d) of the definition thereof, the Required Lenders may, to the extent permitted by Applicable Law, by notice in writing to the Borrower and such Person, remove such Person as Administrative Agent and, in consultation with the Borrower (to the extent a Default or Event of Default does then exist), appoint a successor. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days (or such earlier day as shall be agreed by the Required Lenders) (the “Removal Effective Date”), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date.

(c) With effect from the Resignation Effective Date or the Removal Effective Date (as applicable), (i) the retiring or removed Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held by the Administrative Agent on behalf of the Lenders or the Issuing Lenders under any of the Loan Documents, the retiring or removed Administrative Agent shall continue to hold such collateral security until such time as a successor Administrative Agent is appointed) and (ii) except for any indemnity payments owed to the retiring or removed Administrative Agent, all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by

or to each Lender and each Issuing Lender directly, until such time, if any, as the Required Lenders appoint a successor Administrative Agent as provided for above. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring or removed Administrative Agent (other than any rights to indemnity payments owed to the retiring or removed Administrative Agent), and the retiring or removed Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents. The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring or removed Administrative Agent's resignation or removal hereunder and under the other Loan Documents, the provisions of this Article and Section 11.3 shall continue in effect for the benefit of such retiring or removed Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring or removed Administrative Agent was acting as Administrative Agent or relating to its duties as Administrative Agent that are carried out following its retirement or removal.

(d) Any resignation by, or removal of, Wells Fargo as Administrative Agent pursuant to this Section shall also constitute its resignation as an Issuing Lender and Swingline Lender. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, (i) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Issuing Lender, if in its sole discretion it elects to, and Swingline Lender, (ii) the retiring Issuing Lender and Swingline Lender shall be discharged from all of their respective duties and obligations hereunder or under the other Loan Documents, and (iii) the successor Issuing Lender, if in its sole discretion it elects to, shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to the retiring Issuing Lender to effectively assume the obligations of the retiring Issuing Lender with respect to such Letters of Credit.

Section 10.7 Non-Reliance on Administrative Agent and Other Lenders. Each Lender and each Issuing Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender and each Issuing Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

Section 10.8 No Other Duties, Etc. Anything herein to the contrary notwithstanding, none of the syndication agents, documentation agents, co-agents, arrangers or bookrunners listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent, a Lender or an Issuing Lender hereunder.

Section 10.9 Syndication Agent. The Lender identified in this Agreement as the Syndication Agent shall not have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Lenders as such. Without limiting the foregoing, such Lender shall not have or be deemed to have a fiduciary relationship with any Lender. Each Lender hereby makes the same acknowledgments with respect to such Lender as it makes with respect to the Administrative Agent in Section 10.7.

ARTICLE XI

MISCELLANEOUS

Section 11.1 Notices.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, e-mail, mailed by certified or registered mail or sent by facsimile as follows:

If to the Borrower:

Montana-Dakota Utilities Co.
400 North 4th Street
Bismarck, ND 58501
Attention: Nicole Kivisto
Telecopier: 701-530-1734
E-Mail: Nicole.Kivisto@mduresources.com

If to Wells Fargo as Administrative Agent:

1525 W WT Harris Boulevard
Mail Code: D1109-019
Attention: Syndication Agency Services
Charlotte, NC 28262
Telecopier: 704-590-2790
E-Mail: agencyservices.requests@wellsfargo.com

With copies to:

N9305-156
90 South Seventh Street
Minneapolis, MN 55402
Attention: Keith Luettel
Telecopier: 612-316-0506
E-Mail: keith.r.luettel@wellsfargo.com

Robinson Bradshaw & Hinson, P.A.
101 N. Tryon St., Suite 1900
Charlotte, NC 28246
Attention of: Jeffrey A. Henson
Telephone No.: (704) 377-8342
Facsimile No.: (704) 373-3942
E-mail: jhenson@robinsonbradshaw.com

If to any Lender:

To the address of such Lender set forth on the Register with respect to deliveries of notices and other documentation that may contain material non-public information.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices delivered through electronic communications to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) Electronic Communications. Notices and other communications to the Lenders and the Issuing Lenders hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender or any Issuing Lender pursuant to Article II or III if such Lender or such Issuing Lender, as applicable, has notified the Administrative Agent that is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications. Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice, email or other communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient.

(c) Administrative Agent's Office. The Administrative Agent hereby designates its office located at the address set forth above, or any subsequent office which shall have been specified for such purpose by written notice to the Borrower and Lenders, as the Administrative Agent's Office referred to herein, to which payments due are to be made and at which Loans will be disbursed and Letters of Credit requested.

(d) Change of Address, Etc. Each of the Borrower, the Administrative Agent, any Issuing Lender or the Swingline Lender may change its address or other contact information for notices and other communications hereunder by notice to the other parties hereto. Any Lender may change its address or facsimile number for notices and other communications hereunder by notice to the Borrower, the Administrative Agent, each Issuing Lender and the Swingline Lender.

(e) Platform.

(i) The Borrower agrees that the Administrative Agent may, but shall not be obligated to, make the Borrower Materials available to the Issuing Lenders and the other Lenders by posting the Borrower Materials on the Platform.

(ii) The Platform is provided "as is" and "as available." The Agent Parties (as defined below) do not warrant the accuracy or completeness of the Borrower Materials or the adequacy of the Platform, and expressly disclaim liability for errors or omissions in the Borrower Materials. No warranty of any kind, express, implied or statutory, including any warranty of merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other code defects, is made by any Agent Party in connection with the Borrower Materials or the Platform. In no event shall the Administrative Agent or any of its Related Parties (collectively, the

“Agent Parties”) have any liability to the Borrower, any Lender or any other Person or entity for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of the Borrower’s or the Administrative Agent’s transmission of communications through the Internet (including the Platform), except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Agent Party; provided that in no event shall any Agent Party have any liability to the Borrower, any Lender, the Issuing Lender or any other Person for indirect, special, incidental, consequential or punitive damages, losses or expenses (as opposed to actual damages, losses or expenses).

Section 11.2 Amendments, Waivers and Consents. Except as set forth below or as specifically provided in any Loan Document, any term, covenant, agreement or condition of this Agreement or any of the other Loan Documents may be amended or waived by the Lenders, and any consent given by the Lenders, if, but only if, such amendment, waiver or consent is in writing signed by the Required Lenders (or by the Administrative Agent with the consent of the Required Lenders) and delivered to the Administrative Agent and, in the case of an amendment, signed by the Borrower; provided, that no amendment, waiver or consent shall:

(a) increase or extend the Commitment of any Lender (or reinstate any Commitment terminated pursuant to Section 9.2) or increase the amount of Loans of any Lender, in any case, without the written consent of such Lender; provided, that only the Required Lenders shall be necessary for the waiver of any Event of Default (other than those resulting pursuant to clauses (a) and (b) of Section 9.1) and the election not to charge, or the waiver of any, interest accruing at the rate provided in Section 4.1(b);

(b) waive, extend or postpone any date fixed by this Agreement or any other Loan Document for any payment or mandatory prepayment of principal, interest, fees or other amounts due to the Lenders (or any of them) hereunder or under any other Loan Document without the written consent of each Lender directly and adversely affected thereby;

(c) reduce the principal of, or the rate of interest specified herein on, any Loan or Reimbursement Obligation, or (subject to clause (iv) of the proviso set forth in the paragraph below) any fees or other amounts payable hereunder or under any other Loan Document without the written consent of each Lender directly and adversely affected thereby; provided that only the consent of the Required Lenders shall be necessary (i) to waive any obligation of the Borrower to pay interest at the rate set forth in Section 4.1(b) or (ii) to amend any financial covenant hereunder (or any defined term used therein) even if the effect of such amendment would be to reduce the rate of interest on any Loan or L/C Obligation or to reduce any fee payable hereunder;

(d) change Section 4.6 or Section 9.4 in a manner that would alter the pro rata sharing of payments or order of application required thereby without the written consent of each Lender directly and adversely affected thereby;

(e) change any provision of this Section or reduce the percentages specified in the definition of “Required Lenders” or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender directly and adversely affected thereby; or

(f) consent to the assignment or transfer by the Borrower of the Borrower’s rights and obligations under any Loan Document to which it is a party (except as permitted pursuant to Section 8.6), in each case, without the written consent of each Lender;

provided further, that (i) no amendment, waiver or consent shall, unless in writing and signed by each affected Issuing Lender in addition to the Lenders required above, affect the rights or duties of such Issuing Lender under this Agreement or any Letter of Credit Application relating to any Letter of Credit issued or to be issued by it; (ii) no amendment, waiver or consent shall, unless in writing and signed by the Swingline Lender in addition to the Lenders required above, affect the rights or duties of the Swingline Lender under this Agreement; (iii) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above, affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document; (iv) each Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto, (v) each Letter of Credit Application may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto, (vi) the Administrative Agent and the Borrower shall be permitted to amend any provision of the Loan Documents (and such amendment shall become effective without any further action or consent of any other party to any Loan Document) if the Administrative Agent and the Borrower shall have jointly identified an obvious error or any error, ambiguity, defect or inconsistency or omission of a technical or immaterial nature in any such provision and (vii) the Administrative Agent and the Borrower may, without the consent of any Lender, enter into amendments or modifications to this Agreement or any of the other Loan Documents or to enter into additional Loan Documents as the Administrative Agent reasonably deems appropriate in order to implement any Benchmark Replacement or any Benchmark Replacement Conforming Changes or otherwise effectuate the terms of Section 4.8(c) in accordance with the terms of Section 4.8(c). Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder, except that (A) the Commitment of such Lender may not be increased or extended without the consent of such Lender, and (B) any amendment, waiver, or consent hereunder which requires the consent of all Lenders or each affected Lender that by its terms disproportionately and adversely affects any such Defaulting Lender relative to other affected Lenders shall require the consent of such Defaulting Lender.

Notwithstanding anything in this Agreement to the contrary, each Lender hereby irrevocably authorizes the Administrative Agent on its behalf, and without further consent, to enter into amendments or modifications to this Agreement (including amendments to this Section 11.2) or any of the other Loan Documents or to enter into additional Loan Documents as the Administrative Agent reasonably deems appropriate in order to effectuate the terms of Section 4.13; provided that no amendment or modification shall result in any increase in the amount of any Lender's Commitment without the written consent of such affected Lender.

Section 11.3 Expenses; Indemnity.

(a) Costs and Expenses. The Borrower shall pay (i) all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent (including the reasonable and documented out-of-pocket fees, charges and disbursements of counsel for the Administrative Agent), in connection with the syndication of the Credit Facility, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket and documented expenses incurred by any Issuing Lender in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent, any Lender or any Issuing Lender (including the reasonable and documented out-of-pocket fees, disbursements and other charges of any counsel for the Administrative Agent, the Lenders and the Issuing Lenders), in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section, or (B) in connection

with the Loans made or Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) Indemnification by the Borrower. The Borrower shall indemnify the Administrative Agent (and any sub-agent thereof), each Lender and each Issuing Lender, and each Related Party of any of the foregoing Persons (each such Person being called an “Indemnatee”) against, and hold each Indemnatee harmless from, and shall pay or reimburse any such Indemnatee for, any and all losses, claims (including any Environmental Claims), penalties, damages, liabilities and related expenses (including the reasonable fees, charges and disbursements of any counsel for any Indemnatee, incurred by any Indemnatee or asserted against any Indemnatee by any Person (including the Borrower), arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by any Issuing Lender to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Borrower or any Subsidiary thereof, or any Environmental Claim arising from the activities, operations or property of the Borrower or any Subsidiary, (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower or any Subsidiary thereof, and regardless of whether any Indemnatee is a party thereto, or (v) any claim (including any Environmental Claims), investigation, litigation or other proceeding (whether or not the Administrative Agent or any Lender is a party thereto) relating to any of the foregoing, provided that such indemnity shall not, as to any Indemnatee, be available to the extent that such losses, claims, damages, liabilities or related expenses (A) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnatee or (B) result from a claim brought by the Borrower or any Subsidiary thereof against an Indemnatee for breach in bad faith of such Indemnatee’s obligations hereunder or under any other Loan Document, if the Borrower or such Subsidiary has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction. This Section 11.3(b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

(c) Reimbursement by Lenders. To the extent that the Borrower for any reason fails to indefeasibly pay any amount required under clause (a) or (b) of this Section to be paid by it to the Administrative Agent (or any sub-agent thereof), any Issuing Lender, the Swingline Lender or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent), such Issuing Lender, the Swingline Lender or such Related Party, as the case may be, such Lender’s pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought based on each Lender’s share of the Total Credit Exposure at such time, or if the Total Credit Exposure has been reduced to zero, then based on such Lender’s share of the Total Credit Exposure immediately prior to such reduction) of such unpaid amount (including any such unpaid amount in respect of a claim asserted by such Lender); provided that with respect to such unpaid amounts owed to any Issuing Lender or the Swingline Lender solely in its capacity as such, only the Revolving Credit Lenders shall be required to pay such unpaid amounts, such payment to be made severally among them based on such Revolving Credit Lenders’ Commitment Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought or, if the Commitment has been reduced to zero as of such time, determined immediately prior to such reduction); provided, further, that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent), such Issuing Lender or the Swingline Lender in its capacity as such, or against any Related Party of any of the foregoing acting for the

Administrative Agent (or any such sub-agent), such Issuing Lender or the Swingline Lender in connection with such capacity. The obligations of the Lenders under this clause (c) are subject to the provisions of Section 4.7.

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by Applicable Law (and without limitation of the indemnity provided in Section 11.3(c)), each party hereto agrees not to assert, and hereby waives, any claim against any other party hereto on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof. No Indemnitee referred to in clause (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby.

(e) Payments. All amounts due under this Section shall be payable promptly after written demand therefor.

(f) Survival. Each party's obligations under this Section shall survive the termination of the Loan Documents and payment of the obligations hereunder.

Section 11.4 Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender, each Issuing Lender, the Swingline Lender and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by Applicable Law, to setoff and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender, such Issuing Lender, the Swingline Lender or any such Affiliate to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement or any other Loan Document to such Lender, such Issuing Lender or the Swingline Lender, irrespective of whether or not such Lender, such Issuing Lender, the Swingline Lender shall have made any demand under this Agreement or any other Loan Document and although such obligations of the Borrower may be contingent or unmatured or are owed to a branch or office of such Lender, such Issuing Lender, the Swingline Lender different from the branch or office holding such deposit or obligated on such indebtedness; provided that in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so setoff shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 4.15 and, pending such payment, shall be segregated by such Defaulting Lender or Affiliate of a Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent, the Issuing Lenders, the Swingline Lender and the Lenders, and (y) the Defaulting Lender or its Affiliate shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender or any of its Affiliates as to which such right of setoff was exercised. The rights of each Lender, each Issuing Lender, the Swingline Lender and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender, such Issuing Lender, the Swingline Lender or their respective Affiliates may have. Each Lender, such Issuing Lender and the Swingline Lender agree to notify the Borrower and the Administrative Agent promptly after any such setoff and application; provided that the failure to give such notice shall not affect the validity of such setoff and application.

Section 11.5 Governing Law; Jurisdiction, Etc.

(a) Governing Law. This Agreement and the other Loan Documents and any claim, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of

or relating to this Agreement or any other Loan Document (except, as to any other Loan Document, as expressly set forth therein) and the transactions contemplated hereby and thereby shall be governed by, and construed in accordance with, the law of the State of New York.

(b) Submission to Jurisdiction. The Borrower irrevocably and unconditionally agrees that it will not commence any action, litigation or proceeding of any kind or description, whether in law or equity, whether in contract or in tort or otherwise, against the Administrative Agent, any Lender, any Issuing Lender, the Swingline Lender, or any Related Party of the foregoing in any way relating to this Agreement or any other Loan Document or the transactions relating hereto or thereto, in any forum other than the courts of the State of New York sitting in New York County, and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, and each of the parties hereto irrevocably and unconditionally submits to the exclusive jurisdiction of such courts and agrees that all claims in respect of any such action, litigation or proceeding may be heard and determined in such New York State court or, to the fullest extent permitted by Applicable Law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action, litigation or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or in any other Loan Document shall affect any right that the Administrative Agent, any Lender, any Issuing Lender or the Swingline Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against the Borrower or its properties in the courts of any jurisdiction.

(c) Waiver of Venue. The Borrower irrevocably and unconditionally waives, to the fullest extent permitted by Applicable Law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by Applicable Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Service of Process. Each party hereto irrevocably consents to service of process in the manner provided for notices in Section 11.1. Nothing in this Agreement will affect the right of any party hereto to serve process in any other manner permitted by Applicable Law.

Section 11.6 Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 11.7 Reversal of Payments. To the extent the Borrower makes a payment or payments to the Administrative Agent or the Administrative Agent exercises its right of setoff, which payments or proceeds (including any proceeds of such setoff) or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or any other party under any Debtor Relief Law, other Applicable Law or equitable cause, then, to the extent of such payment or proceeds repaid, the Obligations or part thereof intended to be satisfied shall be revived and continued

in full force and effect as if such payment or proceeds had not been received by the Administrative Agent, and each Lender and each Issuing Lender severally agrees to pay to the Administrative Agent upon demand its applicable ratable share (without duplication) of any amount so recovered from or repaid by the Administrative Agent plus interest thereon at a per annum rate equal to the Federal Funds Rate from the date of such demand to the date such payment is made to the Administrative Agent.

Section 11.8 Successors and Assigns; Participations.

(a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender, and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of paragraph (b) of this Section, (ii) by way of participation in accordance with the provisions of paragraph (d) of this Section or (iii) by way of pledge or assignment of a security interest subject to the restrictions of paragraph (e) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in paragraph (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); provided that, in each case with respect to any Credit Facility, any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and/or the Loans at the time owing to it (in each case with respect to any Credit Facility) or contemporaneous assignments to related Approved Funds (determined after giving effect to such assignments) that equal at least the amount specified in paragraph (b)(i)(B) of this Section in the aggregate or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in paragraph (b)(i)(A) of this Section, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the applicable Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date) shall not be less than \$5,000,000, in the case of any assignment in respect of the Revolving Credit Facility, or \$1,000,000, unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed); provided that the Borrower shall be deemed to have given its consent ten (10) Business Days after the date written notice thereof has been delivered by the assigning Lender (through the Administrative Agent) unless such consent is expressly refused by the Borrower prior to such tenth (10th) Business Day;

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loan or the Commitment assigned;

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by paragraph (b)(i) (B) of this Section and, in addition:

(A) the consent of the Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (x) an Event of Default has occurred and is continuing at the time of such assignment or (y) such assignment is to a Revolving Credit Lender, an Affiliate of a Revolving Credit Lender or an Approved Fund of a Revolving Credit Lender; provided, that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within ten (10) Business Days after having received notice thereof;

(B) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments in respect of the Revolving Credit Facility if such assignment is to a Person that is not a Lender with a Commitment, an Affiliate of such Lender or an Approved Fund with respect to such Lender; and

(C) the consents of the Issuing Lenders and the Swingline Lender shall be required for any assignment in respect of the Revolving Credit Facility.

(iv) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500 for each assignment; provided that (A) only one such fee will be payable in connection with simultaneous assignments to two or more related Approved Funds by a Lender and (B) the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(v) No Assignment to Certain Persons. No such assignment shall be made to (A) the Borrower or any of its Subsidiaries or Affiliates or (B) any Defaulting Lender or any of its Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (v).

(vi) No Assignment to Natural Persons. No such assignment shall be made to a natural Person (or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural Person).

(vii) Certain Additional Payments. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrower and the Administrative Agent, the applicable pro rata share of Loans previously requested, but not funded by, the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (A) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent, the Issuing Lenders,

the Swingline Lender and each other Lender hereunder (and interest accrued thereon), and (B) acquire (and fund as appropriate) its full pro rata share of all Loans and participations in Letters of Credit and Swingline Loans in accordance with its Commitment Percentage. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under Applicable Law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to paragraph (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 4.8(a), 4.10, 4.11 and 11.3 with respect to facts and circumstances occurring prior to the effective date of such assignment; provided, that except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (d) of this Section (other than a purported assignment to a natural Person or the Borrower or any of the Borrower's Subsidiaries or Affiliates, which shall be null and void).

(c) Register. The Administrative Agent, acting solely for this purpose as a non-fiduciary agent of the Borrower, shall maintain at one of its offices in Charlotte, North Carolina, a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amounts of (and stated interest on) the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, absent manifest error, and the Borrower, the Administrative Agent, the Issuing Lenders, the Swingline Lender, and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower and any Lender (but only to the extent of entries in the Register that are applicable to such Lender), at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. Any Lender may at any time, without the consent of, or notice to, the Borrower, the Administrative Agent, any Issuing Lender or the Swingline Lender, sell participations to any Person (other than a natural Person (or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural Person, or the Borrower or any of the Borrower's Subsidiaries or Affiliates) (each, a "Participant")) in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent, each Issuing Lender, the Swingline Lender and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. For the avoidance of doubt, each Lender shall be responsible for the indemnity under Section 11.3(c) with respect to any payments made by such Lender to its Participant(s).

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment,

modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in Section 11.2(a), (b), (c) or (d) that directly and adversely affects such Participant. The Borrower agrees that each Participant shall be entitled to the benefits of Sections 4.8(a), 4.10 and 4.11 (subject to the requirements and limitations therein, including the requirements under Section 4.11(g) (it being understood that the documentation required under Section 4.11(g) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section; provided that such Participant (A) agrees to be subject to the provisions of Section 4.12 as if it were an assignee under paragraph (b) of this Section; and (B) shall not be entitled to receive any greater payment under Sections 4.10 or 4.11, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation agrees, at the Borrower's request and expense, to use reasonable efforts to cooperate with the Borrower to effectuate the provisions of Section 4.12(b) with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 11.4 as though it were a Lender; provided that such Participant agrees to be subject to Section 4.6 and Section 11.4 as though it were a Lender.

Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts of (and stated interest on) each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(e) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

Section 11.9 Treatment of Certain Information: Confidentiality. Each of the Administrative Agent, the Lenders and the Issuing Lender agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates' respective Related Parties in connection with the Credit Facility, this Agreement, the transactions contemplated hereby (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent required or requested by, or required to be disclosed to, any regulatory or similar authority purporting to have jurisdiction over such Person or its Related Parties (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) as to the extent required by Applicable Laws or regulations or in any legal, judicial, administrative proceeding or other compulsory process (after providing notice to the Borrower, to the extent permitted by Applicable Law and practicable, to permit an opportunity to seek a protective order or injunctive relief), (d) to any other party hereto, (e) in connection with the exercise of any remedies under this Agreement, under any other Loan

Document, or any action or proceeding relating to this Agreement, any other Loan Document, or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights and obligations under this Agreement or (ii) any actual or prospective party (or its Related Parties) to any swap or derivative transaction under which payments are to be made by reference to the Borrower and its obligations, this Agreement or payments hereunder, in reliance on this clause (f)), (g) on a confidential basis to (i) any rating agency in connection with rating the Borrower or its Subsidiaries or the Credit Facility or (ii) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to the Credit Facility, (h) with the consent of the Borrower, (i) deal terms and other information customarily reported to Thomson Reuters, other bank market data collectors and similar service providers to the lending industry and service providers to the Administrative Agent and the Lenders in connection with the administration of the Loan Documents, (j) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Administrative Agent, any Lender, any Issuing Lender or any of their respective Affiliates from a third party that is not, to such Person's knowledge, subject to confidentiality obligations to the Borrower, (k) to the extent that such information is independently developed by such Person, or (l) for purposes of establishing a "due diligence" defense. For purposes of this Section, "Information" means all information received from the Borrower or any Subsidiary thereof relating to the Borrower or any Subsidiary thereof or any of their respective businesses, other than any such information that is available to the Administrative Agent, any Lender or any Issuing Lender on a nonconfidential basis prior to disclosure by the Borrower or any Subsidiary thereof; provided that, in the case of information received from the Borrower or any Subsidiary thereof after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Section 11.10 All Powers Coupled with Interest. All powers of attorney and other authorizations granted by the Lenders to the Administrative Agent and any Persons designated by the Administrative Agent pursuant to any provisions of this Agreement or any of the other Loan Documents shall be deemed coupled with an interest and shall be irrevocable so long as any of the Obligations remain unpaid or unsatisfied, any of the Commitments remain in effect or the Credit Facility has not been terminated.

Section 11.11 Survival. All representations and warranties set forth in Article VI and all representations and warranties contained in any Loan Document (including, but not limited to, any such representation or warranty made in or in connection with any amendment thereto) shall constitute representations and warranties made under this Agreement. All representations and warranties made under this Agreement shall be made or deemed to be made at and as of the Closing Date (except those that are expressly made as of a specific date), shall survive the Closing Date and shall not be waived by the execution and delivery of this Agreement, any investigation made by or on behalf of the Lenders or any borrowing hereunder.

Section 11.12 Titles and Captions. Titles and captions of Articles, Sections and subsections in, and the table of contents of, this Agreement are for convenience only, and neither limit nor amplify the provisions of this Agreement.

Section 11.13 Severability of Provisions. Any provision of this Agreement or any other Loan Document which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability without invalidating the remainder of such provision or the remaining provisions hereof or thereof or affecting the validity or enforceability of such provision in any other jurisdiction. In the event that any provision is held to be so prohibited or

unenforceable in any jurisdiction, the Administrative Agent, the Lenders and the Borrower shall negotiate in good faith to amend such provision to preserve the original intent thereof in such jurisdiction (subject to the approval of the Required Lenders).

Section 11.14 Counterparts; Integration; Effectiveness; Electronic Execution.

(a) Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 5.1, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or in electronic (i.e., “pdf” or “tif”) format shall be effective as delivery of a manually executed counterpart of this Agreement.

(b) Electronic Execution of Assignments. The words “execution,” “signed,” “signature,” and words of like import in any Assignment and Assumption shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

Section 11.15 Term of Agreement. This Agreement shall remain in effect from the Closing Date through and including the date upon which all Obligations (other than contingent indemnification obligations not then due) arising hereunder or under any other Loan Document shall have been paid and satisfied in full, all Letters of Credit have been terminated or expired (or been Cash Collateralized or otherwise satisfied in a manner acceptable to the applicable Issuing Lender) and the Commitment has been terminated. No termination of this Agreement shall affect the rights and obligations of the parties hereto arising prior to such termination or in respect of any provision of this Agreement which by its express terms survives such termination.

Section 11.16 USA PATRIOT Act; Anti-Money Laundering Laws. The Administrative Agent and each Lender hereby notifies the Borrower that pursuant to the requirements of the PATRIOT Act or any other Anti-Money Laundering Laws, each of them is required to obtain, verify and record information that identifies the Borrower, which information includes the name, address and tax identification number of the Borrower and other information that will allow such Lender to identify the Borrower in accordance with the PATRIOT Act or such Anti-Money Laundering Laws.

Section 11.17 Independent Effect of Covenants. The Borrower expressly acknowledges and agrees that each covenant contained in Articles VII or VIII hereof shall be given independent effect. Accordingly, the Borrower shall not engage in any transaction or other act otherwise permitted under any covenant contained in Articles VII or VIII, before or after giving effect to such transaction or act, the Borrower shall or would be in breach of any other covenant contained in Articles VII or VIII.

Section 11.18 No Advisory or Fiduciary Responsibility.

(a) In connection with all aspects of each transaction contemplated hereby, the Borrower acknowledges and agrees, and acknowledges its Affiliates’ understanding, that (i) the facilities provided

for hereunder and any related arranging or other services in connection therewith (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document) are an arm's-length commercial transaction between the Borrower and its Affiliates, on the one hand, and the Administrative Agent, the Joint Lead Arrangers and the Lenders, on the other hand, and the Borrower is capable of evaluating and understanding and understands and accepts the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents (including any amendment, waiver or other modification hereof or thereof), (ii) in connection with the process leading to such transaction, each of the Administrative Agent, the Joint Lead Arrangers and the Lenders is and has been acting solely as a principal and is not the financial advisor, agent or fiduciary, for the Borrower or any of its Affiliates, stockholders, creditors or employees or any other Person, (iii) none of the Administrative Agent, the Joint Lead Arrangers or the Lenders has assumed or will assume an advisory, agency or fiduciary responsibility in favor of the Borrower with respect to any of the transactions contemplated hereby or the process leading thereto, including with respect to any amendment, waiver or other modification hereof or of any other Loan Document (irrespective of whether the Joint Lead Arrangers or any Lender has advised or is currently advising the Borrower or any of its Affiliates on other matters) and none of the Administrative Agent, the Joint Lead Arrangers or the Lenders has any obligation to the Borrower or any of its Affiliates with respect to the financing transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents, (iv) the Joint Lead Arrangers and the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from, and may conflict with, those of the Borrower and its Affiliates, and none of the Administrative Agent, the Joint Lead Arrangers or the Lenders has any obligation to disclose any of such interests by virtue of any advisory, agency or fiduciary relationship and (v) the Administrative Agent, the Joint Lead Arrangers and the Lenders have not provided and will not provide any legal, accounting, regulatory or tax advice with respect to any of the transactions contemplated hereby (including any amendment, waiver or other modification hereof or of any other Loan Document) and the Borrower has consulted its own legal, accounting, regulatory and tax advisors to the extent they have deemed appropriate.

(b) The Borrower acknowledges and agrees that each Lender, each of the Joint Lead Arrangers and any Affiliate thereof may lend money to, invest in, and generally engage in any kind of business with, any of the Borrower, any Affiliate thereof or any other person or entity that may do business with or own securities of any of the foregoing, all as if such Lender, such Joint Lead Arranger or Affiliate thereof were not a Lender or Joint Lead Arranger or an Affiliate thereof (or an agent or any other person with any similar role under the Credit Facilities) and without any duty to account therefor to any other Lender, the Joint Lead Arrangers, the Borrower or any Affiliate of the foregoing. Each Lender, each of the Joint Lead Arrangers and any Affiliate thereof may accept fees and other consideration from the Borrower or any Affiliate thereof for services in connection with this Agreement, the Credit Facilities or otherwise without having to account for the same to any other Lender, the Joint Lead Arrangers, the Borrower or any Affiliate of the foregoing.

Section 11.19 Inconsistencies with Other Documents. In the event there is a conflict or inconsistency between this Agreement and any other Loan Document, the terms of this Agreement shall control.

Section 11.20 Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

- (a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and
- (b) the effects of any Bail-In Action on any such liability, including, if applicable:
 - (i) a reduction in full or in part or cancellation of any such liability;
 - (ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or
 - (iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of any EEA Resolution Authority.

Section 11.21 Certain ERISA Matters.

(a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent, the Joint Lead Arrangers and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower, that at least one of the following is and will be true:

- (i) such Lender is not using “plan assets” (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments or this Agreement;
- (ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement;
- (iii) (A) such Lender is an investment fund managed by a “Qualified Professional Asset Manager” (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Letters of Credit, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement; or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or such Lender has not provided another representation, warranty and covenant as provided in sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and not, for the avoidance of doubt, to or for the benefit of the Borrower, that the Administrative Agent is not a fiduciary with respect to the assets of such Lender involved in such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Loan Document or any documents related hereto or thereto).

(c) The Administrative Agent and each Joint Lead Arranger hereby informs the Lenders that each such Person is not undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, in connection with the transactions contemplated hereby, and that such Person has a financial interest in the transactions contemplated hereby in that such Person or an Affiliate thereof (i) may receive interest or other payments with respect to the Loans, the Letters of Credit, the Commitments and this Agreement, (ii) may recognize a gain if it extended the Loans, the Letters of Credit or the Commitments for an amount less than the amount being paid for an interest in the Loans, the Letters of Credit or the Commitments by such Lender or (iii) may receive fees or other payments in connection with the transactions contemplated hereby, the Loan Documents or otherwise, including structuring fees, commitment fees, arrangement fees, facility fees, upfront fees, underwriting fees, ticking fees, agency fees, administrative agent or collateral agent fees, utilization fees, minimum usage fees, letter of credit fees, fronting fees, deal-away or alternate transaction fees, amendment fees, processing fees, term out premiums, banker's acceptance fees, breakage or other early termination fees or fees similar to the foregoing.

Section 11.22 Acknowledgement Regarding Any Supported QFCs. To the extent that the Loan Documents provide support, through a guarantee or otherwise, for Hedge Agreements or any other agreement or instrument that is a QFC (such support, "QFC Credit Support") and, each such QFC, a "Supported QFC"), the parties acknowledge and agree as follows with respect to the resolution power of the FDIC under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "U.S. Special Resolution Regimes") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

(a) In the event a Covered Entity that is party to a Supported QFC (each, a "Covered Party") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be

exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

(b) As used in this Section 11.22, the following terms have the following meanings:

“BHC Act Affiliate” of a party means an “affiliate” (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

“Covered Entity” means any of the following:

- (i) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);
- (ii) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or
- (iii) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“Default Right” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“QFC” has the meaning assigned to the term “qualified financial contract” in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

Section 11.23 Amendment and Restatement; No Novation. This Agreement constitutes an amendment and restatement of the Existing Credit Agreement, effective from and after the Closing Date. The execution and delivery of this Agreement shall not constitute a novation of any indebtedness or other obligations owing to the Lenders or the Administrative Agent under the Existing Credit Agreement based on facts or events occurring or existing prior to the execution and delivery of this Agreement. On the Closing Date, the credit facilities described in the Existing Credit Agreement shall be amended, supplemented, modified and restated in their entirety by the facilities described herein, and all loans and other obligations of the Borrower outstanding as of such date under the Existing Credit Agreement shall be deemed to be loans and obligations outstanding under the corresponding facilities described herein, without any further action by any Person, except that the Administrative Agent shall make such transfers of funds as are necessary in order that the outstanding balance of such Loans, together with any Loans funded on the Closing Date, reflect the respective Commitments of the Lenders hereunder.

[Signature pages to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed under seal by their duly authorized officers, all as of the day and year first written above.

MONTANA-DAKOTA UTILITIES CO., as Borrower

By: /s/ Jason L. Vollmer

Name: Jason L. Vollmer

Title: Treasurer

[Signature Page to Credit Agreement]

AGENTS AND LENDERS:

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent,
Swingline Lender, Issuing Lender and Lender

By: /s/ Keith Luettel

Name: Keith Luettel

Title: Managing Director

[Signature Page to Credit Agreement]

MUFG BANK, LTD., as Syndication Agent, Issuing Lender and Lender

By: /s/ Viet-Linh Fujitaki

Name: Viet-Linh Fujitaki

Title: Vice President

[Signature Page to Credit Agreement]

PNC BANK, NATIONAL ASSOCIATION, as a Lender

By: /s/ Christopher Olsen

Name: Christopher Olsen

Title: Vice President

[Signature Page to Credit Agreement]

U.S. BANK NATIONAL ASSOCIATION, as a Lender

By: /s/ James O'Shaughnessy
Name: James O'Shaughnessy
Title: Vice President

[Signature Page to Credit Agreement]

KEYBANK NATIONAL ASSOCIATION, as a Lender

By: /s/ Keven D. Smith

Name: Keven D. Smith

Title: Senior Vice President

[Signature Page to Credit Agreement]

DESCRIPTION OF SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

MDU Resources Group, Inc. (“we,” “our,” or “us”) has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended: our common stock, par value \$1.00 per share.

DESCRIPTION OF CAPITAL STOCK

General

The following description of our capital stock is intended as a summary only. This description is based upon, and is qualified by reference to, our Amended and Restated Certificate of Incorporation, as amended to date (our “certificate of incorporation”), our Amended and Restated Bylaws, as amended to date (our “bylaws”), and applicable provisions of the General Corporation Law of the State of Delaware (the “DGCL”). This summary is not complete. You should read our [certificate of incorporation](#) and our [bylaws](#), which are incorporated by reference as exhibits to this Annual Report on Form 10-K, for the provisions that are important to you.

Authorized and Outstanding Capital Stock

Our certificate of incorporation authorizes us to issue 502,000,000 shares of stock, divided into two classes:

- 500,000,000 shares of common stock, \$1.00 par value per share; and
- 2,000,000 shares of preferred stock, \$100 par value per share.

Common Stock

Dividend Rights

Subject to preferences that may be applicable to any then outstanding preferred stock, holders of our common stock are entitled to receive dividends, if any, as may be declared from time to time by our Board of Directors (the “Board”) out of legally available funds.

Voting Rights

Our common stock has one vote per share. The holders of our common stock are entitled to vote on all matters to be voted on by stockholders. The holders of our common stock do not have cumulative voting rights.

Our bylaws provide for a majority voting standard for the election of directors in an uncontested election and a plurality voting standard in the event the number of nominees exceeds the number of directors to be elected.

Liquidation Rights

Upon our liquidation, dissolution or winding up and after payment in full of all amounts required to be paid to creditors and to the holders of preferred stock having liquidation preferences, if any, the holders of our common stock will be entitled to receive pro rata our remaining assets available for distribution.

Other Rights

Holders of our common stock do not have preemptive, subscription, redemption or conversion rights. Our common stock is not liable to further calls or assessment. There are no redemption or sinking fund provisions applicable to the common stock. All shares of our common stock that are outstanding are fully paid and non-

assessable. The rights, powers, preferences and privileges of holders of our common stock are subject to and may be adversely affected by the rights of the holders of any shares of our preferred stock we may authorize and issue in the future.

Preferred Stock

Our certificate of incorporation authorizes our Board to issue up to 2,000,000 shares of preferred stock, from time to time in one or more classes or series, generally without any vote or action by the holders of our common stock. Our Board will be authorized to determine the number of shares and designation of any class or series of preferred stock and the powers, rights, preferences and privileges of each class or series of preferred stock, including, the dividend rate, dividend rights, conversion rights and terms, voting rights, redemption rights and terms, liquidation preferences and sinking fund terms of any class or series of preferred stock, which may be greater than the rights of the holders of the common stock. There are no shares of preferred stock outstanding.

The purpose of authorizing our Board to issue preferred stock and determine its rights and preferences is to eliminate delays associated with a shareholder vote on specific issuances. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions, future financings and other corporate purposes, could have the effect of making it more difficult for a third party to acquire, or could discourage a third party from seeking to acquire, a majority of our outstanding voting stock. Additionally, the issuance of preferred stock may adversely affect the holders of our common stock by restricting dividends on our common stock, diluting the voting power of our common stock or subordinating the liquidation rights of our common stock. As a result of these or other factors, the issuance of preferred stock could have an adverse impact on the market price of our common stock.

Provisions of our Certificate of Incorporation and our Bylaws and Certain Provisions of Delaware Law That Could Delay or Prevent a Change in Control

Our certificate of incorporation, bylaws and the DGCL, which are summarized in the following paragraphs, contain provisions that are intended to enhance the likelihood of continuity and stability in the composition of our Board. These provisions are intended to avoid costly takeover battles, reduce our vulnerability to a hostile change of control and enhance the ability of our Board to maximize shareholder value in connection with any unsolicited offer to acquire us. However, these provisions may have an anti-takeover effect and may delay, deter or prevent a merger or acquisition of our company by means of a tender offer, a proxy contest or other takeover attempt that a shareholder might consider in its best interest, including those attempts that might result in a premium over the prevailing market price for the shares of common stock held by shareholders.

Authorized but Unissued Capital Stock

The authorized but unissued shares of common stock and preferred stock are available for future issuance without shareholder approval, subject to any limitations imposed by the listing rules of the New York Stock Exchange. These additional shares may be used for a variety of corporate finance transactions, acquisitions and employee benefit plans. The existence of authorized but unissued and unreserved common stock and preferred stock could make more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise.

Number of Directors, Vacancies, Removal of Directors

Our certificate of incorporation provides that our Board will have at least six and at most 15 directors. A majority of the Board decides the exact number of directors at a given time. A majority of the directors then in office fill any new directorships created by the Board and any vacancies.

Under the laws of the state of Delaware, our directors may be removed by a majority of the shares then entitled to vote in an election of directors. However, our certificate of incorporation provides that any action required or permitted to be taken by our stockholders, which includes the removal of directors, must be effected at a duly called annual or special meeting of stockholders and may not be effected by any consent in writing by such stockholders. Our certificate of incorporation prevents stockholders from calling a special meeting.

No Cumulative Voting

Under Delaware law, the right to vote cumulatively does not exist unless the certificate of incorporation specifically authorizes cumulative voting. Our certificate of incorporation does not provide for cumulative voting. Accordingly, a holder or group of holders of a majority of the shares of our common stock are able to elect all of the directors.

Requirements for Advance Notification of Shareholder Meetings, Director Nominations and Shareholder Proposals

Our bylaws require that for a stockholder to nominate a director or bring other business before an annual meeting, the stockholder must give notice not earlier than the close of business on the 120th day prior to the first anniversary of the preceding year's annual meeting of stockholders and not later than the close of business on the 90th day prior to the first anniversary of the prior year's annual meeting of stockholders. In order for any matter to be "properly brought" before an annual meeting, a stockholder will have to comply with these advance notice requirements and provide us with certain information. Stockholders at an annual meeting may only consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of our Board or by a qualified stockholder of record on the record date for the meeting, who is entitled to vote at the meeting and who has delivered timely written notice in proper form to our secretary of the stockholder's intention to bring such business before the meeting. These provisions could have the effect of delaying stockholder actions that are favored by the holders of a majority of our outstanding voting securities until the next stockholder meeting.

In addition, our bylaws also provide for proxy access, pursuant to which a qualifying stockholder, or a group of up to 20 such stockholders, owning at least 3% of our outstanding common stock continuously for at least three years, will generally be able to nominate and include in our proxy materials for an annual meeting of stockholders, qualifying director nominees constituting up to the greater of two nominees or 20% of the total number of directors of the Company; provided that the qualifying stockholder(s) and director nominee(s) satisfy the eligibility, procedural and other requirements specified in our bylaws, including that notice of a nomination be delivered to our secretary not less than 120 days or more than 150 days before the first anniversary of the date that we first sent our proxy statement to stockholders for the prior year's annual meeting.

Stockholder Action by Written Consent; Special Meeting of Stockholders

Our certificate of incorporation eliminates the ability of stockholders to act by written consent. Our bylaws provide that special meetings of our stockholders may be called only by the Board.

Provisions of Delaware Law That Could Delay or Prevent a Change in Control

We are subject to the provisions of Section 203 of the DGCL. With some exceptions, this law prohibits us from engaging in some types of business combinations with a person who owns 15% or more of our outstanding voting stock for a three-year period after that person acquires the stock. This prohibition does not apply if:

- our Board approved the business combination or the transaction of our stock before the person became an interested stockholder;
- upon consummation of the transaction that resulted in the person becoming an interested stockholder, that person owned at least 85% of our outstanding voting stock outstanding at the time of the transaction, excluding certain shares; or
- at or subsequent to such time the business combination is approved by the Board and by at least two-thirds of the outstanding voting stock not owned by the interested stockholder.

A "business combination" includes, among other things, a merger or consolidation involving us and the "interested stockholder" and the sale of more than 10% of our assets. In general, an "interested stockholder" is any

entity or person beneficially owning 15% or more of our outstanding voting stock and any entity or person affiliated with or controlling or controlled by such entity or person.

Forum Selection

Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for any Internal Corporate Claims. As defined in our bylaws, “Internal Corporate Claims” means claims, including claims in the right of the Company, (i) that are based upon a violation of a duty by a current or former director or officer or stockholder in such capacity or (ii) as to which the General Corporation Law of the State of Delaware confers jurisdiction upon the Court of Chancery of the State of Delaware. Although we have included a choice of forum clause in our bylaws, it is possible that a court could rule that such clause is inapplicable or unenforceable.

Transfer Agent; Registrar

The transfer agent and registrar for our common stock is EQ Shareowner Services.

Listing

Our common stock is listed on the New York Stock Exchange and trades under the symbol “MDU.”

MDU RESOURCES GROUP, INC.

EXECUTIVE INCENTIVE COMPENSATION PLAN

I. ESTABLISHMENT AND PURPOSE

The Executive Incentive Compensation Plan (the “Plan”) was adopted by the Board of Directors of MDU Resources Group, Inc. (“MDUR”) on November 4, 1982 and subsequently amended. Effective January 1, 2012, the Plan was further amended, and the Montana-Dakota Utilities Co. Executive Incentive Compensation Plan, the MDU Construction Services Group, Inc. Executive Incentive Compensation Plan, the Knife River Corporation Executive Incentive Compensation Plan and the WBI Holdings, Inc. Executive Incentive Compensation Plan (collectively, the “Business Unit Plans”) were merged into the Plan. All awards with respect to services performed in 2011 and earlier that were earned and deferred pursuant to any of the Business Unit Plans shall be subject to the terms of the applicable Business Unit Plans in effect at the time the awards were granted. Deferral elections for awards relating to services to be performed during 2012 made pursuant to any of the Business Unit Plans shall be deemed to have been made pursuant to the Plan.

The purpose of the Plan is to provide an incentive for key executives of MDUR, its business segments, and subsidiaries to focus their efforts on the achievement of performance objectives. The Plan is designed to reward successful performance as measured against specified performance measures. When performance reaches or exceeds the target performance measures, incentive compensation awards, in conjunction with salaries, provide a level of compensation which recognizes the skills and efforts of the key executives.

II. DEFINITIONS

Capitalized terms not otherwise defined herein shall have the meanings given them in the Rules and Regulations.

III. BASIC PLAN CONCEPT

The Plan provides an opportunity to earn annual incentive compensation based on the achievement of specified annual performance measures. A target incentive award for each Participant within the Plan is established based on the approved salary grade structure . The target incentive award represents the amount to be paid, subject to the achievement of the performance measures established each year. Larger incentive awards than target may be authorized when performance exceeds targets; lesser or no amounts may be paid when performance is below target.

It is recognized that during a Plan Year major unforeseen changes in economic and environmental conditions or other significant factors beyond the control of management may substantially affect the ability of the Participants to achieve the specified performance measures. Therefore, in its review of performance the Administrator may modify the performance measure targets. However, it is contemplated that such modifications to the performance measure target will be necessary only in years of unusually adverse or favorable external conditions or other unforeseen significant factors beyond the control of management.

IV. ADMINISTRATION

The Plan shall be administered by the Compensation Committee of the Board of Directors of MDUR (the "Administrator"). The Compensation Committee of the Board of Directors of MDUR shall adopt Rules and Regulations for the administration of the Plan. With respect to employees who are not subject to Section 16 of the Securities Exchange Act of 1934, as amended, the Chief Executive Officer of MDUR, with respect to MDUR employees, and the chief executive officer of each business segment, in conjunction with the Chief Executive Officer of MDUR, with respect to the business segment's employees, shall be the Administrator.

The Administrator shall approve the list of eligible Participants and the target incentive award level for each Participant within the Plan. The Plan's performance measure targets for the year shall be approved by the Administrator no later than 90 days after the beginning of that Plan Year. The Administrator shall have final discretion to determine actual award

payment levels, method of payment, and whether or not payments shall be made for any Plan Year.

The Board of Directors of MDUR may, at any time and from time to time, alter, amend, supersede or terminate the Plan in whole or in part, provided that no termination, amendment or modification of the Plan shall adversely affect in any material way an award that has met all requirements for payment without the written consent of the Participant holding such award, unless such termination, modification or amendment is required by applicable law.

V. ELIGIBILITY

Executives who are determined by the Administrator to have a key role in both the establishment and achievement of their company's objectives shall be eligible to participate in the Plan.

Nothing in the Plan shall interfere with or limit in any way the right of an employer to terminate any Participant's employment at any time, for any reason or no reason in its sole discretion, or confer upon any Participant any right to remain employed by the employer. No executive shall have the right to be selected to receive an award under the Plan, or, having been so selected, to be selected to receive a future award.

VI. PLAN PERFORMANCE MEASURES

Performance measures shall be established that consider stakeholder interests and shall be evaluated annually based on achievement of specified objectives.

The performance measures will be determined by the Administrator. These measures may be applied at the MDUR level, the business segment level and/or subsidiary level. The Administrator may assign different performance measures and/or different weights to performance measures for each Participant.

The Administrator may establish threshold, target and maximum or other award levels annually for some or all of the performance measures. The Administrator will retain the right to make all interpretations as to the actual attainment of the desired performance measure

and will determine whether any circumstances beyond the control of management need to be considered.

VII. TARGET INCENTIVE AWARDS

Target incentive awards are expressed as a percentage of each Participant's Salary. These percentages may vary by position and reflect larger reward opportunity for positions having greater effect on the establishment and accomplishment of the performance objectives. A schedule showing the target awards as a percentage of Salary for eligible positions will be prepared for each Plan Year.

VIII. INCENTIVE FUND DETERMINATION

The target incentive fund is the sum of the individual target incentive awards for all eligible Participants. Once the incentive targets have been determined by the Administrator, a target incentive fund shall be established and accrued ratably by MDUR and each of its business segments and/or subsidiaries, as applicable. The incentive fund and accruals may be adjusted during the year.

At the close of each Plan Year, the Chief Executive Officer of MDUR will cause an analysis to be prepared showing the actual performance results in relation to each of the target performance measures. This will be provided to the Administrator for review and comparison to threshold, target and maximum or other performance levels, if applicable. In addition, any recommendations of the Chief Executive Officer of MDUR or the Administrator will be presented at this time. The Administrator will then determine the amount of each Participant's incentive award and the total target incentive fund earned.

IX. INDIVIDUAL AWARD DETERMINATION

Each Participant's award will be based upon the level of actual performance achieved relative to the established performance measures, as determined by a percentage from 0 percent to a maximum of 250 percent, as determined by the Administrator.

X. PAYMENT OF AWARDS

Except as provided below or as otherwise determined by the Administrator, in order to receive an award payment under the Plan, the Participant must remain in the employment of MDUR or one of its subsidiaries for the entire Service Year. If a Participant terminates employment after the Participant's 65th birthday and if the employment termination occurs during the Service Year, determination of whether the performance measures have been met will be made at the end of the Service Year, and to the extent met, payment of the award will be made to the Participant, prorated. Proration of awards shall be based upon the number of full months elapsed from and including January to and including the month in which the employment termination occurs. The prorated award shall be paid as soon as practicable in the year following the Service Year, but in all events between January 1 and March 10.

A Participant who transfers between MDUR and one of its subsidiaries during the plan year may receive a prorated award at the discretion of the Administrator.

Payments made under the Plan will not be considered part of compensation for pension or 401k Plan employer matching purposes. Payments will be made in cash as soon as practicable in the year following the Service Year, but in all events between January 1 and March 10.

To the extent approved by the Administrator of the Plan with respect to executives of MDUR or its subsidiaries, as applicable, incentive awards may be deferred if the Participant has executed the appropriate elections prior to the beginning of the Service Year. A deferral election will be effective only for the incentive award earned in the Service Year following the Plan Year in which the election is made. Deferral elections may not be changed or revoked after the Service Year begins. Deferred amounts shall be subject to the terms of the Plan and the Rules and Regulations and, to the extent not inconsistent therewith, the deferral election forms pursuant to which the amounts were deferred. Deferred amounts will accrue interest at a rate specified in the Rules and Regulations.

In the event of a "Change in Control" (as defined in the Rules and Regulations) then any award deferred by each Participant shall become immediately payable to the Participant in cash, together with accrued interest thereon to the date of payment. In the event the

Participant files suit to collect the Participant's deferred award then all of the court costs, other expenses of litigation, and attorneys' fees shall be paid by MDUR or one of its subsidiaries, as applicable, in the event the Participant prevails upon any of the Participant's claims for payment of a deferred award.

XI. ACCOUNTING RESTATEMENTS

This Section XI shall apply to incentive awards granted to all Participants in the Plan. Notwithstanding anything in the Plan or the Rules and Regulations to the contrary, if MDUR is required to prepare an accounting restatement due to material noncompliance with any financial reporting requirements under the securities laws, MDUR or the Administrator may, or shall if required, take action to recover incentive-based compensation from specific executive officers in accordance with its *Guidelines for Repayment of Incentives Due to Accounting Restatements*, as they may be amended or substituted from time to time, and in accordance with applicable law and applicable rules of the Securities and Exchange Commission and the New York Stock Exchange.

MDU RESOURCES GROUP, INC.

EXECUTIVE INCENTIVE COMPENSATION PLAN

RULES AND REGULATIONS

The Compensation Committee of the Board of Directors of MDU Resources Group, Inc. ("MDUR") adopted Rules and Regulations for the administration of the Executive Incentive Compensation Plan (the "Plan") on February 9, 1983, following adoption of the Plan by the Board of Directors of MDUR on November 4, 1982, which Rules and Regulations were subsequently amended and are hereby further amended effective November 13, 2019.

I. DEFINITIONS

The following definitions shall be used for purposes of these Rules and Regulations and for the purpose of administering the Plan:

1. The "Administrator" shall be the Compensation Committee of the Board of Directors of MDUR with respect to employees subject to Section 16 of the Securities Exchange Act of 1934, as amended. With respect to employees who are not subject to Section 16, the Chief Executive Officer of MDUR, with respect to MDUR employees, and the chief executive officer of each business segment, in conjunction with the Chief Executive Officer of MDUR, with respect to the business segment's employees, shall be the Administrator.
2. "Change in Control" shall mean the occurrence of any of the following transactions or events: (a) any person (which shall not include MDUR, any subsidiary of MDUR or any employee benefit plan of MDUR or of any subsidiary of MDUR) ("Person") or group (as that term is defined in Treasury Regulation Section 1.409A-3(i)(5)(v)(B)), acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such Person or Persons) ownership of stock of MDUR possessing 30% or more of the total voting power of the stock of MDUR; (b) any Person or group (as that term is defined in Treasury Regulation Section 1.409A-3(i)(5)(v)(B)), acquires ownership of the stock of MDUR that, together with stock held by such Person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of MDUR (this part (b) applies only when there is a transfer of stock of MDUR and MDUR's stock remains outstanding after the transaction); (c) a majority of the members of the Board of Directors of MDUR is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board of Directors of MDUR; or (d) any Person or group (as that term is defined in Treasury Regulation Section 1.409A-3(i)(5)(v)(B)),

acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such Person or Persons) assets from MDUR that have a gross fair market value equal to or more than 40% of the total gross fair market value of all of the assets of MDUR immediately before such acquisition or acquisitions.

Notwithstanding anything contained herein to the contrary, no transaction or event shall constitute a Change in Control for purposes of the Plan unless the transaction or event constitutes a change in the ownership of a corporation (as defined in Treasury Regulation Section 1.409A-3(i)(5)(v)), a change in effective control of a corporation (as defined in Treasury Regulation Section 1.409A-3(i)(5)(vi)) or a change in the ownership of a substantial portion of the assets of a corporation (as defined in Treasury Regulation Section 1.409A-3(i)(5)(vii)) and the term Change in Control shall be interpreted in a manner consistent with the proper interpretation of the similar provisions in the Section 409A Treasury Regulations.

3. The "Code" shall mean the Internal Revenue Code of 1986, as amended.
4. The "Compensation Committee" shall be the Compensation Committee of the Board of Directors of MDUR.
5. The "HQM Rate" is the number that results from adding the daily Treasury High Quality Corporate Bond Yield Curve for the last business day of each month for the 12-month period ending September 30 and dividing by 12. The Treasury High Quality Corporate Bond Yield Curve corresponds to United States corporate bonds whose credit quality is a market-weighted average of the top three qualities – AAA, AA, and A.
6. "MDUR" shall refer to MDU Resources Group, Inc. alone and shall not refer to any of its business segments or subsidiaries.
7. The "Moody's Rate" is the average of (i) the number that results from adding the daily Moody's U.S. Long-Term Corporate Bond Yield Average for "A" rated companies as of the last day of each month for the 12-month period ending October 31 and dividing by 12 and (ii) the number that results from adding the daily Moody's U.S. Long-Term Corporate Bond Yield Average for "BBB" rated companies as of the last day of each month for the 12-month period ending October 31 and dividing by 12.
8. "Participants" for any Plan Year shall be those executives who have been approved by the Administrator as eligible for participation in the Plan for such Plan Year.

9. "Payment Date" shall be the date set by the Administrator for payment of awards pursuant to Section X of the Plan, other than those awards deferred pursuant to Section X of the Plan and Section VII of these Rules and Regulations.
10. The "Plan" shall refer to the Executive Incentive Compensation Plan, as it has been and may be amended.
11. The "Plan Year" shall be the calendar year.
12. "Service Year" means the Plan Year during which the services giving rise to the incentive award are performed.
13. "Specified Employee" means an employee who, as of the date the employee separates from service, is a "specified employee" (as that term is used in Section 409A(a)(2)(B) of the Code), as determined under MDUR's policy for determining specified employees.

II. ADMINISTRATION

1. The Compensation Committee shall have the full power to construe and interpret the Plan and to establish and to amend these Rules and Regulations for its administration.
2. The Administrator shall not participate in a decision as to the Administrator's eligibility for, or award of, an incentive award payment.
3. For each Plan Year, the Administrator shall approve a list of eligible executives and notify those so approved that they are eligible to participate in the Plan for such Plan Year.
4. The Administrator shall approve the Plan's performance measures, performance targets and target incentive award levels for the Participants for the Plan Year.
5. The Administrator shall have final discretion to determine actual award payment levels, method of payment, and whether or not payments shall be made for any Plan Year.

III. PLAN PERFORMANCE MEASURES

1. The Administrator shall establish the performance measures reflecting company performance objectives and may establish more or fewer performance measures as it deems necessary.
2. The performance measures may be established for MDUR or any of its business segments or subsidiaries as deemed appropriate by the Administrator. The Administrator may assign different performance measures and/or different weights to performance measures for each Participant.
3. The Administrator shall cause to be prepared a list of Participants to whom the Plan performance measures will be applied and shall identify the applicable performance measures for each Participant, which may vary among Participants.
4. The Administrator may set threshold, target, maximum and other award levels for some or all of the performance measures, and those levels shall be included on the list referred to in paragraph 3 above.
5. The Administrator will retain the authority to determine whether or not the actual attainment of these measures has been made.

IV. TARGET INCENTIVE AWARDS

1. Target incentive awards are expressed as a percentage of each Participant's Salary and may vary by position, as defined in the Plan.
2. Target incentive awards shall be set by the Administrator annually and will be included on the list referred to above.

V. INCENTIVE FUND DETERMINATION

1. The target incentive fund is the sum of the individual target incentive awards for all eligible Participants.
2. Once individual incentive targets have been determined, a target incentive fund shall be established and accrued ratably by MDUR and each of its business segments or subsidiaries, as applicable. The incentive fund and accruals may be adjusted during the year.

3. As soon as practicable following the close of each Plan Year, the Chief Executive Officer of MDUR will cause an analysis to be prepared showing the actual performance results in relation to the target performance measures. The Administrator will review the analysis and determine, in its sole discretion, the amount of each Participant's incentive award and the actual total incentive fund.
4. In determining the actual incentive fund, any recommendations of the Chief Executive Officer of MDUR or the Administrator will be considered.

VI. INDIVIDUAL AWARD DETERMINATION

1. The Administrator shall have the sole discretion to determine each Participant's award. The Administrator's decision will be based upon the level of actual performance achieved.
2. Each Participant's award will be based upon the level of actual performance achieved relative to the established performance measures, as determined by a percentage from 0 percent to a maximum of 250 percent, as determined by the Administrator.

VII. PAYMENT OF AWARDS

1. On the date the Administrator determines the awards to be made to individual Participants, it shall also establish the Payment Date which in all events shall be between January 1 and March 10..
2. Except as provided below or in the Plan or as the Administrator otherwise determines, in order to receive an award under the Plan, a Participant must remain in the employment of MDUR or its subsidiaries for the entire Service Year.
3. If a Participant terminates employment after the Participant's 65th birthday and the termination occurs during the Service Year, determination of whether the performance measures have been met will be made at the end of the Service Year, and to the extent met, payment of the award will be made to the Participant, prorated. Proration of awards shall be based upon the number of full months elapsed from and including January to and including the month in which the Participant's employment termination occurs.
4. Payment of the awards shall be made in cash. Payments shall be made on the Payment Date unless the Participant has deferred, in whole or in part,

the receipt of the award by making an election on the deferral form provided by the MDUR Human Resources department, prior to the beginning of the Service Year. Deferral elections may not be changed or revoked after the Service Year begins.

VIII. DEFERRAL OF ANNUAL INCENTIVE

1. In the event a Participant has elected to defer receipt of all or a portion of the award, MDUR or one of its business segments, divisions or subsidiaries, as applicable shall set up an account in the Participant's name. The amount of the Participant's award to the extent deferred will be credited to the Participant's account on the Payment Date.
2. The balance credited to an account of a Participant who has elected to defer receipt of an award will be an unsecured, unfunded obligation of MDUR or one of its business segments or subsidiaries, as applicable.
3. Interest shall accrue on the balance credited to a Participant's account from the date the balance is credited. The rate of interest on deferred balances for Plan Year 2019 shall be the Moody's Rate calculated as of October 31, 2018. The rate of interest on deferred balances for Plan Years after 2019 shall be the HQM Rate calculated as of September 30 of the prior year.
4. Interest shall be compounded and credited to the account monthly.
5. A Participant may elect to defer any percentage, not to exceed 100, of an annual award.
6. A Participant electing to defer any part of an award must elect one of the following dates on which (a) payment will be made, if payment will be made in a lump sum or (b) payments will commence, if payment will be made in monthly installments:
 - (1) Between January 1 and March 10 of the year following the year of termination of employment with MDUR or its subsidiaries, as applicable; or
 - (2) Between January 1 and March 10 of the fifth year following the year in which the award would have been paid had it not been deferred.

For Participants who previously elected to have payments made or commence on the Payment Date of the year following the year of their termination of employment, their payments will be made or commence

between January 1 and March 10 of the year following the year of their termination of employment. For Participants who elected to have payments made or commence on the Payment Date of the fifth year following the year in which the award may be made, their payments will be made or commence between January 1 and March 10 of the fifth year following the year in which the award would have been paid had it not been deferred.

7. A Participant may elect to receive the deferred amounts accumulated in the Participant's account in monthly installments, not to exceed 120. In the event the Participant elects to receive the amounts in the Participant's account in more than one installment, interest shall continue to accrue on the balance remaining in their account at the applicable rate set forth in paragraph 3 of this Section VIII.
8. Notwithstanding anything contained in the Plan or these Rules and Regulations to the contrary, if a Specified Employee's employment terminates, to the extent required by Section 409A(a)(2)(B) of the Code, except as otherwise provided in paragraph 9 below of this Section VIII of these Rules and Regulations, payment of any deferred amounts under the Plan that are to be paid during the 6-month period following the Specified Employee's termination of employment shall not be paid or provided until the first business day after the date that is 6 months following the Specified Employee's termination of employment. Any payment that is made pursuant to the prior sentence shall include the cumulative amount of any amounts that could not be paid during the 6-month period following the Specified Employee's termination of employment. To the extent payments are deferred pursuant to the prior sentence, such deferred amounts shall continue to accrue interest pursuant to paragraph 3 of this Section VIII until payment occurs.

For all purposes under the Plan and these Rules and Regulations, references to termination of employment and similar terms shall be interpreted to mean "separation from service," as that term is used in Section 409A of the Code, and the Participant's employment shall not be deemed to have terminated for purposes of the Plan or these Rules and Regulations unless and until a separation from service shall have occurred for purposes of Section 409A of the Code.

9. In the event of the death of a Participant in whose name a deferred account has been set up, MDUR or one of its business segments or subsidiaries, as applicable, shall, within 90 days thereafter, pay to the Participant's estate or the designated beneficiary the entire amount in the deferred account.

10. In the event of a "Change in Control" then any award deferred by a Participant shall become immediately payable to the Participant. In the event the Participant files suit to collect a deferred award then all of the Participant's court costs, other expenses of litigation, and attorneys' fees shall be paid by MDUR or one of its business segments, or subsidiaries, as applicable, in the event the Participant prevails upon any of the Participant's claims for payment.

MDU RESOURCES GROUP, INC.
LONG-TERM PERFORMANCE-BASED INCENTIVE PLAN
PERFORMANCE SHARE AWARD AGREEMENT

February 13, 2020

{Participant Name}

In accordance with the terms of the MDU Resources Group, Inc. Long-Term Performance-Based Incentive Plan (the "Plan"), pursuant to action of the Compensation Committee of the Board of Directors of MDU Resources Group, Inc. (the "Committee"), MDU Resources Group, Inc. (the "Company") hereby grants to you (the "Participant") Performance Shares (the "Award"), subject to the terms and conditions set forth in this Award Agreement (including Annexes A and B hereto and all documents incorporated herein by reference), as set forth below:

Target Award: {No. of Shares} Performance Shares (the "Target Award")

Performance Period: January 1, 2020 through
December 31, 2022 (the "Performance Period")

Date of Grant: February 13, 2020

Dividend Equivalents: Yes

THESE PERFORMANCE SHARES ARE SUBJECT TO FORFEITURE AS PROVIDED HEREIN. THIS AWARD AND AMOUNTS RECEIVED IN CONNECTION WITH THIS AWARD ARE ALSO SUBJECT TO FORFEITURE, RECAPTURE OR OTHER ACTION IN THE EVENT OF AN ACCOUNTING RESTATEMENT, AS PROVIDED IN THE PLAN.

Further terms and conditions of the Award are set forth in Annexes A and B hereto, which are integral parts of this Award Agreement.

You must accept this Award Notice by logging onto your account with Fidelity Investments and accepting this grant agreement. If you fail to do so, the award will be null and void. By accepting this Award, you agree to be bound by all of the provisions set forth in this Award Notice, the Agreement, and the Plan.

Attachments:

Annex A: Performance Share Award Agreement

Annex B

ANNEX A

TO

**MDU RESOURCES GROUP, INC.
LONG-TERM PERFORMANCE-BASED INCENTIVE PLAN**

PERFORMANCE SHARE AWARD AGREEMENT

It is understood and agreed that the Award of Performance Shares evidenced by the Award Agreement to which this is annexed is subject to the following additional terms and conditions.

1. Nature of Award. The Target Award represents the opportunity to receive shares of Company common stock, \$1.00 par value ("Shares") and Dividend Equivalents on such Shares. The number of Shares that may be earned under this Award shall be determined pursuant to Section 4 hereof. The amount of Dividend Equivalents that may be earned under this Award shall be determined pursuant to Section 6 hereof. Except for Dividend Equivalents, which are paid in cash, Awards will be paid in Shares.

2. Performance Measures. The following performance measures will be used to determine the Payout Percentage.

- Fifty percent (50%) of the Award is based on the Company's total shareholder return ("TSR") relative to that of the Peer Group listed on Annex B (the "Percentile Rank") for the Performance Period.
- Twenty-five percent (25%) of the Award is based on the Company's compound annual growth rate in Earnings from continuing operations before Interest, Taxes, Depreciation, Depletion and Amortization (EBITDA) for the Performance Period.
- Twenty-five percent (25%) of the Award is based on the Company's compound annual growth rate in Earnings from continuing operations for the Performance Period.

(a) The achievement of the relative TSR performance measure will be determined in accordance with the following table:

Percentile Rank	Payout Percentage (% of Target Award)
[]th or []	[]
[]th	[]
[]th	[]
less than []th	[]

If the Company achieves a Percentile Rank between the []th and []th percentiles, the Payout Percentage shall be equal to []%, plus []% for each Percentile Rank whole percentage above the []th percentile. If the Company achieves a Percentile Ranking between the []th and []th percentiles, the Payout Percentage shall be equal to []%, plus []% for each Percentile Rank whole percentage above the []th percentile.

The Percentile Rank of a given company's TSR is defined as the percentage of the Peer Group companies' returns falling at or below the given company's TSR. The formula for calculating the Percentile Rank follows:

$$\text{Percentile Rank} = (n - r + 1)/n \times 100$$

Where:

- n = total number of companies in the Peer Group, including the Company
- r = the numeric rank of the Company's TSR relative to the Peer Group, where the highest return in the group is ranked number 1

To illustrate, if the Company's TSR is the third highest in the Peer Group comprised of 20 companies, its Percentile Rank would be 90. The calculation is:
 $(20 - 3 + 1)/20 \times 100 = 90$.

The Percentile Rank shall be rounded to the nearest whole percentage.

If the common stock of a company in the Peer Group ceases to be traded during the Performance Period, the company will be deleted from the Peer Group. Percentile Rank will be calculated without regard to the return of the deleted company.

If the Company or a company in the Peer Group spins off a segment of its business, the shares of the spun-off entity will be treated as a cash dividend that is reinvested in the Company or the company in the Peer Group.

Total shareholder return is the percentage change in the value of an investment in the common stock of a company from the initial investment made on the last trading day in the calendar year preceding the beginning of the performance period through the last trading day in the final year of the performance period. It is assumed that dividends are reinvested in additional shares of common stock at the frequency paid.

(b) The achievement of the EBITDA growth performance measure will be determined in accordance with the following table:

EBITDA Compound Annual Growth Rate	Payout Percentage (% of Target Award)
Less than []%	[]%
[]%	[]%
[]%	[]%
[]%	[]%

Payout percentages for results achieved between the stated performance levels will be determined by linear interpolation.

For purposes of calculating EBITDA, Earnings will be Income from continuing operations at the beginning and end of the performance period. Interest, taxes and depreciation, depletion, and amortization expenses used in the calculation of EBITDA will also be from continuing operations at the beginning and end of the performance period. Earnings used to determine EBITDA will be adjusted, as such adjustments are approved by the Compensation Committee, to remove:

- []
- []
- []

For calculation of the 2020-2022 performance period, the beginning performance period EBITDA from continuing operations used in the denominator (base year) will be the 2019 EBITDA of \$[] million. The Compensation Committee reserves the right to equitably adjust the target EBITDA annual growth rate and the beginning and end of period EBITDA to reflect the effect of business segment changes during the performance period and prevent dilution or enlargement of rights.

The EBITDA compound annual growth rate (EBITDA CAGR) for the performance period will be determined by the following formula:

$$\text{EBITDA CAGR} = (EV / BV)^{1/n} - 1$$

Where:

EV = EBITDA at the end of the performance period (12/31/2022)

BV = EBITDA at the beginning of the performance period (12/31/2019)

N = number of years in the performance period (i.e 3)

To illustrate, if the Company’s EBITDA at the end of 2019 was \$600 million and the Company’s EBITDA at the end of 2022 was \$700 million, the compound annual growth rate at the end of the 3 year period would be 5.3%. The calculation is:

$$5.3\% = (700 / 600)^{1/3} - 1$$

(c) The achievement of the Earnings growth performance measure will be determined in accordance with the following table:

Earnings Compound Annual Growth Rate	Payout Percentage (% of Target Award)
Less than []%	[]%
[]%	[]%
[]%	[]%
[]%	[]%

Payout percentages for results achieved between the stated performance levels will be determined by linear interpolation.

For purposes of calculating Earnings growth, Earnings will be Income from continuing operations at the beginning and end of the performance period. Earnings will be adjusted, as such adjustments are approved by the Compensation Committee, to remove:

- []
- []
- []
- []

For calculation of the 2020-2022 performance period, the beginning performance period Earnings used in the denominator (base year) will be the 2019 earnings from continuing operations of \$[] million. The Compensation Committee reserves the right to equitably adjust the target Earnings compound annual growth rate and the beginning and end of period Earnings to reflect the effect of business segment changes during the performance period and prevent dilution or enlargement of rights.

The Earnings compound annual growth rate (Earnings CAGR) for the performance period will be determined by the following formula:

$$\text{Earnings CAGR} = (\text{EV} / \text{BV})^{1/n} - 1$$

Where:

EV = Earnings at the end of the performance period (12/31/2022)

BV = Earnings at the beginning of the performance period (12/31/2019)

N = number of years in the performance period (i.e 3)

To illustrate, if the Company's Earnings at the end of 2019 was \$250 million and the Company's Earnings at the end of 2022 was \$300 million, the compound annual growth rate at the end of the 3 year period would be 6.3%. The calculation is:

$$6.3\% = (300 / 250)^{1/3} - 1$$

3. Total Percentage Payout. The Total Percentage Payout is the sum of the payout percentages for each of the performance measures multiplied by the weighting percentage for such performance measure.

i.e.

Total Percentage Payout = (50% x relative TSR payout) + (25% x EBITDA growth payout) +
(25% x Earnings growth payout)

4. Determination of Number of Shares Earned. The number of Shares earned, if any, for the Performance Period shall be determined in accordance with the following formula:

$$\text{\# of Shares} = \text{Total Payout Percentage} \times \text{Target Award}$$

All Performance Shares that are not earned for the Performance Period shall be forfeited

5. Issuance of Shares and Mandatory Holding Period. Subject to any restrictions on distributions of Shares under the Plan, and subject to Section 6 of this Annex A, the Shares earned under the Award, if any, shall be issued to the Participant as soon as practicable (but no later than

the next March 10) following the close of the Performance Period. The Participant shall retain 50% of the net after-tax Shares that are earned under this Award until the earlier of (i) the end of the two-year period commencing on the date any Shares earned under this Award are issued and (ii) the Participant's termination of employment. Executives are required to own Shares at designated multiples of their base salary. If a Participant has not achieved an applicable stock ownership requirement, the Company may require the Participant to hold Shares received under this award until the requirement is met.

6. Dividend Equivalents. Dividend Equivalents shall be earned with respect to any Shares issued to the Participant pursuant to this Award. The amount of Dividend Equivalents earned shall be equal to the total dividends declared on a Share for stockholders of record between the Date of Grant of this Award and the last day of the Performance Period, multiplied by the number of Shares issued to the Participant pursuant to the Award Agreement. Any Dividend Equivalents earned shall be paid in cash to the Participant when the Shares to which they relate are issued or as soon as practicable thereafter, but no later than the next March 10 following the close of the Performance Period. If the Award is forfeited or if no Shares are issued, no Dividend Equivalents shall be paid.

7. Termination of Employment.

(a) If the Participant's employment with the Company is terminated during the Performance Period (i) for "Cause" (as defined below) at any time or (ii) for any reason other than "Cause" before the Participant, as of the effective date of termination, has reached age 55 and completed 10 "Years of Service" (as defined below), all Performance Shares (and related Dividend Equivalents) shall be forfeited.

(b) If the Participant's employment with the Company is terminated for any reason other than "Cause" after the Participant, as of the effective date of termination, has reached age 55 and completed 10 "Years of Service" (i) during the first year of the Performance Period, all Performance Shares (and related Dividend Equivalents) shall be forfeited; (ii) during the second year of the Performance Period, determination of the Company's Payout Percentage for the Performance Period will be made by the Committee at the end of the Performance Period, and Shares (and related Dividend Equivalents) earned, if any, will be paid based on the Payout Percentage, prorated for the number of full months elapsed from and including the month in which the Performance Period began to and including the month in which the termination of employment occurs; and (iii) during the third year of the Performance Period, determination of the Company's Payout Percentage for the Performance Period will be made by the Committee at the end of the Performance Period, and Shares (and related Dividend Equivalents) earned, if any, will be paid based on the Payout Percentage without prorating.

(c) For purposes of the Award Agreement, the term "Cause" shall mean the Participant's fraud or dishonesty that has resulted or is likely to result in material economic damage to the Company or a Subsidiary, or the Participant's willful nonfeasance if such nonfeasance is not cured within ten days of written notice from the Company or a Subsidiary, as determined in good faith by a vote of at least two-thirds of the non-employee directors of the Company at a meeting of the Board at which the Participant is provided an opportunity to be heard. For purposes of the Award Agreement, the term "Years of Service" shall mean the years a Participant is employed by the Company and/or a Subsidiary.

8. Tax Withholding. Pursuant to Article 14 of the Plan, the Committee has the power and the right to deduct or withhold, or require the Participant to remit to the Company, an amount sufficient to satisfy any federal, state and local taxes (including the Participant's FICA obligations) required by law to be withheld with respect to the Award and Dividend Equivalents. The Committee may condition the delivery of Shares upon the Participant's satisfaction of such withholding obligations. The withholding requirement for Shares will be satisfied by the Company withholding Shares having a Fair Market Value equal to federal income tax withholding obligations using an IRS accepted methodology plus additional amounts for state and local tax purposes, as applicable, including payroll taxes, that are applicable to such supplemental taxable income but with rates not to exceed the maximum effective statutory rates, unless the Participant elects, in a manner satisfactory to the Committee, to remit an amount to satisfy the withholding requirement subject to such restrictions or limitations that the Committee, in its sole discretion, deems appropriate. Such election must be made before, and is irrevocable after, December 15 of the last year of the Performance Period, and cannot be made or revoked while the Participant possesses information that will be material nonpublic information at the time the Shares are issued such that the Participant would be prohibited from trading on the Company's stock under its Insider Trading Policy.

9. Ratification of Actions. By accepting the Award or other benefit under the Plan, the Participant and each person claiming under or through him or her shall be conclusively deemed to have indicated the Participant's acceptance and ratification of, and consent to, any action taken under the Plan or the Award by the Company, its Board of Directors, or the Committee.

10. Notices. Any notice hereunder to the Company shall be addressed to its office, 1200 West Century Avenue, P.O. Box 5650, Bismarck, North Dakota 58506; Attention: Corporate Secretary, and any notice hereunder to the Participant shall be addressed to him or her at the address specified on the Award Agreement, subject to the right of either party to designate at any time hereafter in writing some other address.

11. Definitions. Capitalized terms not otherwise defined herein or in the Award Agreement shall have the meanings given them in the Plan.

12. Governing Law and Severability. To the extent not preempted by federal law, the Award Agreement will be governed by and construed in accordance with the laws of the State of Delaware, without regard to conflicts of law provisions. In the event any provision of the Award Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Award Agreement, and the Award Agreement shall be construed and enforced as if the illegal or invalid provision had not been included.

13. No Rights to Continued Employment. The Award Agreement is not a contract of employment. Nothing in the Plan or in the Award Agreement shall interfere with or limit in any way the right of the Company or any Subsidiary to terminate the Participant's employment at any time, for any reason or no reason, or confer upon the Participant the right to continue in the employ of the Company or a Subsidiary.

ANNEX B

TO

**MDU RESOURCES GROUP, INC.
LONG-TERM PERFORMANCE-BASED INCENTIVE PLAN
PERFORMANCE SHARE AWARD AGREEMENT
PEER GROUP COMPANIES**

Alliant Energy Corporation
Ameren Corporation
Atmos Energy Corporation
Black Hills Corporation
CMS Energy Corporation
Dycom Industries Inc.
EMCOR Group, Inc.
Eversource Energy, Inc.
Granite Construction Incorporated
Jacobs Engineering Group, Inc.
KBR, Inc.
Martin Marietta Materials, Inc.
MasTec, Inc.
NiSource Inc.
Pinnacle West Capital Corporation
Portland General Electric Company
Quanta Services, Inc.
Southwest Gas Holdings, Inc.
Summit Materials Inc.
Vulcan Materials Company
WEC Energy Group, Inc.

**INSTRUMENT OF AMENDMENT TO THE
MDU RESOURCES GROUP, INC.
401(k) RETIREMENT PLAN**

The MDU Resources Group, Inc. 401(k) Retirement Plan (as amended and restated January 1, 2017) (the “K-Plan”), is hereby further amended as follows:

Effective as of January 1, 2018, by adding the following subsection (b) to the end of Section 3.3 Matching Contributions:

- (b) Notwithstanding the preceding provisions of this Section 3.3 and any related Schedule to the contrary, in accordance with Treasury Regulation §1.401(a)(4)-11(g) (the “Treasury Regulation”), effective as of January 1, 2018 and continuing through the period required pursuant to such Treasury Regulation, the following Participants shall receive an additional Employer standard matching contribution equal to the amount determined to be necessary to comply with the requirements of IRC §401(a)(4) and the Treasury Regulations thereunder:

IN WITNESS WHEREOF, MDU Resources Group, Inc., as sponsoring employer of the K-Plan has caused this amendment to be duly executed by a member of the MDU Resources, Group, Inc. Employee Benefits Committee on this 15th day of October 2019.

**MDU RESOURCES GROUP, INC.
EMPLOYEE BENEFITS COMMITTEE**

By: /s/ Jason L. Vollmer
Jason L. Vollmer, Chairman

MDU RESOURCES GROUP, INC.**List of Subsidiaries
(effective December 31, 2019)**

<u>Subsidiaries</u>	<u>Jurisdiction of Formation</u>
1250 Gladding Road, LLC	Delaware
Alaska Basic Industries, Inc.	Alaska
Ames Sand & Gravel, Inc.	North Dakota
Anchorage Sand and Gravel Company, Inc.	Alaska
ARC Fabricators, L.L.C.	South Dakota
Baldwin Contracting Company, Inc.	California
Bell Electrical Contractors, Inc.	Missouri
Bombard Electric, LLC	Nevada
Bombard Mechanical, LLC	Nevada
Capital Electric Construction Company, Inc.	Kansas
Capital Electric Line Builders, Inc.	Kansas
Cascade Natural Gas Corporation	Washington
Centennial Energy Holdings, Inc.	Delaware
Centennial Energy Resources International, Inc.	Delaware
Centennial Energy Resources LLC	Delaware
Centennial Holdings Capital LLC	Delaware
Central Oregon Redi-Mix, LLC	Oregon
Concrete, Inc.	California
Connolly-Pacific Co.	California
D S S Company	California
Desert Fire Holdings, Inc.	Nevada
Desert Fire Protection, a Nevada Limited Partnership	Nevada
Desert Fire Protection, Inc.	Nevada
Desert Fire Protection, LLC	Nevada
Duro Electric Company	Colorado
E & ER Company	South Dakota
Ellis & Eastern Company	South Dakota
E.S.I., Inc.	Ohio
Fairbanks Materials, Inc.	Alaska
Fidelity Exploration & Production Company	Delaware
Fidelity Oil Co.	Delaware
Frebco, Inc.	Ohio
FutureSource Capital Corp.	Delaware
Granite City Ready Mix, Inc.	Minnesota
Hawaiian Cement	Hawaii
Intermountain Gas Company	Idaho
International Line Builders, Inc.	Delaware
InterSource Insurance Company	Vermont
Jebro Incorporated	Iowa
JTL Group, Inc. (Montana corporation)	Montana

JTL Group, Inc. (Wyoming corporation)	Wyoming
Kent's Oil Service	California
Knife River Corporation	Delaware
Knife River Corporation - Mountain West	Delaware
Knife River Corporation - North Central	Minnesota
Knife River Corporation - Northwest	Oregon
Knife River Corporation - South	Texas
Knife River Dakota, Inc.	Delaware
Knife River Hawaii, Inc.	Delaware
Knife River Marine, Inc.	Delaware
Knife River Midwest, LLC	Delaware
KRC Holdings, Inc.	Delaware
Lone Mountain Excavation & Utilities, LLC	Nevada
Loy Clark Pipeline Co.	Oregon
LTM, Incorporated	Oregon
MDU Construction Services Group, Inc.	Delaware
MDU Energy Capital, LLC	Delaware
MDU Industrial Services, Inc.	Delaware
MDU Resources Luxembourg I LLC S.a.r.l.	Luxembourg
MDU Resources Luxembourg II LLC S.a.r.l.	Luxembourg
MDU United Construction Solutions, Inc.	Delaware
Montana-Dakota Utilities Co.	Delaware
Nevada Solar Solutions, LLC	Delaware
Nevada Valley Solar Solutions I, LLC	Delaware
Northstar Materials, Inc.	Minnesota
OEG, Inc.	Oregon
Prairie Cascade Energy Holdings, LLC	Delaware
Prairie Intermountain Energy Holdings, LLC	Delaware
Rail to Road, Inc.	South Dakota
Rocky Mountain Contractors, Inc.	Montana
Sweetman Const. Co.	South Dakota
USI Industrial Services, Inc.	Delaware
Wagner Group, Inc., The	Delaware
Wagner-Smith Company, The	Ohio
Wagner-Smith Equipment Co.	Delaware
WBI Canadian Pipeline, Ltd.	Canada
WBI Energy Midstream, LLC	Colorado
WBI Energy Transmission, Inc.	Delaware
WBI Energy, Inc.	Delaware
WBI Holdings, Inc.	Delaware
WHC, Ltd.	Hawaii

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-220026 on Form S-3 and Registration Statement Nos. 333-27877, 333-114488, and 333-234760 on Form S-8 of our reports dated February 21, 2020, relating to the financial statements of MDU Resources Group, Inc., and the effectiveness of MDU Resources Group, Inc.'s internal control over financial reporting appearing in this Annual Report on Form 10-K for the year ended December 31, 2019.

/s/ Deloitte & Touche LLP

Minneapolis, Minnesota
February 21, 2020

CERTIFICATION

I, David L. Goodin, certify that:

1. I have reviewed this annual report on Form 10-K of MDU Resources Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 21, 2020

/s/ David L. Goodin

David L. Goodin

President and Chief Executive Officer

CERTIFICATION

I, Jason L. Vollmer, certify that:

1. I have reviewed this annual report on Form 10-K of MDU Resources Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 21, 2020

/s/ Jason L. Vollmer

Jason L. Vollmer

Vice President, Chief Financial Officer and Treasurer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

Each of the undersigned, David L. Goodin, the President and Chief Executive Officer, and Jason L. Vollmer the Vice President, Chief Financial Officer and Treasurer of MDU Resources Group, Inc. (the "Company"), DOES HEREBY CERTIFY that:

1. The Company's Annual Report on Form 10-K for the year ended December 31, 2019 (the "Report"), fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, each of the undersigned has executed this statement this 21st day of February, 2020.

/s/ David L. Goodin

David L. Goodin
President and Chief Executive Officer

/s/ Jason L. Vollmer

Jason L. Vollmer
Vice President, Chief Financial Officer and Treasurer

A signed original of this written statement required by Section 906 has been provided to MDU Resources Group, Inc. and will be retained by MDU Resources Group, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

MDU RESOURCES GROUP, INC.
MINE SAFETY INFORMATION

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) requires issuers to include in periodic reports filed with the SEC certain information relating to citations or orders for violations of standards under the Federal Mine Safety and Health Act of 1977 (Mine Act), as amended by the Mine Improvement and New Emergency Response Act of 2006 (Mine Safety Act). The Dodd-Frank Act requires reporting of the following types of citations or orders:

1. Citations issued under Section 104 of the Mine Safety Act for violations that could significantly and substantially contribute to the cause and effect of a coal or other mine safety or health hazard.
2. Orders issued under Section 104(b) of the Mine Safety Act. Orders are issued under this section when citations issued under Section 104 have not been totally abated within the time period allowed by the citation or subsequent extensions.
3. Citations or orders issued under Section 104(d) of the Mine Safety Act. Citations or orders are issued under this section when it has been determined that the violation is caused by an unwarrantable failure of the mine operator to comply with the standards. An unwarrantable failure occurs when the mine operator is deemed to have engaged in aggravated conduct constituting more than ordinary negligence.
4. Citations issued under Section 110(b)(2) of the Mine Safety Act for flagrant violations. Violations are considered flagrant for repeat or reckless failures to make reasonable efforts to eliminate a known violation of a mandatory health and safety standard that substantially and proximately caused, or reasonably could have been expected to cause, death or serious bodily injury.
5. Imminent danger orders issued under Section 107(a) of the Mine Safety Act. An imminent danger is defined as the existence of any condition or practice in a coal or other mine which could reasonably be expected to cause death or serious physical harm before such condition or practice can be abated.
6. Notice received under Section 104(e) of the Mine Safety Act of a pattern of violations or the potential to have such a pattern of violations that could significantly and substantially contribute to the cause and effect of mine health and safety standards.

During the twelve months ended December 31, 2019, none of the Company's operating subsidiaries received citations or orders under the following sections of the Mine Safety Act: 104(d), 110(b)(2) or 104(e). The Company had no mining-related fatalities during this period.

MSHA Identification Number/Contractor ID	Section 104 S&S Citations (#)	Section 104(d) Citations and Orders (#)	Section 107(a) Orders (#)	Total Dollar Value of MSHA Assessments Proposed (\$)	Legal Actions Pending as of Last Day of Period (#)	Legal Actions Initiated During Period (#)	Legal Actions Resolved During Period (#)
04-00081	—	—	—	\$ 121	—	—	—
04-05140	—	—	—	121	—	—	—
10-02088	—	—	—	121	—	—	—
10-02089	4	1	—	48,130	—	2	2
10-02090	—	—	—	121	—	—	—
13-02222	—	—	—	363	—	—	—
21-02702	1	—	—	505	—	—	—
21-02718	—	—	—	1,225	—	—	—
21-03096	1	—	—	214	—	—	—
21-03127	—	—	—	360	—	—	—
21-03133	—	—	—	242	—	—	—
21-03219	—	—	—	121	—	—	—
21-03248	—	—	—	118	—	—	1
21-03348	—	—	—	121	—	—	—
21-03358	1	—	—	263	—	—	—
21-03416	—	—	—	118	—	—	—
21-03419	1	—	—	214	—	—	—
21-03502	—	—	—	121	—	—	—
21-03572	—	—	—	121	—	—	—
21-03732	—	—	—	121	—	—	—
21-03872	—	—	—	354	—	—	—
21-02936	—	—	—	121	—	—	—
21-03129	—	—	—	826	—	—	—
21-03215	—	—	—	363	—	—	—
24-00462	1	—	—	3,993	—	—	—
24-00459	2	—	—	616	—	—	—
24-00478	—	—	—	242	—	—	—
24-01935	—	—	—	118	—	—	—
24-02022	—	—	—	242	—	—	—
24-02414	—	—	—	121	—	—	—
32-00774	—	—	—	121	—	—	—
32-00776	—	—	—	121	—	—	—
32-00777	—	—	—	726	—	—	—
32-00950	1	—	—	1,079	—	—	—
35-00426	2	1	—	6,270	—	—	—
35-00495	—	—	—	121	—	—	—
35-00512	1	—	—	1,017	—	—	—
35-00521	—	—	—	454	—	—	—
35-02968	—	—	—	2,178	—	1	1
35-03022	—	—	—	132	—	—	—
35-03131	2	—	—	1,936	—	3	3
35-03321	—	—	—	242	1	1	—
35-03449	—	—	—	121	—	—	—

MSHA Identification Number/Contractor ID	Section 104 S&S Citations (#)	Section 104(d) Citations and Orders (#)	Section 107(a) Orders (#)	Total Dollar Value of MSHA Assessments Proposed (\$)	Legal Actions Pending as of Last Day of Period (#)	Legal Actions Initiated During Period (#)	Legal Actions Resolved During Period (#)
35-03496	—	—	—	363	—	—	—
35-03527	2	—	—	3,960	—	1	1
35-03558	1	—	—	734	—	—	—
35-03581	—	—	—	32,686	—	2	3
35-03594	2	—	1	2,328	2	2	—
35-03595	—	—	—	121	—	—	—
35-03605	—	—	—	495	—	—	—
35-03642	—	—	—	575	—	—	—
35-03667	—	—	—	1,089	—	—	—
35-03678	—	—	—	121	—	—	—
35-03751	2	—	—	1,043	1	1	—
35-00503	—	—	—	121	—	—	—
41-02639	—	—	—	242	—	—	—
41-03931	—	—	—	396	—	—	—
48-01383	3	—	—	2,538	—	—	—
50-00883	—	—	—	6,173	—	1	1
50-01196	2	—	—	5,506	—	—	—
51-00036	4	—	—	11,586	—	1	1
51-00192	—	—	—	121	—	1	1
51-00195	—	—	—	242	—	1	1
51-00242	—	—	—	242	—	—	—
51-00245	—	—	—	242	—	—	—
39-00008	1	—	—	1,455	—	—	—
39-00292	—	—	—	121	—	—	—
39-01478	—	—	—	3,003	—	—	—
	34	2	1	\$ 149,858	4	17	15

Legal actions pending before the Federal Mine Safety and Health Review Commission (the Commission) may involve, among other questions, challenges by operators to citations, orders and penalties they have received from the Federal Mine Safety and Health Administration (MSHA) or complaints of discrimination by miners under section 105 of the Mine Act. The following is a brief description of the types of legal actions that may be brought before the Commission.

- Contests of Citations and Orders - A contest proceeding may be filed with the Commission by operators, miners or miners' representatives to challenge the issuance of a citation or order issued by MSHA.
- Contests of Proposed Penalties (Petitions for Assessment of Penalties) - A contest of a proposed penalty is an administrative proceeding before the Commission challenging a civil penalty that MSHA has proposed for the alleged violation contained in a citation or order.
- Complaints for Compensation - A complaint for compensation may be filed with the Commission by miners entitled to compensation when a mine is closed by certain withdrawal orders issued by MSHA. The purpose of the proceeding is to determine the amount of compensation, if any, due miners idled by the orders.
- Complaints of Discharge, Discrimination or Interference - A discrimination proceeding is a case that involves a miner's allegation that he or she has suffered a wrong by the operator because he or she engaged in some type of activity protected under the Mine Act, such as making a safety complaint.
- Applications for Temporary Relief - Applications for temporary relief from any modification or termination of any order or from any order issued under section 104 of the Mine Act.
- Appeals of Judges' Decisions or Orders to the Commission - A filing with the Commission for discretionary review of a judge's decision or order by a person who has been adversely affected or aggrieved by such decision or order.

The following table reflects the types of legal actions pending before the Commission as of December 31, 2019:

MSHA Identification Number	Contests of Citations and Orders	Contests of Proposed Penalties	Complaints for Compensation	Complaints of Discharge, Discrimination or Interference	Applications for Temporary Relief	Appeals of Judges' Decisions or Orders to the Commission
35-03321	1	—	—	—	—	—
35-03594	2	—	—	—	—	—
35-03751	1	—	—	—	—	—
	4	—	—	—	—	—