

REFINITIV

DELTA REPORT

10-Q

GOLDEN STATE WATER CO

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	3478
CHANGES	372
DELETIONS	2144
ADDITIONS	962

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
for the quarterly period ended September 30, 2023 March 31, 2024

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 001-14431

American States Water Company

(Exact Name of Registrant as Specified in Its Charter)

California

95-4676679

(State or Other Jurisdiction of Incorporation or Organization)

(IRS Employer Identification No.)

630 E. Foothill Blvd

San Dimas

CA

91773-1212

(Address of Principal Executive Offices)

(Zip Code)

(909) 394-3600

(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Commission file number 001-12008

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of each class	Trading symbol	Name of each exchange on which registered
Common shares	AWR	New York Stock Exchange

Golden State Water Company

(Exact Name of Registrant as Specified in Its Charter)

California

95-1243678

(State or Other Jurisdiction of Incorporation or Organization)

(IRS Employer Identification No.)

630 E. Foothill Blvd

San Dimas

CA

91773-1212

(Address of Principal Executive Offices)

(Zip Code)

(909) 394-3600

(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of each class	Trading symbol	Name of each exchange on which registered
None N/A	N/A	None

None N/A

Indicate by check mark whether 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 Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

American States Water Company	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Golden State Water Company	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>

Indicate by check mark whether 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 such shorter period that the Registrant was required to submit such files).

American States Water Company	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Golden State Water Company	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>

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. (Check one):

American States Water Company

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

Golden State Water Company

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 Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)

American States Water Company	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Golden State Water Company	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>

As of November 3, 2023 May 6, 2024, the number of common shares, no par value ("Common Shares Shares") outstanding of American States Water Company was 36,980,592 shares. 37,228,883. As of November 3, 2023 May 6, 2024, all of the 171 outstanding Common Shares shares of common stock, no par value, of Golden State Water Company were owned by American States Water Company.

Golden State Water Company meets the conditions set forth in General Instruction (H)(1)(a) and (b) of Form 10-Q and is therefore filing this Form, in part, with the reduced disclosure format for Golden State Water Company.

[Glossary of Terms](#)

[Information Regarding Forward-Looking Statements](#)

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[GLOSSARY OF TERMS](#)

The following terms and acronyms used in this Form 10-Q are defined below:

Term or Acronym	Definition
ASUS	American States Utility Services, Inc.
ATM	At-The-Market Offering Program
AWR	American States Water Company
BSUS	Bay State Utility Services LLC
BVES	Bear Valley Electric Service, Inc.
COC	Cost of Capital
CPUC	California Public Utilities Commission
CWA	California Water Association
DDW	Division of Drinking Water
ECUS	Emerald Coast Utility Services, Inc.
EPA	Economic Price Adjustment
EPS	Earnings Per Share
Exchange Act	Securities Exchange Act of 1934, as amended
FBWS	Fort Bliss Water Services Company
FRUS	Fort Riley Utility Services, Inc.
GAAP	Generally Accepted Accounting Principles in the United States of America
gpcd	Gallons Per Capita Per Day
GSWC	Golden State Water Company
IOWU	Investor-Owned Water Utility
LCRI	Lead and Copper Rule Improvements
MCBA	Modified Cost Balancing Account
MCL	Maximum Contamination Level
Moody's	Moody's Investors Service
MWD	Metropolitan Water District of Southern California
ODUS	Old Dominion Utility Services, Inc.
OEIS	Office of Energy Infrastructure Safety
ONUS	Old North Utility Services, Inc.
PFAS	Perfluoroalkyl Substances
PFOA	Perfluorooctanoic Acid
PRUS	Patuxent River Utility Services LLC
PSUS	Palmetto State Utility Services, Inc.
REA	Request for Equitable Adjustment
Registrant	American States Water Company and Golden State Water Company
SB	Senate Bill
SEC	Securities and Exchange Commission
SERP	Supplemental Executive Retirement Plan
SWP	State Water Project
SWRCB	State Water Resources Control Board
TUS	Terrapin Utility Services, Inc.
U.S.	United States
WCCM	Water Cost of Capital Mechanism
WMP	Wildfire Mitigation Plan
WRAM	Water Revenue Adjustment Mechanism

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements reflect the current views of our senior management with respect to future events and our financial performance. These statements include forward-looking statements with respect to our business and industry in general. Statements that include the words “expect,” “intend,” “believe,” “estimate,” “may,” “can,” “will,” “likely,” “should,” “could,” “anticipate,” “plan” and similar statements of a future or forward-looking nature identify forward-looking statements for purposes of the federal securities laws or otherwise. Forward-looking statements address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause our actual results to differ materially from those indicated in these statements. We believe that these factors include, but are not limited to, the following:

- the impact of laws, regulations and policies of regulatory agencies or the U.S. government applicable to water, wastewater and electric utility operations;
- the ability of GSWC and BVES to recover their respective costs through regulated rates, including increased costs associated with addressing climate change risks, such as drought and wildfires in California, costs incurred in connection with complying with water quality regulations, and increased costs of operation and maintenance due to inflation, supply chain disruptions and increases in interest rates, while facing an increase in customer rate increase opposition and possible reluctance from the CPUC to pass through all such costs to customers;
- customer dissatisfaction due to rising rates needed to recover the costs of replacing aging infrastructure, address climate change risks, comply with water quality, renewable energy and greenhouse gas regulation;
- all of our contracts for providing services on military bases are provided to the U.S. government under long-term, fixed-price contracts subject to annual economic price adjustments;
- all contracts for providing services on military bases may be terminated or suspended at any time by the government;
- ASUS is subject to potential government audits or investigations of its business practices and compliance with government procurement statutes and regulations that could result in fines and penalties;
- GSWC and BVES are subject to potential audit and investigations by the CPUC for failure to comply with regulations applicable to public utilities, including failure to comply with state and federal water quality requirements, wildfire mitigation plans, renewable energy legislation, greenhouse gas regulations and other climate related regulations that could result in fines and penalties;
- we compete with other companies in bidding on providing utility services on military bases which involves estimating costs and potential profits that may not be realized;
- the impact of water quality and wastewater quality regulations on military bases;
- asset or business acquisitions may not yield the anticipated benefits;
- the impact of climate change and extreme weather events, including droughts, storms, high wind events, wildfires, flash flooding and other natural disasters, and the effects they could have on our operations;
- our assets at our regulated utilities are subject to condemnation by municipalities and other governmental subdivisions;
- increases in the costs of obtaining and complying with the terms of franchise agreements;
- damage to our reputation or adverse publicity may lead to increased regulatory oversight or sanctions;
- costs and effects of legal and administrative proceedings, settlements, investigations and claims;
- our ability to control operation and maintenance costs within the amounts that have been approved in rates or estimated in our military base contracts;
- the outbreak of pandemics, such as COVID-19, and other events may cause region wide, statewide, nationwide or even global disruption, which could impact our businesses, operations, cash flows or financial results;
- the inherent risk of damage to private property and injury to employees and the general public involved in the generation, transmission and distribution of electricity, the handling of hazardous materials and equipment, and being in close proximity to public utility construction and maintenance operations;
- the impact of groundwater contamination and the increasing costs associated with treatment of groundwater due to contamination and increasing water quality regulation and mitigation of contaminants;
- risks of incurring losses not covered by insurance or recoverable in rates;
- the adequacy of water supplies due to fluctuations of weather, climate change and other uncontrollable factors;

-
- the impact that water conservation efforts may have on GSWC's operations and costs incurred;
 - changes in electricity and natural gas prices in California;
 - failure to make accurate estimates about financing and accounting matters;
 - changes in accounting, public utility, environmental and tax laws and regulations affecting our businesses;
 - changes in fair value of investments and other assets;
 - the performance of subcontractors engaged to assist us in the performance of contracted services on military bases;

- incomplete or delayed reimbursement from the U.S. government and delays in obtaining decisions from the CPUC on regulated public utility rates that can adversely impact our financial condition and liquidity;
- physical security of our critical assets, personnel and data critical to our business, employees, customers and vendors;
- cybersecurity incidents that could disrupt operations and critical information technology systems, resulting in the inability to deliver services to customers, loss of financial and other information critical for operations and the breach of confidential information of our customers, employees and vendors;
- our ability to attract, retain, train, motivate, develop, and transition key employees;
- the failure of our employees to maintain required certifications and licenses or to complete required compliance training;
- changes in interest rates and our ability to borrow funds and access bank and capital markets on reasonable terms;
- the impact of inflation and supply chain disruptions on our operational costs and costs of capital that may not be recovered in rates for our regulated utilities and through economic price adjustments for our military bases;
- results of financing efforts, including the ability to obtain financing on favorable terms, which can be affected by various factors, including credit ratings, interest rate fluctuations, compliance with debt covenants and conditions, delays in receiving general rate case decisions from the CPUC, and general market and economic conditions;
- actions by credit rating agencies to downgrade AWR or GSWC's credit ratings or to place those ratings on negative outlook;
- our ability to finance the significant capital expenditures required by our operations, which are increasing;
- volatility in the price of our Common Shares;
- declines in the market prices of equity and fixed-income securities and resulting cash funding requirements for defined benefit pension plans and other post-retirement benefit plans;
- our reliance on cash flow from our subsidiaries to meet our financial obligations and to pay dividends on our Common Shares;
- the geographic concentration of our operations in California; and
- other risks and uncertainties described under the heading "Item 1A. Risk Factors" in the Form 10-K that we filed with the SEC.

Although we believe that the expectations reflected in these forward-looking statements are reasonable based on our current knowledge of our business and operations, we cannot guarantee future results, levels of activity, performance or achievements. If one or more of these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may differ materially from what we anticipate. Any forward-looking statements you read in this Form 10-Q and the information incorporated herein by reference reflect our views as of their respective dates and are subject to these and other risks, uncertainties and assumptions relating to our operations, results of operations, growth strategy and liquidity. You should not place undue reliance on these forward-looking statements and you should carefully consider all of the factors identified in this Form 10-Q and the information incorporated herein by reference that could cause actual results to differ. Forward-looking statements speak only as of the date they are made and except as required by law, Registrant expressly disclaims an obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

PART I

Item 1. Financial Statements

General

The basic financial statements included herein have been prepared by Registrant, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, all adjustments consisting of normal recurring items and estimates necessary for a fair statement of results for the interim period have been made.

It is suggested that these financial statements be read in conjunction with the financial statements and notes thereto in the latest Annual Report on Form 10-K of American States Water Company and its wholly owned subsidiary, Golden State Water Company.

Filing Format

American States Water Company ("AWR") is the parent company of Golden State Water Company ("GSWC"), Bear Valley Electric Service, Inc. ("BVES") and American States Utility Services, Inc. and its subsidiaries ("ASUS").

This quarterly report on Form 10-Q is a combined report being filed by two separate Registrants: AWR and GSWC. For more information, please see Note 1 of the Notes to Consolidated Financial Statements and the heading titled "General" in "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations." References in this report to "Registrant" are to AWR and GSWC, collectively, unless otherwise specified. GSWC makes no representations as to the information contained in this report other than with respect to itself.

Forward-Looking Information

This Form 10-Q and the documents incorporated herein contain forward-looking statements intended to qualify for the “safe harbor” from liability established by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on current estimates, expectations and projections about future events and assumptions regarding these events and include statements regarding management’s goals, beliefs, plans or current expectations, taking into account the information currently available to management. Forward-looking statements are not statements of historical facts. For example, when we use words such as “anticipate,” “believe,” “plan,” “estimate,” “expect,” “intend,” “may” and other words that convey uncertainty of future events or outcomes, we are making forward-looking statements. We are not able to predict all the factors that may affect future results. We caution you that any forward-looking statements made by us are not guarantees of future performance and the actual results may differ materially from those in our forward-looking statements.

Factors affecting our financial performance are summarized under *Forward-Looking Information* and under “Risk Factors” in our Form 10-K for the period ended December 31, 2022 filed with the SEC. Please consider our forward-looking statements in light of these risks as you read this Form 10-Q. We qualify all of our forward-looking statements by these cautionary statements.

AMERICAN STATES WATER COMPANY
CONSOLIDATED BALANCE SHEETS
ASSETS
(Unaudited)

		September 30, 2023	December 31, 2022		March 31, 2024	December 31, 2023
(in thousands)	(in thousands)			(in thousands)		
Property, Plant and Equipment	Property, Plant and Equipment			Property, Plant and Equipment		
Regulated utility plant, at cost	Regulated utility plant, at cost	\$2,433,884	\$2,321,712			
Non-utility property, at cost	Non-utility property, at cost	39,239	38,285			
Total	Total	2,473,123	2,359,997			
Less - Accumulated depreciation		(622,652)	(606,231)			
Less - accumulated depreciation						
Net property, plant and equipment	Net property, plant and equipment	1,850,471	1,753,766			
Other Property and Investments	Other Property and Investments					
Other Property and Investments	Other Property and Investments					
Goodwill	Goodwill	1,116	1,116			
Other property and investments	Other property and investments	37,767	36,907			
Total other property and investments	Total other property and investments	38,883	38,023			
Current Assets	Current Assets					
Current Assets	Current Assets					
Current Assets	Current Assets					
Cash and cash equivalents	Cash and cash equivalents	8,604	5,997			
Accounts receivable — customers (less allowance for doubtful accounts of \$4,136 in 2023 and \$4,387 in 2022)		32,600	26,206			

Accounts receivable — customers (less allowance for doubtful accounts of \$3,640 in 2024 and \$3,537 in 2023)			
Unbilled receivable	Unbilled receivable	24,248	20,663
Receivable from the U.S. government (Note 2)	Receivable from the U.S. government (Note 2)	51,564	34,974
Other accounts receivable (less allowance for doubtful accounts of \$53 in 2023 and 2022)		6,755	4,215
Income taxes receivable		59	3,901
Other accounts receivable (less allowance for doubtful accounts of \$53 in 2024 and 2023)			
Materials and supplies	Materials and supplies	16,218	14,623
Regulatory assets — current	Regulatory assets — current	32,355	14,028
Prepayments and other current assets	Prepayments and other current assets	6,525	5,450
Purchase power contract derivative at fair value (Note 5)		1,525	11,847
Contract assets (Note 2)	Contract assets (Note 2)	11,232	9,390
Total current assets	Total current assets	191,685	151,294

Other Assets

Other Assets

Other Assets			
Unbilled revenue — receivable from the U.S. government (Note 2)	Unbilled revenue — receivable from the U.S. government (Note 2)	5,854	6,456
Receivable from the U.S. government (Note 2)	Receivable from the U.S. government (Note 2)	44,480	50,482
Contract assets (Note 2)	Contract assets (Note 2)	2,776	5,592
Operating lease right-of-use assets	Operating lease right-of-use assets	8,512	9,535

Regulatory assets	Regulatory assets	47,557	5,694
Other	Other	15,011	13,532
Total other assets	Total other assets	124,190	91,291
Total Assets	Total Assets	\$2,205,229	\$2,034,374

Total Assets

Total Assets

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

AMERICAN STATES WATER COMPANY
CONSOLIDATED BALANCE SHEETS
CAPITALIZATION AND LIABILITIES
(Unaudited)

(in thousands, except number of shares)	(in thousands, except number of shares)	September		(in thousands, except number of shares)	March 31, 2024	December 31, 2023
		30, 2023	December 31, 2022			
Capitalization	Capitalization			Capitalization		
Common shares, no par value	Common shares, no par value					
Authorized: 60,000,000 shares	Authorized: 60,000,000 shares					
Outstanding: 36,980,592 shares in 2023 and 36,962,241 shares in 2022		\$ 262,884	\$ 260,158			
Earnings reinvested in the business		508,453	449,391			
Authorized: 60,000,000 shares						
Authorized: 60,000,000 shares						
Outstanding: 37,228,883 shares in 2024 and 36,980,612 shares in 2023						
Outstanding: 37,228,883 shares in 2024 and 36,980,612 shares in 2023						
Outstanding: 37,228,883 shares in 2024 and 36,980,612 shares in 2023						
Retained earnings						
Total common shareholders' equity	Total common shareholders' equity	771,337	709,549			
Long-term debt	Long-term debt	575,459	446,547			
Total capitalization	Total capitalization	1,346,796	1,156,096			
Current Liabilities	Current Liabilities					
Current Liabilities	Current Liabilities					
Notes payable to banks	Notes payable to banks	37,000	255,500			
Long-term debt — current	Long-term debt — current	353	399			
Accounts payable	Accounts payable	71,829	84,849			
Income taxes payable	Income taxes payable	28,627	1,848			

Accrued other taxes	Accrued other taxes	17,369	16,257
Accrued employee expenses	Accrued employee expenses	14,817	13,996
Accrued interest	Accrued interest	8,952	5,308
Regulatory liabilities		2,245	4,574
Contract liabilities (Note 2)	Contract liabilities (Note 2)	596	903
Operating lease liabilities	Operating lease liabilities	1,909	1,892
Purchase power contract derivative at fair value (Note 5)			
Other	Other	11,310	10,996
Total current liabilities	Total current liabilities	195,007	396,522

Other Credits

Other Credits

Other Credits	Other Credits		
Notes payable to banks	Notes payable to banks	236,500	22,000
Advances for construction	Advances for construction	63,961	64,351
Contributions in aid of construction - net	Contributions in aid of construction - net	149,586	147,918
Deferred income taxes	Deferred income taxes	156,438	149,677
Regulatory liabilities	Regulatory liabilities	—	40,602
Unamortized investment tax credits	Unamortized investment tax credits	1,028	1,082
Accrued pension and other postretirement benefits	Accrued pension and other postretirement benefits	34,111	33,636
Operating lease liabilities	Operating lease liabilities	7,087	8,090
Other	Other	14,715	14,400
Total other credits	Total other credits	663,426	481,756

Commitments and Contingencies (Note 9)

Commitments and Contingencies (Note 9)

Commitments and Contingencies (Note 9)

Total Capitalization and Liabilities	Total Capitalization and Liabilities	\$2,205,229	\$2,034,374
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Total Capitalization and Liabilities

Total Capitalization and Liabilities

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

AMERICAN STATES WATER COMPANY
CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, MARCH 31, 2024 AND 2023 AND 2022
(Unaudited)

(in thousands, except per share amounts)	(in thousands, except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,		(in thousands, except per share amounts)	Three Months Ended March 31,	
		2023	2022	2023	2022		2024	2023
Operating Revenues	Operating Revenues					Operating Revenues		
Water	Water	\$116,231	\$100,799	\$345,851	\$265,561			
Electric	Electric	8,956	8,919	30,688	29,028			
Contracted services	Contracted services	26,509	25,266	93,980	71,572			
Total operating revenues	Total operating revenues	151,696	134,984	470,519	366,161			
Operating Expenses								
Operating Expenses	Operating Expenses							
Water purchased	Water purchased	23,216	20,304	55,590	58,115			
Power purchased for pumping	Power purchased for pumping	4,291	3,878	9,514	9,182			
Groundwater production assessment	Groundwater production assessment	5,990	5,650	15,188	14,726			
Power purchased for resale	Power purchased for resale	2,383	2,673	9,838	9,186			
Supply cost balancing accounts	Supply cost balancing accounts	723	640	15,126	(6,160)			
Other operation	Other operation	10,429	9,696	30,261	28,028			
Administrative and general	Administrative and general	20,982	21,594	66,032	65,030			
Depreciation and amortization	Depreciation and amortization	10,184	10,117	31,645	30,402			
Maintenance	Maintenance	4,097	3,408	11,026	10,120			
Property and other taxes	Property and other taxes	6,034	5,942	17,884	17,247			
ASUS construction	ASUS construction	11,616	10,742	46,554	31,263			

Total operating expenses	Total operating expenses	99,945	94,644	308,658	267,139
Operating Income	Operating Income	51,751	40,340	161,861	99,022

Operating Income

Operating Income

Other Income and Expenses

Other Income and Expenses

Other Income and Expenses

Interest expense	Interest expense	(11,691)	(7,331)	(31,900)	(19,246)
Interest income	Interest income	2,125	667	5,792	1,387
Other, net	Other, net	(1,073)	338	2,243	(2,370)

Total other income and expenses, net	Total other income and expenses, net	(10,639)	(6,326)	(23,865)	(20,229)
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Income before income tax

Income before income tax

expense	expense	41,112	34,014	137,996	78,793
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Income before income tax

expense

Income before income tax

expense

Income tax expense

Income tax expense

Income tax expense	Income tax expense	9,547	8,360	33,503	19,026
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Net Income	Net Income	\$ 31,565	\$ 25,654	\$104,493	\$ 59,767
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Net Income

Net Income

Weighted Average Number of Common Shares Outstanding

Weighted Average Number of Common Shares Outstanding

Weighted Average Number of Common Shares Outstanding	Weighted Average Number of Common Shares Outstanding	36,977	36,958	36,974	36,953
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Basic Earnings Per Common Share	Basic Earnings Per Common Share	\$ 0.85	\$ 0.69	\$ 2.82	\$ 1.61
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Weighted Average Number of Diluted Shares	Weighted Average Number of Diluted Shares	37,071	37,042	37,064	37,034
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Weighted Average Number of Diluted Shares

Weighted Average Number of Diluted Shares

Fully Diluted Earnings Per Common Share	Fully Diluted Earnings Per Common Share	\$	0.85	\$	0.69	\$	2.82	\$	1.61
Dividends Paid Per Common Share	Dividends Paid Per Common Share	\$	0.4300	\$	0.3975	\$	1.2250	\$	1.1275
Dividends Paid Per Common Share									
Dividends Paid Per Common Share									

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

AMERICAN STATES WATER COMPANY

CONSOLIDATED STATEMENTS OF CHANGES

IN COMMON SHAREHOLDERS' EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

(Unaudited)

Nine Months Ended September 30, 2023						Three Months Ended March 31, 2024					
Three Months Ended March 31, 2024						Three Months Ended March 31, 2024					
(in thousands)	(in thousands)	Common Shares		Reinvested		(in thousands)	Common Shares		Retained		Total
		Number	Amount	Business	Total		Number	Amount	Earnings		
										of	
Balances at December 31, 2022		Shares	Amount	Business	Total		Shares	Amount	Earnings		
		36,962	\$260,158	\$ 449,391	\$709,549						
Balances at December 31, 2023											
Add:	Add:					Add:					
Net income	Net income			34,407	34,407						
Issuance of Common Shares from an at-the-market program, net of issuance costs											
Issuances of Common Shares under stock-based compensation plans	Issuances of Common Shares under stock-based compensation plans	14	—		—						

Stock-based compensation, net of taxes paid from shares withheld from employees related to net share settlements (Note 4)	Stock-based compensation, net of taxes paid from shares withheld from employees related to net share settlements (Note 4)	1,587	1,587	
Dividend equivalent rights on stock-based awards not paid in cash	Dividend equivalent rights on stock-based awards not paid in cash	47	47	
Deduct:	Deduct:			Deduct:
Dividends on Common Shares	Dividends on Common Shares	14,695	14,695	
Dividend equivalent rights on stock-based awards not paid in cash	Dividend equivalent rights on stock-based awards not paid in cash	47	47	
Balances at March 31, 2023		36,976	\$261,792	\$ 469,056 \$730,848
Balances at March 31, 2024				
Add:				
Net income		38,521	38,521	
Issuances of Common Shares under stock-based compensation plans	1	—	—	
Stock-based compensation, net of taxes paid from shares withheld from employees related to net share settlements (Note 4)		396	396	
Dividend equivalent rights on stock-based awards not paid in cash		42	42	
Deduct:				
Dividends on Common Shares		14,699	14,699	
Dividend equivalent rights on stock-based awards not paid in cash		42	42	
Balances at June 30, 2023		36,977	\$262,230	\$ 492,836 \$755,066
Add:				
Net income		31,565	31,565	
Issuances of Common Shares under stock-based compensation plans	4	—	—	

Stock-based compensation, net of taxes paid from shares withheld from employees related to net share settlements (Note 4)	606	606
Dividend equivalent rights on stock-based awards not paid in cash	48	48
Deduct:		
Dividends on Common Shares	15,900	15,900
Dividend equivalent rights on stock-based awards not paid in cash	48	48
Balances at September 30, 2023	36,981	\$262,884
	\$ 508,453	\$771,337

(in thousands)	Three Months Ended March 31, 2023			
	Common Shares		Retained Earnings	Total
	Number of Shares	Amount		
Balances at December 31, 2022	36,962	\$ 260,158	\$ 449,391	\$ 709,549
Add:				
Net income			34,407	34,407
Issuances of Common Shares under stock-based compensation plans	14	—		—
Stock-based compensation, net of taxes paid from shares withheld from employees related to net share settlements (Note 4)		1,587		1,587
Dividend equivalent rights on stock-based awards not paid in cash		47		47
Deduct:				
Dividends on Common Shares			14,695	14,695
Dividend equivalent rights on stock-based awards not paid in cash			47	47
Balances at March 31, 2023	36,976	\$ 261,792	\$ 469,056	\$ 730,848

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

AMERICAN STATES WATER COMPANY
CONSOLIDATED STATEMENTS OF CHANGES
IN COMMON SHAREHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(Unaudited)

(in thousands)	Nine Months Ended September 30, 2022			
	Common Shares		Reinvested Earnings in the Business	Total
	Number of Shares	Amount		
Balances at December 31, 2021	36,936	\$ 258,442	\$ 427,505	\$ 685,947
Add:				
Net income			14,162	14,162
Issuances of Common Shares under stock-based compensation plans	20	—		—
Stock-based compensation, net of taxes paid from shares withheld from employees related to net share settlements (Note 4)		801		801
Dividend equivalent rights on stock-based awards not paid in cash		41		41
Deduct:				

Dividends on Common Shares			13,485	13,485
Dividend equivalent rights on stock-based awards not paid in cash			41	41
Balances at March 31, 2022	<u>36,956</u>	<u>\$ 259,284</u>	<u>\$ 428,141</u>	<u>\$ 687,425</u>
Add:				
Net income			19,951	19,951
Stock-based compensation, net of taxes paid from shares withheld from employees related to net share settlements (Note 4)		338		338
Dividend equivalent rights on stock-based awards not paid in cash		34		34
Deduct:				
Dividends on Common Shares			13,489	13,489
Dividend equivalent rights on stock-based awards not paid in cash			34	34
Balances at June 30, 2022	<u>36,956</u>	<u>\$ 259,656</u>	<u>\$ 434,569</u>	<u>\$ 694,225</u>
Add:				
Net income			25,654	25,654
Issuances of Common Shares under stock-based compensation plans	5	—		—
Stock-based compensation, net of taxes paid from shares withheld from employees related to net share settlements (Note 4)		315		315
Dividend equivalent rights on stock-based awards not paid in cash		40		40
Deduct:				
Dividends on Common Shares			14,690	14,690
Dividend equivalent rights on stock-based awards not paid in cash			40	40
Balances at September 30, 2022	<u>36,961</u>	<u>\$ 260,011</u>	<u>\$ 445,493</u>	<u>\$ 705,504</u>

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

AMERICAN STATES WATER COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE THREE MONTHS ENDED SEPTEMBER 30, MARCH 31, 2024 AND 2023 AND 2022
(Unaudited)

		Nine Months Ended September 30,			Three Months Ended March 31,	
(in thousands)	(in thousands)	2023	2022	(in thousands)	2024	2023
Cash Flows From Operating Activities:	Cash Flows From Operating Activities:			Cash Flows From Operating Activities:		
Net income	Net income	\$104,493	\$ 59,767			
Adjustments to reconcile net income to net cash provided by operating activities:	Adjustments to reconcile net income to net cash provided by operating activities:			Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	Depreciation and amortization	32,327	30,688			
Provision for doubtful accounts	Provision for doubtful accounts	1,238	833			
Deferred income taxes and investment tax credits	Deferred income taxes and investment tax credits	919	(1,098)			
Stock-based compensation expense	Stock-based compensation expense	3,095	2,439			

(Gain) loss on investments held in a trust		(2,084)	6,445
Gain on investments held in a trust			
Other — net	Other — net	(41)	263
Changes in assets and liabilities:	Changes in assets and liabilities:		
Accounts receivable — customers	Accounts receivable — customers	(7,632)	(1,760)
Unbilled receivable	Unbilled receivable	(2,983)	4,393
Other accounts receivable	Other accounts receivable	(2,540)	3,179
Receivables from the U.S. government	Receivables from the U.S. government	(10,588)	5,333
Materials and supplies	Materials and supplies	(1,595)	(1,281)
Prepayments and other assets	Prepayments and other assets	403	520
Contract assets	Contract assets	974	(3,993)
Regulatory assets/liabilities	Regulatory assets/liabilities	(86,070)	(14,065)
Accounts payable	Accounts payable	(8,108)	(575)
Income taxes receivable/payable	Income taxes receivable/payable	30,621	947
Contract liabilities	Contract liabilities	(307)	996
Accrued pension and other postretirement benefits	Accrued pension and other postretirement benefits	48	(3,070)
Other liabilities	Other liabilities	4,348	(28)
Net cash provided (used)	Net cash provided (used)	56,518	89,933

Cash Flows From Investing Activities:

Cash Flows From Investing Activities:

Capital expenditures	Capital expenditures	(136,131)	(122,056)
Other investing activities	Other investing activities	952	321
Net cash provided (used)	Net cash provided (used)	(135,179)	(121,735)

Cash Flows From Financing Activities:

Cash Flows From Financing Activities:

Cash Flows From Financing Activities:

Proceeds from issuance of Common Shares, net of issuance costs			
Receipt of advances for and contributions in aid of construction	Receipt of advances for and contributions in aid of construction	7,205	5,489
Refunds on advances for construction	Refunds on advances for construction	(3,839)	(3,941)
Repayments of long-term debt	Repayments of long-term debt	(334)	(377)
Proceeds from the issuance of long-term debt, net of issuance costs	Proceeds from the issuance of long-term debt, net of issuance costs	129,665	34,826
Net changes in notes payable to banks	Net changes in notes payable to banks	(5,222)	36,000
Dividends paid	Dividends paid	(45,294)	(41,664)
Other financing activities	Other financing activities	(913)	(1,236)
Net cash provided (used)	Net cash provided (used)	81,268	29,097
Net change in cash and cash equivalents	Net change in cash and cash equivalents	2,607	(2,705)
Cash and cash equivalents, beginning of period	Cash and cash equivalents, beginning of period	5,997	4,963
Cash and cash equivalents, end of period	Cash and cash equivalents, end of period	\$ 8,604	\$ 2,258
Non-cash transactions:	Non-cash transactions:		
Non-cash transactions:			
Non-cash transactions:			
Accrued payables for investment in utility plant			
Accrued payables for investment in utility plant			
Accrued payables for investment in utility plant	Accrued payables for investment in utility plant	\$ 35,287	\$ 37,510
Property installed by developers and conveyed	Property installed by developers and conveyed	\$ 1,555	\$ 511

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

GOLDEN STATE WATER COMPANY
BALANCE SHEETS
ASSETS
(Unaudited)

(in thousands)	September		March 31, 2024	(in thousands)	December 31, 2023
	(in thousands)	30, 2023			
Utility Plant	Utility Plant			Utility Plant	
Utility plant, at cost	Utility plant, at cost	\$2,239,809	\$2,147,643		
Less - Accumulated depreciation		(542,886)	(530,925)		
Less - accumulated depreciation					
Net utility plant	Net utility plant	1,696,923	1,616,718		
Other Property and Investments	Other Property and Investments	35,524	34,655		
Other Property and Investments					
Other Property and Investments					
Current Assets	Current Assets				
Current Assets					
Cash and cash equivalents	Cash and cash equivalents	88	370		
Accounts receivable — customers (less allowance for doubtful accounts of \$4,057 in 2023 and \$4,143 in 2022)		30,352	23,107		
Accounts receivable — customers (less allowance for doubtful accounts of \$3,457 in 2024 and \$3,394 in 2023)					
Unbilled receivable	Unbilled receivable	18,351	15,006		
Other accounts receivable (less allowance for doubtful accounts of \$53 in 2023 and 2022)		2,342	2,721		
Other accounts receivable (less allowance for doubtful accounts of \$53 in 2024 and 2023)					
Intercompany receivable	Intercompany receivable	528	621		

Income taxes receivable from Parent	Income taxes receivable from Parent	—	1,692
Materials and supplies	Materials and supplies	6,495	6,120
Regulatory assets — current	Regulatory assets — current	32,355	14,028
Prepayments and other current assets	Prepayments and other current assets	4,915	4,464
Total current assets	Total current assets	95,426	68,129

Other Assets

Other Assets

Other Assets

Other Assets

Operating lease right-of-use assets	Operating lease right-of-use assets	8,292	9,208
Regulatory assets	Regulatory assets	28,511	—
Other	Other	13,329	12,598
Total other assets	Total other assets	50,132	21,806
Total Assets	Total Assets	\$1,878,005	\$1,741,308

Total Assets

Total Assets

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

GOLDEN STATE WATER COMPANY BALANCE SHEETS CAPITALIZATION AND LIABILITIES (Unaudited)

(in thousands, except number of shares)	(in thousands, except number of shares)	September 30, 2023	December 31, 2022	(in thousands, except number of shares)	March 31, 2024	December 31, 2023
Capitalization	Capitalization			Capitalization		
Common Shares, no par value:	Common Shares, no par value:					
Authorized: 1,000 shares	Authorized: 1,000 shares					
Outstanding: 171 shares in 2023 and 170 in 2022		\$ 370,680	\$ 358,123			
Earnings reinvested in the business		317,845	285,783			
Authorized: 1,000 shares						
Authorized: 1,000 shares						
Outstanding: 171 shares in 2024 and 2023						
Outstanding: 171 shares in 2024 and 2023						
Outstanding: 171 shares in 2024 and 2023						

Retained earnings			
Total common shareholder's equity	Total common shareholder's equity	688,525	643,906
Long-term debt	Long-term debt	540,646	411,748
Total capitalization	Total capitalization	1,229,171	1,055,654

Current Liabilities

Current Liabilities

Current Liabilities	Current Liabilities		
Long-term debt — current	Long-term debt — current	353	399
Accounts payable	Accounts payable	58,380	65,944
Accrued other taxes	Accrued other taxes	15,197	14,501
Accrued employee expenses	Accrued employee expenses	11,695	11,233
Accrued interest	Accrued interest	7,449	4,364
Income taxes payable to Parent	Income taxes payable to Parent	27,314	—
Operating lease liabilities	Operating lease liabilities	1,783	1,788
Other	Other	10,806	10,152
Total current liabilities	Total current liabilities	132,977	108,381
Other Credits	Other Credits		
Intercompany note payable	Intercompany note payable	—	129,000

Other Credits

Other Credits

Notes payable to banks	Notes payable to banks	103,000	—
Advances for construction	Advances for construction	63,941	64,331
Contributions in aid of construction — net	Contributions in aid of construction — net	149,586	147,918
Deferred income taxes	Deferred income taxes	142,932	138,788
Regulatory liabilities	Regulatory liabilities	—	40,602
Unamortized investment tax credits	Unamortized investment tax credits	1,028	1,082
Accrued pension and other postretirement benefits	Accrued pension and other postretirement benefits	33,820	33,421
Operating lease liabilities	Operating lease liabilities	6,998	7,878
Other	Other	14,552	14,253

Total other credits	Total other credits	515,857	577,273
Commitments and Contingencies (Note 9)	Commitments and Contingencies (Note 9)		

Commitments and Contingencies (Note 9)

Commitments and Contingencies (Note 9)

Total Capitalization and Liabilities	Total Capitalization and Liabilities	\$1,878,005	\$1,741,308
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Total Capitalization and Liabilities

Total Capitalization and Liabilities

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

GOLDEN STATE WATER COMPANY
STATEMENTS OF INCOME
FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, MARCH 31, 2024 AND 2023 AND 2022
(Unaudited)

(in thousands)	(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,		(in thousands)	Three Months Ended March 31,	
		2023	2022	2023	2022		2024	2023
Operating Revenues	Operating Revenues					Operating Revenues		
Water	Water	\$116,231	\$100,799	\$345,851	\$265,561			
Total operating revenues	Total operating revenues	116,231	100,799	345,851	265,561			
Operating Expenses	Operating Expenses							
Operating Expenses	Operating Expenses							
Water purchased	Water purchased	23,216	20,304	55,590	58,115			
Power purchased for pumping	Power purchased for pumping	4,291	3,878	9,514	9,182			
Groundwater production assessment	Groundwater production assessment	5,990	5,650	15,188	14,726			
Supply cost balancing accounts	Supply cost balancing accounts	788	885	16,200	(5,682)			
Other operation	Other operation	7,509	7,273	22,001	20,908			
Administrative and general	Administrative and general	14,548	14,362	44,211	43,945			
Depreciation and amortization	Depreciation and amortization	8,610	8,475	26,890	25,573			

Maintenance	Maintenance	3,002	2,526	7,518	7,193
Property and other taxes	Property and other taxes	5,034	4,995	14,733	14,440
Total operating expenses	Total operating expenses	72,988	68,348	211,845	188,400

Total operating expenses

Total operating expenses

Operating Income	Operating Income	43,243	32,451	134,006	77,161
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Operating Income

Operating Income

Other Income and Expenses

Other Income and Expenses

Other Income and Expenses	Other Income and Expenses				
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Interest expense	Interest expense	(8,383)	(5,950)	(23,140)	(16,650)
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Interest income	Interest income	1,608	325	4,356	562
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Other, net	Other, net	(1,045)	(70)	2,041	(3,070)
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Total other income and expenses, net	Total other income and expenses, net	(7,820)	(5,695)	(16,743)	(19,158)
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Income before income tax expense	Income before income tax expense	35,423	26,756	117,263	58,003
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Income before income tax expense

Income before income tax expense

Income tax expense

Income tax expense

Income tax expense	Income tax expense	8,830	6,831	29,674	14,623
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Net Income	Net Income	\$ 26,593	\$ 19,925	\$ 87,589	\$ 43,380
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Net Income

Net Income

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

GOLDEN STATE WATER COMPANY
STATEMENTS OF CHANGES
IN COMMON SHAREHOLDER'S EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
(Unaudited)

Nine Months Ended September 30, 2023		Three Months Ended March 31, 2024		Three Months Ended March 31, 2024	
Common Shares	Reinvested Earnings	Common Shares	Retained	Common Shares	Retained
Number of	in the	Number of		Number of	

(in thousands, except number of shares)	(in thousands, except number of shares)	Shares	Amount	Business	Total	(in thousands, except number of shares)	Shares	Amount	Earnings	Total
Balances at December 31, 2022										
		170	\$358,123	\$ 285,783	\$643,906					
Add:										
Net income				27,463	27,463					
Issuance of Common Share to Parent		1	10,000		10,000					
Stock-based compensation, net of taxes paid from shares withheld from employees related to net share settlements (Note 4)			1,603		1,603					
Dividend equivalent rights on stock-based awards not paid in cash			44		44					
Deduct:										
Dividends on Common Shares				24,700	24,700					
Dividend equivalent rights on stock-based awards not paid in cash				44	44					
Balances at March 31, 2023		171	\$369,770	\$ 288,502	\$658,272					
Balances at December 31, 2023										
Add:						Add:				
Net income	Net income			33,533	33,533					
Stock-based compensation, net of taxes paid from shares withheld from employees related to net share settlements (Note 4)	Stock-based compensation, net of taxes paid from shares withheld from employees related to net share settlements (Note 4)									
			320		320					
Dividend equivalent rights on stock-based awards not paid in cash	Dividend equivalent rights on stock-based awards not paid in cash		39		39					
Deduct:						Deduct:				
Dividends on Common Shares	Dividends on Common Shares			14,700	14,700					
Dividend equivalent rights on stock-based awards not paid in cash	Dividend equivalent rights on stock-based awards not paid in cash			39	39					
Balances at June 30, 2023		171	\$370,129	\$ 307,296	\$677,425					
Balances at March 31, 2024										
Add:										

Net income	26,593	26,593
Stock-based compensation, net of taxes paid from shares withheld from employees related to net share settlements (Note 4)	507	507
Dividend equivalent rights on stock-based awards not paid in cash	44	44
Deduct:		
Dividends on Common Shares	16,000	16,000
Dividend equivalent rights on stock-based awards not paid in cash	44	44
Balances at September 30, 2023	171	\$370,680
	\$ 317,845	\$688,525

(in thousands, except number of shares)	Three Months Ended March 31, 2023			
	Common Shares		Retained Earnings	Total
	Number of Shares	Amount		
Balances at December 31, 2022	170	\$ 358,123	\$ 285,783	\$ 643,906
Add:				
Net income			27,463	27,463
Issuance of Common Share to Parent	1	10,000		10,000
Stock-based compensation, net of taxes paid from shares withheld from employees related to net share settlements (Note 4)		1,603		1,603
Dividend equivalent rights on stock-based awards not paid in cash		44		44
Deduct:				
Dividends on Common Shares			24,700	24,700
Dividend equivalent rights on stock-based awards not paid in cash			44	44
Balances at March 31, 2023	171	\$ 369,770	\$ 288,502	\$ 658,272

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

GOLDEN STATE WATER COMPANY
STATEMENTS OF CHANGES
IN COMMON SHAREHOLDER'S EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(Unaudited)

(in thousands, except number of shares)	Nine Months Ended September 30, 2022			
	Common Shares		Reinvested Earnings in the Business	Total
	Number of Shares	Amount		
Balances at December 31, 2021	170	\$ 356,530	\$ 259,156	\$ 615,686
Add:				
Net income			8,567	8,567
Stock-based compensation, net of taxes paid from shares withheld from employees related to net share settlements (Note 4)		742		742
Dividend equivalent rights on stock-based awards not paid in cash		39		39
Deduct:				

Dividends on Common Shares			13,500	13,500
Dividend equivalent rights on stock-based awards not paid in cash			39	39
Balances at March 31, 2022	<u>170</u>	<u>\$ 357,311</u>	<u>\$ 254,184</u>	<u>\$ 611,495</u>
Add:				
Net income			14,888	14,888
Stock-based compensation, net of taxes paid from shares withheld from employees related to net share settlements (Note 4)		274		274
Dividend equivalent rights on stock-based awards not paid in cash		31		31
Deduct:				
Dividends on Common Shares			13,500	13,500
Dividend equivalent rights on stock-based awards not paid in cash			31	31
Balances at June 30, 2022	<u>170</u>	<u>\$ 357,616</u>	<u>\$ 255,541</u>	<u>\$ 613,157</u>
Add:				
Net income			19,925	19,925
Stock-based compensation, net of taxes paid from shares withheld from employees related to net share settlements (Note 4)		317		317
Dividend equivalent rights on stock-based awards not paid in cash		37		37
Deduct:				
Dividend equivalent rights on stock-based awards not paid in cash			37	37
Balances at September 30, 2022	<u>170</u>	<u>\$ 357,970</u>	<u>\$ 275,429</u>	<u>\$ 633,399</u>

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

GOLDEN STATE WATER COMPANY
STATEMENTS OF CASH FLOWS
FOR THE NINE THREE MONTHS ENDED SEPTEMBER 30, MARCH 31, 2024 AND 2023 AND 2022
(Unaudited)

(in thousands)	(in thousands)	Nine Months Ended September 30,		(in thousands)	Three Months Ended March 31,	
		2023	2022		2024	2023
Cash Flows From Operating Activities:	Cash Flows From Operating Activities:			Cash Flows From Operating Activities:		
Net income	Net income	\$ 87,589	\$ 43,380			
Adjustments to reconcile net income to net cash provided by operating activities:	Adjustments to reconcile net income to net cash provided by operating activities:			Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	Depreciation and amortization	27,489	25,773			
Provision for doubtful accounts	Provision for doubtful accounts	1,147	784			
Deferred income taxes and investment tax credits	Deferred income taxes and investment tax credits	(581)	(1,433)			
Stock-based compensation expense	Stock-based compensation expense	2,853	2,194			
(Gain) loss on investments held in a trust		(2,084)	6,445			

Gain on investments held in a trust			
Gain on investments held in a trust			
Gain on investments held in a trust			
Other — net	Other — net	146	248
Changes in assets and liabilities:	Changes in assets and liabilities:		Changes in assets and liabilities:
Accounts receivable — customers	Accounts receivable — customers	(8,392)	(1,678)
Unbilled receivable	Unbilled receivable	(3,345)	2,344
Other accounts receivable	Other accounts receivable	379	1,723
Materials and supplies	Materials and supplies	(375)	61
Prepayments and other assets	Prepayments and other assets	997	163
Regulatory assets/liabilities	Regulatory assets/liabilities	(81,854)	(12,549)
Accounts payable	Accounts payable	(2,869)	3,918
Intercompany receivable/payable	Intercompany receivable/payable	53	25
Income taxes receivable/payable from/to Parent	Income taxes receivable/payable from/to Parent	29,006	3,197
Accrued pension and other postretirement benefits	Accrued pension and other postretirement benefits	(2)	(3,175)
Other liabilities	Other liabilities	3,439	(152)
Net cash provided (used)	Net cash provided (used)	53,596	71,268
Cash Flows From Investing Activities:	Cash Flows From Investing Activities:		
Cash Flows From Investing Activities:	Cash Flows From Investing Activities:		
Capital expenditures	Capital expenditures	(113,921)	(107,668)
Other investing activities	Other investing activities	303	224
Net cash provided (used)	Net cash provided (used)	(113,618)	(107,444)
Cash Flows From Financing Activities:	Cash Flows From Financing Activities:		
Proceeds from issuance of Common Shares to Parent		10,000	—
Cash Flows From Financing Activities:	Cash Flows From Financing Activities:		
Cash Flows From Financing Activities:	Cash Flows From Financing Activities:		
Proceeds from issuance of Common Shares to AWR (parent)			

Receipt of advances for and contributions in aid of construction	Receipt of advances for and contributions in aid of construction	7,205	5,489
Refunds on advances for construction	Refunds on advances for construction	(3,839)	(3,941)
Repayments of long-term debt	Repayments of long-term debt	(334)	(377)
Proceeds from the issuance of long-term debt, net of issuance costs	Proceeds from the issuance of long-term debt, net of issuance costs	129,665	—
Net change in intercompany borrowings	Net change in intercompany borrowings	(129,000)	63,000
Net borrowings on notes payable to banks	Net borrowings on notes payable to banks	102,278	—
Dividends paid	Dividends paid	(55,400)	(27,000)
Other financing activities	Other financing activities	(835)	(1,134)
Net cash provided (used)	Net cash provided (used)	59,740	36,037
Net change in cash and cash equivalents	Net change in cash and cash equivalents	(282)	(139)

Net change in cash and cash equivalents

Net change in cash and cash equivalents

Cash and cash equivalents, beginning of period	Cash and cash equivalents, beginning of period	370	525
Cash and cash equivalents, end of period	Cash and cash equivalents, end of period	\$ 88	\$ 386
Non-cash transactions:	Non-cash transactions:		

Non-cash transactions:

Non-cash transactions:

Accrued payables for investment in utility plant

Accrued payables for investment in utility plant

Accrued payables for investment in utility plant	Accrued payables for investment in utility plant	\$ 33,832	\$ 36,144
Property installed by developers and conveyed	Property installed by developers and conveyed	\$ 1,555	\$ 511

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

AMERICAN STATES WATER COMPANY AND SUBSIDIARIES
AND
GOLDEN STATE WATER COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 — Summary of Significant Accounting Policies

Nature of Operations: American States Water Company ("AWR") is the parent company of Golden State Water Company ("GSWC"), Bear Valley Electric Service Inc. ("BVES"), and American States Utility Services, Inc. ("ASUS") (and its wholly owned subsidiaries: subsidiaries, Fort Bliss Water Services Company ("FBWS"), Terrapin Utility Services, Inc. ("TUS"), Old Dominion Utility Services, Inc. ("ODUS"), Terrapin Utility Services, Inc. ("TUS"), Palmetto State Utility Services, Inc. ("PSUS"), Old North Utility Services, Inc. ("ONUS"), Emerald Coast Utility Services, Inc. ("ECUS"), Fort Riley Utility Services, Inc. ("FRUS"), Bay State Utility Services LLC ("BSUS"), and Patuxent River Utility Services LLC ("PRUS"),). AWR and Bay State Utility Services LLC ("BSUS"). The its subsidiaries of ASUS are may be collectively referred to as the "Military Utility Privatization Subsidiaries." the Company. AWR, through its wholly owned subsidiaries, serves over one million people in ten states.

GSWC and BVES are both California public utilities. GSWC is engaged in the purchase, production, distribution and sale of water throughout California serving approximately 264,000 264,200 customer connections. BVES distributes electricity in several San Bernardino County mountain communities in California serving approximately 24,700 24,800 customer connections. The California Public Utilities Commission ("CPUC") regulates GSWC's and BVES's businesses in matters including properties, rates, services, facilities, and transactions between GSWC, BVES, and their affiliates.

ASUS, through its wholly owned subsidiaries, operates, maintains and performs construction activities (including renewal and replacement capital work) on water and/or wastewater systems at various U.S. military bases pursuant to initial 50-year firm fixed-price contracts. contracts with the U.S. government and one 15-year contract with the U.S. government. These contracts are subject to annual economic price adjustments and modifications for changes in circumstances, changes in laws and regulations, and additions to the contract value for new construction of facilities at the military bases. ASUS also from time to time performs construction services on military bases as a subcontractor or pursuant to a task order agreement.

On August 15, 2023, In August and September of 2023, ASUS was awarded a new 50-year contract by contracts with the U.S. government to operate, maintain, and provide construction management services serve two military bases for which operations began in April 2024. After completion of the transition periods, ASUS has begun operating the water distribution and wastewater collection and treatment facilities utility systems at Naval Air Station Patuxent River in Maryland under a United States Navy air station loc 50-year privatization contract with the U.S. government and at Joint Base Cape Cod in Massachusetts under a ated in Maryland. 15-year contract with the U.S. government. Operations commenced at Naval Air Station Patuxent River on April 1, 2024. The initial firm fixed-price value of the this contract is estimated at approximately \$349 million over a 50-year period and is subject to an inventory adjustment and annual economic price adjustments. This initial value is also subject to adjustment based on the results of a joint inventory of assets to be performed during the transition period. ASUS will assume operations at Naval Air Station Patuxent River following the completion of a 6-month transition period.

On September 29, 2023, ASUS was awarded a new 15-year contract by the U.S. government that is different than its existing 50-year contracts to operate, maintain, and provide construction management services for the water distribution and wastewater collection and treatment facilities Operations at Joint Base Cape Cod ("JBCC") located in Massachusetts. commenced on April 15, 2024. Under this contract, ASUS will have the opportunity to perform work at JBCC through the periodic annual issuance of task orders by the U.S. government for over a 15-year period up to a maximum initial firm fixed-price value to ASUS of \$45.0 million over a 15-year period, \$75.0 million subject to adjustments as task orders are issued. In September 2023, April 2024, the U.S. government awarded a task order valued at \$4.1 million to ASUS for the first task order was issued with a value year of \$2.3 million to perform an evaluation, construction operation, maintenance, and transition renewal and replacement services that are scheduled for completion in 2024. of the water and wastewater systems at Joint Base Cape Cod.

There is no direct regulatory oversight by the CPUC over AWR or the operations, rates or services provided by ASUS or any of its wholly owned subsidiaries.

Basis of Presentation: The consolidated financial statements and notes hereto are presented in a combined report filed by two separate Registrants: AWR and GSWC. References in this report to "Registrant" are to AWR and GSWC, collectively, unless otherwise specified. AWR owns all of the outstanding common shares of GSWC, BVES and ASUS. ASUS owns all of the outstanding common stock equity of the Military Utility Privatization Subsidiaries. its subsidiaries. The consolidated financial statements of AWR include the accounts of AWR and its subsidiaries. These financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). Intercompany transactions and balances have been eliminated in the AWR consolidated financial statements.

The consolidated financial statements included herein have been prepared by Registrant, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). The December 31, 2022 December 31, 2023 condensed consolidated balance sheet data was derived from audited financial statements but does not include all disclosures required by GAAP. The preparation of the consolidated 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, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. In the opinion of management, all adjustments consisting of normal, recurring items, and estimates necessary for a fair statement of the results for the interim periods have been made. It is suggested that these consolidated financial statements be read in conjunction with the consolidated financial statements and the notes thereto included in the Form 10-K for the year ended December 31, 2022 December 31, 2023 filed with the SEC.

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Related Party and Intercompany Transactions: As discussed below under *Liquidity and Financing Activities*, prior to AWR and GSWC entering into new separate credit agreements in June 2023 that replaced AWR's previous credit agreement, AWR borrowed under its credit facility and provided funds to both GSWC and ASUS in support of their operations. Under AWR's new credit facility, AWR borrows and continues to provide funds to ASUS in support of its operations and AWR parent. GSWC's new credit facility provides support for its water operations. BVES has a separate credit facility to support its operations.

Furthermore, GSWC, BVES and ASUS provide and/or receive various support services to and from their parent, AWR, and among themselves. GSWC has allocated allocates certain corporate office administrative and general costs to its affiliates, BVES and ASUS, using allocation factors approved by the CPUC. GSWC allocated corporate office administrative and general costs to BVES of approximately \$707,000 \$936,000 and \$663,000 \$1.3 million during the three months ended September 30, 2023 March 31, 2024 and 2022, and \$2.8 million and \$2.1 million during the nine months ended September 30, 2023 and 2022, 2023, respectively. GSWC also allocated corporate office

administrative and general costs to ASUS of approximately \$1.1 million \$1.6 million and \$1.3 million \$1.5 million during the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, 2023, respectively. In addition, as discussed under Liquidity and \$3.8 million and \$4.0 million during the nine months ended September 30, 2023 and 2022.

In January 2023, the Board of Directors approved the issuance of one GSWC Common Share to AWR for \$10.0 million. In January 2023, GSWC issued \$130.0 million in unsecured long-term notes in a private placement. GSWC used the proceeds from both the issuance of equity and long-term debt to pay-off all intercompany borrowings from AWR. On June 28, 2023 Financing Activities, GSWC borrowed for the first time under its new syndicated AWR's credit facility, AWR borrows and used the proceeds provides funds to again pay-off ASUS in support of its short-term intercompany borrowings due to AWR. The CPUC requires GSWC to pay-off all intercompany borrowings it has from AWR within a 24-month period. GSWC's borrowings under its new credit facility will also be required to be paid-off in full within a 24-month period. operations.

Liquidity and Financing Activities: On June 28, 2023 February 27, 2024, AWR entered into an Equity Distribution Agreement with third-party sales agents, under which AWR, may offer and sell its Common Shares, from time to time at its sole discretion, through an at-the-market ("ATM") offering program having an aggregate gross offering price of up to \$200 million over a three-year period and pursuant to AWR's effective shelf registration statement on Form S-3. AWR intends to use the net proceeds from these sales, after deducting commissions on such sales and offering expenses, for general corporate purposes, including, but not limited to, repayment of debt and equity contributions to its subsidiaries. During the first quarter of 2024, AWR sold 227,981 Common Shares through this ATM offering program and raised proceeds of \$16.2 million, net of \$247,000 in commissions paid under the terms of the Equity Distribution Agreement. AWR has also incurred \$643,000 of other expenses, which was primarily legal and other costs to establish this ATM offering program. The net proceeds raised during the first quarter of 2024 were used to pay down outstanding borrowings under AWR's credit facility. As of March 31, 2024, approximately \$183.5 million remained available for sale under the ATM offering program.

In June 2023, AWR and GSWC each entered into new unsecured revolving credit agreements with a term of five years provided by a syndicate of banks and financial institutions. Both credit agreements will mature in June 2028. In connection with the new The credit agreements currently provide AWR and GSWC incurred legal and other fees totaling \$566,000 and \$802,000, respectively. The syndicated credit facilities replaced AWR's previous credit agreement with a sole bank where AWR had a borrowing capacity of \$280.0 million to support both GSWC and ASUS operations. Funds from the new facilities were used to pay-off in all outstanding borrowings under AWR's prior credit facility and GSWC's outstanding intercompany borrowings from AWR.

Under the new syndicated unsecured revolving credit facilities AWR and GSWC have a with borrowing capacity capacities of \$150.0 million \$165.0 million and \$200.0 million, respectively. The borrowing capacity for each Under the terms of the credit facilities agreements, the borrowing capacities for AWR and GSWC may currently be expanded up to an additional \$60.0 million and \$75.0 million, respectively, subject to the lenders' approval. On November 6, 2023, AWR's

AWR's credit facility was amended to increase the borrowing capacity from \$150.0 million to \$165.0 million is primarily used to provide additional support to ASUS AWR (parent) and AWR parent. In connection with the increase in borrowing capacity, the amendment also provides for the addition ASUS. As of a new bank to the existing syndicate group participating in March 31, 2024, AWR's credit facility. The aggregate amount that may be outstanding under letters of credit for AWR and GSWC is \$10.0 million and \$20.0 million, respectively. Loans may be obtained under the credit facilities at the option of AWR/GSWC and bear interest at rates based on either a base rate plus an applicable margin or an adjusted term secured overnight financing rate ("SOFR") determined by the SOFR administrator, currently the Federal Reserve Bank of New York, plus an applicable margin. The applicable margin depends upon AWR's and GSWC's respective credit ratings. AWR's outstanding borrowings under its credit facility of \$133.5 million as of September 30, 2023 \$130.5 million have been classified as non-current liabilities on AWR's Consolidated Balance Sheet. GSWC's GSWC's credit facility provides support for its water operations and is considered a short-term debt arrangement by the CPUC. Therefore, pursuant to the CPUC's requirements, borrowings under GSWC's credit facility are required to be paid-off in full within a 24-month period after which GSWC may borrow under the credit facility again. GSWC's next pay-off period ends in June 2025. Accordingly, GSWC's outstanding borrowings under its credit facility of \$103.0 million \$164.0 million as of September 30, 2023 have been March 31, 2024 are classified as non-current liabilities on GSWC's Balance Sheet.

Both credit agreements contain affirmative and negative covenants and events of default customary for credit facilities of this type, including, among other things, affirmative covenants relating to compliance with law and material contracts, and negative covenants relating to additional indebtedness, liens, investments, restricted payments and asset sales. AWR and GSWC are not permitted to have a total capitalization ratio (as defined in the respective credit agreements) greater than 0.65 to 1.00 at the end of any quarter. Default under any indebtedness of any subsidiary of AWR, other than BVES, will result in a default under AWR's credit agreement. However, a default under any indebtedness of any subsidiary of AWR will not result in a default under GSWC's credit agreement.

BVES has a separate revolving credit facility without a parent guaranty that supports its electric operations and capital expenditures. On June 16, 2023, BVES's expenditures with a current borrowing capacity of \$65.0 million. Currently, the credit agreement was amended provides BVES an option to increase the borrowing capacity from \$35.0 million to \$50.0 million. In addition, the amendment to the credit agreement also (i) extended the credit facility to July 1, 2026, (ii) converted the interest rate on new borrowings to the benchmark rate of SOFR, plus a margin, and (iii) provides an option to increase the facility by an additional \$25.0 million \$10.0 million, subject to lender approval. BVES's revolving credit facility is considered a short-term debt arrangement by the CPUC. BVES has been authorized by Therefore, pursuant to the CPUC to borrow CPUC's requirements, borrowings under this credit facility for a term of up to 24 months. Borrowings under this credit facility are therefore, required to be fully paid off within a 24-month period. period after which BVES may borrow under the credit facility again. BVES's pay-off period for its credit facility ends in August 2024. Accordingly, the \$37.0 \$43.0 million outstanding under BVES's BVES's credit facility has been classified as a current liability in AWR's AWR's Consolidated Balance Sheet as of September 30, 2023 March 31, 2024.

Recent Accounting Pronouncements: In November 2023, the Financial Accounting Standards Board issued Accounting Standards Update 2023-07 (Segment Reporting: Improvements to Reportable Segment Disclosures). The new standard enhances reportable segment disclosures and expands the disclosures required for reportable segments in annual and interim consolidated financial statements, primarily through enhanced disclosures of significant segment expenses. Registrant is currently evaluating the impact of this standard on its segment disclosures and will adopt the updated accounting guidance in the Annual Report on Form 10-K for the year ended December 31, 2024 and interim periods beginning in 2025.

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Note 2 — Revenues

Most of Registrant's revenues are derived from contracts with customers, including tariff-based revenues from its regulated utilities at GSWC and BVES. ASUS's initial 15- and 50-year firm fixed-price long-term contracts with the U.S. government are considered service concession arrangements under ASC 853, Service Concession Arrangements. ASUS's military base contracts consist primarily of 50-year contracts and one 15-year contract with the U.S. government. Accordingly, the services under these contracts are accounted for under Topic 606—Revenue from Contracts with Customers, and the water and/or wastewater systems are not recorded as Property, Plant and Equipment on Registrant's balance sheets.

Although GSWC and BVES have a diversified customer base of residential, commercial, industrial, and other customers, revenues derived from residential and commercial customers generally account for approximately 90% of total water and electric revenues. Most of ASUS's revenues are derived from the U.S. government. For the three and nine months ended September 30, 2023, March 31, 2024 and 2022, 2023, disaggregated revenues from contracts with customers by segment were as follows:

		Three Months Ended September 30,		Nine Months Ended September 30,	
		Three Months Ended March 31,		Three Months Ended March 31,	
		Three Months Ended March 31,		Three Months Ended March 31,	
		Three Months Ended March 31,		Three Months Ended March 31,	
(dollars in thousands)					
(dollars in thousands)					
(dollars in thousands)	(dollars in thousands)	2023	2022	2023	2022
Water:	Water:				
Water:					
Water:					
Tariff-based revenues	Tariff-based revenues	\$ 102,225	\$ 90,998	\$ 301,144	\$ 247,108
Surcharges (cost-recovery activities)		1,107	672	1,982	2,018
Tariff-based revenues					
Tariff-based revenues					
CPUC-approved surcharges (cost-recovery activities)					
CPUC-approved surcharges (cost-recovery activities)					
CPUC-approved surcharges (cost-recovery activities)					
Other					
Other					
Other	Other	674	625	2,060	1,714
Water revenues from contracts with customers	Water revenues from contracts with customers	104,006	92,295	305,186	250,840
Water revenues from contracts with customers					
WRAM under/(over)-collection (alternative revenue program)	WRAM under/(over)-collection (alternative revenue program)	12,225	8,504	40,665	14,721
WRAM under/(over)-collection (alternative revenue program)					
WRAM under/(over)-collection (alternative revenue program)					
Total water revenues (1)					
Total water revenues (1)					
Total water revenues (1)	Total water revenues (1)	116,231	100,799	345,851	265,561
Electric:	Electric:				
Electric:					
Electric:					

Tariff-based revenues	Tariff-based revenues	8,424	8,891	30,416	29,824
Surcharges (cost-recovery activities)		138	29	404	88
Tariff-based revenues					
Tariff-based revenues					
CPUC-approved surcharges (cost-recovery activities)					
CPUC-approved surcharges (cost-recovery activities)					
CPUC-approved surcharges (cost-recovery activities)					
Electric revenues from contracts with customers					
Electric revenues from contracts with customers					
Electric revenues from contracts with customers	Electric revenues from contracts with customers	8,562	8,920	30,820	29,912
BRRAM under/(over)-collection (alternative revenue program)	BRRAM under/(over)-collection (alternative revenue program)	394	(1)	(132)	(884)
BRRAM under/(over)-collection (alternative revenue program)					
BRRAM under/(over)-collection (alternative revenue program)					
Total electric revenues					
Total electric revenues					
Total electric revenues	Total electric revenues	8,956	8,919	30,688	29,028
<u>Contracted services:</u>	<u>Contracted services:</u>				
<u>Contracted services:</u>					
<u>Contracted services:</u>					
Water					
Water					
Water	Water	16,504	16,142	58,103	43,862
Wastewater	Wastewater	10,005	9,124	35,877	27,710
Wastewater					
Wastewater					
Contracted services revenues from contracts with customers					
Contracted services revenues from contracts with customers					
Contracted services revenues from contracts with customers	Contracted services revenues from contracts with customers	26,509	25,266	93,980	71,572
Total AWR revenues	Total AWR revenues	\$ 151,696	\$ 134,984	\$ 470,519	\$ 366,161
Total AWR revenues					
Total AWR revenues					

(1) Water revenues for the nine three months ended September 30, 2023 includes March 31, 2023 include approximately \$30 million, from which represents the impact of retroactive new rates for the full year of 2022 as a result of a proposed decision issued by the CPUC's approval of CPUC in April 2023 on GSWC's general rate case (Note 3). Furthermore, the CPUC also issued a

final decision in June 2023 on GSWC's cost of capital proceeding. As a result of the final cost of capital decision (Note 3), the nine months ended September 30, 2023 water revenues include an increase of \$6.4 million, from the reversal of revenues subject to refund due to a change in estimate from what had been recorded during 2022.

The opening and closing balances of the receivable from the U.S. government, contract assets, and contract liabilities from contracts with customers, which are related entirely to ASUS, were as follows:

(dollars in thousands)	(dollars in thousands)	September 30, 2023	December 31, 2022	(dollars in thousands)	March 31, 2024	December 31, 2023
Unbilled receivables	Unbilled receivables	\$ 10,661	\$ 10,125			
Receivable from the U.S. government	Receivable from the U.S. government	\$ 96,044	\$ 85,456			
Contract assets	Contract assets	\$ 14,008	\$ 14,982			
Contract liabilities	Contract liabilities	\$ 596	\$ 903			

Unbilled receivables and Receivable from the U.S. government represent receivables where the right to payment is conditional only by the passage of time.

Contract Assets - Contract assets are assets of ASUS and consist of unbilled revenues recognized from work-in-progress construction projects, where the right to payment is conditional on something other than the passage of time. The classification of this asset as current or noncurrent is based on the timing of when ASUS expects to bill these amounts.

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Contract Liabilities - Contract liabilities are liabilities of ASUS and consist of billings in excess of revenue recognized. The classification of this liability as current or noncurrent is based on the timing of when ASUS expects to recognize revenue. Revenues for the three and nine months ended September 30, 2023 March 31, 2024, which were included in contract liabilities at the beginning of the period were not material. Contracted services revenues recognized during the three and nine months ended September 30, 2023 March 31, 2024 from performance obligations satisfied in previous periods were also not material.

As of September 30, 2023 March 31, 2024, AWR's aggregate remaining performance obligations, which are entirely from the contracted services segment, were \$4.0 billion. ASUS expects to recognize revenue on these remaining performance obligations over the remaining term of each of the contracts, which range from 15 to 50 years. Each of the contracts with the U.S. government is subject to termination, in whole or in part, prior to the end of its contract term for convenience of the U.S. government.

Note 3 — Regulatory Matters

In accordance with accounting principles for rate-regulated enterprises, GSWC and BVES record regulatory assets, which represent probable future recovery of incurred costs from customers through the ratemaking process, and regulatory liabilities, which represent probable future refunds that are to be credited to customers through the ratemaking process. At September 30, 2023 March 31, 2024, GSWC and BVES had approximately \$67.1 million \$62.8 million of regulatory liabilities, net of regulatory assets, not accruing carrying costs. Of this amount, (i) \$74.4 million \$73.7 million of regulatory regulatory liabilities are excess deferred income taxes arising from the lower federal income tax rate under the Tax Cuts and Jobs Act enacted in December 2017 that are being refunded to customers, (ii) \$2.6 million (ii) \$5.6 million of net regulatory assets relates to flowed-through deferred income taxes including the underfunded gross-up portion on the deferred tax resulting from the excess deferred income tax regulatory liability, (iii) \$3.7 million of net regulatory liabilities relates to the overfunded position in Registrant's Registrant's pension and other retirement obligations (not including the two-way pension balancing accounts), and (iii) a \$1.5 million (iv) \$6.2 million of regulatory liability related assets relate to a memorandum account accounts authorized by the CPUC to track unrealized gains and losses on BVES's purchase power contracts over the term of the contracts. The remainder relates to other items that do not provide for or incur carrying costs including flowed-through deferred income taxes. costs.

Regulatory assets represent costs incurred by GSWC and/or BVES for which they have received or expect to receive rate recovery in the future. In determining the probability of costs being recognized in other periods, GSWC and BVES consider regulatory rules and decisions, past practices, and other facts or circumstances that would indicate if recovery is probable. If the CPUC determines that a portion of either GSWC's or BVES's regulatory assets are not recoverable in customer rates, the applicable utility must determine if it has suffered an asset impairment that requires it to write down the asset's value. Regulatory assets are offset against regulatory liabilities within each ratemaking area. Amounts expected to be collected or refunded in the next twelve months have been classified as current assets and current liabilities by ratemaking area. Regulatory assets, less regulatory liabilities, included in the consolidated balance sheets are as follows:

(dollars in thousands)	(dollars in thousands)	September 30, 2023	December 31, 2022	(dollars in thousands)	March 31, 2024	December 31, 2023
GSWC	GSWC					

2022/2023 general rate case memorandum accounts (unbilled revenue)	2022/2023 general rate case memorandum accounts (unbilled revenue)	\$55,140	\$	—
2022/2023 general rate case memorandum accounts (unbilled revenue)				
2022/2023 general rate case memorandum accounts (unbilled revenue)				
Water revenue adjustment mechanism, net of modified cost balancing account	Water revenue adjustment mechanism, net of modified cost balancing account	46,597	31,803	
COVID-19 memorandum accounts		3,543	3,478	
Asset retirement obligations Flowed- through deferred income taxes, net Low income rate assistance balancing accounts Other regulatory assets				
Excess deferred income taxes	Excess deferred income taxes	(70,515)	(71,870)	
Other regulatory assets		26,381	19,964	
Pensions and other post- retirement obligations				
Other regulatory liabilities	Other regulatory liabilities	(280)	(9,949)	
Total GSWC	Total GSWC	\$60,866	\$(26,574)	
BVES	BVES			
Derivative instrument memorandum account (Note 5)	Derivative instrument memorandum account (Note 5)	(1,525)	(11,847)	

Derivative instrument memorandum account (Note 5)			
Derivative instrument memorandum account (Note 5)			
Wildfire mitigation and other fire prevention related costs memorandum accounts	Wildfire mitigation and other fire prevention related costs memorandum accounts	16,370	13,007
Electric supply cost adjustment mechanism			
Other regulatory assets	Other regulatory assets	10,136	7,965
Other regulatory liabilities	Other regulatory liabilities	(8,180)	(8,005)
Total AWR	Total AWR	\$77,667	\$(25,454)

Regulatory matters are discussed in the consolidated financial statements and the notes thereto included in the Company's Form 10-K for the year ended **December 31, 2022** **December 31, 2023** filed with the SEC. The discussion below focuses on significant matters and developments since **December 31, 2022** **December 31, 2023**.

Water General Rate Case and the 2022/2023 General Rate Case Memorandum Accounts:

On June 29, 2023, **In June 2023**, the CPUC adopted a final decision in GSWC's **GSWC's** general rate case application for all of its water regions and its general office that determines new water rates for the years 2022–2024. The assigned administrative law judge at the CPUC had issued a proposed decision on April 13, 2023 that, among other things, (i) adopted the full settlement agreement between GSWC and the Public Advocates Office at the CPUC ("Public Advocates") that resolved all issues related to the 2022

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annual revenue requirement in the general rate case application, and (ii) allowed for additional increases in adopted revenues for 2023 and 2024 subject to an earnings test and inflationary index values at the time of filing for implementation of the new rates. The final decision issued on June 29, 2023 is consistent in all material respects with the proposed decision issued in April. The new 2022 rates once approved became effective and were retroactive to January 1, 2022. As a result, the impact of retroactive rates for the full year of 2022 were reflected in the 2023 first quarter results as it became probable based on the proposed decision that the approved retroactive rates would be permitted to be billed to customers in the future. Upon receiving the final decision, GSWC filed for the implementation of new 2023 rate increases that went into effect on July 31, 2023. However, the new rates for 2023 were retroactive to January 1, 2023 and because of the proposed decision, the second-year rate increases have been reflected in the results of operations beginning in the 2023 first quarter and through the nine months ended September 30, 2023.

Due to the delay in finalizing the water general rate case, water revenues billed to customers for the year ended December 31, 2022 and for the period from January 1, 2023 to July 30, 2023 were based on 2021 adopted rates. GSWC was authorized to create general rate case memorandum accounts to track the revenue differences between the 2021 adopted rates and the new 2022 and 2023 rates authorized by the CPUC. As of September 30, 2023, there is an aggregate cumulative amount of \$55.1 million in the general rate case memorandum accounts that GSWC began recording as regulatory assets upon receiving the proposed decision, and relates to unbilled water revenues recognized during the three and nine months ended September 30, 2023. This amount represents the difference between the 2021 adopted rates billed to customers and the rates authorized in the final decision CPUC for the full year of 2022 and the 2023 second-year rate increases recorded from January 1 to July 30, 2023, future recovery. In October 2023, GSWC filed advice letters and surcharges were implemented to recover the cumulative retroactive rate differences over 36 months. As of March 31, 2024, there is an aggregate cumulative amount of \$50.0 million under-collection in the general rate case memorandum accounts that GSWC has recorded as regulatory assets for retroactive water revenues.

Alternative-Revenue Programs:

GSWC currently records the difference between what it bills its water customers and that which is authorized by the CPUC using the Water Revenue Adjustment Mechanism ("WRAM") and the Modified Cost Balancing Account ("MCBA") approved by the CPUC. The over- or under-collection of the WRAM is aggregated with the MCBA over- or under-collection for the corresponding ratemaking area and bears interest at the current 90-day commercial-paper rate.

As of **September 30, 2023** **March 31, 2024**, GSWC had an aggregated **net** regulatory asset of **\$46.6 million** **\$47.5 million**, which is comprised of a **\$51.2** **\$50.0** million under-collection in the WRAM accounts and a **\$4.6** **\$2.5** over-collection in the MCBA accounts. During the **nine three** months ended **September 30, 2023** **March 31, 2024**, GSWC recorded additional net under-collections in the WRAM/MCBA accounts of approximately **\$34.9 million** related to the 2023 year **\$8.0 million** that resulted largely from lower-than-adopted water usage as authorized in the general rate case decision. **In addition, On March 15, 2024, GSWC recorded a net reduction of \$9.8 million of under-collections during the first quarter of 2023 filed an advice letter to reflect the cumulative full-year impact of 2022 based on authorized 2022 amounts approved in the general rate case decision for both the WRAM and MCBA accounts. On July 27, 2023, the CPUC approved the recovery of recover all pre-2023 pre-2024 WRAM/MCBA balances. Accordingly, GSWC has implemented The surcharges and surcredits to recover/refund all of its WRAM/MCBA balances accumulated as of December 31, 2022 were effective May 1, 2024.**

As required by the accounting guidance for alternative revenue programs, GSWC is required to collect its WRAM balances within 24 months following the year in which an under-collection is recorded. As of **September 30, 2023** **March 31, 2024**, there were no significant WRAM under-collections that were estimated to be collected **beyond this over more than** 24 month period.

Cost of Capital Proceeding:

On June 29, 2023, a final decision was adopted by the CPUC in the cost of capital proceeding that, among other things, (i) adopts GSWC's requested capital structure of 57% equity and 43% debt; (ii) adopts a cost of debt of 5.1% for GSWC as compared to 6.6% previously authorized; (iii) adopts a return on equity of 8.85% for GSWC as compared to 8.9% previously authorized; (iv) allows for the continuation of the Water Cost of Capital Mechanism ("WCCM") through December 31, 2024; and (v) adopts the new cost of capital for the three-year period commencing January 1, 2022 through December 31, 2024. Based on the Company's assessment of the final decision issued in June, all adjustments to rates are to be prospective and not retroactive. GSWC filed an advice letter that implemented the new cost of capital effective July 31, 2023.

Following the receipt of the final decision adopted on June 29 in the cost of capital proceeding, management updated its analysis and reassessed the accounting estimates recorded to date related to GSWC's lower cost of debt. Accordingly, GSWC recorded a change in its estimate that resulted in an increase to water revenues during the nine months ended September 30, 2023 in the amount of \$6.4 million as a result of reversing its regulatory liability for revenues subject to refund that it had recorded during 2022.

The WCCM adjusts the return on equity and rate of return on rate base between the three-year cost of capital proceedings only if there is a positive or negative change of more than 100 basis points in the average of the Moody's Aa utility bond rate as measured over the period October 1 through September 30. If there is a positive or negative change of more than 100 basis points, the return on equity is adjusted by one half of the difference. For the period from October 1, 2021 through September 30, 2022, the Moody's Aa utility bond rate increased by 102.8 basis points from the benchmark, which triggered the WCCM adjustment. GSWC recognized revenues for the period from January 1 through July 30, 2023 and all of 2022 based on the previously authorized return of equity of 8.9% that had also been billed to water customers through the same period. On June 30,

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2023, GSWC filed an advice letter to establish the WCCM for 2023, which increased GSWC's 8.85% adopted return on equity in the decision to 9.36% effective July 31, 2023. Additionally, for the period from October 1, 2022 through September 30, 2023, the Moody's Aa utility bond rate increased by 139.7 basis points from the benchmark, which again triggered another WCCM adjustment. On October 12, 2023, GSWC filed an advice letter to establish the WCCM for 2024, which has been approved by the CPUC and will increase GSWC's 9.36% adopted return on equity to 10.06% effective January 1, 2024.

COVID-19 Emergency Memorandum Accounts:

The CPUC had authorized GSWC and BVES to track incremental costs, including bad debt expense, in excess of what is included in their respective revenue requirements incurred as a result of the pandemic in COVID-19 emergency-related memorandum accounts. As of September 30, 2023, GSWC and BVES had approximately \$3.5 million and \$500,000, respectively, in regulatory asset accounts related to bad debt expense in excess of their revenue requirements, the purchase of personal protective equipment, additional incurred printing costs, and other incremental COVID-19-related costs, which GSWC and BVES intend to file with the CPUC for future recovery. Emergency-related memorandum accounts are well-established cost recovery mechanisms authorized as a result of a state/federal declared emergency, and are therefore recognized as regulatory assets for future recovery. As a result, the amounts recorded in the COVID-19 emergency-related memorandum accounts have not impacted GSWC's or BVES's earnings. On April 10, 2023, the Biden Administration terminated the COVID-19 national emergency. The COVID-19 emergency-related memorandum accounts for GSWC and BVES expired when the COVID-19 national emergency ended and no additional amounts will be included in these memorandum accounts.

The CPUC requires that amounts tracked in GSWC's and BVES's COVID-19 memorandum accounts for unpaid customer bills be first offset by any (i) federal and state relief for water or electric utility bill debt, and (ii) customer payments through payment plan arrangements, prior to receiving recovery from customers at large. After these offsets are made, GSWC will file with the CPUC for recovery of the remaining balance. BVES intends to include the remaining balance in its COVID-19 memorandum account for recovery once all alternative sources of funding have been exhausted and credited to eligible customer accounts.

In 2022, the CPUC's moratoriums on service disconnections for nonpayment for water and electric customers ended. Accordingly, service disconnections due to nonpayment resumed in June 2022 for delinquent residential customers.

BVES Regulatory Assets:

Wildfire Mitigation and Other Fire Prevention Related Costs Memorandum Accounts

The CPUC adopted regulations intended to enhance the fire safety of overhead electric power lines. Those regulations included increased minimum clearances around electric power lines. BVES was authorized to track incremental costs incurred to implement the regulations in a fire hazard prevention memorandum account for the purpose of obtaining cost recovery in a future general rate case. In August 2019, the CPUC issued a final decision on the electric general rate case, which set new rates for BVES through the year 2022. Among other things, the decision authorized BVES to record incremental costs related to vegetation management, such as costs for increased minimum clearances around electric power lines, in a CPUC-approved memorandum account for future recovery. As of **September 30, 2023** **March 31, 2024**, BVES had approximately **\$10.9** **\$12.5** million in incremental vegetation management costs recorded as a regulatory **asset, which asset. BVES has been included requested recovery of these costs in a new its** general rate case application filed with the CPUC in August 2022 for future recovery. The incremental costs related to vegetation management included in the memorandum account will be subject to review during the **pending** general rate case proceeding.

California legislation enacted in September 2018 requires all investor-owned electric utilities to **submit an annual wildfire mitigation plan ("WMP") to approved by the CPUC for approval.** **Office of Energy Infrastructure Safety ("OEIS") and ratified by the CPUC.** The WMP must include a utility's plans on constructing, maintaining, and operating its electrical lines and equipment to minimize the risk of catastrophic wildfire. **In December 2022, the Office of Energy Infrastructure Safety under the California Natural Resources Agency** **The OEIS has approved BVES's 2022 WMP update.** In February 2023, **and the CPUC has ratified BVES's current 2023-2025 WMP.** As of **September 30, 2023** **March 31, 2024**, BVES has approximately **\$5.5** **\$6.2** million related to expenses accumulated in its other WMP memorandum accounts that have been recognized as regulatory assets for future recovery.

All capital expenditures and other incremental costs incurred through **September 30, 2023** **March 31, 2024** as a result of BVES's WMPs are not currently in rates and **have been filed are being addressed** for future recovery in BVES's general rate case application. These costs **will be** **are** subject to review during **BVES's** **BVES's** general rate case proceeding.

2023 Winter Storm Other Regulatory Asset

BVES activated a catastrophic emergency memorandum account ("CEMA") to track the incremental costs incurred in response to a severe winter storm that occurred during certain weeks of the first and second quarters of 2023. The governor of California declared a state of emergency for the storm. Incremental costs of approximately \$1.3 million were incurred and included in the CEMA account, which has been recorded as a regulatory asset as of September 30, 2023 for future recovery. The incremental costs included in the CEMA account will be subject to review and approval by the CPUC. CEMA accounts are well-established cost recovery mechanisms authorized as a result of a state/federal declared emergency, and are therefore recognized as regulatory assets for future recovery. As a result, the amounts recorded in this CEMA account did not impact BVES's earnings.

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Other Regulatory Assets:

Other regulatory assets represent costs incurred by GSWC or BVES for which they have received or expect to receive rate recovery in the future. Registrant believes that these regulatory assets are supported by regulatory rules and decisions, past practices, and other facts or circumstances that indicate recovery is probable. If the CPUC determines that a portion of either GSWC's or BVES's regulatory assets are not recoverable in customer rates, the applicable entity must determine if **it has suffered** an asset impairment **has occurred** that requires it to write down the regulatory asset to the amount that is probable of recovery.

Note 4 — Earnings per Share/Capital Stock

In accordance with the accounting guidance for participating securities and earnings per share ("EPS"), Registrant uses the "two-class" method of computing EPS. The "two-class" method is an earnings allocation formula that determines EPS for each class of common stock and participating security. AWR has participating securities related to restricted stock units that earn dividend equivalents on an equal basis with AWR's Common Shares, and that have been issued under AWR's stock incentive plans for employees and the non-employee directors stock plans. In applying the "two-class" method, undistributed earnings are allocated to both **common shares** **Common Shares** and participating securities.

The following is a reconciliation of Registrant's net income and weighted average Common Shares outstanding used **for calculating to calculate** basic **net income per share:** **EPS:**

Basic: (in thousands, except per share amounts)	For The Three Months Ended		For The Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Net income	\$ 31,565	\$ 25,654	\$ 104,493	\$ 59,767
Less: (a) Distributed earnings to common shareholders	15,900	14,690	45,294	41,664
Distributed earnings to participating securities	46	38	124	104
Undistributed earnings	15,619	10,926	59,075	17,999
(b) Undistributed earnings allocated to common shareholders	15,574	10,897	58,913	17,955
Undistributed earnings allocated to participating securities	45	29	162	44
Total income available to common shareholders, basic (a)+(b)	\$ 31,474	\$ 25,587	\$ 104,207	\$ 59,619
Weighted average Common Shares outstanding, basic	36,977	36,958	36,974	36,953
Basic earnings per Common Share	\$ 0.85	\$ 0.69	\$ 2.82	\$ 1.61

Basic: (in thousands, except per share amounts)	For The Three Months Ended	
	March 31,	
	2024	2023
Net income	\$ 23,135	\$ 34,407
Less: impact from participating securities	56	87
Total income available to common shareholders	\$ 23,079	\$ 34,320

Weighted average Common Shares outstanding, basic	37,030	36,968
Basic earnings per Common Share	\$ 0.62	\$ 0.93

Diluted EPS is based upon the weighted average number of Common Shares, including both outstanding shares and shares potentially issuable in connection with restricted stock units granted under AWR's stock incentive plans for employees and directors, and net income. There were no stock options outstanding as of **September 30, 2023** **March 31, 2024** and **2022** **2023** under these plans. **At September 30, 2023 and 2022, there were 106,879 and 96,629 restricted stock units outstanding, respectively, including performance shares awarded to officers of the Company.**

The following is a reconciliation of Registrant's net income and weighted average Common Shares outstanding **for calculating used to calculate** diluted **net income per share: EPS:**

Diluted: (in thousands, except per share amounts)	For The Three Months Ended March 31,	
	2024	2023
Common shareholders earnings, basic	\$ 23,079	\$ 34,320
Undistributed earnings for dilutive stock options and restricted stock units	17	50
Total common shareholders earnings, diluted	\$ 23,096	\$ 34,370
Weighted average Common Shares outstanding, basic	37,030	36,968
Stock-based compensation (1)	77	79
Weighted average Common Shares outstanding, diluted	37,107	37,047
Diluted earnings per Common Share	\$ 0.62	\$ 0.93

Diluted: (in thousands, except per share amounts)	For The Three Months Ended September 30,		For The Nine Months Ended September 30,	
	2023	2022	2023	2022
Common shareholders earnings, basic	\$ 31,474	\$ 25,587	\$ 104,207	\$ 59,619
Undistributed earnings for dilutive stock-based awards	45	29	162	44
Total common shareholders earnings, diluted	\$ 31,519	\$ 25,616	\$ 104,369	\$ 59,663
Weighted average common shares outstanding, basic	36,977	36,958	36,974	36,953
Stock-based compensation (1)	94	84	90	81
Weighted average common shares outstanding, diluted	37,071	37,042	37,064	37,034
Diluted earnings per Common Share	\$ 0.85	\$ 0.69	\$ 2.82	\$ 1.61

- (1) **All** in applying the treasury stock method of reflecting the **106,879** dilutive effect of outstanding stock-based compensation in calculating diluted EPS, **128,668** and **96,629** **106,817** restricted stock units, including performance awards to officers of the Company at **September 30, 2023** **March 31, 2024** and **2022** **2023**, respectively, were deemed to be outstanding and included in the calculation of diluted **EPS for EPS**.

During the three months ended March 31, 2024, AWR sold 227,981 Common Shares through its ATM offering program and **nine months** raised proceeds of \$16.2 million, net of ended September 30, 2023 and 2022, \$247,000

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. During the **nine three** months ended **September 30, 2023** **March 31, 2024** and **2022** **2023**, AWR also issued **18,351** **20,290** and **24,612** common shares **14,043** Common Shares related to restricted stock units, **respectively**, **respectively**, pursuant to stock-based compensation plans.

During the **nine three** months ended **September 30, 2023** **March 31, 2024** and **2022** **2023**, AWR paid **\$913,000** **\$1.1 million** and **\$1.2 million**, **\$883,000**, respectively, to taxing authorities on employees' behalf for shares withheld related to net share settlements. During the **nine three** months ended **September 30, 2023** **March 31, 2024** and **2022** **2023**, GSWC paid **\$835,000** **\$1.0 million** and **\$1.1 million**, **\$808,000**, respectively, to taxing authorities on employees' behalf for shares withheld related to net share settlements. These payments are included in the stock-based compensation caption of the statements of equity.

During the three months ended **September 30, 2023** **March 31, 2024** and **2022** **2023**, AWR paid quarterly dividends of approximately \$15.9 million, or \$0.4300 per share, and \$14.7 million, or \$0.3975 per share, respectively. GSWC did not pay a dividend to AWR during the three months ended **March 31, 2024**. During the **nine three** months ended **September 30, 2023 and 2022**, AWR **March 31, 2023**, GSWC paid **quarterly** dividends of **approximately** **\$45.3 million**, or **\$1.2250 per share**, and **\$41.7 million**, or **\$1.1275 per share**, **respectively**.

\$24.7 million to AWR. During the **nine three** months ended **September 30, 2023** **March 31, 2023**, GSWC issued one Common Share to AWR for \$10.0 million. Proceeds from the stock issuance were used to pay down a portion of intercompany borrowings owed to **AWR as described in Note 1, AWR**.

During the three months ended September 30, 2023, GSWC paid dividends of \$16.0 million to AWR. During the three months ended September 30, 2022, GSWC did not pay a dividend to AWR. ASUS paid a \$14.7 million dividend to AWR during this period. During the nine months ended September 30, 2023 and 2022, GSWC paid dividends of \$55.4 million and \$27.0 million, respectively, to AWR.

Note 5 — Derivative Instruments

BVES had has entered into long-term fixed price contracts to purchase power over three- and five-year terms. These long-term contracts will expire during the fourth quarter of 2024 and are subject to the accounting guidance for derivatives and require mark-to-market derivative accounting. In July 2023, the CPUC approved a new power purchase agreement between BVES and a third party to procure renewable portfolio standard eligible energy and renewable energy credits as a bundled product. BVES will begin taking power under this long-term contract during the fourth quarter of 2024 to replace the existing expiring contracts. The new contract provides for the purchase of electricity during a delivery period from November 1, 2024 through December 31, 2035. Under this contract, there is an embedded derivative that also requires mark-to-market accounting.

The CPUC authorized the use of a regulatory asset and liability memorandum account to offset the mark-to-market entries required by the accounting guidance. Accordingly, all unrealized gains and losses generated from derivative instruments in purchase power contracts are deferred on a monthly basis into a non-interest-bearing regulatory memorandum account that tracks the changes in fair value of the derivative throughout the terms of the contracts. As a result, these unrealized gains and losses do not impact Registrant's earnings. As of September 30, 2023 March 31, 2024, there was a \$1.5 million \$6.2 million derivative asset liability at fair value for the derivatives in the power purchase contracts, with a corresponding regulatory liability asset recorded in the derivative instrument memorandum account as a result of overall fixed prices under BVES's BVES's purchase power contracts being lower higher than future energy prices. The notional volume of derivatives remaining under these long-term contracts as of September 30, 2023 March 31, 2024 was 715,221 653,396 megawatt hours.

The accounting guidance for fair value measurements applies to all financial assets and financial liabilities that are measured and reported on a fair value basis. Under the accounting guidance, Registrant has made fair value measurements that are classified and disclosed in one of the following three categories:

- Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2: Quoted prices in markets that are not active or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability; or
- Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

To value the derivatives in the purchase power contracts, BVES utilizes various inputs that include quoted market prices for energy over the duration of the contracts. The market prices used to determine the fair value for the derivative instruments were estimated based on independent sources such as broker quotes and publications that are not observable in or corroborated by the market. When such inputs have a significant impact on the measurement of fair value, the instruments are categorized as Level 3. Accordingly, the valuation of the derivatives within BVES's BVES's purchase power contracts have been classified as Level 3 for all periods presented.

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The following table presents changes in the fair value of the Level 3 derivatives for the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023. The change in fair value was due to the change in market energy prices during the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023.

		For The Three Months Ended September 30,		For The Nine Months Ended September 30,				
		For The Three Months Ended March 31,				For The Three Months Ended March 31,		
(dollars in thousands)	(dollars in thousands)	2023	2022	2023	2022	(dollars in thousands)	2024	2023
Fair value at beginning of the period	Fair value at beginning of the period	\$4,657	\$8,114	\$11,847	\$4,441			
Unrealized (losses) gains on purchase power contracts	Unrealized (losses) gains on purchase power contracts	(3,132)	(545)	(10,322)	3,128			
Fair value at end of the period	Fair value at end of the period	\$1,525	\$7,569	\$ 1,525	\$7,569			

Note 6 — Fair Value of Financial Instruments

For cash and cash equivalents, accounts receivable, accounts payable and short-term debt, the carrying amount is assumed to approximate fair value due to the short-term nature of these items.

Investments held in a Rabbi Trust for the supplemental executive retirement plan ("SERP") are measured at fair value and totaled \$29.6 million \$36.2 million as of September 30, 2023 March 31, 2024 and \$27.5 \$34.1 million as of December 31, 2022 December 31, 2023. All equity investments in the Rabbi Trust are Level 1 investments in mutual funds. The investments held in the Rabbi Trust are included in "Other Property and Investments" on Registrant's Registrant's balance sheets.

The table below estimates the fair value of long-term debt held by AWR and GSWC, respectively. The fair values as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 were determined using rates for similar financial instruments of the same duration utilizing Level 2 methods and assumptions. Changes in the assumptions will produce different results.

September 30, 2023				December 31, 2022							
March 31, 2024						March 31, 2024					December 31, 2023
(dollars in thousands)	(dollars in thousands)	Carrying Amount	Fair Value	Carrying Amount	Fair Value	(dollars in thousands)	Carrying Amount	Fair Value	Carrying Amount	Fair Value	
Financial liabilities:	Financial liabilities:					Financial liabilities:					
Long-term debt—	Long-term debt—										
AWR (1)	AWR (1)	\$ 579,047	\$523,698	\$ 450,373	\$424,151						
		September 30, 2023		December 31, 2022							
		March 31, 2024									
		March 31, 2024									
		March 31, 2024				December 31, 2023					
(dollars in thousands)	(dollars in thousands)	Carrying Amount	Fair Value	Carrying Amount	Fair Value	(dollars in thousands)	Carrying Amount	Fair Value	Carrying Amount	Fair Value	
Financial liabilities:	Financial liabilities:										
Long-term debt—	Long-term debt—										
GSWC (2)	GSWC (2)	\$ 544,047	\$492,499	\$ 415,373	\$391,198						
Long-term debt—											
GSWC (2)											
Long-term debt—											
GSWC (2)											

(1) Excludes Excludes debt issuance costs of approximately \$3.2 million \$3.0 million and \$3.4 million \$3.1 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

(2) Excludes debt issuance costs of approximately \$3.0 million \$2.9 million and \$3.2 million \$3.0 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, respectively.

Note 7 — Income Taxes

AWR's effective income tax rate ("ETR") was 23.2%24.2% and 24.6%23.8% for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and was 24.3% and 24.1% for the nine months ended September 30, 2023 and 2022, 2023, respectively. GSWC's ETR was 24.9%24.7% and 25.5%24.5% for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and was 25.3% and 25.2% for the nine months ended September 30, 2023 and 2022, 2023, respectively.

The AWR and GSWC ETRs differed from the federal corporate statutory tax rate of 21% primarily due to (i) state taxes; (ii) permanent differences, including certain tax effects from stock compensation; (iii) the ongoing amortization of the excess deferred income tax liability; and (iv) differences between book and taxable income that are treated as flowed-through adjustments in accordance with regulatory requirements (principally from plant, rate-case, and compensation-related items). As regulated utilities, GSWC and BVES treat certain temporary differences as being flowed-through to customers in computing its their income tax expense consistent with the income tax method used in its their CPUC-jurisdiction rate making. Flowed-through items either increase or decrease tax expense and thus impact the ETR.

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Note 8 — Employee Benefit Plans

The components of net periodic benefit costs for Registrant's pension plan, postretirement medical benefit plan and SERP for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 were as follows:

For The Three Months Ended September 30,															
For The Three Months Ended March 31,								For The Three Months Ended March 31,							
(dollars in thousands)	(dollars in thousands)	Other Postretirement Benefits						(dollars in thousands)	Pension Benefits		Other Postretirement Benefits		SERP		
		Pension Benefits		Benefits		SERP			Pension Benefits		Benefits		SERP		
		2023	2022	2023	2022	2023	2022		2024	2023	2024	2023	2024	2023	
Components of Net Periodic Benefits Cost:	Components of Net Periodic Benefits Cost:							Components of Net Periodic Benefits Cost:							
Service cost	Service cost	\$ 705	\$1,411	\$ 33	\$ 30	\$ 312	\$ 298								
Interest cost	Interest cost	2,581	1,850	26	13	411	256								
Expected return on plan assets	Expected return on plan assets	(2,617)	(3,291)	(119)	(147)	—	—								
Amortization of prior service cost	Amortization of prior service cost	110	109	—	—	—	—								
Amortization of actuarial (gain) loss	Amortization of actuarial (gain) loss	—	—	(242)	(478)	(8)	145								
Net periodic benefits costs under accounting standards	Net periodic benefits costs under accounting standards	779	79	(302)	(582)	715	699								
Regulatory adjustments - deferred	Regulatory adjustments - deferred	(27)	—	—	—	—	—								
Total expense (benefit) recognized, before surcharges and allocation to overhead pool	Total expense (benefit) recognized, before surcharges and allocation to overhead pool	\$ 752	\$ 79	\$(302)	\$(582)	\$ 715	\$ 699								
For The Nine Months Ended September 30,															
(dollars in thousands)	(dollars in thousands)	Other Postretirement Benefits						(dollars in thousands)	Pension Benefits		Other Postretirement Benefits		SERP		
		Pension Benefits		Benefits		SERP			Pension Benefits		Benefits		SERP		
		2023	2022	2023	2022	2023	2022		2024	2023	2024	2023	2024	2023	
Components of Net Periodic Benefits Cost:	Components of Net Periodic Benefits Cost:														
Service cost	Service cost	\$2,397	\$4,233	\$ 99	\$ 96	\$ 936	\$ 894								
Interest cost	Interest cost	7,607	5,550	77	45	1,233	768								
Expected return on plan assets	Expected return on plan assets	(7,863)	(9,873)	(358)	(441)	—	—								

Amortization of prior service cost	326	327	—	—	—	—
Amortization of actuarial (gain) loss	—	—	(724)	(1,302)	(24)	435
Net periodic benefits costs under accounting standards	2,467	237	(906)	(1,602)	2,145	2,097
Regulatory adjustments - deferred	(211)	—	—	—	—	—
Total expense (benefit) recognized, before surcharges and allocation to overhead pool	\$2,256	\$ 237	\$(906)	\$(1,602)	\$2,145	\$2,097

In September 2023, 2024, Registrant contributed expects to contribute approximately \$2.9 million \$3.3 million to its pension plan.

As authorized by the CPUC in the water and electric general rate case decisions, GSWC and BVES each utilize two-way balancing accounts to track differences between the forecasted annual pension expenses in rates, or expected to be in rates, and the actual annual expense recorded in accordance with the accounting guidance for pension costs. During the three and nine months ended

March 31, 2024, GSWC's actual pension expense was lower than the amounts included in water customer rates by \$134,000. During the three months ended September 30, 2023 March 31, 2023, GSWC's actual pension expense was higher than the amounts included in water customer rates by \$27,000 and \$211,000, respectively. GSWC's actual pension expense was lower than the amounts included in water customer rates for the three and nine months ended September 30, 2022, \$92,000. BVES's actual expense was lower than the amounts included in electric customer rates for all periods presented. Over-collections are recorded as a reduction in revenues. As of September 30, 2023 March 31, 2024, GSWC and BVES had over-collections in their two-way pension balancing accounts of \$1,138,000 \$1,231,000 and \$205,000, \$368,000, respectively, that have been included as part of regulatory assets and liabilities (Note 3).

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Note 9 — Contingencies

Environmental Clean-Up and Remediation at GSWC:

GSWC has been involved in environmental remediation and cleanup at one of its plant sites that contained an underground storage tank which was used to store gasoline for its vehicles. This tank was removed from the ground in July 1990 along with the dispenser and ancillary piping. Since then, GSWC has been involved in various remediation activities at this site. Analysis indicates that off-site monitoring wells may be necessary to document effectiveness of remediation.

As of September 30, 2023 March 31, 2024, the total amount spent to clean up clean-up and remediate GSWC's the plant facility site was approximately \$6.3 million \$6.6 million, of which \$1.5 million has been paid by the State of California Underground Storage Tank Fund. Amounts paid by GSWC have been included in rate base and approved by the CPUC for recovery. As of September 30, 2023 March 31, 2024, GSWC has a regulatory asset and an accrued liability for the estimated additional remaining cost of \$1.3 million to complete the cleanup clean-up at the site. The estimate includes costs for continued activities of groundwater cleanup and monitoring, future soil treatment and site-closure-related activities. The ultimate cost may vary as there are many unknowns in remediation of underground gasoline spills and this is an estimate based on currently available information. Management also believes it is probable that the estimated additional costs will continue to be approved in rate base by the CPUC.

Contracted Services:

Most of ASUS's utility privatization contract services are provided to the U.S. government pursuant to the terms of the initial 15-and 50-year firm, fixed-price contracts and additional firm, fixed-price contracts subject to annual economic price adjustments. ASUS also, from time to time, performs construction services on military bases CPUC as a subcontractor or pursuant to a task order agreement. Entering into contracts with the U.S. government subjects ASUS to potential government audits or investigations of its business practices and compliance with government procurement statutes and regulations. ASUS had been under a civil government investigation over bidding and estimating practices used in certain capital upgrade projects and has fully cooperated with the investigation. In July 2023, ASUS and the U.S. government entered into an agreement that settles civil and monetary claims by the U.S. government. This settlement did not have a material impact on Registrant's financial statements. approved historically.

Other Litigation:

Registrant is also subject to other ordinary routine litigation incidental to its business, some of which may include claims for compensatory and punitive damages. Management believes that rate recovery, proper insurance coverage and reserves are in place to insure against, among other things, property, general liability, employment, and workers' compensation claims incurred in the ordinary course of business. Insurance coverage may not cover certain claims involving punitive damages. Registrant does not believe the outcome from any pending suits or administrative proceedings will have a material effect on Registrant's Registrant's consolidated results of operations, financial position, or cash flows.

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Note 10 — Business Segments

AWR has three reportable segments: water, electric and contracted services. GSWC has one segment, water. On a stand-alone basis, AWR has no material assets or liabilities other than its equity investments in its subsidiaries, note payables to bank, deferred taxes and intercompany note receivables.

All GSWC and BVES business activities are conducted in California. Activities of ASUS and the Military Utility Privatization Subsidiaries its subsidiaries are conducted in California, Florida, Kansas, Maryland, Massachusetts, New Mexico, North Carolina, South Carolina, Texas and Virginia. Some of ASUS's wholly owned subsidiaries are regulated by the state in which the subsidiary primarily conducts water and/or wastewater operations. Fees charged for operations and maintenance and renewal and replacement services are based upon the terms of the contracts with the U.S. government, which have been filed, as appropriate, with the commissions in the states in which ASUS's subsidiaries are incorporated.

The tables below set forth information relating to AWR's operating segments and AWR parent. (parent). The utility plant balances are net of respective accumulated provisions for depreciation. Capital additions reflect capital expenditures paid in cash and exclude U.S. government-funded and third-party prime contractor funded capital expenditures for ASUS, and property installed by developers and conveyed to GSWC and BVES.

(dollars in thousands)	As Of And For The Three Months Ended September 30, 2023						(dollars in thousands)	As Of And For The Three Months Ended March 31, 2024							
	Contracted					AWR		Consolidated	Contracted					AWR	Consolidated
	Water	Electric	Services	Parent	AWR				Water	Electric	Services	Parent	AWR		
Operating revenues	Operating revenues	\$ 116,231	\$ 8,956	\$ 26,509	\$ —	\$ 151,696									
Operating income (loss)	Operating income (loss)	43,243	2,049	6,204	255	51,751									
Interest expense (income), net	Interest expense (income), net	6,775	760	394	1,637	9,566									
Net property, plant and equipment	Net property, plant and equipment	1,696,923	137,299	16,249	—	1,850,471									
Depreciation and amortization expense (1)	Depreciation and amortization expense (1)	8,610	776	798	—	10,184									
Income tax expense (benefit)	Income tax expense (benefit)	8,830	(154)	1,430	(559)	9,547									
Capital additions	Capital additions	37,349	9,947	186	—	47,482									

(dollars in thousands)	As Of And For The Three Months Ended September 30, 2022				
	Water	Electric	Contracted Services	AWR Parent	Consolidated AWR
Operating revenues	\$ 100,799	\$ 8,919	\$ 25,266	\$ —	\$ 134,984
Operating income (loss)	32,451	2,337	5,553	(1)	40,340
Interest expense (income), net	5,625	355	(27)	711	6,664
Net property, plant and equipment	1,584,888	115,379	17,885	—	1,718,152
Depreciation and amortization expense (1)	8,475	709	933	—	10,117
Income tax expense (benefit)	6,831	478	1,347	(296)	8,360
Capital additions	40,684	4,711	109	—	45,504

(dollars in thousands)	As Of And For The Nine Months Ended September 30, 2023				
	Water	Electric	Contracted Services	AWR Parent	Consolidated AWR
Operating revenues	\$ 345,851	\$ 30,688	\$ 93,980	\$ —	\$ 470,519
Operating income (loss)	134,006	7,783	19,854	218	161,861
Interest expense (income), net	18,784	1,987	948	4,389	26,108

Net property, plant and equipment	1,696,923	137,299	16,249	—	1,850,471
Depreciation and amortization expense (1)	26,890	2,283	2,472	—	31,645
Income tax expense (benefit)	29,674	794	4,621	(1,586)	33,503
Capital additions	113,921	20,985	1,225	—	136,131

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(dollars in thousands)	(dollars in thousands)	As Of And For The Nine Months Ended September 30, 2022					(dollars in thousands)	As Of And For The Three Months Ended March 31, 2023				
		Contracted			AWR	Consolidated		Contracted			AWR	Consolidated
		Water	Electric	Services	Parent	AWR		Water	Electric	Services	Parent	AWR
Operating revenues	Operating revenues	\$ 265,561	\$29,028	\$ 71,572	\$ —	\$ 366,161						
Operating income (loss)	Operating income (loss)	77,161	7,973	13,894	(6)	99,022						
Interest expense (income), net	Interest expense (income), net	16,088	763	(264)	1,272	17,859						
Net property, plant and equipment	Net property, plant and equipment	1,584,888	115,379	17,885	—	1,718,152						
Depreciation and amortization expense (1)	Depreciation and amortization expense (1)	25,573	2,049	2,780	—	30,402						
Income tax expense (benefit)	Income tax expense (benefit)	14,623	1,645	3,399	(641)	19,026						
Capital additions	Capital additions	107,668	13,485	903	—	122,056						

(1) Depreciation computed on GSWC's and BVES's transportation equipment is recorded in other operation expenses and totaled \$160,000, \$163,000 and \$97,000, \$368,000 for the three months ended September 30, 2023, March 31, 2024 and 2022, respectively, and totaled \$683,000 and \$286,000 for the nine months ended September 30, 2023 and 2022, 2023, respectively. For the nine three months ended September 30, 2023, March 31, 2023, approximately \$212,000 of additional depreciation expense on GSWC's GSWC's transportation equipment was recorded that relates to the cumulative retroactive impact for the full year of 2022 approved in the CPUC CPUC's final decision in GSWC's GSWC's general rate case that resulted from in an increase to the transportation equipment composite depreciation rates that are retroactive to January 1, 2022.

The following table reconciles total net property, plant and equipment (a key figure for ratemaking) to total consolidated assets (in thousands):

		September 30,			March 31,	
		2023	2022		2024	2023
Total net property, plant and equipment	Total net property, plant and equipment	\$1,850,471	\$1,718,152			
Other assets	Other assets	354,758	264,423			
Total consolidated assets	Total consolidated assets	\$2,205,229	\$1,982,575			

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

General

The following discussion and analysis provides information on AWR's consolidated operations and assets, and includes specific references to AWR's individual segments and its subsidiaries: (i) GSWC, AWR's regulated water utility segment, (ii) BVES, AWR's regulated electric utility segment, (iii) ASUS and its subsidiaries, collectively, AWR's contracted services segment, and (iv) AWR parent (parent) where applicable. The subsidiaries of ASUS are collectively referred to as the "Military Utility Privatization Subsidiaries."

Included in the following analysis is a discussion of AWR's Registrant's operations in terms of earnings per share by business segment and AWR parent, (parent), which equals each business segment's earnings divided by AWR's weighted average number of diluted common shares. Common Shares. The gains and losses generated on the investments held to fund one impact of the Company's retirement plans during water general rate case including the nine months ended September 30, 2023 and 2022 have been excluded when communicating the results to help facilitate comparisons of AWR's performance from period to period. In addition, both the impact of retroactive rates related to the full year 2022 recorded during the nine three months ended September 30, 2023 March 31, 2023 resulting from the final proposed decision on the water general rate case, and the impact from the estimates of revenues subject to refund recorded in 2022 and changes to estimates recorded in 2023 following during the receipt of a final cost three months ended March 31, 2023 resulting from the pending costs of capital decision in June of 2023 pending at that time have been excluded in this analysis when communicating AWR's consolidated and water segment results for the three months ended September 30, 2022 March 31, 2024 and the nine months ended September 30, 2023 and 2022 2023 to help facilitate comparisons of the Company's Registrant's performance from period to period.

All of the measures discussed above are derived from consolidated financial information of Registrant, but are not presented in our financial statements that are prepared in accordance with Generally Accepted Accounting Principles ("GAAP") in the United States. States ("GAAP"). These items constitute "non-GAAP financial measures" under Securities and Exchange Commission rules, which supplement our GAAP disclosures but should not be considered as an alternative to the respective GAAP measures. Furthermore, the non-GAAP financial measures may not be comparable to similarly titled non-GAAP financial measures of other registrants.

AWR uses earnings per share by business segment as an important measure in evaluating its operating results and believes it provides investors with clarity surrounding the performance of its segments. AWR reviews this measurement regularly and compares it to historical periods and to its operating budget. A reconciliation to AWR's consolidated diluted earnings per share prepared in accordance with GAAP is included in the discussion under the section titled "Summary of Third First Quarter Results by Segment" and "Summary of Year-to-Date Results by Segment."

Overview

Factors affecting our financial performance are summarized under "Risk Factors" in our Form 10-K for the period ended December 31, 2022 December 31, 2023 filed with the SEC.

Water and Electric Segments:

GSWC's and BVES's revenues, operating income and cash flows are earned primarily through delivering potable water to homes and businesses in California California. BVES' revenues, operating income and cash flows are primarily earned through delivering electricity in the Big Bear area of San Bernardino County, California, respectively, California. Rates charged to GSWC and BVES customers are authorized by the CPUC. These rates are intended to allow recovery of operating costs and a reasonable rate of return on invested capital. GSWC and BVES plan to continue seeking additional rate increases in future years from the CPUC to recover operating and supply costs, and receive reasonable returns on invested capital. Capital expenditures in future years at GSWC and BVES are expected to remain at substantially higher levels than depreciation expense. When necessary, GSWC and BVES may obtain funds from external sources in the capital markets and through bank borrowings.

General Rate Case Filings and Other Matters:

Water General Rate Case for the years 2025–2027:

On August 14, 2023, GSWC filed a general rate case application for all its water regions and the general office. This general rate case will determine new water rates for the years 2025 – 2027. Among other things, GSWC requested capital budgets of approximately \$611.4 million for the three-year rate capital cycle. GSWC also requested the continuation of mechanisms to accommodate fully decoupled revenues and sales, and track differences between recorded and CPUC-authorized supply-related expenses. In an August 2020 decision, the The CPUC discontinued the use of the Water Revenue Adjustment Mechanism ("WRAM") and the Modified Cost Balancing Account ("MCBA") at water utilities which GSWC implemented in 2008, but would be discontinued for GSWC after 2024. However, on September 30, 2022, the governor of California signed Senate Bill ("SB") 1469. Effective January 1, 2023, SB 1469 which allows Class A water utilities, including GSWC, to continue requesting the use of a revenue decoupling mechanism in their next general rate case. With the passage of SB 1469, GSWC's request to continue using a revenue decoupling mechanism will be subject to CPUC approval. A decision in the water general rate case is scheduled for the fourth quarter of 2024, with new rates to become effective January 1, 2025. No assurance can be given that a decision will be received at such time.

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Water General Rate Case for the years 2022–2024 and Changes in Rates for 2023 and 2024:

On June 29, 2023, In June 2023, the CPUC adopted a final decision in GSWC's GSWC's general rate case application for all of its water regions and its general office that determines determined new water rates for the years 2022–2024 retroactive to January 1, 2022. The assigned administrative law judge at the CPUC had issued a proposed decision on April 13, 2023 that, among other things, (i) adopted the full settlement agreement between GSWC and the Public Advocates Office at the CPUC ("Public Advocates") that resolved all issues related to the 2022 annual revenue requirement in the general rate case application, and (ii) allowed for additional increases in adopted revenues for 2023 and 2024 subject to an earnings test and inflationary index values at the time of filing for implementation of the new rates. The final decision issued on June 29, 2023 is consistent in all material respects with the proposed decision issued in April. The impact of retroactive rates for the full year of 2022 and the estimated second-year rate increases had been reflected in the 2023 first quarter results as it became probable based on the proposed decision that the approved retroactive rates for the full year of 2022 and the new rates for 2023 would be permitted to be billed to customers in the future. The impact of retroactive rates for the full year of 2022 as well as the final 2023 estimated second-year rate increases for 2023 have been reflected in the results of operations for the nine three months ended September 30, 2023 March 31, 2023.

The settlement agreement approved third-year rate increases for 2024, which were effective January 1, 2024, have been reflected in the final decision (i) authorizes GSWC to invest approximately \$404.8 million three months ended March 31, 2024 results. There was an increase in capital infrastructure over recorded water operating revenues of \$5.2 million largely as a result of the three-year cycle (excluding advice letter projects); (ii) third-year rate increases the 2022 adopted revenues (excluding the advice letter project

revenues) by approximately \$30.3 million, or \$0.59 per share, as compared to the 2021 adopted revenues, and for 2024 that reflects, among other things, a higher revenue requirement for increases the 2022 adopted in recorded supply costs by \$9.6 million, or \$0.19 per share, as compared to the 2021 adopted supply costs, of \$511,000, which combined is an increase of \$0.40 \$0.09 per share; share. Actual water supply costs are tracked against adopted costs in the revenue requirement, and (iii) adopts new operating expense levels for 2022 including a higher depreciation expense resulting from overall higher composite depreciation rates based passed through to customers on a new depreciation study adopted dollar-for-dollar basis by way of the CPUC-approved water supply cost balancing accounts. The increase in water supply costs results in a corresponding increase in water operating revenues and has no net impact on the decision.

Upon receiving the final decision, GSWC filed for the implementation of new 2023 rate increases that went into effect on July 31, 2023. water segment's profitability. Due to the delay in finalizing the water general rate case, water revenues billed to customers for the year ended December 31, 2022 December 31, 2022 and for the period from January 1, 2023 to July 30, 2023 were based on 2021 adopted rates. As a result of receiving the final decision that approves the settlement agreement in its entirety, the impact of retroactive new rates for the full year of 2022 of \$0.38 per share has been reflected in the nine months ended September 30, 2023 results and included primarily (i) the increase in 2022's adopted revenues and supply costs, or \$0.40 per share discussed above; and (ii) a higher overall depreciation expense for 2022 of approximately \$790,000, or \$0.02 per share, resulting from updated composite depreciation rates adopted in the final decision, which are reflected in the 2022 adopted revenue requirement. The second-year rate increases for 2023 have also been reflected in the three and nine months ended September 30, 2023. Through September 30, 2023, this included increases in revenues of approximately \$36.8 million, or \$0.72 per share, compared to the adopted 2021 rates recorded in the same period in 2022, and increases in supply costs of approximately \$8.0 million, or \$0.16 per share, which combined is an increase of \$0.56 per share for the nine months ended September 30, 2023.

GSWC filed for the implementation of new 2023 rate increases that became effective went into effect on July 31, 2023. In October 2023, GSWC also filed with the CPUC to recover all retroactive rate amounts accumulated in memorandum accounts for the full 2022 year and for 2023 through July 30, 2023. Surcharges were implemented to recover the cumulative retroactive rate differences over 36 months. As of September 30, 2023 March 31, 2024, there is an aggregate cumulative balance of \$55.1 \$50.0 million in CPUC-approved general rate case memorandum accounts that have been recognized as regulatory assets with a corresponding increase in unbilled water revenues. assets.

Cost of Capital Proceeding: ("COC") Proceedings:

Investor-owned water utilities serving California are required to file their cost of capital applications on a triennial basis. 2021 COC Application:

GSWC filed a its last cost of capital application with the CPUC in May 2021. On June 29, 2023, the CPUC adopted a final decision that, among other things, (i) adopted GSWC's requested capital structure of 57% equity and 43% debt; (ii) adopted a cost of debt of 5.1% for GSWC as compared to 6.6% previously authorized; (iii) adopted a return on equity of 8.85% for GSWC as compared to 8.9% previously authorized; (iv) allows allowed for the continuation of the Water Cost of Capital Mechanism ("WCCM") through December 31, 2024; and (v) adopts the new cost of capital for the three-year period commencing January 1, 2022 through December 31, 2024. Based on the final decision issued in June 2023, all adjustments to rates are prospective and not retroactive. GSWC filed an advice letter that implemented the new cost of capital effective July 31, 2023.

Following the receipt of the final decision in the cost of capital proceeding, management updated its analysis and reassessed the accounting estimates recorded to date related to GSWC's lower cost of debt. Accordingly, GSWC recorded during the nine months ended September 30, 2023 a change in estimate that resulted in an increase to water revenues in the amount of \$6.4 million, or \$0.13 per share, as a result of reversing its regulatory liability for revenues subject to refund that it had recorded during 2022. Of the \$6.4 million recorded in 2022, \$1.9 million, or \$0.04 per share, and \$5.0 million, or \$0.10 per share, were recorded during the three and nine months ended September 30, 2022, respectively.

The WCCM adjusts the return on equity and rate of return on rate base between the three-year cost of capital proceedings only if there is a positive or negative change of more than 100 basis points in the average of the Moody's Aa utility bond rate as measured over the period October 1 through September 30. If there is a positive or negative change of more than 100 basis points, the return on equity is adjusted by one half of the difference. For the period from October 1, 2021 through September 30,

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2022, the Moody's Aa utility bond rate increased by 102.8 basis points from the benchmark, which triggered the WCCM adjustment. GSWC recognized revenues for the period from January 1 through July 30, 2023 and all of 2022 based on the previously authorized return of equity of 8.9% that had also been billed to water customers through the same period. On June 30, 2023, GSWC filed an advice letter to establish the WCCM for 2023, which increased GSWC's 8.85% adopted return on equity in the decision to 9.36% effective July 31, 2023. Additionally, for the period from October 1, 2022 through September 30, 2023, the Moody's Aa utility bond rate increased by 139.7 basis points from the benchmark, which again triggered the a WCCM adjustment. On October 12, 2023, GSWC filed an advice letter to establish the WCCM for 2024, which has been approved by the CPUC adjustment and will increase increased GSWC's 9.36% adopted return on equity to 10.06% effective January 1, 2024.

2024 COC Application:

Investor-owned water utilities serving California are required to file their cost of capital applications on a triennial basis. GSWC's next cost of capital application was scheduled to be filed on May 1, 2024 effective for the years 2025 - 2027. However, GSWC, along with three other Class A investor-owned water utilities in California, filed a joint request with the CPUC to defer the filing deadline of the next cost of capital applications by one year, which was approved on February 2, 2024. The joint request asked that the utilities keep the cost of capital currently authorized for 2024 in effect through 2025, and file new cost of capital applications by May 1, 2025 to set the cost of debt, return on equity and capital structure starting January 1, 2026. GSWC's current authorized rate of return on rate base is 7.93% effective January 1, 2024, which will continue in effect through December 31, 2025. Additionally, GSWC's WCCM will remain active through the one year deferral period.

Electric General Rate Case for the years 2023–2026:

On August 30, 2022, BVES filed a general rate case application that will determine new electric rates for the years 2023 – 2026. In February 2023, a scoping memo and ruling that set the final schedule and scope of issues in BVES's general rate case proceeding was issued by the CPUC. Based on the schedule issued, a proposed decision is scheduled in the fourth quarter of 2023. Electric revenues billed to customers for the nine months ended September 30, 2023 2023 were based on 2022 adopted rates and will remain in effect until finalization of the pending general rate case application. On December 15, 2022, the CPUC approved a decision for BVES to establish a general rate case memorandum account that makes the new 2023 rates effective and retroactive to January 1, 2023. When a decision is issued in the electric general rate case, cumulative adjustments will be recorded at that time. A proposed decision was issued that extends the statutory deadline of the general rate case to September 30, 2024. Therefore, a decision on the general rate case is scheduled to be issued by the end of the third quarter of 2024. No assurance can be given that a decision will be received at such time.

Among other things, BVES requested (i) capital budgets of approximately \$62.0 million for the four-year rate cycle, and another \$6.2 million for a large line replacement capital project to be filed for revenue recovery through an advice letter when the project is completed, and (ii) a capital structure for BVES of 61.8% equity and 38.2% debt, a return on equity of 11.25%, an embedded cost of debt of 5.51%, and a return on rate base of 9.05%. Included in the general rate case application is a request for recovery of all capital expenditures and other incremental costs incurred over the last few years in connection with BVES's wildfire mitigation plans that are currently not included in customer rates. These costs **will be** **are** subject to review by the CPUC during the general rate case proceeding.

Contracted Services Segment:

ASUS's revenues, operating income and cash flows are earned by providing water and/or wastewater services, including operation and maintenance services and construction of facilities for the water and/or wastewater systems at various military installations, pursuant to an initial 15- or 50-year, **firm fixed-price firm-fixed-price** contract, **additional firm-fixed-price contracts, task order agreements and additional firm fixed-price contracts.** subcontracts with third party prime contractors on military bases. Currently, **ASUS has one subsidiary that has entered into a task order agreement with the U.S. government that has a term of 15 years.** The contract price for each of **these the** contracts **and recurring task order agreements** is subject to annual economic price adjustments. Additional revenues generated by contract operations are primarily dependent on annual economic price adjustments, and new construction activities under contract modifications with the U.S. government or agreements with other third-party prime **contractors or task order agreements with the U.S. government. contractors.** ASUS's subsidiaries continue to enter into U.S. government-awarded contract modifications and agreements with third-party prime contractors for new construction projects at the military bases served. **Earnings**

In August and cash flows from modifications to the initial 15- or 50-year September of 2023, ASUS was awarded new contracts with the U.S. government agreements with third-party prime contractors, and task orders with to serve two military bases for which operations began in April 2024. After completion of the U.S. government for additional construction projects may or may not continue at current levels in future periods.

Entering into contracts with the U.S. government subjects **transition periods,** ASUS **to** potential government audits or investigations of its business practices and compliance with government procurement statutes and regulations. ASUS had been under a civil government investigation over bidding and estimating practices used in certain capital upgrade projects and has fully cooperated with the investigation. In July 2023, ASUS and the U.S. government entered into an agreement that settles civil and monetary claims by the U.S. government. This settlement did not have a material impact on Registrant's financial statements.

On August 15, 2023, ASUS was awarded a new 50-year contract by the U.S. government to operate, maintain, and provide construction management services for **begun operating** the water **distribution** and wastewater **collection and treatment facilities utility systems** at Naval Air Station Patuxent River in Maryland under a **United States Navy air station located** 50-year privatization contract with the U.S. government and at Joint Base Cape Cod in **Maryland, Massachusetts** under a 15-year contract with the U.S. government. Operations commenced at Naval Air Station Patuxent River on April 1, 2024. The **initial firm fixed-price** value of **the this** contract is estimated at approximately \$349 million over a 50-year period and is subject to an inventory adjustment and annual economic price adjustments. This initial value is also subject to adjustment based on the results of a joint inventory of assets to be performed during the transition period. ASUS will assume operations at Naval Air Station Patuxent River following the completion of a 6-month transition period.

On September 29, 2023, ASUS was awarded a new 15-year contract by the U.S. government that is different than its existing 50-year contracts to operate, maintain, and provide construction management services for the water **distribution and wastewater collection and treatment facilities Operations** at Joint Base Cape Cod ("JBCC") located in Massachusetts, **commenced on April 15, 2024.** Under this contract, ASUS will **have the opportunity to perform work at JBCC through the periodic annual** issuance of task orders by the U.S. government **for over a 15-year period** up to a maximum **initial firm fixed-price** value to ASUS of \$45 million over a 15-year period, **\$75 million** subject to adjustments as task orders are issued. In **September 2023, April 2024,** the U.S. government awarded a task order to ASUS valued at \$4.1 million for the first **task order was issued with a value year** of \$2.3 million to perform an evaluation, construction operation, maintenance, and **transition renewal and replacement services** that are scheduled for completion in 2024, **of the water and wastewater systems at Joint Base Cape Cod.**

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Summary of Third First Quarter Results by Segment

The table below sets forth the **third first** quarter diluted earnings per share by business segment and for the parent company:

		Diluted Earnings per Share			Diluted Earnings per Share			CH
		Three Months Ended			Three Months Ended			
		9/30/2023	9/30/2022	CHANGE	3/31/2024	3/31/2023		
Water	Water	\$ 0.72	\$ 0.54	\$ 0.18				
Electric	Electric	0.04	0.04	—				
Contracted	Contracted							
services	services	0.12	0.12	—				
AWR (parent)	AWR (parent)	(0.02)	(0.01)	(0.01)				
Consolidated	Consolidated							
diluted earnings per	diluted earnings per							
share, as recorded	share, as recorded							
(GAAP)	(GAAP)	0.85	0.69	0.16				
Adjustment to GAAP measure:								

Impact of revenues subject to refund recorded in 2022*	—	0.04	(0.04)
<u>Adjustments to GAAP measure:</u>			
Impact of retroactive rates related to the full year of 2022 from the decision in the water general rate case*			
Impact of retroactive rates related to the full year of 2022 from the decision in the water general rate case*			
Impact of retroactive rates related to the full year of 2022 from the decision in the water general rate case*			
Impact of estimated revenues subject to refund recorded in 2023*			
Consolidated diluted earnings per share, as adjusted (Non-GAAP)*	Consolidated diluted earnings per share, as adjusted (Non-GAAP)*		
		\$ 0.85	\$ 0.73
		\$ 0.12	
Water diluted earnings per share, as adjusted (Non-GAAP)*	Water diluted earnings per share, as adjusted (Non-GAAP)*		
		\$ 0.72	\$ 0.58
		\$ 0.14	

Note: Certain amounts in the table above may not foot or crossfoot due to rounding.

* The adjustment All adjustments to 2023's recorded diluted earnings per share relates relate to the water segment. The water segment's adjusted earnings for 2022 2023 exclude both the impact of accounting the water general rate case proposed decision that included retroactive rates related to the full year of 2022, and the impact of lower revenues due to the recording of estimates related to revenues subject to refund shown separately in the table above. Lower revenues were recorded during the three months ended March 31, 2023 related to an estimate of revenues subject to refund recorded at that time from the pending cost of capital proceeding that were subsequently reversed in June 2023 upon receiving the final decision in this proceeding that made all adjustments to rates prospective.

For the three months ended March 31, 2024, AWR's recorded consolidated diluted earnings were \$0.62 per share, as compared to \$0.93 per share for the same period in 2023, a decrease of \$0.31 per share, which include: (i) the impact of the water general rate case, largely from the impact of retroactive new rates related to the full 2022 for year, of \$0.38 per share as a result of receiving a proposed decision in the water general rate case, and (ii) the impact of approximately \$0.05 per share resulting from estimated revenues subject to refund related to the pending cost of capital proceeding at that time, and as both shown separately in the table above. The lower revenues recorded during the three months ended September 30, 2022 totaled \$1.9 million, or \$0.04 \$0.05 per share based on the estimate of estimated revenues subject to refund that were subsequently reversed in June 2023 upon receiving the final decision in the cost consisted of capital proceeding making all adjustments to rates prospective and not retroactive.

For the three months ended September 30, 2023, AWR's recorded consolidated diluted earnings were \$0.85 \$0.03 per share as compared to \$0.69 per share for the same period in 2022, an increase of \$0.16 per share, which includes a favorable variance of \$0.04 per share resulting from the impact of accounting estimates made in the third quarter of 2022 for revenues subject to refund related to the pending cost first quarter of capital proceeding at that time shown separately in the table above. With the receipt of a final decision on the cost of capital proceeding in June 2023 the regulatory liability and \$0.02 per share related to the estimate was reversed incremental impact from recording the retroactive rates for the full year of 2022 in the second first quarter of 2023. Excluding this impact these items from the third first quarter of 2022, for the three months ended September 30, 2022, 2023, adjusted consolidated diluted earnings were \$0.73 \$0.60 per share, compared to adjusted and recorded consolidated earnings of \$0.85 \$0.62 per share for the three months ended September 30, 2023, an adjusted increase of \$0.12 per share, or a 16.4% increase, largely due to new 2023 water rates approved in GSWC's final decision in the general rate case proceeding received in June 2023. March 31, 2024.

The following is a computation and reconciliation of diluted earnings per share from the measure of operating income by business segment as disclosed in Note 10 to the Unaudited Consolidated Financial Statements to AWR's consolidated fully diluted earnings per common share (as recorded), for the three months ended September 30, 2023 March 31, 2024 and 2022: 2023:

		Water		Electric		Contracted Services		AWR (Parent)		Consolidated (GAAP)	
		Water		Electric		Contracted Services		AWR (Parent)		Consolidated (GAAP)	
(in thousands, except per share amounts)	(in thousands, except per share amounts)	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022
Operating income (loss) (Note 10)	Operating income (loss) (Note 10)	\$43,243	\$32,451	\$2,049	\$2,337	\$6,204	\$5,553	\$ 255	\$ (1)	\$51,751	\$40,340

Other	Other										
(income)	(income)										
and	and										
expenses,	expenses,										
net	net	7,820	5,695	754	243	428	(65)	1,637	453	10,639	6,326
Income tax	Income tax										
expense	expense										
(benefit)	(benefit)	8,830	6,831	(154)	478	1,430	1,347	(559)	(296)	9,547	8,360
Net income	Net income										
(loss)	(loss)	\$26,593	\$19,925	\$1,449	\$1,616	\$4,346	\$4,271	\$ (823)	\$ (158)	\$31,565	\$25,654
Weighted	Weighted										
Average	Average										
Number of	Number of										
Diluted	Diluted										
Shares	Shares	37,071	37,042	37,071	37,042	37,071	37,042	37,071	37,042	37,071	37,042
Diluted	Diluted										
earnings	earnings										
(loss) per	(loss) per										
share	share	\$ 0.72	\$ 0.54	\$ 0.04	\$ 0.04	\$ 0.12	\$ 0.12	\$ (0.02)	\$ (0.01)	\$ 0.85	\$ 0.69

Note: Certain amounts in the table above may not foot or crossfoot due to rounding.

Water Segment:

For the three months ended **September 30, 2023** **March 31, 2024**, recorded diluted earnings from the water utility segment were **\$0.72** **\$0.48** per share, as compared to **\$0.54** **\$0.74** per share for the same period in **2022**, an increase **2023**, a decrease of **\$0.18** **\$0.26** per share, which includes a favorable variance of \$0.04 per share from share. Excluding the impact of accounting estimates made the water general rate case including retroactive new rates related to the full 2022 year of \$0.38 per share as a result of receiving a proposed decision in the **third quarter** water general rate case, and the impact of **2022** for approximately \$0.05 per share resulting from estimated revenues subject to refund related to the pending cost of capital proceeding at that time, which were subsequently reversed during the **second quarter of 2023** as previously discussed above.

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Excluding the impact of estimates made in the third quarter of 2022 for revenues subject to refund related to the pending cost of capital proceeding at that time, adjusted diluted earnings for the **third first** quarter of **2022** **2023** at the water segment were **\$0.58** **\$0.41** per share, as compared to adjusted and recorded diluted earnings of **\$0.72** **\$0.48** per share for the **third first** quarter of **2023**, **2024**, an adjusted increase at the water segment of **\$0.14** **\$0.07** per share, or a **24.1%** **17.1%** increase, due largely to the following items:

- An increase in water operating revenues of approximately **\$13.5 million** **\$5.2 million** was largely as a result of the **second-year third-year** rate increases related to the three months ended **September 30, 2023**, partially offset by the prospective change in the new cost of capital effective **July 31, 2023** that lowered GSWC's authorized return on rate base. The return on rate base was revised to reflect the new authorized cost of debt which decreased from 6.6% to 5.1%, offset by a higher return on equity which increased from 8.9% to 9.36%. In June 2023, GSWC filed for the implementation of new 2023 rates upon receiving the final decisions on the general rate case and cost of capital proceedings both of which became effective **July 31, 2023** **March 31, 2024**. The increase in water revenues during the **third first** quarter of **2023** **2024** represents the difference from the **2021** adopted rates recorded in **third-year** rate increases compared to the **three-month** period ended **September 30, 2022** and the **2023** estimated second-year rate increases recorded during the **same period** three months ended **March 31, 2023** as a result of receiving a proposed decision in **2023**, the water general rate case at that time.
- An increase in water supply costs of **\$3.6 million**, **\$511,000**, which consist of purchased water, purchased power for pumping, groundwater production assessments and changes in the water supply cost balancing accounts. **Adopted** The increase in water supply costs for the third quarter of 2023 were based on 2023 authorized amounts approved is primarily related to an increase in the final CPUC decision customer water usage and an increase in the water general rate case application, overall actual supply costs in 2024. Actual water supply costs are tracked against adopted costs in the revenue requirement, and passed through to customers on a dollar-for-dollar basis by way of the CPUC-approved water supply cost balancing accounts. The increase in water supply costs results in a corresponding increase in water operating revenues and has no net impact on the water segment's profitability.
- An overall increase in operating expenses of **\$1.1 million** **\$862,000** (excluding supply costs) due primarily to increases in (i) overall labor costs and other employee-related benefits, (ii) other operation-related expenses resulting primarily from higher water treatment and chemical costs, (iii) maintenance expense, (iv) administrative and general expenses resulting largely from higher outside-services costs and (v) depreciation insurance costs, and amortization expenses resulting from additions to utility plant and the higher composite depreciation rates based on a revised depreciation study approved (iii) property taxes; partially offset by decreases in the final decision on the water general rate case, timing of other operation and maintenance expenses.
- An increase in interest expense expenses (net of interest income) of **\$1.2 million** **\$1.6 million** resulting primarily from an overall increase in interest rates, as well as an overall increase in total borrowing levels to support, among other things, the capital expenditure programs at GSWC, partially offset by higher interest income earned on regulatory assets bearing interest at the current 90-day commercial-paper rate, which increased compared to **2022's** **2023's** rates, as well as an increase in the level of regulatory assets recorded that resulted, in large part, from the final decision on the water general rate case that had been delayed, recorded.

- An overall increase in other expenses income (net of other income) expense) of \$1.2 million \$704,000 due primarily to an increase of \$440,000 in the non-service cost components related gains generated on investments held to GSWC's benefit fund one of the Company's retirement plans resulting from changes in actuarial assumptions including expected returns on plan assets. However, as a result of GSWC's two-way pension balancing accounts authorized by for the CPUC, changes in total net periodic benefits costs related three months ended March 31, 2024 compared to the pension plan have no material impact same period in 2023, due to earnings, financial market conditions.
- Changes in certain flowed-through income taxes and permanent items included in GSWC's income tax expense for the three months ended September 30, 2023 March 31, 2024 as compared to the same period in 2022 2023 that favorably impacted the water segment's earnings. As a regulated utility, GSWC treats certain temporary differences as being flowed-through in computing its income tax expense consistent with the income tax method used in its CPUC-jurisdiction rate making. Changes in the magnitude of flowed-through items either increase or decrease tax expense, thereby affecting diluted earnings per share.

Electric Segment:

Diluted earnings from the electric utility segment for the three months ended September 30, 2023 were flat compared to the same period in 2022, largely resulting from not having new rates in 2023 while awaiting the processing of the pending electric general rate case that will set new rates for 2023 – 2026, while also experiencing continued increases in overall operating expenses and interest costs that were mostly offset by favorable changes in certain flowed-through income taxes. When a decision is issued in the electric general rate case, new rates are expected to be retroactive to January 1, 2023 and cumulative adjustments will be recorded at that time.

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Contracted Services Segment:

Diluted earnings from the contracted services segment for the three months ended September 30, 2023 were consistent when compared to the same period in 2022. The contracted services segment is expected to contribute \$0.45 to \$0.49 per share for the full 2023 year.

AWR (Parent):

For the three months ended September 30, 2023, the diluted loss from AWR (parent) increased by \$0.01 per share compared to the same period in 2022 due primarily to an increase in interest expense resulting from higher short-term interest rates and higher borrowings under AWR's revolving credit facility, as well as changes in state unitary taxes.

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Summary of Year-to-Date Results by Segment

The table below sets forth the year-to-date diluted earnings per share by business segment and for the parent company:

	Diluted Earnings per Share		
	Nine Months Ended		CHANGE
	9/30/2023	9/30/2022	
Water	\$ 2.36	\$ 1.17	\$ 1.19
Electric	0.14	0.16	(0.02)
Contracted services	0.38	0.29	0.09
AWR (parent)	(0.06)	(0.01)	(0.05)
Consolidated diluted earnings per share, as recorded (GAAP)	2.82	1.61	1.21
<u>Adjustments to GAAP measure:</u>			
Impact of retroactive rates related to the full year of 2022 from the final decision in the water general rate case (approximately \$0.30 per share relates to the first nine months of 2022)*	(0.38)	—	(0.38)
Impact related to the final cost of capital decision*	(0.13)	0.10	(0.23)
Consolidated diluted earnings per share, as adjusted (Non-GAAP)*	\$ 2.31	\$ 1.71	\$ 0.60
Water diluted earnings per share, as adjusted (Non-GAAP)*	\$ 1.85	\$ 1.27	\$ 0.58

*All adjustments to recorded diluted earnings per share relate to the water segment. The water segment's adjusted earnings for 2023 exclude the impact of retroactive rates related to the full year of 2022 resulting from the final CPUC decision in the general rate case previously discussed, and for 2023 and 2022 they exclude the impact of estimates and changes in estimates resulting from revenues subject to refund related to the cost of capital proceeding, both shown separately in the table above.

For the nine months ended September 30, 2023, AWR's recorded consolidated diluted earnings were \$2.82 per share, as compared to \$1.61 per share for the same period in 2022, an increase of \$1.21 per share, which includes: (i) the impact of retroactive new rates related to the full 2022 year of \$0.38 per share as a result of receiving a final decision in the water general rate case as previously discussed and shown separately in the table above, and (ii) a net favorable variance of \$0.23 per share, also shown separately in the table above, related to the impact of the final cost of capital decision that resulted in the reversal during the nine months ended September 30, 2023 of revenues subject to refund of \$6.4 million, or \$0.13 per share, due to a change in estimate from what had been recorded during 2022, of which \$5.0 million, or \$0.10 per share, was related to the nine months

ended September 30, 2022. Excluding these items from both periods, for the nine months ended September 30, 2023 and 2022, adjusted consolidated diluted earnings were \$2.31 per share and \$1.71 per share, respectively, an adjusted increase of \$0.60 per share.

Also included in the results for the nine months ended September 30, 2023 were gains totaling \$2.1 million, or \$0.04 per share, on investments held to fund one of the Company's retirement plans as compared to losses of \$6.4 million, or \$0.13 per share, for the same period in 2022, a net increase in earnings of \$0.17 per share, both due to financial market conditions.

Excluding the gains and losses on investments from both periods, the impact of retroactive rates recorded in 2023 related to the full year of 2022, and the impact of estimates and changes in estimates from the cost of capital proceeding from both periods, adjusted consolidated diluted earnings for the nine months ended September 30, 2023 were \$2.27 per share as compared to adjusted diluted earnings of \$1.84 per share for the same period in 2022, an adjusted increase of \$0.43 per share, or a 23.4% increase, largely due to new 2023 water rates approved in GSWC's final decision in its general rate case proceeding.

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The following is a computation and reconciliation of diluted earnings per share from the measure of operating income by business segment as disclosed in Note 10 to the Unaudited Consolidated Financial Statements, to AWR's consolidated fully diluted earnings per common share, for the nine months ended September 30, 2023 and 2022:

(in thousands, except per share amounts)	Water		Electric		Contracted Services		AWR (Parent)		Consolidated (GAAP)	
	YTD 2023	YTD 2022	YTD 2023	YTD 2022	YTD 2023	YTD 2022	YTD 2023	YTD 2022	YTD 2023	YTD 2022
Operating income (loss) (Note 10)	\$ 134,006	\$ 77,161	\$ 7,783	\$ 7,973	\$ 19,854	\$ 13,894	\$ 218	\$ (6)	\$ 161,861	\$ 99,022
Other (income) and expenses, net	16,743	19,158	1,959	431	1,042	(374)	4,121	1,014	23,865	20,229
Income tax expense (benefit)	29,674	14,623	794	1,645	4,621	3,399	(1,586)	(641)	33,503	19,026
Net income (loss)	\$ 87,589	\$ 43,380	\$ 5,030	\$ 5,897	\$ 14,191	\$ 10,869	\$ (2,317)	\$ (379)	\$ 104,493	\$ 59,767
Weighted Average Number of Diluted Shares	37,064	37,034	37,064	37,034	37,064	37,034	37,064	37,034	37,064	37,034
Diluted earnings (loss) per share	\$ 2.36	\$ 1.17	\$ 0.14	\$ 0.16	\$ 0.38	\$ 0.29	\$ (0.06)	\$ (0.01)	\$ 2.82	\$ 1.61

Water Segment:

For the nine months ended September 30, 2023, recorded diluted earnings from the water utility segment were \$2.36 per share, as compared to \$1.17 per share for the same period in 2022, an increase of \$1.19 per share, which includes (i) the impact of retroactive new rates for the full year of 2022 of \$0.38 per share (shown separately in the Summary of Year-to-Date Results by Segment table above), (ii) a net favorable variance of \$0.23 per share (shown separately in the Summary of Year-to-Date Results by Segment table above) from the impact of the final cost of capital decision that resulted in the reversal of \$6.4 million, or \$0.13 per share, during the nine months ended September 30, 2023 of revenues subject to refund due to a change in estimates from what had been recorded during 2022 of which \$5.0 million, or \$0.10 per share, was recorded during the nine months ended September 30, 2022, and (iii) a net favorable variance of \$0.17 per share from gains totaling \$2.1 million, or \$0.04 per share, recorded during the nine months ended September 30, 2023 on investments held to fund a retirement plan, as compared to losses of \$6.4 million, or \$0.13 per share, recorded during the same period in 2022.

Excluding the gains and losses on investments from both periods, the impact of retroactive rates recorded in 2023 related to the full year of 2022, and the impact of estimates and changes in estimates from the cost of capital proceeding from both periods, adjusted diluted earnings for the nine months ended September 30, 2023 at the water segment were \$1.81 per share as compared to adjusted diluted earnings of \$1.40 per share for the same period in 2022, an adjusted increase at the water segment of \$0.41 per share, or a 29.3% increase, due primarily to the following items:

- An increase in water operating revenues of approximately \$38.2 million largely as a result of the second-year rate increases for 2023 that are retroactive to January 1, 2023 and have been reflected in the results for the nine months ended September 30, 2023, partially offset by the impact of the prospective change in the new cost of capital effective July 31, 2023 as previously discussed. GSWC filed for the implementation of new 2023 rates upon receiving the final decisions in June 2023 in both its general rate case and cost of capital proceedings. The increase in water revenues during the nine months of 2023 represents second-year rate increases compared to 2021 adopted rates for the same period in 2022.
- An increase in water supply costs of \$8.0 million, which consists of purchased water, purchased power for pumping, groundwater production assessments and changes in the water supply cost balancing accounts. Adopted supply costs for the first nine months of 2023 were based on 2023 authorized amounts approved in the final CPUC decision in the water general rate case. Actual water supply costs are tracked and passed through to customers on a dollar-for-dollar basis by way of the CPUC-approved water supply cost balancing accounts. The increase in water supply costs results in a corresponding increase in water operating revenues and has no net impact on the water segment's profitability.
- An overall increase in operating expenses of \$2.7 million (excluding supply costs) mainly due to increases in (i) overall labor costs and other employee-related benefits, (ii) outside-services costs, and (iii) depreciation and amortization expenses resulting from additions to utility plant and the higher composite depreciation rates based on a revised depreciation study approved in the water general rate case.
- An overall increase in interest expenses (net of interest income) of \$3.4 million resulting primarily from an increase in interest rates, as well as an overall increase in total borrowing levels to support, among other things, the capital expenditure programs at GSWC, partially offset by higher interest income earned on regulatory assets bearing interest at the current 90-day commercial-paper rate, which increased compared to 2022's rates, as well as an increase in the level of regulatory assets recorded resulting, in large part, from the decision on the water general rate case that had been delayed.

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- An overall increase in other expenses (net of other income) of \$3.4 million due primarily to an increase in the non-service cost components related to GSWC's benefit plans resulting from changes in actuarial assumptions including expected returns on plan assets. However, as a result of GSWC's two-way pension balancing accounts authorized by the CPUC, changes in total net periodic benefit costs related to the pension plan have no material impact to earnings.
- Changes in certain flowed-through income taxes and permanent items included in GSWC's income tax expense for the nine months ended September 30, 2023 as compared to the same period in 2022 that favorably impacted the water segment's earnings. As a regulated utility, GSWC treats certain temporary differences as being flowed-through in computing its income tax expense consistent with the income tax method used in its CPUC-jurisdiction rate making. Changes in the magnitude of flowed-through items either increase or decrease tax expense, thereby affecting diluted earnings per share.

Electric Segment:

Diluted earnings from the electric utility segment decreased \$0.02 \$0.01 per share for the nine months ended September 30, 2023 first quarter of 2024 as compared to the same period in 2022, 2023, largely resulting from not having new rates in 2023 while awaiting the processing of the pending electric general rate case that will set new rates for 2023 – 2026, while also experiencing continued increases in overall operating expenses and interest costs that were partially offset by favorable changes in certain flowed-through income taxes. costs. When a decision is issued in the electric general rate case, new rates are expected to be retroactive to January 1, 2023 and cumulative adjustments will be recorded at that time.

Contracted Services Segment:

Diluted earnings from the contracted services segment increased \$0.09 decreased \$0.02 per share for the nine three months ended September 30, 2023 March 31, 2024 as compared to the same period in 2022, largely 2023, due to an increase a decrease in construction activity due to largely resulting from the timing differences difference of when construction work was performed in 2023 2024 as compared to the same period in 2022, 2023 and an overall increase in operating expenses, partially offset by an increase in management fee revenue resulting from the resolution of various economic price adjustments, partially offset by higher overall operating expenses (excluding construction expenses) and interest costs as compared to the same period of 2022, adjustments. The contracted services segment is expected to contribute \$0.45 \$0.50 to \$0.49 \$0.54 per share for the full 2023 2024 year.

AWR (Parent):

For the nine three months ended September 30, 2023 March 31, 2024, diluted loss losses from AWR (parent) increased by \$0.05 \$0.01 per share compared to the same period in 2022 2023 due primarily to an increase in interest expense resulting from higher short-term interest rates and higher borrowings made under AWR's revolving credit facility, as well as changes in state unitary taxes. facility.

The following discussion and analysis for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 provides 2023 provide information on AWR's consolidated operations and assets and, where necessary, includes specific references to AWR's individual segments and subsidiaries: GSWC, BVES and ASUS and its subsidiaries.

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Consolidated Results of Operations — Three Months Ended September 30, 2023 March 31, 2024 and 2022 2023 (amounts in thousands, except per share amounts):

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	\$ CHANGE	% CHANGE
OPERATING REVENUES				
Water	\$ 116,231	\$ 100,799	\$ 15,432	15.3 %
Electric	8,956	8,919	37	0.4 %
Contracted services	26,509	25,266	1,243	4.9 %
Total operating revenues	151,696	134,984	16,712	12.4 %
OPERATING EXPENSES				
Water purchased	23,216	20,304	2,912	14.3 %
Power purchased for pumping	4,291	3,878	413	10.6 %
Groundwater production assessment	5,990	5,650	340	6.0 %
Power purchased for resale	2,383	2,673	(290)	(10.8)%
Supply cost balancing accounts	723	640	83	13.0 %
Other operation	10,429	9,696	733	7.6 %
Administrative and general	20,982	21,594	(612)	(2.8)%
Depreciation and amortization	10,184	10,117	67	0.7 %
Maintenance	4,097	3,408	689	20.2 %
Property and other taxes	6,034	5,942	92	1.5 %

ASUS construction	11,616	10,742	874	8.1 %
Total operating expenses	99,945	94,644	5,301	5.6 %
OPERATING INCOME	51,751	40,340	11,411	28.3 %
OTHER INCOME AND EXPENSES				
Interest expense	(11,691)	(7,331)	(4,360)	59.5 %
Interest income	2,125	667	1,458	218.6 %
Other, net	(1,073)	338	(1,411)	*
	(10,639)	(6,326)	(4,313)	68.2 %
INCOME BEFORE INCOME TAX EXPENSE	41,112	34,014	7,098	20.9 %
Income tax expense	9,547	8,360	1,187	14.2 %
NET INCOME	\$ 31,565	\$ 25,654	\$ 5,911	23.0 %
Basic earnings per Common Share	\$ 0.85	\$ 0.69	\$ 0.16	23.2 %
Fully diluted earnings per Common Share	\$ 0.85	\$ 0.69	\$ 0.16	23.2 %

* not meaningful

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	\$ CHANGE	% CHANGE
OPERATING REVENUES				
Water	\$ 90,265	\$ 112,712	\$ (22,447)	(19.9)%
Electric	12,205	12,904	(699)	(5.4)%
Contracted services	32,781	35,807	(3,026)	(8.5)%
Total operating revenues	135,251	161,423	(26,172)	(16.2)%
OPERATING EXPENSES				
Water purchased	13,761	14,304	(543)	(3.8)%
Power purchased for pumping	2,832	2,354	478	20.3 %
Groundwater production assessment	4,854	3,833	1,021	26.6 %
Power purchased for resale	4,332	4,986	(654)	(13.1)%
Supply cost balancing accounts	(608)	11,566	(12,174)	(105.3)%
Other operation	9,623	10,116	(493)	(4.9)%
Administrative and general	25,347	23,547	1,800	7.6 %
Depreciation and amortization	10,722	11,203	(481)	(4.3)%
Maintenance	3,225	3,150	75	2.4 %
Property and other taxes	6,487	6,295	192	3.1 %
ASUS construction	15,702	18,904	(3,202)	(16.9)%
Total operating expenses	96,277	110,258	(13,981)	(12.7)%
OPERATING INCOME	38,974	51,165	(12,191)	(23.8)%
OTHER INCOME AND EXPENSES				
Interest expense	(12,855)	(9,481)	(3,374)	35.6 %
Interest income	2,070	1,864	206	11.1 %
Other, net	2,342	1,611	731	45.4 %
	(8,443)	(6,006)	(2,437)	40.6 %
INCOME BEFORE INCOME TAX EXPENSE	30,531	45,159	(14,628)	(32.4)%
Income tax expense	7,396	10,752	(3,356)	(31.2)%
NET INCOME	\$ 23,135	\$ 34,407	\$ (11,272)	(32.8)%

Basic earnings per Common Share	\$ 0.62	\$ 0.93	\$ (0.31)	(33.3)%
Fully diluted earnings per Common Share	\$ 0.62	\$ 0.93	\$ (0.31)	(33.3)%

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Operating Revenues:

General

GSWC and BVES rely upon approvals by the CPUC of rate increases to recover operating expenses and to provide for a return on invested and borrowed capital used to fund utility plant. ASUS relies on economic price and equitable adjustments by the U.S. government in order to recover operating expenses and provide a profit margin for ASUS. Current operating revenues and earnings may be negatively impacted if the Military Utility Privatization Subsidiaries ASUS's subsidiaries do not receive adequate rate relief or price adjustments in a timely manner. ASUS's earnings are also impacted by the level of additional construction projects at the Military Utility Privatization Subsidiaries, its subsidiaries, which may or may not continue at current levels in future periods.

Water

For the three months ended September 30, 2023 March 31, 2024, revenues from water operations increased decreased by \$15.4 million \$22.4 million to \$116.2 million \$90.3 million as compared to the same period in 2022, 2023. The increase decrease in water revenues was largely due to the second-year rate increases for impact of retroactive rates related to the full 2022 year of approximately \$30 million recorded in the first quarter of 2023, effective as of January 1, 2023, partially offset by the impact of the prospective change in the new cost of capital effective July 31, 2023. Because water revenues recorded during the three months ended September 30, 2022 were based on 2021 adopted rates, the increase in water revenues during the third first quarter of 2023 2024 that represents the difference from the 2021 adopted rates recorded in 2022 and the 2023 second-year third-year rate increases recorded during the three months period ended September 30, 2023, March 31, 2024 as compared to the second-year rate increases for the same period in 2023.

Billed water consumption for the third first quarter of 2023 2024 was lower higher by approximately 4.1% 3.2% as compared to the same period in 2022 2023 due primarily to overall above average rainfall lower amounts of seasonal precipitation in California in 2023 the first quarter of 2024 as compared to 2022, first quarter of 2023. Currently, changes in consumption generally do not have a significant impact on recorded revenues due to the CPUC-approved WRAM that is in place in all but one small rate making area. GSWC records the difference between what it bills its water customers and what is authorized by the CPUC in the WRAM accounts as regulatory assets or liabilities.

Electric

Electric revenues for the three months ended September 30, 2023 remained flat March 31, 2024 decreased by \$699,000 to \$12.2 million due, in large part, to the decision in the water general rate case proceeding that updated the costs allocated from the general corporate office to the electric segment retroactive to January 1, 2022. The decision authorized an increase in the allocation ratio to the electric segment. The increase in general corporate office expenses allocated and recorded to the electric segment in 2023 related to 2022 also included a corresponding and offsetting increase in adopted electric revenues as provided in BVES's last general rate case proceeding, resulting in no impact to earnings.

Electric usage for the first quarter of 2024 was lower by 2.1% compared to the same period in 2022 as new rates for 2023 have yet to be approved. Electric usage for the third quarter of 2023 was lower by 2.4% compared to the same period in 2022, 2023. Due to the CPUC-approved Base Revenue Requirement Adjustment Mechanism, which adjusts certain revenues to adopted levels authorized by the CPUC, changes in usage do not have a significant impact on earnings.

Contracted Services

Revenues from contracted services are composed of construction revenues (including renewal and replacements) and management fees for operating and maintaining water and/or wastewater systems at various military bases. For the three months ended September 30, 2023 March 31, 2024, revenues from contracted services increased decreased by \$1.2 million \$3.0 million to \$26.5 million \$32.8 million as compared to \$25.3 million \$35.8 million for the same period in 2022, 2023. The increase decrease was largely due to higher resulting from timing difference of when construction activity and an increase work was performed in management fee revenue from annual economic price adjustments 2024 as compared to the same period of 2022, 2023, partially offset by an overall increase in management fees from economic price adjustments and transition revenues at the new bases.

ASUS's subsidiaries continue to enter into U.S. government-awarded contract modifications, agreements with third-party prime contractors for new construction projects at the military bases served and task order agreements. Earnings and cash flows from modifications to the initial 15- and 50-year contracts with the U.S. government and agreements with third-party prime contractors for additional construction projects, which may or may not continue at current levels in future periods.

Operating Expenses:

Supply Costs

Total supply costs at the regulated utilities comprise the largest segment of total consolidated operating expenses. Supply costs accounted for approximately 36.6% 26.1% and 35.0% 33.6% of total operating expenses for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively.

Water segment supply costs

Two of the principal factors affecting water supply costs are the amount of water produced and the source of the water. Generally, the variable cost of producing water from wells is less than the cost of water purchased from wholesale suppliers. The actual percentages of purchased water for the three months ended September 30, 2023 and 2022 were approximately 44% for both periods, as compared to the authorized adopted percentages of 44% and 37% for the three months ended September 30, 2023 and 2022, respectively.

Under the current CPUC-approved MCBA, GSWC tracks adopted and actual expense levels for purchased water, power purchased for pumping and pump taxes. GSWC records the variances (which include the effects of changes in both rate and volume) between adopted and actual purchased water, purchased power and pump tax expenses.

GSWC recovers from, or refunds to, customers the amount of such variances. GSWC tracks these variances individually for each water ratemaking area.

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Supply costs for the water segment consist of purchased water, purchased power for pumping, groundwater production assessments and changes in the water supply cost balancing accounts. For the three months ended September 30, 2023 and 2022, water supply costs consisted of the following amounts (in thousands):

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	\$ CHANGE	% CHANGE
Water purchased	\$ 23,216	\$ 20,304	\$ 2,912	14.3 %
Power purchased for pumping	4,291	3,878	413	10.6 %
Groundwater production assessment	5,990	5,650	340	6.0 %
Water supply cost balancing accounts *	788	885	(97)	(11.0)%
Total water supply costs	\$ 34,285	\$ 30,717	\$ 3,568	11.6 %

* The sum of the water and electric supply-cost balancing accounts are shown on AWR's Consolidated Statements of Income and totaled \$723,000 and \$640,000 for the three months ended September 30, 2023 and 2022, respectively.

Purchased water costs for the third quarter of 2023, increased to \$23.2 million as compared to \$20.3 million for the same period in 2022 largely due to increases in wholesale water costs. The increase in power purchased for pumping was due to increases in electricity provider rates. Groundwater production assessments increased largely due to pump tax rate increases, partially offset by a decrease in well production compared to the three months ended September 30, 2022.

For the three months ended September 30, 2023, the water supply cost balancing account had a \$788,000 over-collection as compared to an \$885,000 over-collection during the same period in 2022. The decrease in over-collection was primarily due to updated adopted supply costs from the final decision received in the water general rate case proceeding and a decrease in customer water usages, partially offset by increases in overall actual supply costs.

Electric segment supply costs

Supply costs for the electric segment consist primarily of purchased power for resale, the cost of natural gas used by BVES's generating unit, the cost of renewable energy credits and changes in the electric supply cost balancing account. For the three months ended September 30, 2023 and 2022, electric supply costs consisted of the following amounts (in thousands):

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	\$ CHANGE	% CHANGE
Power purchased for resale	\$ 2,383	\$ 2,673	\$ (290)	(10.8)%
Electric supply cost balancing account *	(65)	(245)	180	(73.5)%
Total electric supply costs	\$ 2,318	\$ 2,428	\$ (110)	(4.5)%

* The sum of the water and electric supply-cost balancing accounts are shown on AWR's Consolidated Statements of Income and totaled \$723,000 and \$640,000 for the three months ended September 30, 2023 and 2022, respectively.

For the three months ended September 30, 2023, the cost of power purchased for resale to BVES's electric customers decreased by \$290,000 to \$2.4 million as compared to \$2.7 million during the same period in 2022 due to a decrease in customer usage and lower average prices per megawatt-hour that include all fixed costs. The average price per megawatt-hour, including fixed costs, decreased from \$77.47 for the three months ended September 30, 2022 to \$68.33 for the same period in 2023. The under-collection in the electric supply cost balancing account decreased by \$180,000 as compared to the three months ended September 30, 2022 due to lower customer usage.

Other Operation

The primary components of other operation expenses include payroll costs, materials and supplies, chemicals and water treatment costs and outside-service costs of operating the regulated water systems, including the costs associated with water transmission and distribution, pumping, water quality, meter reading, billing, and operations of district offices and the electric system. Registrant's contracted services operations incur many of the same types of expenses. For the three months ended September 30, 2023 and 2022, other operation expenses by business segment consisted of the following (dollar amounts in thousands):

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	\$ CHANGE	% CHANGE
Water Services	\$ 7,509	\$ 7,273	\$ 236	3.2 %
Electric Services	1,096	814	282	34.6 %
Contracted Services	1,824	1,609	215	13.4 %
Total other operation	\$ 10,429	\$ 9,696	\$ 733	7.6 %

The increase in other operation expenses at the water segment was primarily due to higher operation-related labor and water treatment and chemicals costs. The increase in other operation expenses at the electric segment was due primarily to

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higher outside-services costs. The increase at the contracted services segment was due primarily to higher operation-related labor, tools, and outside services.

Administrative and General

Administrative and general expenses include payroll costs related to administrative and general functions, all employee-related benefits, insurance expenses, outside legal and consulting fees, regulatory-utility-commission expenses, expenses associated with being a public company and general corporate expenses charged to expense accounts. For the three months ended September 30, 2023 and 2022, administrative and general expenses by business segment, including AWR (parent), consisted of the following (dollar amounts in thousands):

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	\$ CHANGE	% CHANGE
Water Services	\$ 14,548	\$ 14,362	\$ 186	1.3 %
Electric Services	1,972	2,026	(54)	(2.7)%
Contracted Services	4,717	5,205	(488)	(9.4)%
AWR (parent)	(255)	1	(256)	*
Total administrative and general	\$ 20,982	\$ 21,594	\$ (612)	(2.8)%

* not meaningful

Administrative and general expenses increased at the water segment due, in large part, to an increase in outside-services, labor and employee-related expenses, partially offset by a decrease in the service cost component of GSWC's defined-benefit pension plan. Due to GSWC's two-way pension balancing accounts authorized by the CPUC, changes in total net periodic benefit costs related to the pension plan have no material impact on earnings.

Administrative and general expenses decreased at the electric segment primarily due to a decrease in outside services costs, partially offset by an increase in labor and employee-related expenses. The decrease at the contracted services segment was mainly due to a decrease in outside services and legal expenses. During the three months ended September 30, 2023, administrative and general expenses at AWR (parent) reflect the reversal of a previous accrual that was favorably resolved.

Depreciation and Amortization

For the three months ended September 30, 2023 and 2022, depreciation and amortization by business segment consisted of the following (dollar amounts in thousands):

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	\$ CHANGE	% CHANGE
Water Services	\$ 8,610	\$ 8,475	\$ 135	1.6 %
Electric Services	776	709	67	9.4 %
Contracted Services	798	933	(135)	(14.5)%
Total depreciation and amortization	\$ 10,184	\$ 10,117	\$ 67	0.7 %

The overall increase in depreciation and amortization expenses resulted from additions to utility plant and other fixed assets at the regulated utilities, and higher composite depreciation rates at the water segment based on a revised depreciation study approved in the final decision in the water general rate case.

Maintenance

For the three months ended September 30, 2023 and 2022, maintenance expense by business segment consisted of the following (dollar amounts in thousands):

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	\$ CHANGE	% CHANGE
Water Services	\$ 3,002	\$ 2,526	\$ 476	18.8 %
Electric Services	212	131	81	61.8 %
Contracted Services	883	751	132	17.6 %
Total maintenance	\$ 4,097	\$ 3,408	\$ 689	20.2 %

Overall maintenance expense increased at all segments due to both higher planned and unplanned maintenance costs as compared to the same period in 2022.

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Property and Other Taxes

For the three months ended September 30, 2023 and 2022, property and other taxes by business segment consisted of the following (dollar amounts in thousands):

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	\$ CHANGE	% CHANGE
Water Services	\$ 5,034	\$ 4,995	\$ 39	0.8 %
Electric Services	533	474	59	12.4 %
Contracted Services	467	473	(6)	(1.3)%
Total property and other taxes	\$ 6,034	\$ 5,942	\$ 92	1.5 %

ASUS Construction

For the three months ended September 30, 2023, construction expenses for contracted services were \$11.6 million, an increase of \$874,000 compared to the same period in 2022 primarily due to an increase in construction activity resulting from timing differences of when such work was performed in 2023 as compared to the same period of 2022.

Interest Expense

For the three months ended September 30, 2023 and 2022, interest expense by business segment, including AWR (parent), consisted of the following (dollar amounts in thousands):

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	\$ CHANGE	% CHANGE
Water Services	\$ 8,383	\$ 5,950	\$ 2,433	40.9 %
Electric Services	1,074	474	600	126.6 %
Contracted Services	596	205	391	190.7 %
AWR (parent)	1,638	702	936	133.3 %
Total interest expense	\$ 11,691	\$ 7,331	\$ 4,360	59.5 %

AWR's borrowings consist of bank notes under revolving credit facilities, while GSWC and BVES borrowings consist of revolving credit facilities and long-term debt issuances. Consolidated interest expense increased as compared to the same period in 2022 resulting primarily from an increase in total borrowing levels to support, among other things, the capital expenditures program at the regulated utilities, as well as an overall increase in average interest rates.

Interest Income

For the three months ended September 30, 2023 and 2022, interest income by business segment, including AWR (parent), consisted of the following (dollar amounts in thousands):

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	\$ CHANGE	% CHANGE
Water Services	\$ 1,608	\$ 325	\$ 1,283	*
Electric Services	314	119	195	163.9 %
Contracted Services	202	232	(30)	(12.9)%
AWR (parent)	1	(9)	10	(111.1)%
Total interest income	\$ 2,125	\$ 667	\$ 1,458	218.6 %

* not meaningful

For the three months ended September 30, 2023, overall interest income increased by \$1.5 million as compared to the same period in 2022 due primarily to higher interest income earned on regulatory assets at the water and electric segments bearing interest at the current 90-day commercial-paper rate, which have increased compared to 2022's rates, as well as an overall increase in regulatory assets recorded as a result of the final decision in the water general rate case adopted in June 2023.

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Other Income and (Expenses), net

For the three months ended September 30, 2023 and 2022, other income and (expenses), net by business segment, including AWR (parent), consisted of the following (dollar amounts in thousands):

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	\$ CHANGE	% CHANGE
Water Services	\$ (1,045)	\$ (70)	\$ (975)	*
Electric Services	6	112	(106)	(94.6)%
Contracted Services	(34)	38	(72)	(189.5)%
AWR (parent)	—	258	(258)	(100.0)%
Total other income and (expenses), net	\$ (1,073)	\$ 338	\$ (1,411)	*

* not meaningful

For the three months ended September 30, 2023, other expenses (net of other income) increased mostly as a result of the increase in the non-service cost components of net periodic benefit costs related to the Company's defined-benefit pension plan and other retirement benefits. However, as a result of GSWC's and BVES's two-way pension balancing accounts authorized by the CPUC, changes in total net periodic benefit costs related to the pension plan have no material impact to earnings. This was partially offset by a decrease in losses recorded on investments held to fund one of the Company's retirement plans during the three months ended September 30, 2023 of \$1.0 million, as compared to losses of \$1.3 million incurred during the same period in 2022, both due to financial market conditions.

Income Tax Expense

For the three months ended September 30, 2023 and 2022, income tax expense by business segment, including AWR (parent), consisted of the following (dollar amounts in thousands):

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	\$ CHANGE	% CHANGE
Water Services	\$ 8,830	\$ 6,831	\$ 1,999	29.3 %
Electric Services	(154)	478	(632)	(132.2)%
Contracted Services	1,430	1,347	83	6.2 %

AWR (parent)	(559)	(296)	(263)	88.9 %
Total income tax expense	\$ 9,547	\$ 8,360	\$ 1,187	14.2 %

Consolidated income tax expense for the three months ended September 30, 2023 increased by \$1.2 million primarily due to an increase in pretax income as compared to the same period in 2022. AWR's ETR was 23.2% and 24.6% for the three months ended September 30, 2023 and 2022, respectively. GSWC's ETR was 24.9% and 25.5% for the three months ended September 30, 2023 and 2022, respectively. The recorded income tax benefit at BVES for the three months ended September 30, 2023 was primarily due to changes in certain flowed-through taxes during 2023. The increase in AWR (parent)'s tax benefit during the three months ended September 30, 2023 as compared to the same period in 2022 was primarily due to an increase in pretax loss at AWR (parent) resulting from higher interest expense, as well as changes in state unitary taxes.

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Consolidated Results of Operations — Nine Months Ended September 30, 2023 and 2022 (amounts in thousands, except per share amounts):

	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	\$ CHANGE	% CHANGE
OPERATING REVENUES				
Water	\$ 345,851	\$ 265,561	\$ 80,290	30.2 %
Electric	30,688	29,028	1,660	5.7 %
Contracted services	93,980	71,572	22,408	31.3 %
Total operating revenues	470,519	366,161	104,358	28.5 %
OPERATING EXPENSES				
Water purchased	55,590	58,115	(2,525)	(4.3)%
Power purchased for pumping	9,514	9,182	332	3.6 %
Groundwater production assessment	15,188	14,726	462	3.1 %
Power purchased for resale	9,838	9,186	652	7.1 %
Supply cost balancing accounts	15,126	(6,160)	21,286	*
Other operation	30,261	28,028	2,233	8.0 %
Administrative and general	66,032	65,030	1,002	1.5 %
Depreciation and amortization	31,645	30,402	1,243	4.1 %
Maintenance	11,026	10,120	906	9.0 %
Property and other taxes	17,884	17,247	637	3.7 %
ASUS construction	46,554	31,263	15,291	48.9 %
Total operating expenses	308,658	267,139	41,519	15.5 %
OPERATING INCOME	161,861	99,022	62,839	63.5 %
OTHER INCOME AND EXPENSES				
Interest expense	(31,900)	(19,246)	(12,654)	65.7 %
Interest income	5,792	1,387	4,405	*
Other, net	2,243	(2,370)	4,613	(194.6)%
	(23,865)	(20,229)	(3,636)	18.0 %
INCOME BEFORE INCOME TAX EXPENSE	137,996	78,793	59,203	75.1 %
Income tax expense	33,503	19,026	14,477	76.1 %
NET INCOME	\$ 104,493	\$ 59,767	\$ 44,726	74.8 %
Basic earnings per Common Share	\$ 2.82	\$ 1.61	\$ 1.21	75.2 %
Fully diluted earnings per Common Share	\$ 2.82	\$ 1.61	\$ 1.21	75.2 %

* not meaningful

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Operating Revenues:

General

GSWC and BVES rely upon approvals by the CPUC of rate increases to recover operating expenses and to provide for a return on invested and borrowed capital used to fund utility plant. ASUS relies on economic price and equitable adjustments by the U.S. government in order to recover operating expenses and provide a profit margin for ASUS. Current operating revenues and earnings can be negatively impacted if the Military Utility Privatization Subsidiaries do not receive adequate rate relief or adjustments in a timely manner. ASUS's earnings are also impacted by the level of additional construction projects at the Military Utility Privatization Subsidiaries, which may or may not continue at current levels in future periods.

Water

For the nine months ended September 30, 2023, revenues from water operations increased by \$80.3 million to \$345.9 million as compared to the same period in 2022. The increase in water revenues was largely because of the adoption of a final decision in the water general rate case that included the impact of retroactive newly adopted rates for the full year of 2022 of \$30.3 million, as well as the second-year rate increases for 2023, partially offset by the impact of the prospective change in the new cost of capital effective July 31, 2023. In addition, as a result of receiving a final decision in the cost of capital proceeding in June 2023, GSWC recorded a change in its estimates during the nine months ended September 30, 2023 that resulted in the reversal of revenues subject to refund of \$6.4 million that had been recorded in 2022 as adjustments to rates from the final cost of capital decision are to be prospective and not retroactive.

Billed water consumption for the nine months ended September 30, 2023 was lower by 12.0% as compared to the same period in 2022 due primarily to overall above average rainfall in California during the first nine months of 2023 as compared to the same period in 2022, which was one of the driest on record. Currently, changes in consumption generally do not have a significant impact on recorded revenues due to the CPUC-approved WRAM that is in place in all but one small rate-making area. GSWC records the difference between what it bills its water customers and what is authorized by the CPUC in the WRAM accounts as regulatory assets or liabilities.

Electric

Electric revenues for the nine months ended September 30, 2023 increased by \$1.7 million to \$30.7 million due, in large part, to the final decision adopted in the water general rate case proceeding that updates the costs allocated from the general corporate office to the electric segment. The final decision authorizes an increase in the allocation ratio to the electric segment. The increase in general corporate office expenses allocated to the electric segment also includes a corresponding and offsetting increase in adopted electric revenues as provided in BVES's last general rate case proceeding, resulting in no impact to earnings. There was also an increase in electric revenues from an advice letter filing related to a completed capital project.

Electric usage for the nine months ended September 30, 2023 was lower by 0.7% compared to the same period in 2022. Due to the CPUC-approved Base Revenue Requirement Adjustment Mechanism, which adjusts certain revenues to adopted levels authorized by the CPUC, changes in usage do not have a significant impact on earnings.

Contracted Services

Revenues from contracted services are composed of construction revenues (including renewal and replacements) and management fees for operating and maintaining the water and/or wastewater systems at various military bases. For the nine months ended September 30, 2023, revenues from contracted services increased by \$22.4 million to \$94.0 million as compared to \$71.6 million for the same period in 2022. The increase was largely due to higher construction activity and an increase in management fee revenue from annual economic price adjustments as compared to the same period of 2022.

Operating Expenses:

Supply Costs

Total supply costs at the regulated utilities comprise the largest segment of total consolidated operating expenses. Supply costs accounted for approximately 34.1% and 31.8% of total operating expenses for the nine months ended September 30, 2023 and 2022, respectively.

Water segment supply costs

Two of the principal factors affecting water supply costs are the amount of water produced and the source of the water. Generally, the variable cost of producing water from wells is less than the cost of water purchased from wholesale suppliers. The overall actual percentages of purchased water for the **nine three** months ended **September 30, 2023** **March 31, 2024** and **2022 2023** were approximately **44%** **40%** and **45%** **42%**, respectively, as compared to the authorized adopted percentages of 42% and 35% for the nine months ended

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September 30, 2023 and 2022, respectively. The **higher decrease in the** actual percentage of purchased water **as compared to the adopted percentage** resulted **primarily from a** higher volume of purchased water costs due to several wells **being coming back on-line that had previously been** out of service. **This trend is expected to be consistent during the remainder of the year.**

Under the current CPUC-approved MCBA, GSWC tracks adopted and actual expense levels for purchased water, power purchased for pumping and pump taxes. GSWC records the variances (which include the effects of changes in both rate and volume) between adopted and actual purchased water, purchased power and pump tax expenses. GSWC recovers from, or refunds to, customers the amount of such variances. GSWC tracks these variances individually for each water ratemaking area.

Supply costs for the water segment consist of purchased water, purchased power for pumping, groundwater production assessments and changes in the water supply cost balancing accounts. For the **nine three** months ended **September 30, 2023** **March 31, 2024** and **2022**, **2023**, water supply costs consisted of the following amounts (in thousands):

		Nine Months Ended		September 30, 2023		September 30, 2022		\$		%	
		CHANGE		CHANGE							
		Three Months Ended		March 31, 2024		Three Months Ended		March 31, 2024		Three Months Ended	
		CHANGE		CHANGE							
Water purchased	Water purchased	\$55,590	\$58,115	\$(2,525)	(4.3) %	Water purchased	\$13,761	\$14,304	\$(543)	(3.8)	(3.8) %
Power purchased for pumping	Power purchased for pumping	9,514	9,182	332	3.6 %	Power purchased for pumping	2,832	2,354	478	20.3	20.3 %
Groundwater production assessment	Groundwater production assessment	15,188	14,726	462	3.1 %	Groundwater production assessment	4,854	3,833	1,021	26.6	26.6 %
Water supply cost balancing accounts *	Water supply cost balancing accounts *	16,200	(5,682)	21,882	**	Water supply cost balancing accounts *	(17)	12,625	(12,642)	(100.1)	(100.1) %
Total water supply costs	Total water supply costs	\$96,492	\$76,341	\$20,151	26.4 %	Total water supply costs	\$21,430	\$33,116	\$(11,686)	(35.3)	(35.3) %

* The sum of the water and electric supply-cost balancing accounts are shown on AWR's Consolidated Statements of Income and totaled **\$15,126,000** **\$608,000** and **\$(6,160,000)** **\$11.6 million** for the **nine three** months ended **September 30, 2023** **March 31, 2024** and **2022**, **2023**, respectively.

** not meaningful

Purchased water costs during for the **nine three** months ended **September 30, 2023** first quarter of 2024 decreased to **\$55.6 million** **\$13.8 million** as compared to **\$58.1 million** **\$14.3 million** for the same period in **2022** largely **2023** primarily due to decreases a decrease in purchased water consumption and production that was driven by overall above-average rainfall in 2023 and resulting from overall improvements in drought conditions in 2023 as compared to 2022, wells coming back online, partially offset by increases in wholesale water costs. The increase increases in power purchased for pumping was due to increases in electricity provider rates. Groundwater and groundwater production assessments increased due to increases are also as a result of wells coming back online and an overall increase in pump tax rates during the nine months ended September 30, 2023 as well production compared to the same period in **2022**, **2023**, as well as increases in electricity provider rates and increases in pump tax rates.

For the **nine three** months ended **September 30, 2023** **March 31, 2024**, the water supply cost balancing account had a **\$16.2 million over-collection** **\$17,000 under-collection** as compared to a **\$5.7 million under-collection** **\$12.6 million over-collection** during the same period in **2022**, **2023**. The change in water supply cost balancing accounts was primarily due to updated adopted supply costs from the **final proposed** decision **received** in the water general rate case proceeding **received** recorded in **June 2023**. This increase includes The over-collection recorded in 2023 included the full year impact of 2022 to reflect newly that reflected the new adopted supply costs retroactive to January 1, 2022, with a corresponding and offsetting. In addition, the increase in adopted under-collection was attributed to an increase in customer water revenues, resulting usage and increases in no impact to earnings. overall actual supply costs in 2024.

Electric segment supply costs

Supply costs for the electric segment consist primarily of purchased power for resale, the cost of natural gas used by BVES's generating unit, the cost of renewable energy credits and changes in the electric supply cost balancing account. For the **nine three** months ended **September 30, 2023** **March 31, 2024** and **2022**, **2023**, electric supply costs consisted of the following amounts (in thousands):

		Nine Months Ended		September 30, 2023		September 30, 2022		\$		%	
		CHANGE		CHANGE							
		Three Months Ended		March 31, 2024		Three Months Ended		March 31, 2024		Three Months Ended	
		CHANGE		CHANGE							

Power purchased for resale	Power purchased for resale	\$ 9,838	\$ 9,186	\$ 652	7.1 %	Power purchased for resale	\$4,332	\$	\$ 4,986	\$	\$(654)	(13.1)	(13.1)	%
Electric supply cost	Electric supply cost					Electric supply cost								
balancing account *	balancing account *	(1,074)	(478)	(596)	124.7 %	balancing account *	(591)	(1,059)	(1,059)	468	468	(44.2)	(44.2)	%
Total electric supply costs	Total electric supply costs	\$ 8,764	\$ 8,708	\$ 56	0.6 %	Total electric supply costs	\$3,741	\$	\$ 3,927	\$	\$(186)	(4.7)	(4.7)	%

* The sum of the water and electric supply-cost balancing accounts are shown on AWR's Consolidated Statements of Income and totaled \$15,126,000 \$(608,000) and \$(6,160,000) \$11.6 million for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively.

For the nine three months ended September 30, 2023 March 31, 2024, the cost of power purchased for resale to BVES's electric customers increased decreased by \$654,000 to \$9.8 million \$4.3 million as compared to \$9.2 million \$5.0 million during the same period in 2022 primarily 2023 due to higher a decrease in customer usage and lower average prices per megawatt-hour. megawatt-hour that include all fixed costs. The average price per megawatt-hour, excluding certain including fixed costs, increased decreased from \$76.32 \$94.73 for the nine three months ended September 30, 2022 March 31, 2023 to \$82.25 \$81.66 for the same period in 2023, 2024. The increase in under-collection in the electric supply cost balancing account during the nine months ended September 30, 2023 decreased by \$468,000 as compared to the same period in 2022 was three months ended March 31, 2023 due primarily to increases in energy prices experienced since 2022, lower customer usage.

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Other Operation

The primary components of other operation expenses include payroll costs, materials and supplies, chemicals and water treatment costs and outside-service costs of operating the regulated water systems, including the costs associated with water transmission and distribution, pumping, water quality, meter reading, billing, and operations of district offices and the electric system. Registrant's contracted services operations incur many of the same types of expenses. For the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, other operation expenses by business segment consisted of the following (dollar amounts in thousands):

Other operation expenses by business segment consisted of the following (dollar amounts in thousands):													
		Nine Months Ended September 30, 2023				Nine Months Ended September 30, 2022							
						\$				%			
		CHANGE				CHANGE							

the **nine three** months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**, administrative and general expenses by business segment, including AWR (parent), consisted of the following (dollar amounts in thousands):

	Nine Months Ended September		Nine Months Ended September		\$	%
	30, 2023		30, 2022		CHANGE	CHANGE
Water Services	\$ 44,211		\$ 43,945		\$ 266	0.6 %
Electric Services	6,556		5,995		561	9.4 %
Contracted Services	15,483		15,084		399	2.6 %
AWR (parent)	(218)		6		(224)	*
Total administrative and general	\$ 66,032		\$ 65,030		\$ 1,002	1.5 %

* not meaningful

	Three Months Ended		Three Months Ended		\$	%
	March 31, 2024		March 31, 2023		CHANGE	CHANGE
Water Services	\$ 16,977		\$ 15,381		\$ 1,596	10.4 %
Electric Services	2,483		2,673		(190)	(7.1)%
Contracted Services	5,886		5,492		394	7.2 %
AWR (parent)	1		1		—	— %
Total administrative and general	\$ 25,347		\$ 23,547		\$ 1,800	7.6 %

Administrative and general expenses increased at the water segment due, in large part, to an increase in **outside-service outside-services** costs, labor and employee-related expenses, **partially offset by a decrease in and insurance costs**. Also, recorded during the **Service cost component of GSWC's defined-benefit pension plan**. Due to GSWC's two-way pension balancing accounts authorized by the CPUC, changes in total net periodic benefit costs related to the pension plan have no material impact to earnings. In addition, **there three months ended March 31, 2023** was a reduction of approximately \$447,000 to reflect the **final proposed** decision in the water general rate case that authorized the **one-time** recovery of previously incurred administrative and general expenses that were being tracked in CPUC-authorized memorandum accounts.

Administrative and general expenses **increased decreased** at the electric segment primarily due to **an increase in labor costs and a higher allocation of costs from the general corporate office because of the allocation ratio update authorized in the final decision on the water general rate case**. The **2023** increase in general corporate office expenses allocated to the electric segment also includes **retroactive to 2022 that included a corresponding and offsetting increase in adopted electric revenues as provided in BVES's last general rate case proceeding**, resulting in no impact **on earnings**. to earnings, partially offset by higher outside service and labor costs.

Administrative and general expenses increased at the contracted services segment due to an increase in labor, **legal general liability insurance**, and **other outside-services travel-related** costs.

Administrative and general expenses at AWR (parent) during the nine months ended September 30, 2023 reflect the reversal of a previous accrual that was favorably resolved.

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Depreciation and Amortization

For the **nine three** months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**, depreciation and amortization by business segment consisted of the following (dollar amounts in thousands):

		Nine Months Ended September 30, 2023				Nine Months Ended September 30, 2022												
								\$		%								
								CHANGE		CHANGE								
		Three Months Ended March 31, 2024				Three Months Ended March 31, 2024				Three Months Ended March 31, 2023				\$		%		
														CHANGE		CHANGE		
Water Services	Water Services	\$	26,890	\$25,573	\$1,317	5.1	%	Water Services	\$	9,034	\$	9,606	\$	(572)	(6.0)	(6.0)	%	
Electric Services	Electric Services		2,283	2,049	234	11.4	%	Electric Services		884	748		748	136	136	18.2	18.2	%
Contracted Services	Contracted Services		2,472	2,780	(308)	(11.1)	%	Contracted Services		804	849		849	(45)	(45)	(5.3)	(5.3)	%

Total depreciation and amortization	Total depreciation and amortization	\$	31,645	\$30,402	\$1,243	4.1 %	Total depreciation and amortization	\$10,722	\$	\$	11,203	\$	\$	(481)	(4.3)	(4.3)	%
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The water general rate case final decision approves overall higher composite depreciation rates based on a revised depreciation study. The increase in composite depreciation rates increases the adopted water revenue requirement, with a corresponding increase in adopted depreciation expense, resulting in no impact to net earnings. The overall increase decrease in depreciation and amortization expenses at the water segment included is primarily due to the retroactive impact for the full year of 2022 of \$576,000. In addition, \$576,000 recorded in first quarter of 2023 as a result of receiving a proposed decision in the water general rate case as well as asset retirements and fully depreciated assets at the water segment, partially offset by an increase to depreciation and amortization was also expense attributed to additions to utility plant and other fixed assets at the both regulated utilities.

Maintenance

For the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, maintenance expense by business segment consisted of the following (dollar amounts in thousands):

		Nine Months Ended September 30, 2023				Nine Months Ended September 30, 2022											

Total property and other taxes	Total property and other taxes	\$	17,884	\$17,247	\$ 637	3.7 %	Total property and other taxes	\$6,487	\$	\$	6,295	\$	\$	192	3.1	3.1	%
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Property and other taxes increased at the water segment both regulated utilities primarily due to an increase in franchise fees resulting from higher water revenues, partially offset by favorable property tax adjustments resulting from changes in property tax assessments for certain counties. In addition, there was an increase in property taxes at the electric segment resulting from an increase in capital additions and higher assessed values, and an increase in gross receipts taxes at values. Also, during the contracted services segment from higher construction activity, first quarter of 2023, additional franchise fee expense of \$228,000 was recognized that reflected the impact of having recorded the full year of 2022 water revenues as a result of the proposed decision that was retroactive to January 1, 2022.

ASUS Construction

For the nine three months ended September 30, 2023 March 31, 2024, construction expenses for contracted services were \$46.6 million \$15.7 million, increasing \$15.3 million a decrease of \$3.2 million compared to the same period in 2022 2023 primarily due to an increase a decrease in construction activity resulting from timing differences of when such work was performed in 2023 2024 as compared to the same period of 2022 2023.

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Interest Expense

For the nine three months ended September 30, 2023 March 31, 2024 and 2022 2023, interest expense by business segment, including AWR (parent), consisted of the following (dollar amounts in thousands):

		Nine Months Ended September 30, 2023				Nine Months Ended September 30, 2022															
		\$				%															
		CHANGE				CHANGE															
		Three Months Ended March 31, 2024				Three Months Ended March 31, 2024				Three Months Ended March 31, 2023				\$				%			
		\$				%				\$				CHANGE				CHANGE			
Water Services	Water Services	\$	23,140	\$16,650	\$ 6,490	39.0 %	Water Services	\$ 9,392	\$	\$	6,922	\$	\$	2,470	35.7		35.7		%		
Electric Services	Electric Services		2,860	970	1,890	194.8 %	Electric Services	1,196	834		834	362		362		43.4		43.4	%		
Contracted Services	Contracted Services		1,530	371	1,159	312.4 %	Contracted Services	520	416		416	104		104		25.0		25.0	%		
AWR (parent)	AWR (parent)		4,370	1,255	3,115	248.2 %	AWR (parent)	1,747	1,309		1,309	438		438		33.5		33.5	%		
Total interest expense	Total interest expense	\$	31,900	\$19,246	\$12,654	65.7 %	Total interest expense	\$12,855	\$	\$	9,481	\$	\$	3,374	35.6		35.6		%		

AWR's borrowings consist of bank notes under revolving credit facilities, while GSWC and BVES borrowings consist of revolving credit facilities and long-term debt issuances. Consolidated interest expense increased as compared to the same period in 2022 2023 resulting primarily from an increase in total borrowing levels to support, among other things, the capital expenditures program programs at the regulated utilities, as well as an overall increase in average interest rates both short- and long-term. On January 13, 2023, GSWC issued \$130.0 million unsecured notes in a private placement consisting of \$100.0 million in aggregate notes at a coupon rate of 5.12% due January 31, 2033, and \$30.0 million in aggregate notes at a coupon rate of 5.22% due January 31, 2038. Also, in April 2022, BVES issued \$35.0 million in unsecured notes in a private placement consisting of 10 and 15 year term notes with interest rates at 4.548% and 4.949%, respectively rates.

Interest Income

For the nine three months ended September 30, 2023 March 31, 2024 and 2022 2023, interest income by business segment, including AWR (parent), consisted of the following (dollar amounts in thousands):

		Nine Months Ended September 30, 2023				Nine Months Ended September 30, 2022							
		\$				%							
		CHANGE				CHANGE							

		Three Months Ended March 31, 2024						Three Months Ended March 31, 2024				Three Months Ended March 31, 2023				\$ CHANGE		% CHANGE	
Water Services	Water Services	\$	4,356	\$	562	\$3,794	*	Water Services	\$1,511	\$	\$	1,428	\$	\$	83	5.8		5.8	%
Electric Services	Electric Services		873		207	666	*	Electric Services	331	261		261	70		70		26.8	26.8	%
Contracted Services	Contracted Services		582		635	(53)	(8.3)%	Contracted Services	203	189		189	14		14		7.4	7.4	%
AWR (parent)	AWR (parent)		(19)		(17)	(2)	11.8 %	AWR (parent)	25	(14)		(14)	39		39		*	*	
Total interest income	Total interest income	\$	5,792	\$	1,387	\$4,405	*	Total interest income	\$2,070	\$	\$	1,864	\$	\$	206	11.1		11.1	%

*not meaningful

The For the three months ended March 31, 2024, overall increase in interest income was increased by \$206,000 as compared to the same period in 2023 due primarily to higher interest income earned on regulatory assets at the water and electric segments regulated utilities bearing interest at the current 90-day commercial-paper rates, which have increased since 2022, compared to rates in 2023, as well as an overall increase in regulatory assets recorded recorded. Also, as a result of receiving the final proposed decision in the water general rate case partially offset by lower in 2023, \$393,000 of interest income recognized on certain construction projects at was recorded in the contracted services segment first quarter of 2023 related to regulatory assets for the full year of 2022 as compared the decision was retroactive to the same period in 2022, January 1, 2022.

Other Income and (Expenses), net

For the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, other income and (expenses), net by business segment, including AWR (parent), consisted of the following (dollar amounts in thousands):

		Nine Months Ended September 30, 2023				Nine Months Ended September 30, 2022				\$ CHANGE		% CHANGE							
		Three Months Ended March 31, 2024				Three Months Ended March 31, 2024				Three Months Ended March 31, 2023				\$ CHANGE		% CHANGE			
Water Services	Water Services	\$	2,041	\$	(3,070)	\$5,111	(166.5)%	Water Services	\$2,332	\$	\$	1,628	\$	\$	704	43.2		43.2	%
Electric Services	Electric Services		28		332	(304)	(91.6)%	Electric Services	26	13		13	13		13		100.0	100.0	%
Contracted Services	Contracted Services		(94)		110	(204)	(185.5)%	Contracted Services	(16)	(30)		(30)	14		14		(46.7)	(46.7)	%
AWR (parent)			268		258	10	3.9 %												
Total other income and (expenses), net	Total other income and (expenses), net	\$	2,243	\$	(2,370)	\$4,613	(194.6)%	Total other income and (expenses), net	\$2,342	\$	\$	1,611	\$	\$	731	45.4		45.4	%

For the nine three months ended September 30, 2023 March 31, 2024, other income expenses (net of other expenses) income increased mostly because of gains of \$2.1 million \$2.1 million recorded on investments held to fund one of the Company's retirement plans, as compared to losses gains of \$6.4 million incurred during the same period \$1.6 million recorded in 2022, both due to financial market conditions. This 2023. In addition, there was partially offset by an increase a decrease in the non-service cost components of net periodic benefit costs related to the Company's defined-benefit pension plan and other retirement benefits. However, benefits in 2024 as compared to the same period in 2023. As a result of GSWC's and BVES's two-way pension balancing accounts authorized by the CPUC, changes in total net periodic benefit costs related to the pension plan have no material impact to earnings.

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Income Tax Expense

For the **nine three** months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**, income tax expense by business segment, including AWR (parent), consisted of the following (dollar amounts in thousands):

		Nine Months Ended September 30, 2023				Nine Months Ended September 30, 2022				Three Months Ended March 31, 2024				Three Months Ended March 31, 2023			
				\$	%									\$	%		
				CHANGE	CHANGE									CHANGE	CHANGE		
Water Services	Water Services	\$ 29,674	\$ 14,623	\$ 15,051	102.9 %	Water Services	\$ 5,824	\$ 8,910	\$ (3,086)	(34.6)	\$ (34.6)	%					
Electric Services	Electric Services	794	1,645	(851)	(51.7)%	Electric Services	560	701	(141)	(141)	(20.1)	(20.1)%					
Contracted Services	Contracted Services	4,621	3,399	1,222	36.0 %	Contracted Services	1,560	1,685	(125)	(125)	(7.4)	(7.4)%					
AWR (parent)	AWR (parent)	(1,586)	(641)	(945)	147.4 %	AWR (parent)	(548)	(544)	(4)	(4)	0.7	0.7 %					
Total income tax expense	Total income tax expense	\$ 33,503	\$ 19,026	\$ 14,477	76.1 %	Total income tax expense	\$ 7,396	\$ 10,752	\$ (3,356)	(31.2)	(31.2)	%					

Consolidated income tax expense for the **nine three** months ended **September 30, 2023** **increased** **March 31, 2024** **decreased** by **\$14.5 million** **\$3.4 million** primarily due to **an increase** **a decrease** in pretax income as compared to the same period in **2022, 2023**. AWR's ETR was **24.3%** **24.2%** and **24.1%** **23.8%** for the **nine three** months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**, respectively. GSWC's ETR was **25.3%** **24.7%** and **25.2%** **24.5%** for the **nine three** months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**, respectively. **The increase in AWR (parent)'s tax benefit during the nine months ended September 30, 2023 as compared to the same period in 2022 was primarily due to an increase in pretax loss at AWR (parent) resulting from higher interest expense, as well as changes in state unitary taxes.**

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Critical Accounting Policies and Estimates

Critical accounting policies and estimates are those that are important to the portrayal of AWR's Registrant's financial condition, results of operations and cash flows and require the most difficult, subjective or complex judgments of AWR's Registrant's management. The need to make estimates about the effect of items that are uncertain is what makes these judgments difficult, subjective and/or complex. Management makes subjective judgments about the accounting and regulatory treatment of many items. These judgments are based on AWR's Registrant's historical experience, terms of existing contracts, AWR's its observance of trends in the industry, and information available from other outside sources, as appropriate. Actual results may differ from these estimates under different assumptions or conditions.

The critical accounting policies used in the preparation of Registrant's financial statements are ones that it believes affect the more significant judgments and estimates used in the preparation of its consolidated financial statements presented in this report and are described in "Management's Discussion and Analysis of Financial Condition and Results of Operations" Operations—Critical Accounting Policies and Estimates included in Registrant's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 filed with the SEC. There have been no material changes to Registrant's critical accounting policies.

Liquidity and Capital Resources

AWR

AWR's regulated business is capital intensive and requires considerable capital resources. A portion of these capital resources is provided by internally generated cash flows from operations. AWR anticipates that interest expense will increase in future periods due to the need for additional external capital to fund construction programs at its regulated utilities and if market interest rates continue to increase. In addition, as the capital investment program continues to increase, AWR and its subsidiaries anticipate they will need to access external financing more often. AWR believes that costs associated with capital used to fund construction at GSWC and BVES will continue to be recovered through water and electric rates charged to customers.

AWR funds its operating expenses and pays dividends on its outstanding Common Shares primarily through dividends from its wholly owned subsidiaries. The ability of GSWC and BVES to pay dividends to AWR is restricted by California law. Under these restrictions, approximately \$688.5 million \$723.2 million was available for GSWC to pay dividends to AWR on September 30, 2023 March 31, 2024. Approximately \$69.9 \$74.1 million was available for BVES to pay dividends to AWR as of September 30, 2023 March 31, 2024. ASUS's ability to pay dividends to AWR is dependent upon state laws in which each Military Utility Privatization Subsidiary ASUS subsidiary operates, as well as ASUS's ability to pay dividends under California law.

When necessary, AWR obtains funds from external sources through the capital markets and from bank borrowings. Access to external financing on reasonable terms depends on the credit ratings of AWR and GSWC and current business conditions, including that of the water utility industry in general, as well as conditions in the debt or equity

capital markets.

On [June 28, 2023](#) February 27, 2024, AWR entered into an Equity Distribution Agreement with third-party sales agents, under which AWR may offer and sell Common Shares, from time to time at its sole discretion, through an at-the-market ("ATM") offering program having an aggregate gross offering price of up to \$200 million over a three-year period and pursuant to AWR's effective shelf registration statement on Form S-3. AWR intends to use the net proceeds from these sales, after deducting commissions on such sales and offering expenses, for general corporate purposes, including, but not limited to, repayment of debt and equity contributions to its subsidiaries. During the first quarter of 2024, AWR sold 227,981 Common Shares through this ATM offering program and raised proceeds of \$16.2 million, net of \$247,000 in commissions paid under the terms of the Equity Distribution Agreement. The net proceeds raised during the first quarter of 2024 were used to pay down outstanding borrowings under AWR's credit facility. As of March 31, 2024, approximately \$183.5 million remained available for sale under the ATM offering program.

In June 2023, AWR and GSWC each [executed new](#) entered into credit agreements with [terms a term](#) of five years provided by a syndicate of banks and financial institutions for a total combined institutions. Both credit agreements will mature in June 2028. The credit agreements currently provide AWR and GSWC unsecured revolving credit facilities with borrowing capacities of \$350.0 million. These syndicated credit facilities replaced AWR's previous credit agreement with a sole bank. AWR previously borrowed under a revolving credit facility with a borrowing capacity of \$280.0 million \$165.0 million and provided funds to both GSWC and ASUS in support of their operations through intercompany borrowing agreements on \$200.0 million, respectively. Under the terms that are similar to that of the credit facility, agreements, the borrowing capacities for AWR and GSWC may currently be expanded up to an additional \$60.0 million and \$75.0 million, respectively, subject to the lenders' approval. AWR's [new credit agreement](#) provided for a \$150.0 million unsecured revolving credit facility primarily provides support to support AWR parent (parent) and its contracted services subsidiary, ASUS, while GSWC's credit agreement provides for a \$200.0 million unsecured revolving credit facility support to support its water operations and capital expenditures. Both credit facilities may be expanded up to an additional \$75.0 million, subject to the lenders' approval. On November 6, 2023, AWR's credit facility was amended to increase the borrowing capacity from \$150.0 million to \$165.0 million to provide additional support to AWR parent and its contracted services subsidiary. In connection with the increase in borrowing capacity, the amendment also provides for the addition of a new bank to the existing syndicate group participating in AWR's credit facility. AWR's and GSWC's outstanding borrowings under the [new its](#) credit facilities were [\\$133.5 million](#) \$130.5 million and [\\$103.0 million](#) \$164.0 million, respectively, as of [September 30, 2023](#) March 31, 2024. AWR may seek additional capital of \$150 million - \$200 million through equity offerings over the next three years beginning in 2024, including potentially through an at-the-market program.

BVES has a separate revolving credit facility without a parent guaranty [which was amended](#) that supports its electric operations and capital expenditures with a current borrowing capacity of \$65.0 million that matures on June 16, 2023, July 1, 2026. Currently, the credit agreement provides BVES an option to increase the borrowing capacity from \$35.0 million to \$50.0 million. The amendment to BVES's credit agreement also included (i) the extension of the credit facility to mature on July 1, 2026, (ii) conversion of the interest rate on new borrowings to the benchmark rate Secured Overnight Financing Rate ("SOFR"), and (iii) an option to increase the facility by an additional [\\$25.0 million](#) \$10.0 million, subject to lender approval. The CPUC requires BVES to completely pay off all borrowings under its revolving credit facility within a 24-month period, [period after which BVES may again borrow under this facility](#). BVES's pay-off period for its credit facility ends in August 2024. Accordingly, the [\\$37.0](#) \$43.0 million outstanding under [BVES's](#) BVES's credit facility has been classified as a current liability in [AWR's](#) AWR's Consolidated Balance Sheet as of [September 30, 2023](#) March 31, 2024.

Our primary sources of liquidity to fund operations continue to be from the recovery of costs charged to customers at our regulated utilities and the collection of payments from the U.S. government. We believe that capital investment costs associated with our capital programs at our regulated utilities will continue to be recovered through water and electric rates charged to customers, as well as funds from credit facilities from our regulated utilities. In addition, AWR's credit facility will continue to be used to support ASUS's operations and AWR (parent). The long-term capital-intensive nature of our regulated utilities have required us to continually seek future financing opportunities beyond the short-term. Future long-term financing at GSWC and BVES will consist of both long-term debt and equity issuances in order to manage to the CPUC-authorized capital structure. Under the current financing applications authorized by the CPUC, GSWC and BVES have \$105.0 million and \$40.0 million, respectively, remaining available that provides for long-term financing and which are expected to be used over the next 6-18 months to pay down portions of the outstanding borrowings under the respective credit facilities.

On [June 13, 2023](#) January 22, 2024, [BVES](#) GSWC filed a new financing application with the CPUC, pending approval from the CPUC, that requests authorization for the issuance and sale of additional long-term debt and equity securities of up to \$750.0 million. On April 29, 2024, the CPUC issued a ruling on GSWC's pending financing application stating that a proposed decision is expected to be received no later than 90 days from the date of the ruling. In June 2023, BVES filed a new financing application with the CPUC that is also pending approval, and that requests authorization for the issuance and sale of additional long-term debt and equity securities of up to \$120.0 million.

[Table](#) [The CPUC issued a ruling on January 8, 2024 on BVES's pending financing application stating that a proposed decision is expected to be received no later than 90 days from the date of](#) [Contents](#)

In July 2023, Standard and Poor's Global Ratings ("S&P") downgraded AWR's credit rating from A+ [the ruling](#). A proposed decision has yet to [A](#), while affirming GSWC's A+ credit rating. S&P also revised the outlook for both companies from negative to stable. In January 2023, Moody's Investors Service ("Moody's") affirmed its A2 rating with a stable outlook for GSWC. Securities ratings are not recommendations to buy, sell or hold a security, and are subject to change or withdrawal at any time [be issued](#) by the [rating agencies](#). CPUC as of the date of this filing.

Management believes that AWR's and GSWC's sound capital structures and strong credit ratings, combined with its financial discipline, will enable AWR to access the debt and equity markets. However, unpredictable financial market conditions in the future may limit its access or impact the timing of when to access the market, in which case AWR may choose to temporarily reduce its capital spending.

AWR's ability to pay cash dividends on its Common Shares outstanding depends primarily upon cash flows from its subsidiaries. AWR intends to continue paying quarterly cash dividends on or about March 1, June 1, September 1 and December 1, subject to earnings and financial conditions, regulatory requirements and such other factors as the Board of Directors may deem relevant. On [October 30, 2023](#) May 6, 2024, AWR's Board of Directors approved a [fourth second](#) quarter dividend of \$0.43 per share on AWR's Common Shares. Dividends on the Common Shares will be paid on [December 1, 2023](#) June 3, 2024 to shareholders of record at the close of business on [November 15, 2023](#) May 20, 2024. Registrant has paid Common Share dividends every year since 1931, and has increased the dividends received by shareholders each calendar year for 69 consecutive years, which places it in an exclusive group of companies on the New York Stock Exchange that have achieved that result. AWR's AWR's quarterly dividend rate has grown at a compound annual growth rate ("CAGR") of 9.4% over the last five [calendar](#) years. AWR's current policy is to achieve a CAGR in the dividend of more than 7% over the long-term.

Cash Flows from Operating Activities:

Cash flows from operating activities have generally provided sufficient cash to fund operating requirements, including a portion of construction expenditures at GSWC and BVES, and construction expenses at ASUS, and to pay dividends. AWR's future cash flows from operating activities are expected to be affected by a number of factors, including, among other things, utility regulation; changes in tax law; maintenance expenses; inflation; compliance with environmental, health and safety standards; production costs; customer growth; per-customer usage of water and electricity; weather and seasonality; conservation efforts; compliance with local governmental requirements, including mandatory

restrictions on water use; the lingering effects of the COVID-19 pandemic on its customers' ability to pay utility bills; and required cash contributions to pension and post-retirement plans. Future cash flows from contracted services subsidiaries will depend on new business activities, existing operations, the construction of new and/or replacement infrastructure at military bases, timely economic price and equitable adjustment of prices, and timely collection of payments from the U.S. government and other prime contractors operating at the military bases, and any adjustments arising out of an audit or investigation by federal governmental agencies. For further information regarding the risks faced by Registrants, Registrant, see Item 1A, Risk Factors, in our annual report on Form 10-K for the period ended December 31, 2022 December 31, 2023.

ASUS funds its operating expenses primarily through internal operating sources, which include U.S. government funding under 15- and 50-year contracts for operations and maintenance costs and construction activities, as well as investments by, or loans from, AWR. ASUS, in turn, provides funding to its subsidiaries. ASUS's subsidiaries may also from time to time provide funding to ASUS or other subsidiaries of ASUS.

Cash flows from operating activities are primarily generated by net income, adjusted for non-cash expenses such as depreciation and amortization, and deferred income taxes. Cash generated by operations varies during the year. Net cash provided by operating activities of AWR was \$56.5 million \$45.8 million for the nine three months ended September 30, 2023 March 31, 2024 as compared to \$89.9 million \$7.0 million for the same period in 2022. During the first quarter of 2022, GSWC and BVES received \$9.5 million and \$321,000, respectively, in COVID-19 relief funds from the state of California to aid customers in paying delinquent water and electric customer bills incurred during the pandemic. There were no similar relief funds received during the first nine months of 2023.

The decrease increase in operating cash flows was also largely due to a 12.0% decrease in the implementation of new CPUC-approved billed water consumption, rates and surcharges in the second-half of 2023 as well as a result of receiving the final water general rate case decision in June 2023. With the delay in receiving the water general rate case final decision, as billed water revenues in 2022 and 2023 through July 30 July 30, 2023 were based on 2021 adopted rates pending a final CPUC decision, while operating expenses continued to rise primarily due to inflation. A final decision from the CPUC was received on June 29, 2023 on the water general rate case with 2022 and 2023 rates retroactive to January 1, 2022 and 2023, respectively. GSWC filed for the implementation of new 2023 the CPUC-approved rate increases that went into effect on July 31, 2023, in July 2023. In addition, GSWC filed for the recovery of retroactive rate amounts accumulated through July 30, 2023 related to the new CPUC approved rate increases for 2022 and 2023, rates, and surcharges were implemented in October 2023 to recover the cumulative retroactive rate differences over 36-months. Furthermore, in March 2024, GSWC received \$3.5 million in additional COVID-19 relief funds from the decrease state of California to provide assistance to customers for delinquent water customer bills incurred during the pandemic.

Finally, the change in operating cash flows was were also due to a 3.2% increase in billed water consumption, the differences in the timing of vendor payments and the timing of billing of and cash receipts for construction work at military bases. The billings (and cash receipts) for this construction work generally occur at completion of the work or in accordance with a billing schedule contractually agreed to with the U.S. government and/or other prime contractors. Thus, cash flow from construction-related activities may fluctuate from period to period with such fluctuations representing timing differences of when the work is being performed and when the cash is received for payment of the work.

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These decreases increases in operating cash flows were partially offset by differences in the timing of income tax payments between the two periods. The timing of cash receipts and disbursements related to other working capital items also affected the change in net cash provided by operating activities.

Cash Flows from Investing Activities:

Net cash used in investing activities was \$135.2 million \$47.4 million for the nine three months ended September 30, 2023 March 31, 2024 as compared to \$121.7 million \$49.2 million for the same period in 2022, 2023, which is mostly related to capital expenditures at the regulated utilities. AWR invests capital to provide essential services to its regulated customer base, while working with the CPUC to have the opportunity to earn a fair rate of return on investment. AWR's infrastructure investment plan consists of both infrastructure renewal programs (to replace infrastructure, including those to mitigate wildfire risk) and major capital investment projects (to construct new water treatment, supply and delivery facilities and electric facilities). The regulated utilities may also be required from time to time to relocate existing infrastructure in order to accommodate local infrastructure improvement projects. Projected capital expenditures and other investments are subject to periodic review and revision.

For the year 2023, 2024, the regulated utilities' company-funded capital expenditures are expected to be between \$155 million \$160 million and \$170 million \$200 million, barring any delays resulting from changes in capital improvement schedules due to supply-chain unfavorable weather conditions and supply chain issues.

Cash Flows from Financing Activities:

AWR's financing activities include primarily: (i) the proceeds from the issuance of Common Shares, (ii) the issuance and repayment of long-term debt and notes payable to banks, (iii) the proceeds from unsecured new revolving credit facilities for AWR, GSWC and BVES, and (iv) the payment of dividends on Common Shares. In order to finance new infrastructure, GSWC also receives customer advances (net of refunds) for, and contributions in aid of, construction. Borrowings on AWR's new credit facility is are primarily used to support AWR parent and its contracted services subsidiary, and borrowings on GSWC and BVES's credit facilities are used to fund GSWC and BVES capital expenditures, respectively, until long-term financing is arranged. AWR may also from time to time make equity contributions to GSWC and to BVES. Overall debt levels are expected to increase to fund the costs of the capital expenditures that will be made by the regulated utilities.

Net cash provided by financing activities was \$81.3 million \$4.5 million for the nine three months ended September 30, 2023 March 31, 2024 as compared to cash used provided of \$29.1 million \$38.3 million during the same period in 2022, 2023. The increase decrease in net cash provided by financing activities in 2023 2024 was due primarily to an increase a decrease in total borrowing levels activities in 2024 necessary to support operations affected by a decrease as compared to the same period in 2023 due, in large part, to an increase in cash flows from operating activities and to support, among other things, the capital expenditures program at the regulated utilities. activities. In January 2023, GSWC issued \$130.0 million of unsecured notes in a private placement and used the proceeds to pay down the majority of its outstanding intercompany borrowings from AWR, which, in turn, used the proceeds to pay down outstanding borrowings under the AWR its credit facility at that time.

On June 28, 2023, AWR and GSWC each executed new unsecured syndicated credit facilities to replace AWR's previous credit agreement with a sole bank. facility. During the nine three months ended September 30, 2023, AWR had a net decrease in borrowings from all of its credit facilities of \$5.2 million, while during the nine months ended September 30, 2022 March 31, 2024, AWR had a net increase in borrowings on its credit facilities of \$36.0 million \$4.0 million to support operations and capital expenditures, while during the three months ended March 31, 2023, AWR used the proceeds from the issuance of long-term debt that resulted in a net payment on its credit facilities of \$77.0 million.

In addition, for the three months ended March 31, 2024, AWR sold 227,981 Common Shares through its ATM offering program and raised proceeds net of issuance costs of \$16.1 million.

GSWC

GSWC funds its operating expenses, payments on its debt, dividends to AWR on its outstanding common shares, and a portion of its construction expenditures through internal sources. Internal sources of cash flow are provided primarily by retention of a portion of earnings from operating activities. Internal cash generation is influenced by, among other things, factors such as weather patterns, conservation efforts, environmental regulation, litigation, changes in tax law and deferred taxes, changes in supply costs and regulatory decisions affecting GSWC's ability to recover these supply costs, timing of rate relief, increases in maintenance expenses and capital expenditures, surcharges authorized by the CPUC to enable GSWC to recover expenses previously incurred from customers, and CPUC requirements to refund amounts previously charged to customers. Internal cash flows may also be impacted by delays in receiving payments from GSWC customers due to the lingering effects of the COVID-19 pandemic. For further information regarding the risks faced by Registrants, see *Item 1A, Risk Factors*, in our annual report on Form 10-K for the period ended **December 31, 2022** **December 31, 2023**.

GSWC may, at times, utilize external sources for long-term financing, as well as obtain funds from equity investments from its parent, AWR, to help fund a portion of its operations and construction expenditures. **On June 28, 2023, GSWC executed** **has** its own separate credit agreement that provides for a \$200.0 million unsecured revolving credit facility to support GSWC's operations and capital expenditures. GSWC's borrowing capacity under this credit agreement may be expanded up to an additional \$75.0 million, subject to the lenders' approval. **Previously, AWR borrowed under a revolving credit facility and provided funds to GSWC in support of its operations under intercompany borrowing arrangements.**

In January 2023, GSWC issued (i) one Common Share to AWR for \$10.0 million, and (ii) \$130.0 million in unsecured long-term notes in a private placement. GSWC used the proceeds from both the issuance of equity and long-term debt to pay-off all intercompany borrowings from AWR. On June 28, 2023, GSWC borrowed for the first time under its new syndicated credit facility and used the proceeds to again pay-off its short-term intercompany borrowings due to AWR. The CPUC requires GSWC

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to pay-off all intercompany borrowings it has from AWR within a 24-month period. **GSWC's GSWC's** borrowings under its **new** credit facility will also be required to be paid-off in full within a 24-month **period**. **period** after which GSWC may continue to borrow under this facility. GSWC's next pay-off period ends in June 2025. Under the current financing application authorized by the CPUC, GSWC has \$105.0 million remaining available that provides for long-term financing and which are expected to be used over the next 6-18 months to pay down portions of the outstanding borrowings under GSWC's credit facility. On January 22, 2024, GSWC filed a new financing application with the CPUC, pending approval, that requests authorization for the issuance and sale of additional long-term debt and equity securities of up to \$750.0 million. On April 29, 2024, the CPUC issued a ruling on GSWC's pending financing application stating that a proposed decision is expected to be received no later than 90 days from the date of the ruling.

In addition, GSWC receives advances and contributions from customers, home builders and real estate developers to fund construction necessary to extend service to new areas. Advances for construction are generally refundable at a rate of 2.5% in equal annual installments over 40 years. Utility plant funded by advances and contributions is excluded from rate base. GSWC amortizes contributions in aid of construction at the same composite rate of depreciation for the related property.

Cash Flows from Operating Activities:

Net cash provided by operating activities was **\$53.6 million** **\$31.0 million** for the **nine three** months ended **September 30, 2023** **March 31, 2024** as compared to **\$71.3 million** **\$10.9 million** for the same period in **2022, 2023**. **During** **The increase in operating cash flow was due primarily to the first quarter implementation of 2022, new CPUC-** approved billed water rates and surcharges in the second-half of 2023 as a result of receiving the final water general rate case decision in June 2023. Furthermore, in March 2024, GSWC received **\$9.5 million** **\$3.5 million** in **additional** COVID-19 relief funds from the state of California to provide assistance to customers for delinquent water **customer** bills incurred during the pandemic. **There were no similar relief funds received during the nine months ended September 30, 2023. The decrease in operating cash flow** **increase** was also due to a **12.0% decrease** **3.2% increase** in billed water consumption **as well as the delay in receiving the final water general rate case decision as billed water revenues in 2022 and in 2023 through July 30 were based on 2021 adopted rates pending a final CPUC decision, while operating expenses continued to rise due to inflation. A final decision from the CPUC was received on June 29, 2023 on the water general rate case with 2022 and 2023 rates retroactive to January 1, 2022 and 2023, respectively. Upon receiving the decision, GSWC filed for the implementation of new 2023 rate increases that went into effect on July 31, 2023. In addition, GSWC filed for the recovery of retroactive rate amounts accumulated through July 30, 2023 related to the new 2022 and 2023 rates, and surcharges were implemented in October 2023 to recover the cumulative retroactive rate differences over 36-months. The decrease in operating cash flows was also due to differences in the timing of vendor payments. These decreases** **increases** in operating cash flows were partially offset by differences in the timing of income tax payments between the two periods. The timing of cash receipts and disbursements related to other working capital items also affected the change in net cash provided by operating activities.

Cash Flows from Investing Activities:

Net cash used in investing activities was **\$113.6 million** **\$41.1 million** for the **nine three** months ended **September 30, 2023** **March 31, 2024** as compared to **\$107.4 million** **\$41.8 million** for the same period in **2022, 2023**, which is mostly related to spending under GSWC's infrastructure investment plans that are consistent with capital budgets authorized in its general rate cases.

Cash Flows from Financing Activities:

Net cash provided by financing activities was **\$59.7 million** **\$14.4 million** for the **nine three** months ended **September 30, 2023** **March 31, 2024** as compared to **\$36.0 million** **\$31.4 million** net cash **used** **provided** for the same period in **2022, 2023**. **The increase** **decrease** in net cash provided by financing activities in **2023** **2024** was due primarily to **an increase** **a decrease** in total borrowing levels necessary to support water operations affected by **a decrease** **an increase** in cash flows from operating activities and to support, among other things, the capital expenditures program at GSWC.

In addition, in January 2023, GSWC issued \$130.0 million of unsecured notes in a private placement and \$10.0 million of equity to AWR. GSWC used the proceeds from both issuances to pay-off all of its outstanding intercompany borrowings from AWR at that time. On June 28, 2023, GSWC entered into an unsecured revolving credit facility. GSWC used the proceeds from the borrowings under the new credit facility to again pay-off all of its intercompany borrowings owed to AWR. The CPUC required GSWC to fully pay-off all

intercompany borrowings it had from AWR within a 24-month period. GSWC's borrowings under its new credit facility will also be required to be paid-off in full within a 24-month period.

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Contractual Obligations and Other Commitments

Registrant has various contractual obligations, which are recorded as liabilities in the consolidated financial statements. Other items, such as certain purchase commitments, are not recognized as liabilities in the consolidated financial statements but are required to be disclosed. In addition to contractual maturities, Registrant has certain debt instruments that contain an annual sinking fund or other principal payments. Registrant believes that it will be able to refinance debt instruments at their maturity through public issuance, or private placement, of debt or equity. Annual payments to service debt are generally made from cash flows from operations.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Contractual Obligations and Commitments" section of the Registrant's Form 10-K for the year ended **December 31, 2022** **December 31, 2023** filed with the SEC for a discussion of contractual obligations and other commitments.

Contracted Services

Under the terms of **utility privatization** the contracts with the U.S. government, each contract's price is subject to an economic price adjustment ("EPA") on an annual basis. In the event that ASUS (i) is managing more assets at specific military bases than were included in the U.S. government's request for proposal, (ii) is managing assets that are in substandard condition as compared to what was disclosed in the request for proposal, (iii) prudently incurs costs not contemplated under the terms of the **utility privatization** contract, and/or (iv) becomes subject to new regulatory requirements, such as more stringent water-quality **standards**, **standards**, ASUS is permitted to file, and has filed, requests for equitable adjustment ("REAs"). The timely filing for and receipt of EPAs and/or REAs continues to be critical in order for **the Military Utility Privatization Subsidiaries** **ASUS's subsidiaries** to recover increasing costs of operating, maintaining, renewing and replacing the water and/or wastewater systems at the military bases it serves.

During sequestration or automatic spending cuts, the **Military Utility Privatization Subsidiaries** **subsidiaries of ASUS** did not experience any earnings impact to their existing operations and maintenance and renewal and replacement services, as utility privatization contracts are an "excepted service." With the expiration of sequestration, similar issues including further sequestration pursuant to the Balanced Budget and Emergency Deficit Control Act may arise as part of the fiscal uncertainty and/or future debt-ceiling limits imposed by Congress. Any future impact on ASUS and its operations through **the Military Utility Privatization Subsidiaries** **its subsidiaries** will likely be limited to (a) the timing of funding to pay for services rendered, (b) delays in the processing of EPAs and/or REAs, (c) the timing of the issuance of contract modifications for new construction work not already funded by the U.S. Government, and/or (d) delays in solicitation for and/or awarding of new contracts under the Department of Defense **utility privatization program**, **contracting programs**.

At times, the Defense Contract **Audit Auditing** Agency and/or the Defense Contract Management Agency may, at the request of a contracting officer, perform audits/reviews of contractors for compliance with certain government guidance and regulations, such as the Federal Acquisition Regulations and Defense Federal Acquisition Regulation Supplements. Certain audit/review findings, such as system deficiencies for government-contract-business-system requirements, may result in delays in the resolution of filings submitted to and/or the ability to file new proposals with the U.S. government.

Regulatory Matters

An update on various regulatory matters is included in the discussion under the section titled "Overview" in this Form 10-Q's "Management's Discussion and Analysis of Financial Condition and Results of Operations." The discussion below focuses on key regulatory matters and developments.

Water Segment:

Recent Changes in Rates

Rates that GSWC is authorized to charge are determined by the CPUC in general rate cases. Water revenues billed to customers for the year ended December 31, 2022 and from January 1, 2023 through July 30, 2023 were based on 2021 adopted rates. On June 29, 2023, GSWC received a final decision on its water general rate case application that **determines determined** new rates for 2022 and 2023 and are effective and retroactive to January 1, 2022 and January 1, 2023, respectively. The impact of retroactive rates for the full year of 2022 and the **estimated** second-year 2023 rate increases **have been were** reflected in the results for the **nine three** months of 2023. **GSWC filed for In addition**, the implementation of new 2023 **third-year** rate increases **for 2024, which were** effective on July 31, 2023. In October, GSWC also filed for January 1, 2024, **have been reflected in the** recovery of all retroactive amounts for 2022 and 2023 accumulated up to the effective date of the new 2023 rates, or July 30, 2023. Surcharges were implemented in October 2023 **to recover these cumulative retroactive rate differences over 36 three** months **which through September 30, 2023 totaled \$55.1 million and were included in CPUC-authorized** general rate case memorandum accounts recognized as regulatory assets, **ended March 31, 2024 results**.

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Water General Rate Case for the years 2025–2027

On August 14, 2023, GSWC filed a general rate case application for all its water regions and the general office. This general rate case will determine new water rates for the years 2025 – 2027. Among other things, GSWC requested capital budgets of approximately \$611.4 million for the three-year **rate capital** cycle. GSWC also requested the continuation of mechanisms to accommodate fully decoupled revenues and sales and track differences between recorded and CPUC-authorized supply-related expenses. **In an August 2020 decision, GSWC has requested** the CPUC discontinued the use of the WRAM and the MCBA at water utilities, which GSWC implemented in 2008, but would be discontinued for GSWC after 2024. However, on September 30, 2022, the governor of California signed Senate Bill ("SB") 1469. Effective January 1, 2023, SB 1469 allows Class A water utilities, including GSWC, to **continue requesting the use of a revenue decoupling mechanism in their next general rate case**. With the passage of SB 1469, GSWC's request **permit it** to continue using a revenue decoupling **mechanism will be subject to CPUC approval**, **mechanism**. A **proposed** decision in the water general rate case is scheduled for the fourth quarter of 2024, with new rates to become effective January 1, 2025.

Cost of Capital Proceeding

On June 29, 2023, June 2023, a final decision was adopted by the CPUC in the cost of capital proceeding that, among other things, (i) adopts GSWC's requested capital structure; (ii) adopts a cost of debt of 5.1% for GSWC as compared to 6.6% previously authorized; (iii) adopts a return on equity of 8.85% for GSWC as compared to 8.9% previously authorized; (iv) allows for the continuation of the Water Cost of Capital Mechanism ("WCCM") WCCM through December 31, 2024; and (v) adopts the new cost of capital for the three-year period commencing January 1, 2022 through December 31, 2024. Based on the final decision issued in June 2023, all adjustments to rates are were prospective and not retroactive. In June 2023, GSWC filed an advice letter to establish the WCCM for 2023, which was approved by the CPUC and increased GSWC's 8.85% adopted return on equity to 9.36%. GSWC filed an advice letter that implemented the new cost of capital effective July 31, 2023.

On June 30, 2023, GSWC filed an advice letter to establish the WCCM for In October 2023, which increased the 8.85% adopted return on equity in the decision to 9.36% effective July 31, 2023. Additionally, on October 12, 2023, GSWC filed an advice letter to establish the WCCM for 2024, which has been approved by the CPUC and will increase increased GSWC's 9.36% adopted return on equity to 10.06% effective January 1, 2024.

2024 COC Application:

Investor-owned water utilities serving California are required to file their cost of capital applications on a triennial basis. GSWC's next cost of capital application was scheduled to be filed on May 1, 2024 effective for the years 2025 - 2027. However, GSWC, along with three other Class A investor-owned water utilities in California, filed a joint request with the CPUC to defer the filing deadline of the next cost of capital applications by one year, which was approved on February 2, 2024. The joint request asked that the utilities keep the cost of capital currently authorized for 2024 in effect through 2025, and file new cost of capital applications by May 1, 2025 to set the cost of debt, return on equity and capital structure starting January 1, 2026. GSWC's current authorized rate of return on rate base is 7.93% effective January 1, 2024, which will continue in effect through December 31, 2025. Additionally, GSWC's WCCM will remain active through the one year deferral period.

Final Decision in the First Phase of the Low-Income Affordability Rulemaking:

In August 2020, the CPUC issued a final decision in the first phase of the CPUC's Order Instituting Rulemaking evaluating the low income ratepayer assistance and affordability objectives contained in the CPUC's 2010 Water Action Plan. This decision also addressed other issues, including mandating discontinuance of the WRAM and the MCBA that would be effective for years after 2024. However, on September 30, 2022, the governor of California signed SB 1469 that allows Class A water utilities, including GSWC, to continue requesting the use of a full revenue decoupling mechanism in their general rate case. With the passage of SB 1469, GSWC was able to request the continued use of a full revenue decoupling mechanism, similar to the WRAM in its general rate case application filed on August 14, 2023 that establishes new rates for the years 2025 - 2027. GSWC's request to continue using a full revenue decoupling mechanism in its general rate case is subject to CPUC approval.

In October 2020, GSWC, three other investor-owned water utilities ("IOWUs") operating in California, and the California Water Association ("CWA") filed applications with the CPUC for rehearing on the discontinuation of the WRAM and MCBA, which the CPUC denied. GSWC, the three other IOWUs and CWA each separately filed a petition with the California Supreme Court to review the CPUC's decision revoking prior authorization of the WRAM and MCBA. In May 2022, the Court granted the petition for writ of review. The Court ordered GSWC, along with the other IOWUs and CWA, to file opening briefs, which were filed in September 2022. The CPUC's answer to the opening briefs was originally due by November 2022; however, as a result of SB 1469, in October 2022 the CPUC filed a motion to dismiss the IOWUs and CWA's petition with the Court, and also requested that the Court suspend the proceeding schedule until it rules on the motion to dismiss. The Court granted the CPUC's request to suspend the proceeding schedule. In November 2022, the Court denied the CPUC's motion to dismiss and established a new proceeding schedule whereby the CPUC filed their answer brief on December 9, 2022 and the IOWUs filed their reply brief in January 2023. In April 2024, the Court scheduled an oral argument session for May 8, 2024. GSWC anticipates a decision from the Court before the end of this calendar year. At this time, management cannot predict the final outcome of this matter.

San Juan Oaks Mutual Acquisition:

In August 2023, GSWC entered into an agreement to purchase the water and wastewater system assets from San Juan Oaks Mutual Water Company ("SJO Mutual") in San Benito County, California. The new master-planned community, known as San Juan Oaks, will serve up to an estimated 1,300 customers once the community is built as planned. The transaction is subject to CPUC approval. In December 2023, GSWC filed an application to establish the new service area and to set water and sewer rates for the San Juan Oaks service area in San Benito County, California. On March 26, 2024, the CPUC issued a scoping ruling that established a schedule that provides for a final decision by October 2024.

Electric Segment:

Recent Changes in Rates

On August 30, 2022, BVES filed a new general rate case application with the CPUC to determine new rates for the years 2023-2026. Electric revenues billed to customers for the nine months ended September 30, 2023 2023 were based on 2022 adopted rates and will remain in effect until finalization of the pending general rate case application. On December 15, 2022, the CPUC approved a decision for BVES to establish a general rate case memorandum account that makes the new 2023 rates effective and retroactive to January 1, 2023. Because new rates are expected to be retroactive to January 1, 2023, when a decision is issued in the electric general rate case, cumulative adjustments will be recorded at that time. Based A proposed decision was issued that extends the statutory deadline of the general rate case to September 30, 2024. A decision on the established schedule in this proceeding, a proposed decision general rate case is scheduled for to be issued by the fourth end of the third quarter of 2023, 2024.

See also "Management's Discussion and Analysis of Financial Condition and Results of Operations—Regulatory Matters" section of the Registrant's Form 10-K for the year-ended December 31, 2022 December 31, 2023 filed with the SEC for a discussion of other regulatory matters.

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Environmental Matters

AWR's subsidiaries are subject to stringent environmental regulations. GSWC is required to comply with the safe drinking water standards established by the U.S. Environmental Protection Agency ("U.S. EPA") and the Division of Drinking Water ("DDW"), under the State Water Resources Control Board ("SWRCB"). The Under the Federal Safe Drinking Water Act and its implementing regulations, the U.S. EPA regulates contaminants that may have adverse health effects that are known or likely to occur at levels of public health concern, and the regulation of which will provide a meaningful opportunity for health risk reduction. The DDW, acting on behalf of the U.S. EPA, administers the U.S. EPA's program in California. Similar state agencies administer these rules in the other states in which Registrant operates.

GSWC currently tests its water supplies and water systems according to, among other things, requirements listed in the Federal Safe Drinking Water Act ("SDWA"). Act. GSWC works proactively with third parties and governmental agencies to address issues relating to known contamination threatening GSWC water sources. GSWC also incurs operating costs for testing to determine the levels, if any, of the constituents in its sources of supply, and additional expense to treat contaminants in order to meet the federal and state maximum contaminant level standards and consumer demands. GSWC expects to incur additional capital costs as well as increased operating costs to maintain or improve the quality of water delivered to its customers in light of anticipated stress on water resources associated with watershed and aquifer pollution, drought impacts, as well as to meet future water quality standards and consumer expectations. The CPUC ratemaking process provides GSWC with the opportunity to recover prudently incurred capital and operating costs in future filings associated with achieving water quality standards. Management believes that such incurred and expected future costs should be authorized for recovery by the CPUC.

Drinking Water Proposed Maximum Contaminant Levels: Levels

In March 2023, On April 10, 2024, the U.S. EPA proposed announced the final National Primary Drinking Water Regulation and established maximum contaminant levels ("MCLs") for various individual six per- and specific chemicals that are referred to as perfluoroalkyl polyfluoroalkyl substances ("PFAS") compounds in drinking water. When finalized, The regulation established MCLs for Perfluorooctanoic Acid ("PFOA"), Perfluorooctanesulfonic Acid ("PFOS"), and several other contaminants with individual MCLs that range from 4 parts per trillion ("ppt") to 10 ppt. In addition, the proposed regulation will require established MCL for PFAS mixtures containing at least two of certain of the regulated PFAS compounds for the combined and co-occurring levels of PFAS in drinking water. The final rule requires public water systems to monitor implement PFAS monitoring and treat water for these chemicals. It will also require water systems to notify its customers and reduce the levels if it exceeds the regulatory standards. The U.S. EPA anticipates finalizing and adopting this rule by 2024. Once the rule is finalized, water systems will be required to comply with the MCLs after a specified implementation period, which is currently anticipated to be reporting within three years from (2027), and where exceedances are identified, to implement solutions within five years (2029) to reduce PFAS levels to below the rule-adoption date. MCLs. Currently, there are more than forty sources at GSWC that have exceeded one or more of the PFAS MCLs. These proposed new MCLs once finalized, are expected to increase GSWC's water capital investments and operations and maintenance expenses over the next five years. In addition, due to the volatility of the supply chain and demand for PFAS treatment components, both the capital investments and other operating costs, operations and maintenance expenses are likely to further increase. The CPUC has authorized GSWC to track incremental costs, expenses, including laboratory testing and monitoring costs, customer and public notification costs, and chemical and operating treatment costs, incurred as a result of PFAS contamination in a memorandum account to be filed with the CPUC for future recovery.

On April 17, 2024, the SWRCB voted to adopt the final hexavalent chromium MCL of 10 parts per billion. The final rule is expected to be effective October 1, 2024. Depending on the size of the water system, water systems will have two to four years from the effective date to come into compliance with the MCL. Currently, there are approximately eight sources at GSWC that exceed or are within eighty percent of the MCL. These MCLs are also expected to increase GSWC's capital investments and operations and maintenance expenses.

The CPUC ratemaking process provides GSWC with the opportunity to recover prudently incurred capital and operating costs in future filings associated with achieving water quality standards. Management believes that such incurred and expected future costs should be authorized for recovery by the CPUC for both PFAS compounds and hexavalent chromium.

Designation of PFOA and PFOS as CERCLA Hazardous Substances

On April 19, 2024, the U.S. EPA issued a final rule to designate PFOA and PFOS as hazardous substances under the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"). This designation is expected to increase GSWC's water treatment and disposal costs. The CPUC has authorized GSWC to track incurred incremental expenses as a result of PFAS contamination in a memorandum account to be filed with the CPUC for future recovery.

Lead and Copper Rule Revisions

On December 16, 2021, the U.S. EPA announced the Lead and Copper Rule Revisions under an executive order with a compliance date of October 16, 2024. Additionally, the U.S. EPA announced its intention to develop a new proposed rule, the Lead and Copper Rule Improvements ("LCRI") that will further strengthen the regulatory framework prior to the October 2024 compliance date. The proposed LCRI was published in November 2023, and the U.S. EPA has received a significant number of comments on the proposed rule. There are still many unknowns regarding the implementation of the rule. Some of the LCRI requirements may include timely replacement of customer lead service lines, corrosion control treatment, revised lead action levels and customer communications. The details of the requirements will be better understood once the LCRI is published and a final rule is approved.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Environmental Matters" section of the Registrant's Form 10-K for the year-ended December 31, 2022 December 31, 2023 filed with the SEC for a discussion of environmental matters applicable to AWR and its subsidiaries.

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Water Supply

See "Management's Discussion and Analysis of Financial Condition and Results of Operations—California Drought Water Supply" section of the Registrant's Form 10-K for the year-ended December 31, 2022 December 31, 2023 filed with the SEC for a discussion of water supply issues. The discussion below focuses on significant matters and changes since December 31, 2022 December 31, 2023.

The California Legislature passed two bills in 2018 that provide a framework for long-term water-use efficiency standards and drought planning and resiliency. The framework sets aggressive water use objective standards and performance metrics that water suppliers will be required to meet by the year 2030 with interim milestones. A key milestone is the establishment of an indoor water use standard of 55 gallons per capita per day ("gpcd") until 2025. Legislation signed by the Governor into law in September 2022 has set more stringent indoor standard targets than initially set forth in the 2018 legislation. The indoor standard will now be set at 47 gpcd in 2025 and then reduced to 42 gpcd in 2030 (previously had been set at 52.5 gpcd and 50 gpcd, respectively). The California State Water Resource Control Board ("SWRCB") began SWRCB released a formal rulemaking process on August 18, 2023, that draft of the Conservation Regulation in mid-year 2023 followed by a revised draft in March 2024. The SWRCB is expected to be considered for consider the adoption as a of the regulation by August 2024. Water suppliers including GSWC have provided extensive comments to date on the draft regulation and will work with the State Agencies on the final regulation for overall conservation standards by early 2024, and its implementation. Each purveyor will have an overall water use objective that will include both an indoor standard as well as outdoor use standards.

California's 2022-23 water year ended on September 30, 2023 with improved water supply conditions. The water year began as a potentially fourth driest consecutive year of drought. However, a series of atmospheric storm events occurring during the first half of 2023 followed by Tropical Storm Hilary in August brought record breaking precipitation throughout California and the Southwest. At the start of 2023, California Department of Water Resources ("DWR") initially set the California State Water Project ("SWP") allocations at 5%. However, due to improved precipitation and snow levels experienced state-wide, DWR increased the SWP allocation to 75%, and as a result, the Metropolitan Water District

of Southern California ("MWD") lifted restrictions that had impacted SWP dependent service areas of Simi Valley and Claremont that had been in place since mid-2022. DWR again increased the SWP allocation to 100% on April 20, 2023, which is the first time the full contracted SWP allocation has been at this level since 2006.

As Water year 2023-24, which began on October 1, 2023, started with below normal Sierra snowpack and precipitation. However, a result series of improved drought conditions, several atmospheric storm events in the first few months of 2024 have provided a promising outlook to the State's supply conditions. The majority of the key State's reservoirs in the State of California, including Lake Oroville and San Luis Reservoir, have been replenished to capacity or are nearing capacity thus bolstering California's water available in storage. The 2023-24 water year, which began October 1, 2023, is looking promising with Lake Oroville at 73% 89% of capacity and the San Luis Reservoir Sierra snowpack at 81% capacity. A wet winter is currently projected and 127% of normal levels for the Northern Sierra. The SWP allocation was increased to 40% on April 23, 2024 from 30% as of October 31, 2023 March 22, 2024 after an initial value of only 10% set in December 2023. As of April 30, 2024, the U.S. Drought Monitor reported that approximately 6% none of California was in drought with only 3% identified as "abnormally dry" with no areas characterized as compared to a year ago when 8% was in any level of "moderate drought."

Prolonged drought conditions still exist continue on the Colorado River System, which was experiencing has experienced historically low reservoir levels in Lake Mead and Lake Powell in early 2023. This resulted Reservoir levels have improved in urgent 2024 with Lake Powell and Lake Mead combined water storage on April 9th up over 5 million acre feet as compared to a year ago. Urgent action to reduce water demand on the lower river by 2 to 4 million acre feet annually as has been requested by the US Bureau of Reclamation (the "Bureau"). The In December 2023, several California water agencies signed agreements with the Bureau prepared a supplemental environmental impact statement to conserve up to 643,000 acre-feet of water in Lake Mead through 2025. This includes contracts with options that may result the Coachella Valley Water District, the Quechan Indian Tribe and the Imperial Irrigation District. Additional contracts are expected to be signed by the Palo Verde Irrigation District in modifications to current agreements. This may result cooperation with MWD in water delivery cuts by all of 2024. In 2026, operational agreements on how the Colorado River is managed expire. Reclamation is working with both the upper and lower states including California. However, California along with the other two lower river states issued on a plan in late May revised set of 2023, which calls for agreements and a water use reduction of 3 million acre-feet through draft is expected by the end of 2026. Conditions in 2024. GSWC will continue to monitor developments related to the Colorado River Watershed showed similar beneficial responses to more precipitation in the 2022-23 water year resulting in gains of a combined 4.5 million acre feet in Lake Powell System and Lake Mead combined. Lake Powell saw a rise in water levels of 44 feet and Lake Mead saw a rise of 21 feet. assess its impact on GSWC.

Other Climate Change Matters

Climate change is one area that we focus on as we develop and execute our business strategy and financial planning, both in the short- and long-term. The risks posed by climate variability increase the need for us to plan for and address supply resiliency. Climate change has also impacted electric utilities in California increasing wildfire risks and requiring the need to develop robust wildfire mitigation plans. We address these and other climate change risks by planning, assessing, mitigating, and investing in our infrastructure for the long-term benefit of our communities. See "Item 1. Business Overview" section of Registrant's Form 10-K for the year-ended December 31, 2022 December 31, 2023 filed with the SEC for a discussion of climate change planning, risks and opportunities.

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Cybersecurity Matters

The increase in cyberattacks results in Cyberattacks represent a greater threat to water, wastewater and electric utility systems and thereby the safety and security of our communities. We continue to increase our investments in information technology to monitor and address these threats and attempted cyber-attacks and to that improve our posture in addressing security vulnerabilities. See "Item 1. Business" 1A. Risk Factors" and "Item 1C. Cybersecurity" section of Registrant's Form 10-K for the year-ended December 31, 2022 December 31, 2023 filed with the SEC for a discussion of cybersecurity matters.

New Accounting Pronouncements

Registrant is subject to newly issued requirements as well as changes in existing requirements issued by the Financial Accounting Standards Board. There are no current accounting pronouncements that Registrant believes will significantly impact its consolidated financial statements. See Note 1 to the Financial Statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Registrant is exposed to certain market risks, including fluctuations in interest rates, commodity price risk primarily relating to changes in the market price of electricity at BVES, and other economic conditions. Market risk is the potential loss arising from adverse changes in prevailing market rates and prices.

The quantitative and qualitative disclosures about market risk are discussed in Item 7A-Quantitative and Qualitative Disclosures About Market Risk, contained in Registrant's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 filed with the SEC.

There have been no material changes to our quantitative and qualitative disclosures about market risk from what was previously disclosed in Registrant's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 filed with the SEC.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), Registrant has carried out an evaluation, under the supervision and with the participation of its management, including its Chief Executive Officer ("CEO") and its Chief Financial Officer ("CFO"), of the effectiveness, as of the end of the fiscal quarter covered by this report, of the design and operation of Registrant's "disclosure controls and procedures" as defined in Rule 13a-15(e) and 15d-15(e) promulgated by the SEC under the Exchange Act. Based upon that evaluation, the CEO and the CFO concluded that Registrant's disclosure controls and procedures, as of the end of such fiscal quarter, were adequate and effective to ensure that information required to be disclosed by Registrant in the reports that Registrant 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, and that such information is accumulated and communicated to Registrant's management, including its CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in Internal Controls over Financial Reporting

There has been no change in Registrant's internal control over financial reporting during the quarter ended September 30, 2023 March 31, 2024, that has materially affected or is reasonably likely to materially affect Registrant's internal control over financial reporting.

PART II

Item 1. Legal Proceedings

Registrant is subject to ordinary routine litigation incidental to its business, some of which may include claims for compensatory and punitive damages. No legal proceedings are pending, which management believes to be material. Management believes that rate recovery, proper insurance coverage and reserves are in place to insure against, among other things, property, general liability, employment, and workers' compensation claims incurred in the ordinary course of business. Insurance coverage may not cover certain claims involving punitive damages.

Item 1A. Risk Factors

There have been no significant changes in the risk factors disclosed in our 2022 2023 Annual Report on Form 10-K filed with the SEC.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchase Purchases of Equity Securities

The following table provides information about repurchases of Common Shares by AWR during the third first quarter of 2023: 2024:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Maximum Number of Shares That May Yet Be Purchased under the Plans or Programs (1)(3)
July 1 – 31, 2023	551	\$ 81.27	—	—
August 1 – 31, 2023	7,690	\$ 85.74	—	—
September 1 – 30, 2023	17,327	\$ 81.92	—	—
Total	25,568 (2)	\$ 83.19	—	—

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Maximum Number of Shares That May Yet Be Purchased under the Plans or Programs (1)(3)
January 1 – 31, 2024	6,780	\$ 80.56	—	—
February 1 – 29, 2024	572	\$ 76.37	—	—
March 1 – 31, 2024	10,178	\$ 71.27	—	—
Total	17,530 (2)	\$ 75.03	—	—

- (1) None of the Common Shares were purchased pursuant to any publicly announced stock repurchase program.
- (2) These Common Shares were acquired on the open market for employees pursuant to GSWC's 401(k) plan and for participants in the Common Share Purchase and Dividend Reinvestment Plan.
- (3) Neither the 401(k) plan nor the Common Share Purchase and Dividend Reinvestment Plan contain a maximum number of Common Shares that may be purchased in the open market.

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosure

Not applicable

Item 5. Other Information

- (a) On October 30, 2023 May 6, 2024, AWR's Board of Directors approved a fourth second quarter dividend of \$0.43 per share on AWR's Common Shares. Dividends on the Common Shares will be paid on December 1, 2023 June 3, 2024 to shareholders of record at the close of business on November 15, 2023 May 20, 2024.
- (b) The Bylaws There have been no material changes during the first quarter of AWR were amended on October 31, 2023 to provide new procedures that must be followed by shareholders who wish to nominate directors at an annual meeting or special meeting of this corporation.

Nominations by shareholders must be made pursuant to timely notice in writing 2024 to the Corporate Secretary. To be timely as procedures by which shareholders may nominate persons to the 2024 annual meeting, a shareholder's notice must be received at our principal executive offices no earlier than February 3, 2024 and no later than February 24, 2024; provided, however, that if the date Board of the 2024 annual meeting is changed by more than 30 days from such anniversary date Directors of the 2023 annual meeting, notice by the shareholder to be timely must be so received not later than the close of business on the 10th day following the earlier of the day on which notice of the date of the meeting was mailed to shareholders or public disclosure of such date was made. To be timely as to a special meeting at which directors are to be elected, a shareholder's notice must be received not later than the close of business on the 10th day following the earlier of the day on which notice of the date of the meeting was mailed to shareholders or public disclosure of such date was made. In no event may the public announcement of an adjournment or postponement of a meeting commence a new time period (or extend any time period) for the giving of a shareholder's notice.

Nominations must be in proper written form and contain the information specified in Article II Section 14 of our Bylaws, including a representation that the shareholder or shareholders will solicit at least 67% of AWR's common shares held of record on the record date for the meeting. The shareholder or shareholders must also comply with all other procedures specified in Section 14 of the Bylaws. AWR.

- (c) During the quarter ended September 30, 2023 March 31, 2024, no officer or director adopted, terminated, or modified any Rule 10b5-1 plans or non-Rule 10b5-1 plans.

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Item 6. Exhibits

(a) The following documents are filed as Exhibits to this report:

- 3.1 [Amended and Restated By-Laws of American States Water Company, \(1\) incorporated by reference to Exhibit 3.1 of Registrant's Form 10-Q filed for September 30, 2023](#)
- 3.2 [By-laws of Golden State Water Company incorporated by reference to Exhibit 3.2 of Registrant's Form 8-K filed May 13, 2011 \(File No. 1-14431\)](#)
- 3.3 [Amended and Restated Articles of Incorporation of American States Water Company, as amended, incorporated by reference to Exhibit 3.1 of Registrant's Form 8-K filed June 19, 2013](#)
- 3.4 [Restated Articles of Incorporation of Golden State Water Company, as amended, incorporated herein by reference to Exhibit 3.1 of Registrant's Form 10-Q for the quarter ended September 30, 2005 \(File No. 1-14431\)](#)
- 4.1 [Indenture, dated September 1, 1993 between Golden State Water Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee, as supplemented, incorporated herein by reference to Exhibit 4.01 of Golden State Water Company Form S-3 filed December 12, 2008 \(File No. 333-156112\)](#)
- 4.2 [Note Purchase Agreement dated as of October 11, 2005 between Golden State Water Company and Co-Bank, ACB incorporated by reference to Exhibit 4.1 of Registrant's Form 8-K filed October 13, 2005 \(File No. 1-14431\)](#)
- 4.3 [Description of Common Shares incorporated by reference to Exhibit 4.3 to Registrant's Form 10-K for the year ended December 31, 2019 December 31, 2023](#)
- 4.4 [Description of Debt Securities incorporated by reference to Exhibit 4.4 to Registrant's Form 10-K for the year ended December 31, 2021](#)
- 10.1 [Second Sublease dated October 5, 1984 between Golden State Water Company and Three Valleys Municipal Water District incorporated herein by reference to Registrant's Registration Statement on Form S-2, Registration No. 33-5151](#)
- 10.2 [Loan Agreement between California Pollution Control Financing Authority and Golden State Water Company, dated as of December 1, 1996 incorporated by reference to Exhibit 10.7 of Registrant's Form 10-K for the year ended December 31, 1998 \(File No. 1-14431\)](#)
- 10.3 [Water Supply Agreement dated as of June 1, 1994 between Golden State Water Company and Central Coast Water Authority incorporated herein by reference to Exhibit 10.15 of Registrant's Form 10-K with respect to the year ended December 31, 1994 \(File No. 1-14431\)](#)
- 10.4 [2003 Non-Employee Directors Stock Purchase Plan, as amended, incorporated herein by reference to Exhibit 10.4 to Registrant's Form 8-K filed on May 20, 2015 \(File No. 1-14431\) \(2\)](#)
- 10.5 [Dividend Reinvestment and Common Share Purchase Plan incorporated herein by reference to American States Water Company Registrant's Form S-3D filed November 12, 2008 \(File No. 1-14431\)](#)
- 10.6 [Change in Control Agreement between American States Water Company or a subsidiary and certain executives incorporated herein by reference to Exhibit 10.6 to Registrant's Form 10-K for the year ended December 31, 2022 \(2\)](#)
- 10.7 [Golden State Water Company Supplemental Executive Retirement Plan, amended and restated, incorporated herein by reference to Exhibit 10.7 to Registrant's Form 10-Q filed on May 2, 2022 \(2\)](#)
- 10.8 [Credit Agreement of American States Water Company dated June 28 June 28, 2023, 2023, as amended \(1\), incorporated by reference to Exhibit 10.8 to Registrant's Form 10-Q filed for September 30, 2023](#)
- 10.9 [Policy Regarding the Recoupment of Certain Performance-Based Compensation Payments revised October 31, 2023 \(1\)](#)
- 10.10 [Officer Relocation Policy incorporated herein by reference to Exhibit 10.5 to the Registrant's Form 8-K filed on July 31, 2009 \(2\)](#)
- 10.11 10.10 [Credit Agreement of Golden State Water Company dated June 28, 2023 incorporated by reference to Registrant's Form 8-K filed on July 5, 2023](#)
- 10.12 10.11 [2016 Stock Incentive Plan incorporated by reference to Exhibit 10.1 to Registrant's Form 8-K filed on May 19, 2016 \(2\)](#)
- 10.13 10.12 [2023 Non-Employee Directors Plan incorporated by reference herein to Exhibit 10.1 to the Registrant's Form 8-K filed on May 26, 2023 \(2\)](#)

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- 10.14 10.13 [Form of Restricted Stock Award Agreement for officers with respect to time-vested restricted stock awards under the 2016 Stock Incentive Plan after December 31, 2017 incorporated by reference to Exhibit 10.1 of to the Registrant's Form 8-K filed on November 3, 2017 \(2\)](#)

10.15	10.14	Note Purchase Agreement dated July 8, 2020 incorporated by reference to Exhibit 10.1 to Registrant's Form 8-K filed July 14, 2020
10.16	10.15	Form of 2021 2024 Performance Award Agreement incorporated by reference to Exhibit 10.1 of Registrant's Form 8-K filed February 5, 2021 March 15, 2024 (2)
10.17	10.16	Separation Agreement and General Release of Claims dated August 10, 2021 incorporated by reference to Exhibit 10.1 to Registrant's Form 8-K filed on August 13, 2021 (2)
10.18	10.17	Retirement Agreement and General Release of Claims effective January 14, 2022, incorporated by reference to Exhibit 10.1 to Registrant's Form 8-K filed on January 21, 2022 (2)
10.19	10.18	Contract for Professional Services effective June 15, 2022 incorporated by reference from Exhibit 10.2 to the Registrant's Form 8-K filed on January 21, 2022 (2)
10.20	10.19	Form of 2022 Performance Award Agreement incorporated by reference to Exhibit 10.1 of Registrant's Form 8-K filed February 4, 2022 (2)
10.21	10.20	Form of 2023 Performance Award Agreement incorporated by reference to Exhibit 10.1 of Registrant's Form 8-K filed February 10, 2023 (2)
10.22	10.21	Form of Indemnification Agreement for directors and officers incorporated by reference herein to Exhibit 10.24 to the Registrant's Form 10-K for the year ended December 31, 2022 (2)
10.23	10.22	2024 Short-Term Incentive Program incorporated by reference to Exhibit 10.1 of Registrant's Form 8-K filed on March 31, 2023 March 29, 2024 (2)
10.24	10.23	Form of 2023 2024 Short-Term Incentive Program Award Agreement incorporated by reference to Exhibit 10.2 of Registrant's Form 8-K filed on March 31, 2023 March 29, 2024 (2)
19.1		Insider Trading Policy
31.1		Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for AWR (1)
31.1.1		Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for GSWC (1)
31.2		Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for AWR (1)
31.2.1		Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for GSWC (1)
32.1		Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (3)
32.2		Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (3)
101.INS		Inline 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		Inline XBRL Taxonomy Extension Schema (3)
101.CAL		Inline XBRL Taxonomy Extension Calculation Linkbase (3)
101.DEF		Inline XBRL Taxonomy Extension Definition Linkbase (3)
101.LAB		Inline XBRL Taxonomy Extension Label Linkbase (3)
101.PRE		Inline XBRL Taxonomy Extension Presentation Linkbase (3)
104		Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

- (1) Filed concurrently herewith
(2) Management contract or compensatory arrangement
(3) Furnished concurrently herewith

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SIGNATURE

Pursuant to the requirements 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 and as its principal financial officer.

AMERICAN STATES WATER COMPANY ("AWR"):

By: /s/ EVA G. TANG

Eva G. Tang

Senior Vice President - Finance, Chief Financial
Officer, Corporate Secretary and Treasurer

GOLDEN STATE WATER COMPANY ("GSWC"):

By: /s/ EVA G. TANG

Eva G. Tang

Senior Vice President - Finance, Chief Financial
Officer and Secretary

Date: November 6, 2023 May 7, 2024

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As amended as of October 31, 2023

Exhibit 3.1

BYLAWS
for the regulation, except
as otherwise provided by statute or
its Articles of Incorporation,
of
AMERICAN STATES WATER COMPANY
(a California corporation)

ARTICLE I. OFFICES.

Section 1. PRINCIPAL EXECUTIVE OFFICE. The corporation's principal executive office shall be fixed and located at such place as the Board of Directors (herein called the "Board") shall determine. The Board is granted full power and authority to change said principal executive office from one location to another.

Section 2. OTHER OFFICES. Branch or subordinate offices may be established at any time by the Board at any place or places.

ARTICLE II. SHAREHOLDERS.

Section 1. PLACE OF MEETINGS. Meetings of shareholders shall be held either at the principal executive office of the corporation or at any other place within or without the State of California which may be designated either by the Board or by the written consent of all persons entitled to vote thereat given either before or after the meeting and filed with the Secretary.

Section 2. SPECIAL MEETINGS. Special meetings of the shareholders may be called at any time by the Board, the Chairman of the Board, the Chief Executive Officer or if there be no Chief Executive Officer, the President or by the holders of shares entitled to cast not less than ten percent of the votes at such meeting. Upon request in writing to the Chairman of the Board, the Chief Executive Officer or if there be no Chief Executive Officer, the President, the Chief Operating Officer, any Executive Vice President, any Senior Vice President or any Vice President or the Secretary by any person (other than the Board) entitled to call a special meeting of shareholders, the officer forthwith shall cause notice to be given to the shareholders entitled to vote that a meeting will be held at a time requested by the person or persons calling the meeting, not less than thirty-five nor more than sixty days after the receipt of the request. Such request shall be made in accordance with applicable law and these Bylaws. If the notice is not given within twenty days after receipt of the request, the persons entitled to call the meeting may give the notice.

Section 3. ANNUAL MEETINGS. The annual meetings of shareholders shall be held on such date and at such time as may be fixed by the Board. At such meetings, directors shall be elected and any other proper business may be transacted in accordance with applicable

law and these Bylaws.

Section 4. NOTICE OF ANNUAL OR SPECIAL MEETINGS. Written notice of each annual or special meeting of shareholders shall be given not less than ten nor more than sixty days before the date of the meeting to each shareholder entitled to vote thereat. Such notice shall state the place, date and hour of the meeting

LA:293378.1

and (i) in the case of a special meeting, the general nature of the business to be transacted, and no other business may be transacted, or (ii) in the case of the annual meeting, those matters which the Board, at the time of the mailing of the notice, intends to present for action by the shareholders, but, subject to the provisions of applicable law and these Bylaws, any proper matter may be presented at the meeting for such action. The notice of any meeting at which directors are to be elected shall include the names of nominees intended at the time of the notice to be presented by management for election.

Notice of a shareholders' meeting shall be given either personally or by mail or by other means of written communication, addressed to the shareholder at the address of such shareholder appearing on the books of the corporation or given by the shareholder to the corporation for the purpose of notice, or, if no such address appears or is given, at the place where the principal executive office of the corporation is located or by publication at least once in a newspaper of general circulation in the county in which the principal executive office is located. Notice by mail shall be deemed to have been given at the time a written notice is deposited in the United States mails, postage prepaid. Any other written notice shall be deemed to have been given at the time it is personally delivered to the recipient or is delivered to a common carrier for transmission, or actually transmitted by the person giving the notice by electronic means, to the recipient.

Section 5. QUORUM. A majority of the shares entitled to vote, represented in person or by proxy, shall constitute a quorum at any meeting of shareholders. If a quorum is present, the affirmative vote of a majority of the shares represented and voting at the meeting (which shares voting affirmatively also constitute at least a majority of the required quorum) shall be the act of the shareholders, unless the vote of a greater number or voting by classes is required by law or by the Articles, except as provided in the following sentence. The shareholders present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the shares required to constitute a quorum.

Section 6. ADJOURNED MEETINGS AND NOTICE THEREOF. Any shareholders' meeting, whether or not a quorum is present, may be adjourned from time to time by the vote of shareholders entitled to exercise a majority of the voting power represented either in person or by proxy, but in the absence of a quorum (except as provided in Section 5 of this Article) no other business may be transacted at such meeting.

It shall not be necessary to give any notice of the time and place of the adjourned meeting or of the business to be transacted thereat, other than by announcement at the meeting at which such adjournment is taken; *provided, however*, when any shareholders' meeting is adjourned for more than forty-five days or, if after adjournment a new record date is fixed for the adjourned meeting, notice of the adjourned meeting shall be given as in the case of an original meeting.

Section 7. VOTING. The shareholders entitled to notice of any meeting or to vote at such meeting shall be only persons in whose name shares stand on the stock records of the corporation on the record date determined in accordance with Section 8 of this Article.

Subject to the following sentence and to the provisions of Section 708 of the California General Corporation Law, every shareholder entitled to vote at any election of directors may

cumulate such shareholder's votes and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which the shareholder's shares are entitled, or distribute the shareholder's votes on the same principle among as many candidates as the shareholder thinks fit. No shareholder shall be entitled to cumulate votes for any candidate or candidates pursuant to the preceding sentence unless such candidate or candidates' names have been placed in nomination prior to the voting and the shareholder has given notice at the meeting prior to the voting of the shareholder's intention to cumulate the shareholder's votes. If any one shareholder has given such notice, all shareholders may cumulate their votes for candidates in nomination.

Elections need not be by ballot; provided, however, that all elections for directors must be by ballot upon demand made by a shareholder at the meeting and before the voting begins.

In any election of directors, the candidates receiving the highest number of votes of the shares entitled to be voted for them up to the number of directors to be elected by such shares are elected.

Voting shall in all cases be subject to the provisions of Chapter 7 of the California General Corporation Law, and to the following provisions:

(a) Subject to clause (g), shares held by an administrator, executor, guardian, conservator or custodian may be voted by such holder either in person or by proxy, without a transfer of such shares into the holder's name; and shares standing in the name of a trustee may be voted by the trustee, either in person or by proxy, but no trustee shall be entitled to vote shares held by such trustee without a transfer of such shares into the trustee's name.

(b) Shares standing in the name of a receiver may be voted by such receiver, and shares held by or under the control of a receiver may be voted by such receiver without the transfer thereof into the receiver's name if authority to do so is contained in the order of the court by which such receiver was appointed.

(c) Subject to the provisions of Section 705 of the California General Corporation Law and except where otherwise agreed in writing between the parties, a shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledgee, and thereafter the pledgee shall be entitled to vote the shares so transferred.

(d) Shares standing in the name of a minor may be voted and the corporation may treat all rights incident thereto as exercisable by the minor, in person or by proxy, whether or not the corporation has notice, actual or constructive, of the nonage, unless a guardian of the minor's property has been appointed and written notice of such appointment given to the corporation.

(e) Shares outstanding in the name of another corporation, domestic or foreign, may be voted by such officer, agent or proxyholder as the bylaws of such other corporation may prescribe or, in the absence of such provision, as the board of directors of such other corporation may determine or, in the absence of such determination, by the chairman of the board, president or the Chief Operating Officer, any Executive Vice President, any Senior Vice President or any vice president of such other corporation, or by any other person authorized to do so by the chairman of the board, president or the Chief Operating Officer, any Executive Vice President, any Senior Vice President or any vice president of such other corporation. Shares which are purported to be voted or any proxy purported to be executed in the name of a corporation (whether or not any title of the person signing is indicated) shall be presumed to be voted or the proxy executed in accordance with the provisions of this clause, unless the contrary is shown.

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(f) Shares of the corporation owned by any subsidiary shall not be entitled to vote on any matter.

(g) Shares held by the corporation in a fiduciary capacity, and shares of the issuing corporation held in a fiduciary capacity by any subsidiary, shall not be entitled to vote on any matter, except to the extent that the settlor or beneficial owner possesses and exercises a right to vote

or to give the corporation binding instructions as to how to vote such shares.

(h) If shares stand of record in the names of two or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, husband and wife as community property, tenants by the entirety, voting trustees, persons entitled to vote under a shareholder voting agreement or otherwise, or if two or more persons (including proxyholders) have the same fiduciary relationship respecting the same shares, unless the Secretary of the corporation is given written notice to the contrary and is furnished with a copy of the instrument or order appointing them or creating the relationship wherein it is so provided, their acts with respect to voting shall have the following effect:

(i) If only one votes, such act binds all;

(ii) If more than one vote, the act of the majority so voting binds all;

(iii) If more than one vote, but the vote is evenly split on any particular matter each faction may vote the securities in question proportionately.

If the instrument is so filed or the registration of the shares shows that any such tenancy is held in unequal interests, a majority or even split for the purpose of this Section shall be a majority or even split in interest.

Section 8. RECORD DATE. The Board may fix, in advance, a record date for the determination of the shareholders entitled to notice of any meeting or to vote or entitled to receive payment of any dividend or other distribution, or any allotment of rights, or to exercise rights in respect of any other lawful action. The record date so fixed shall be not more than sixty days nor less than ten days prior to the date of the meeting nor more than sixty days prior to any other action. When a record date is so fixed, only shareholders of record on that date are entitled to notice of and to vote at the meeting or to receive the dividend, distribution, or allotment of rights, or to exercise of the rights, as the case may be, notwithstanding any transfer of shares on the books of the corporation after the record date. A determination of shareholders of record entitled to notice of or to vote at a meeting of shareholders shall apply to any adjournment of the meeting unless the Board fixes a new record date for the adjourned meeting. The Board shall fix a new record date if the meeting is adjourned for more than forty-five days.

If no record date is fixed by the Board, the record date for determining shareholders entitled to notice of or to vote at a meeting of shareholders shall be at the close of business on the business day next preceding the day on which notice is given or, if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held. The record date for determining shareholders for any purpose other than set forth in this Section 8 or Section 10 of this Article shall be at the close of business on the day on which the Board adopts the resolution relating thereto, or the sixtieth day prior to the date of such other action, whichever is later.

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Section 9. CONSENT OF ABSENTEES. The transactions of any meeting of shareholders, however called and noticed, and wherever held, are as valid as though had at a meeting duly held after regular call and notice, if a quorum is present either in person or by proxy, and if, either before or after the meeting, each of the persons entitled to vote, not present in person or by proxy, signs a written waiver of notice or a consent to the holding of the meeting or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Attendance of a person at a meeting shall constitute a waiver of notice of and presence at such meeting, except when the person objects, at the beginning of the meeting, to the transactions of any business because the meeting is not lawfully called or convened and except that attendance at a meeting is not waiver of any right to object to the consideration of matters required by the California General Corporation Law to be included in the notice but not so included, if such objection is expressly made at the meeting. Neither the business to be transacted at nor the purpose of any regular or special meeting of shareholders need to be specified in any written waiver of notice, consent to the holding of the meeting or approval of the minutes thereof, except as provided in Section 601(f) of the California General Corporation Law.

Section 10. ACTION WITHOUT MEETING. Subject to Section 603 of the California General Corporation Law, any action which, under any provision of the California General Corporation Law, may be taken at any annual or special meeting of shareholders, may be taken without a meeting and without prior notice if a consent in writing, setting forth the action so taken, shall be signed by the holders of

outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Unless a record date for voting purposes be fixed as provided in Section 8 of this Article, the record date for determining shareholders entitled to give consent pursuant to this Section 10, when no prior action by the Board has been taken, shall be the day on which the first written consent is given.

Section 11. PROXIES. Every person entitled to vote shares has the right to do so either in person or by one or more persons authorized by a written proxy executed by such shareholder and filed with the Secretary. Any proxy duly executed is not revoked and continues in full force and effect until revoked by the person executing it prior to the vote pursuant thereto by a writing delivered to the corporation stating that the proxy is revoked or by a subsequent proxy executed by the person executing the prior proxy and presented to the meeting, or by attendance at the meeting and voting in person by the person executing the proxy; provided, however, that no proxy shall be valid after the expiration of eleven months from the date of its execution unless otherwise provided in the proxy.

Section 12. INSPECTORS OF ELECTION. In advance of any meeting of shareholders, the Board may appoint inspectors of election to act at such meeting and any adjournment thereof. If inspectors of election be not so appointed, or if any persons so appointed fail to appear or refuse to act, the chairman of any such meeting may, and on the request of any shareholder or shareholder's proxy shall, make such appointment at the meeting. The number of inspectors shall be either one or three. If appointed at a meeting on the request of one or more shareholders or proxies, the majority of shares present shall determine whether one or three inspectors are to be appointed.

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The duties of such inspectors shall be as prescribed by Section 707(b) of the California General Corporation Law and shall include: determining the number of shares outstanding and the voting power of each; determining the shares represented at the meeting; determining the existence of a quorum; determining the authenticity, validity and effect of proxies; receiving votes, ballots or consents; hearing and determining all challenges and questions in any way arising in connection with the right to vote; counting and tabulating all votes or consents; determining when the polls shall close; determining the result; and doing such acts as may be proper to conduct the election or vote with fairness to all shareholders. If there are three inspectors of election, the decision, act or certificate of a majority is effective in all respects as the decision, act or certificate of all.

Section 13. CONDUCT OF MEETING. The Chairman of the Board shall preside as chairman at all meetings of the shareholders. The chairman shall conduct each such meeting in a businesslike and fair manner, but shall not be obligated to follow any technical, formal or parliamentary rules or principles of procedure. The chairman's rulings on procedural matters shall be conclusive and binding on all shareholders, unless at the time of a ruling a request for a vote is made to the shareholders holding shares entitled to vote and which are represented in person or by proxy at the meeting, in which case the decision of a majority of such shares shall be conclusive and binding on all shareholders. Without limiting the generality of the foregoing, the chairman shall have all of the powers usually vested in the chairman of a meeting of shareholders.

Section 14. NOMINATION OF DIRECTORS.

Nominations of persons for election to the Board may be made at a meeting of shareholders (a) by or at the direction of the Board or (b) by any shareholder of the corporation who is a shareholder of record at the time of giving a notice provided for in this Bylaw, who shall be a shareholder of record on the record date specified for the meeting and who complies with the notice procedures set forth in this Bylaw.

Nominations by shareholders shall be made pursuant to timely notice in writing to the Secretary. To be timely as to an annual meeting, a shareholder's notice must be received at the principal executive offices of the corporation not less than 90 days nor more than 110 days prior to the first anniversary of the preceding year's annual meeting; provided, however, that if the date of the annual meeting is changed by more than 30 days from such anniversary date, notice by the shareholder to be timely must be so received not later than the close of business on the 10th day following the earlier of the day on which notice of the date of the meeting was mailed to shareholders or public disclosure of such date was made. To be timely as to a special meeting at which directors are to be elected, a shareholder's notice must be received not later than the close of business on the 10th day following the earlier of the day on which notice of the date of the meeting was mailed to shareholders or public disclosure of such date was made. In no event shall the public announcement of an adjournment or postponement of a meeting commence a new time period (or extend any time period) for the giving of a shareholder's notice.

Nominations must be in proper written form. To be in proper written form as to nominations, a shareholder's notice shall set forth and include:

(a) for each person, if any, whom the shareholder proposes to nominate for election or reelection as a director:

(i) such nominee's residence and business addresses and all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each

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case pursuant to Section 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder,

(ii) such nominee's written consent to (i) being named as a nominee and to serving as a director if elected and (ii) the public disclosure of information provided pursuant to this Article II. Section 14(a),

(iii) the class or series and number of shares of the corporation owned beneficially and of record by such nominee and any Associated Person (as defined below) as of the date of the notice, and the shareholder's agreement that it will provide Applicable Updates (as defined below) of such information,

(iv) the name of each nominee holder of shares of all shares of the corporation owned beneficially but not of record by such nominated person or any Associated Person of such nominated person, and the number of such shares of the corporation held by such nominee holder, and the shareholder's agreement that it will provide Applicable Updates of such information,

(v) a description of any derivative instrument, swap, option, warrant, short interest, hedge or profit interest that has been entered into by or on behalf of such nominee or Associated Person of such nominee with respect to shares of the corporation (including the notional number of shares that are the subject of such agreement or arrangement or instrument) and a description of any other transaction, agreement, arrangement or understanding (including any short position or any borrowing or lending of such shares) that has been made by or on behalf of such nominee or Associated Person, the effect or intent of which is to mitigate loss to, or to manage the risk or benefit of share price changes for, such nominee or Associated Person or to increase or decrease the voting power or pecuniary or economic interest of such nominee or Associated Person with respect to such shares (including the notional number of shares that are the subject of such transaction, agreement, arrangement or understanding) and the shareholder's agreement that it will provide Applicable Updates of such information, and

(vi) an irrevocable resignation of such nominee in accordance with Article III. Section 16 of these Bylaws; and

(b) as to the shareholder giving the notice and the beneficial owner, if any, on whose behalf the nomination is made and any Associated Person of any such shareholder or beneficial owner:

(i) the name and address of such shareholder, as they appear on the corporation's books, and the name and address of such beneficial owner and Associated Person, if any,

(ii) the class or series and number of shares of the corporation owned of record by such shareholder and beneficially owned by such beneficial owner and Associated Person as of the date of the notice, and the shareholder's agreement that it will provide Applicable Updates of such information,

(iii) the name of each nominee holder of shares of the corporation owned beneficially but not of record by any such person, and the number of such shares held by such nominee holder, and the shareholder's agreement that it will provide Applicable Updates of such information,

(iv) a representation that the shareholder intends to be present in person or by proxy at the meeting to propose such nomination,

(v) a description of (i) any agreement, arrangement or understanding (whether or not in writing) with respect to the nomination between or among

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such shareholder, beneficial owner or Associated Person and any other person, including, without limitation, any agreements that would be required to be described or reported pursuant to Item 5 or Item 6 of Schedule 13D under the Exchange Act (regardless of whether the requirement to file a Schedule 13D is applicable to the shareholder or beneficial owner), (ii) any material direct or indirect interest of the shareholder, beneficial owner or Associated Person in such nomination, including any anticipated benefit therefrom, (iii) any circumstances in which such shareholder, beneficial owner or Associated Person may be considered to be acting in concert with any other person with respect to the nomination, including, without limitation, the identity of the other person or persons, the common goal or goals toward which they are acting and the information available to such shareholder, beneficial owner or Associated Person with respect to the voting power and pecuniary or economic interest of such other person or persons in the securities (or other interests, instruments, or arrangements as described in paragraph (F) below) of or with respect to the corporation, (iv) any material pending or threatened legal proceeding in which such shareholder is a party or material participant involving the corporation or any of its officers or directors or any Affiliate of the corporation, and (v) the shareholder's agreement that it will provide Applicable Updates of such information,

(vi) a description of any derivative instrument, swap, option, warrant, short interest, hedge or profit interest that has been entered into by or on behalf of such shareholder, beneficial owner or Associated Person with respect to shares of the corporation (including the notional number of shares that are the subject of such agreement or arrangement or instrument) and a description of any other transaction, agreement, arrangement or understanding (including any short position or any borrowing or lending of such shares) that has been made by or on behalf of such shareholder, beneficial owner or Associated Person, the effect or intent of which is to mitigate loss to, or to manage the risk or benefit of share price changes for, such shareholder, beneficial owner or Associated Person or to increase or decrease the voting power or pecuniary or economic interest of such shareholder, beneficial owner or Associated Person with respect to such shares (including the notional number of shares that are the subject of such transaction, agreement, arrangement or understanding), any rights to dividends on the shares of stock of the corporation owned by such person that are separated or separable from the underlying shares, and the shareholder's agreement that it will provide Applicable Updates of such information,

(vii) a description of any agreement, arrangement or understanding (whether or not in writing) between or among such shareholder, beneficial owner or Associated Person and any other person relating to acquiring, holding, voting or disposing of any such shares, including the number of shares that are the subject of such agreement, arrangement or understanding, all information that would be required to be disclosed pursuant to Item 404 of SEC Regulation S-K if the shareholder making the nomination and any beneficial owners on whose behalf the nomination is made or any Associated Person acting in concert therewith were the "registrant" for purposes of such Item, and the shareholder's agreement that it will provide Applicable Updates of such information, and

(viii) a representation as to whether the shareholder, beneficial owner or Associated Person intends or is part of a group that intends (1) to solicit proxies or votes in support of such director nominees or nomination in accordance with Rule 14a-19 promulgated under the Exchange Act, and (2) to deliver a proxy

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statement and/or form of proxy to holders of at least 67% of the shares held of record on the record date for the meeting (or such other percentage of the corporation's outstanding capital stock required to elect the proposed nominee as may be set forth in the Exchange Act); such representation shall include the name of each participant (as defined in Item 4 of Schedule 14A under the Exchange Act) in such solicitation; and

(c) as to the shareholder giving the notice, the beneficial owner, if any, on whose behalf the nomination is made and any Associated Person of any such shareholder or beneficial owner, (A) the written consent of such shareholder, beneficial owner and Associated Person to the public disclosure of information provided pursuant to Article II, Section 14 and (B) the representation that such persons will comply in all respects with

the requirements of Regulation 14A under the Exchange Act, including, without limitation, the requirements of Rule 14a-19 (as such rule may be amended from time to time).

If it is determined in accordance with these Bylaws that a notice under this Article II. Section 14 does not satisfy applicable requirements, the chair of the board or secretary shall so declare and any such nomination shall not be introduced at such meeting of shareholders, notwithstanding that proxies in respect of such matters may have been received. If as a result of any such determination there is no nomination that may be properly introduced at such meeting of shareholders, the board of directors, in its discretion, may cancel the meeting. If it is determined in accordance with these Bylaws that any nomination has not been brought before a meeting in compliance with the requirements of these Bylaws (including if the shareholder does not provide any required Applicable Updates to the corporation), the chair of the meeting shall have the power and duty to declare that such nomination shall be disregarded, notwithstanding that proxies in respect of such matters may have been received.

Notwithstanding the foregoing provisions of this Article II. Section 14, a shareholder giving notice of nominations pursuant to this Article II. Section 14 shall also comply with all applicable requirements of the California General Corporation Law and the Exchange Act and the rules and regulations promulgated thereunder, including, without limitation, Rule 14a-19 promulgated under the Exchange Act, with respect to the matters set forth in this Article II. Section 14. Without limiting the generality of the foregoing, unless otherwise required by law, if such shareholder (i) provides notice pursuant to Rule 14a-19(b) promulgated under the Exchange Act, and (ii) subsequently fails to comply with the requirements of Rule 14a-19(a)(2) and Rule 14a-19(a)(3) promulgated under the Exchange Act, then the corporation shall disregard any proxies or votes solicited for any persons nominated by such shareholder. Upon request by the corporation, if any shareholder provides notice pursuant to Rule 14a-19(b) promulgated under the Exchange Act, such shareholder shall deliver to the corporation, no later than five (5) business days prior to the applicable meeting, reasonable evidence that it has met the requirements of Rule 14a-19(a)(3) promulgated under the Exchange Act.

Notwithstanding the foregoing provisions of this Article II. Section 14, if a shareholder (or a qualified representative of the shareholder) is not present at the meeting of shareholders to make a nomination, such nomination shall be disregarded, notwithstanding that proxies in respect of such vote have been received by the corporation. For purposes of this Article II. Section 14 to be considered a qualified representative of the shareholder, a person must be a duly authorized officer, manager or partner of such shareholder or authorized by a writing executed by such shareholder (or a reliable reproduction of the writing) delivered to the corporation prior to the making of such nomination at such meeting by such shareholder stating that such person is authorized to act for such shareholder as proxy at the meeting of shareholders. In the event that a qualified

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representative of the shareholder will appear at the annual or special meeting of shareholders to make a nomination, the shareholder must provide notice of the designation, including the identity of the representative, to the corporation at least forty-eight (48) hours prior to such meeting. Where a shareholder fails to provide such notice of designation to the corporation within the required timeframe, such shareholder must appear in person to present his, her or its nomination at the annual or special meeting or such nomination shall be disregarded as provided for above. Any action by the chair of the board, the secretary or the chair of the meeting pursuant to this Article II. Section 14 shall be conclusive and binding upon all shareholders of the corporation for any purpose.

Except as otherwise required by law, nothing in this Article II. Section 14 shall obligate the corporation or the board of directors to include in any proxy statement or other shareholder communication distributed on behalf of the corporation or the board of directors information with respect to any nominee for director submitted by a shareholder.

“Associated Person” of a person means (A) any person that is an associate of such person within the meaning of Rule 14a-1(a) under the Exchange Act and (B) any person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such person or such Associated Person, the term “control” (including the terms “controlled by” and “under common control with”) meaning the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise;

“Applicable Update” with respect to any category of information required to be provided pursuant to Article II. Section 4 or Article II. Sections 14 and 15 in connection with a meeting means a notice to the corporation in writing (A) within five (5) business days after the record date for notice of such meeting of any change in such information as of such record date and (B) within two (2) business days of any

change in such information that occurs after such record date; provided that neither this paragraph nor any other Section of these Bylaws shall (i) limit the corporation's rights with respect to any deficiencies in any notice provided by a shareholder, (ii) extend any applicable deadlines hereunder or (iii) enable or be deemed to permit a shareholder who has previously submitted notice hereunder or under any other provision of these Bylaws to amend or update any proposal or to submit any new proposal, including by changing or adding nominees, matters, business and/or resolutions proposed to be brought before a meeting of the shareholders;

a person shall be deemed to be "acting in concert" with another person if such person knowingly acts (whether or not pursuant to an express agreement) in concert with, or towards a common goal relating to the corporation in parallel with, such other person where (A) each person is conscious of the other person's conduct or intent and (B) at least one additional factor suggests that such persons intend to act in concert or in parallel, which such additional factors may include, without limitation, exchanging information (whether publicly or privately), attending meetings, conducting discussions or making or soliciting invitations to act in concert or in parallel; provided, that a person shall not be deemed to be acting in concert with any other person solely as a result of the solicitation of proxies after the filing of an effective Schedule 14A under Section 14(a) of the Exchange Act. A person acting in concert with another person shall be deemed to be acting in concert with any third party who is also acting in concert with such other person;

"public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in

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a document publicly filed by the corporation with the United States Securities and Exchange Commission (the "SEC") pursuant to Section 13, 14 or 15(d) of the Exchange Act; and shares shall be treated as "beneficially owned" by a person if the person beneficially owns such shares, directly or indirectly, for purposes of Section 13(d) of the Exchange Act and Regulations 13D and 13G thereunder.

Section 15. PROPER BUSINESS FOR SHAREHOLDER MEETINGS.

At the meeting of the shareholders, only such business shall be proper as shall be brought before the meeting (a) pursuant to the corporation's notice of meeting, (b) by or at the direction of the Board or (c) by any shareholder of the corporation who is a shareholder of record at the time of giving of the notice provided for in this Bylaw.

To be timely as to an annual meeting, a shareholder's notice must be received at the principal executive officers of the corporation not less than 90 days nor more than 110 days prior to the first anniversary of the preceding year's annual meeting; provided, however, that if the date of the annual meeting is changed by more than 30 days from such anniversary date, notice by the shareholder to be timely must be so received not later than the close of business on the 10th day following the earlier of the day on which notice of the date of the meeting was mailed to shareholders or public disclosure of such date was made.

Proposals must be in proper written form. To be in proper written form, a shareholder's notice shall set forth and include:

(a) as to any business that the shareholder proposes to bring before the meeting:

(i) a brief description of such business including, if applicable, the text of any resolutions proposed for consideration,

(ii) the reasons for conducting such business at the meeting, and

(iii) a description of any substantial interest such shareholder and the beneficial owner (within the meaning of Item 5 of Schedule 14A under the Exchange Act), if any, on whose behalf the proposal is made may have in such business;

(b) as to the shareholder giving the notice and the beneficial owner, if any, on whose behalf the proposal is made and any Associated Person of any such shareholder or beneficial owner:

(i) the name and address of such shareholder, as they appear on the corporation's books, and the name and address of such beneficial owner and Associated Person, if any,

(ii) the class or series and number of shares of the corporation owned of record by such shareholder and beneficially owned by such beneficial owner and Associated Person as of the date of the notice, and the shareholder's agreement that it will provide Applicable Updates of such information,

(iii) the name of each nominee holder of shares of the corporation owned beneficially but not of record by any such person, and the number of such shares held by such nominee holder, and the shareholder's agreement that it will provide Applicable Updates of such information,

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(iv) a representation that the shareholder intends to be present in person or by proxy at the meeting,

(v) a description of (i) any agreement, arrangement or understanding (whether or not in writing) with respect to the business between or among such shareholder, beneficial owner or Associated Person and any other person, including, without limitation, any agreements that would be required to be described or reported pursuant to Item 5 or Item 6 of Schedule 13D under the Exchange Act (regardless of whether the requirement to file a Schedule 13D is applicable to the shareholder or beneficial owner), (ii) any material direct or indirect interest of the shareholder, beneficial owner or Associated Person in such business, including any anticipated benefit therefrom, (iii) any circumstances in which such shareholder, beneficial owner or Associated Person may be considered to be acting in concert with any other person with respect to the business, including, without limitation, the identity of the other person or persons, the common goal or goals toward which they are acting and the information available to such shareholder, beneficial owner or Associated Person with respect to the voting power and pecuniary or economic interest of such other person or persons in the securities (or other interests, instruments, or arrangements as described in paragraph (F) below) of or with respect to the corporation, (iv) any material pending or threatened legal proceeding in which such shareholder is a party or material participant involving the corporation or any of its officers or directors or any Affiliate of the corporation, and (v) the shareholder's agreement that it will provide Applicable Updates of such information,

(vi) a description of any derivative instrument, swap, option, warrant, short interest, hedge or profit interest that has been entered into by or on behalf of such shareholder, beneficial owner or Associated Person with respect to shares of the corporation (including the notional number of shares that are the subject of such agreement or arrangement or instrument) and a description of any other transaction, agreement, arrangement or understanding (including any short position or any borrowing or lending of such shares) that has been made by or on behalf of such shareholder, beneficial owner or Associated Person, the effect or intent of which is to mitigate loss to, or to manage the risk or benefit of share price changes for, such shareholder, beneficial owner or Associated Person or to increase or decrease the voting power or pecuniary or economic interest of such shareholder, beneficial owner or Associated Person with respect to such shares (including the notional number of shares that are the subject of such transaction, agreement, arrangement or understanding), any rights to dividends on the shares of stock of the corporation owned by such person that are separated or separable from the underlying shares, and the shareholder's agreement that it will provide Applicable Updates of such information,

(vii) a description of any agreement, arrangement or understanding (whether or not in writing) between or among such shareholder, beneficial owner or Associated Person and any other person relating to acquiring, holding, voting or disposing of any such shares, including the number of shares that are the subject of such agreement, arrangement or understanding, and

(c) as to the shareholder giving the notice, the beneficial owner, if any, on whose behalf the proposal is made and any Associated Person of any such shareholder or beneficial owner, (A) the written consent of such shareholder, beneficial owner and Associated Person to the public disclosure of information provided pursuant to Article II.

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Section 15 and (B) the representation that such persons will comply in all respects with the requirements of Regulation 14A under the Exchange Act, including, without limitation, the requirements of Rule 14a-19 (as such rule may be amended from time to time).

The provisions of this Article II. Section 15 shall not apply to any shareholder proposal submitted pursuant to and in compliance with Rule 14a-8 promulgated under the Exchange Act.

If it is determined in accordance with these Bylaws that a notice under this Article II. Section 15 does not satisfy applicable requirements, the chair of the board or secretary shall so declare and any such other business shall not be introduced at such meeting of shareholders, notwithstanding that proxies in respect of such matters may have been received. If as a result of any such determination there is no business that may be properly introduced at such meeting of shareholders, the board of directors, in its discretion, may cancel the meeting. If it is determined in accordance with these Bylaws that any business has not been brought before a meeting in compliance with the requirements of these Bylaws (including if the shareholder does not provide any required Applicable Updates to the corporation), the chair of the meeting shall have the power and duty to declare that such proposal shall be disregarded, notwithstanding that proxies in respect of such matters may have been received.

Notwithstanding the foregoing provisions of this Article II. Section 15, a shareholder giving notice of business pursuant to this Article II. Section 15 shall also comply with all applicable requirements of the California General Corporation Law and the Exchange Act and the rules and regulations promulgated thereunder.

Notwithstanding the foregoing provisions of this Article II. Section 15, if a shareholder (or a qualified representative of the shareholder) is not present at the meeting of shareholders to propose business, such proposed business shall not be transacted, notwithstanding that proxies in respect of such vote have been received by the corporation. For purposes of this Article II. Section 15 to be considered a qualified representative of the shareholder, a person must be a duly authorized officer, manager or partner of such shareholder or authorized by a writing executed by such shareholder (or a reliable reproduction of the writing) delivered to the corporation prior to the making of a proposal at such meeting by such shareholder stating that such person is authorized to act for such shareholder as proxy at the meeting of shareholders. In the event that a qualified representative of the shareholder will appear at the annual or special meeting of shareholders to propose business, the shareholder must provide notice of the designation, including the identity of the representative, to the corporation at least forty-eight (48) hours prior to such meeting. Where a shareholder fails to provide such notice of designation to the corporation within the required timeframe, such shareholder must appear in person to present his, her or its proposed business at the annual or special meeting or such proposed business shall not be transacted as provided for above. Any action by the chair of the board, the secretary or the chair of the meeting pursuant to this Article II. Section 15 shall be conclusive and binding upon all shareholders of the corporation for any purpose.

ARTICLE III. DIRECTORS.

Section 1. POWERS. Subject to limitations of the Articles, of these Bylaws and of the California General Corporation Law relating to action required to be approved by the shareholders or by the outstanding shares, the business and affairs of the corporation shall be managed and all corporate powers shall be exercised by or under the direction of the Board. Without prejudice to such general powers, but

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subject to the same limitations, it is hereby expressly declared that the Board shall have the following powers in addition to the other powers enumerated in these Bylaws:

- (a) To select and remove all the other officers, agents and employees of the corporation, prescribe the powers and duties for them as may not be inconsistent with law, the Articles or these Bylaws, fix their compensation and require from them security for faithful service.
- (b) To conduct, manage and control the affairs and business of the corporation and to make such rules and regulations therefor not inconsistent with law, the Articles or these Bylaws, as they may deem best.
- (c) To adopt, make and use a corporate seal, and to prescribe the forms of certificates of stock, and to alter the form of such seal and of such certificates from time to time, as they may deem best.

(d) To authorize the issuance of shares of stock of the corporation from time to time, upon such terms and for such consideration as may be lawful.

(e) To borrow money and incur indebtedness for the purposes of the corporation, and to cause to be executed and delivered therefor, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidences of debt and securities therefor.

Section 2. NUMBER OF DIRECTORS. The authorized number of directors shall be not less than six nor more than eleven until changed by amendment of the Articles or by a Bylaw duly adopted by the shareholders amending this Section 2. The exact number of directors shall be fixed, within the limits specified, by the Board from time to time in a resolution adopted by a majority of the directors.

Section 3. ELECTION AND TERM OF OFFICE. Except as otherwise provided in the Articles, the directors shall be elected at each annual meeting of the shareholders, but if any such annual meeting is not held or the directors are not elected thereat, the directors may be elected at any special meeting of shareholders held for that purpose. Each director shall hold office until the next annual meeting and until a successor has been elected and qualified.

Section 4. VACANCIES. Any director may resign effective upon giving written notice to the Chairman of the Board, the Chief Executive Officer or if there be no Chief Executive Officer, the President, the Secretary or the Board, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, a successor may be elected to take office when the resignation becomes effective.

Vacancies in the Board, except those existing as a result of a removal of a director, may be filled by a majority of the remaining directors, though less than a quorum, or by a sole remaining director, and each director so elected shall hold office until the next annual meeting and until such director's successor has been elected and qualified.

A vacancy or vacancies in the Board shall be deemed to exist in case of the death, resignation or removal of any director, or if the authorized number of directors be increased, or if the shareholders fail, at any annual or special meeting of shareholders at which any director or

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directors are elected, to elect the full authorized number of directors to be voted for at that meeting.

The Board may declare vacant the office of a director who has been declared of unsound mind by an order of court or convicted of a felony.

The shareholders, subject to applicable law and these Bylaws, may elect a director or directors at any time to fill any vacancy or vacancies not filled by the directors. Any such election by written consent, other than to fill a vacancy created by removal, requires the consent of a majority of the outstanding shares entitled to vote. Any such election by written consent to fill a vacancy created by removal requires unanimous consent.

No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of the director's term of office.

Section 5. PLACE OF MEETING. Regular or special meetings of the Board shall be held at any place within or without the State of California which has been designated from time to time by the Board. In the absence of such designation, regular meetings shall be held at the principal executive office of the corporation.

Section 6. REGULAR MEETINGS. Immediately following each annual meeting of shareholders, the Board shall hold a regular meeting for the purpose of organization, election of officers and the transaction of other business.

Other regular meetings of the Board shall be held without call on such dates and at such times as may be fixed by the Board. Call and notice of all regular meetings of the Board are hereby dispensed with.

Section 7. SPECIAL MEETINGS. Special meetings of the Board for any purpose or purposes may be called at any time by the Chairman of the Board, the Chief Executive Officer or if there be no Chief Executive Officer, the President, the Chief Operating Officer, any

Executive Vice President, any Senior Vice President or any Vice President, the Secretary or by any two directors.

Special meetings of the Board shall be held upon four days' written notice or forty-eight hours' notice given personally or by telephone, telegraph, telex, or other similar means of communication. Any such notice shall be addressed or delivered to each director at such director's address as it is shown upon the records of the corporation or as may have been given to the corporation by the director for purposes of notice or, if such address is not shown on such records or is not readily ascertainable, at the place in which the meetings of the directors are regularly held.

Notice by mail shall be deemed to have been given at the time a written notice is deposited in the United States mails, postage prepaid. Any other written notice shall be deemed to have been given at the time it is personally delivered to the recipient or is delivered to a common carrier for transmission, or actually transmitted by the person giving the notice by electronic means, to the recipient. Oral notice shall be deemed to have been given at the time it is communicated, in person or by telephone or wireless, to the recipient or to a person at the office of the recipient who the person giving the notice has reason to believe will promptly communicate it to the recipient.

Section 8. QUORUM. A majority of the authorized number of directors constitutes a quorum of the Board for the transaction of business, except to adjourn as

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provided in Section 11 of this Article. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board, unless a greater number be required by law or by the Articles. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for such meeting.

Section 9. PARTICIPATION IN MEETINGS BY CONFERENCE TELEPHONE. Members of the Board may participate in a meeting through use of conference telephone or similar communications equipment, so long as all members participating in such meeting can hear one another.

Section 10. WAIVER OF NOTICE. Notice of a meeting need not be given to any director who signs a waiver of notice or consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such director. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meetings.

Section 11. ADJOURNMENT. A majority of the directors present, whether or not a quorum is present, may adjourn any directors' meeting to another time and place. Notice of the time and place of holding an adjourned meeting need not be given to absent directors if the time and place be fixed at the meeting adjourned, except as provided in the next sentence. If the meeting is adjourned for more than twenty-four hours, notice of any adjournment to another time or place shall be given prior to the time of the adjourned meeting to the directors who were not present at the time of the adjournment.

Section 12. FEES AND COMPENSATION. Directors and members of committees may receive such compensation, if any, for their services, and such reimbursement for expenses, as may be fixed or determined by the Board.

Section 13. ACTION WITHOUT MEETING. Any action required or permitted to be taken by the Board may be taken without a meeting if all members of the Board shall individually or collectively consent in writing to such action. Such consent or consents shall have the same effect as a unanimous vote of the Board and shall be filed with the minutes of the proceedings of the Board.

Section 14. RIGHTS OF INSPECTION. Every director shall have the absolute right at any reasonable time to inspect and copy all books, records and documents of every kind and to inspect the physical properties of the corporation and also of its subsidiary corporations, domestic or foreign. Such inspection by a director may be made in person or by agent or attorney and includes the right to copy and obtain extracts.

Section 15. COMMITTEES. The Board may appoint one or more committees, each consisting of two or more directors, and delegate to such committees any of the authority of the Board except with respect to:

(a) The approval of any action for which the California General Corporation Law also requires shareholders' approval or approval of the outstanding shares;

(b) The filling of vacancies on the Board or on any committee;

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(c) The fixing of compensation of the directors for service on the Board or on any committee;

(d) The amendment or repeal of bylaws or the adoption of new bylaws;

(e) The amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable;

(f) A distribution to the shareholders of the corporation except at a rate or in a periodic amount or within a price range determined by the Board; or

(g) The appointment of other committees of the Board or the members thereof.

Any such committee must be designated, and the members or alternate members thereof appointed, by resolution adopted by a majority of the authorized number of directors and any such committee may be designated an Executive Committee or by such other name as the Board shall specify. Alternative members of a committee may replace any absent member at any meeting of the committee. The Board shall have the power to prescribe the manner in which proceedings of any such committee shall be conducted. In the absence of any such prescription, such committee shall have the power to prescribe the manner in which its proceedings shall be conducted. Unless the Board or such committee shall otherwise provide, the regular and special meetings and other actions of any such committee shall be governed by the provisions of this Article applicable to meetings and actions of the Board. Minutes shall be kept of each meeting of each committee.

Section 16. CHAIRMAN OF THE BOARD. The Board of Directors shall appoint a director to serve as Chairman of the Board of this Corporation that satisfies the independence requirements of the New York Stock Exchange. The Chairman of the Board of this Corporation shall have the duties set forth in Article II, Sections 2, 13, 14 and 15 and Article III, Sections 4 and 7 and such other duties as may be from time to time be assigned by the Board. The Board of Directors may also have, at the discretion of the Board, a Vice Chairman of the Board. The Vice Chairman of the Board, if there shall be such a position, shall have such duties as may be from time to time assigned by the Board.

Section 17. RESIGNATIONS.

(a) Any director may resign at any time upon written notice to the chair of the board, chief executive officer, president or secretary of the corporation. A resignation is effective when delivered unless the resignation specifies a later effective date or an effective date determined upon the happening of an event or events.

(b) Each individual nominated for election as a director who consents to stand for election shall tender an irrevocable resignation in advance of the meeting for the election of directors. Such resignation shall become effective upon a determination by the board of directors or the Nominating and Governance Committee that (i) the information provided to the corporation by such individual pursuant to Section 14 of these Bylaws was untrue in any material respect or omitted to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading or (ii) such individual, or any shareholder or group

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of shareholders who nominated such individual, shall have breached any obligations owed to the corporation under these Bylaws or otherwise under California law.

ARTICLE IV. OFFICERS.

Section 1. OFFICERS. The officers of the corporation shall be a President, a Secretary and a Chief Financial Officer. The corporation may also have, at the discretion of the Board, a Chief Executive Officer who shall have the powers and duties vested in the office of president under California law, a Chief Operating Officer, one or more Executive Vice Presidents, Senior Vice Presidents or Vice Presidents, a Treasurer, one or more Assistant Secretaries, one or more Assistant Treasurers, and such other officers as may be elected or appointed in accordance with the provisions of Section 3 of this Article

Section 2. ELECTION. The officers of the corporation, except such officers as may be elected or appointed in accordance with the provisions of Section 3 or Section 5 of this Article, shall be chosen annually by, and shall serve at the pleasure of, the Board, and shall hold their respective offices until their resignation, removal, or other disqualification from service, or until their respective successors shall be elected.

Section 3. SUBORDINATE OFFICERS. The Board may elect, and may empower the Chief Executive Officer, or, if there be no Chief Executive Officer, the President, to appoint such other officers as the business of the corporation may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in these Bylaws or as the Board may from time to time determine.

Section 4. REMOVAL AND RESIGNATION. Any officer may be removed, either with or without cause, by the Board at any time or, except in the case of an officer chosen by the Board, by an officer upon whom such power of removal may be conferred by the Board. Any such removal shall be without prejudice to the rights, if any, of the officer under any contract of employment of the officer.

Any officer may resign at any time by giving written notice to the corporation, but without prejudice to the rights, if any, of the corporation under any contract to which the officer is a party. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5. VACANCIES. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these Bylaws for regular election or appointment to such office.

Section 6. PRESIDENT AND CHIEF EXECUTIVE OFFICER. The Chief Executive Officer or the President, if there shall be no Chief Executive Officer, shall have the general powers and duties of management usually vested in the office of the president of a corporation and such other powers and duties as may be prescribed by the Board. In the absence of the Chairman of the Board, or if there be none, the Chief Executive Officer (or, if there shall be no Chief Executive Officer, the President) shall preside at all meetings of the shareholders and the Board. In the

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absence or disability of the Chief Executive Officer, if other than the President, the President shall perform all the duties of the Chief Executive Officer and, when so acting, shall have all of the powers of, and be subject to all the restrictions upon, the Chief Executive Officer.

Section 7. VICE PRESIDENTS AND CHIEF OPERATING OFFICER. The Chief Operating Officer, the Executive Vice Presidents and Senior Vice Presidents, if any, and other Vice Presidents shall have (subject to the authority of the Board) such powers and perform such duties as from time to time determined by the Chief Executive Officer or, if there be no Chief Executive Officer, the President. In the absence or disability of the Chief Executive Officer, if other than the President, or the President, if there shall be no Chief Executive Officer, the Chief Operating Officer, if any, and the Vice Presidents, in the following order, shall perform all the duties of the Chief Executive Officer or President, as the case may be, and, when so acting, shall have all the powers of, and be subject to all the restrictions upon, the Chief

Executive Officer or President, as the case may be: the Chief Operating Officer, if any, the Executive Vice Presidents, if any, in the order of their rank as fixed by the Board, or if not ranked, the Executive Vice President designated by the Board, the Senior Vice Presidents, if any, in the order of their rank as fixed by the Board, or if not ranked, the Senior Vice President designated by the Board and the Vice Presidents in the order of their rank as fixed by the Board, or if not ranked, the Vice President designated by the Board. The Chief Operating Officer, the Executive Vice President, Senior Vice President or Vice President so designated shall have such other powers and perform such other duties as from time to time may be prescribed for them, respectively, by the Board.

Section 8. SECRETARY. The Secretary shall keep or cause to be kept, at the principal executive office and such other place as the Board may order, a book of minutes of all meetings of shareholders, the Board and its committees, with the time and place of holding, whether regular or special, how authorized, the notice thereof given, the names of those present at Board and committee meetings, the number of shares present or represented at shareholders' meetings, and the proceedings thereof. The Secretary shall keep, or cause to be kept, a copy of the Bylaws of the corporation at the principal executive office or business office in accordance with Section 213 of the California General Corporation Law.

The Secretary shall keep, or cause to be kept, at the principal executive office or at the office of the corporation's transfer agent or registrar, if one be appointed, a share register, or a duplicate share register, showing the names of the shareholders and their addresses, the number of classes of shares held by each, the number and date of certificates issued for the same, and the number and date of cancellation of every certificate surrendered for cancellation.

The Secretary shall give, or cause to be given, notice of all meetings of the shareholders and of the Board and any committees thereof required by these Bylaws or by law to be given, shall keep the seal of the corporation in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board.

Section 9. CHIEF FINANCIAL OFFICER. The Chief Financial Officer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the corporation, and shall send or cause to be sent to the shareholders of the corporation such financial statements and reports as are by law or these Bylaws required to be sent to them. The books of account shall at all times be open to inspection by any director.

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The Chief Financial Officer shall deposit all monies and other valuables in the name and to the credit of the corporation with such depositories as may be designated by the Board. The Chief Financial Officer shall disburse the funds of the corporation as may be ordered by the Board, shall render to the Chief Executive Officer or if there be no Chief Executive Officer, the President and the directors, whenever they request it, an account of all transactions as Chief Financial Officer and of the financial condition of the corporation, and shall have such other powers and perform such other duties as may be prescribed by the Board.

ARTICLE V. OTHER PROVISIONS.

Section 1. INSPECTION OF CORPORATE RECORDS.

(a) A shareholder or shareholders holding at least five percent in the aggregate of the outstanding voting shares of the corporation or who hold at least one percent of such voting shares and have filed a Schedule 14B with the United States Securities and Exchange Commission relating to the election of directors of the corporation shall have the absolute right to do either or both of the following:

(i) Inspect and copy the record of shareholders' names and addresses and shareholders during usual business hours upon five business days' prior written demand upon the corporation; or

(ii) Obtain from the transfer agent, if any, for the corporation, upon five business days' prior written demand and upon the tender of its usual charges for such a list (the amount of which charges shall be stated to the shareholder by the transfer agent upon request), a list of the shareholders' names and addresses who are entitled to vote for the election of directors and their shareholdings, as of the most recent complied or as of the date specified by the shareholder subsequent to the date of demand.

(b) The record of shareholders shall also be open to inspection and copying by any shareholder or holder of a voting trust certificate at any time during usual business hours upon written demand on the corporation, for a purpose reasonably related to such holder's interest as a shareholder or holder of a voting trust certificate.

(c) The accounting books and records and minutes of proceedings of the shareholders and the Board and committees of the Board shall be open to inspection upon written demand on the corporation of any shareholder or holder of a voting trust certificate at any reasonable time during usual business hours, for a purpose reasonably related to such holder's interests as a shareholder or as a holder of such voting trust certificate.

(d) Any inspection and copying under this Article may be made in person or by agent or attorney.

Section 2. INSPECTION OF BYLAWS. The corporation shall keep in its principal executive office in the State of California, or if its principal executive office is not in such State at its principal business office in such state, the original or copy of these Bylaws as amended to date, which shall be open to inspection by shareholders at all reasonable times during office hours. If the principal executive office of the corporation is located outside the State of California and the corporation has no principal business office in such state, it shall upon the written request of any shareholder furnish to such shareholder a copy of these Bylaws as amended to date.

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Section 3. ENDORSEMENT OF DOCUMENTS, CONTRACTS. Subject to the provisions of applicable law, any note, mortgage, evidence of indebtedness, contract, share certificate, conveyance or other instrument in writing and any assignment or endorsements thereof executed or entered into between the corporation and any other person, when signed by the Chief Executive Officer, the President, the Chief Operating Officer or any Executive Vice President, Senior Vice President or Vice President and the Secretary, any Assistant Secretary, the Chief Financial Officer, the Treasurer or any Assistant Treasurer of the corporation, shall be valid and binding on the corporation in the absence of actual knowledge on the part of the other person that the signing officers had no authority to execute the same. Any such instruments may be signed by any other person or persons and in such manner as from time to time shall be determined by the Board, and, unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or amount.

Section 4. CERTIFICATES FOR SHARES.

(a) Shares of the capital stock of the corporation may be certificated or uncertificated, as provided under the General Corporation Law of California. Each shareholder, upon written request to the transfer agent or registrar of the corporation, shall be entitled to have a certificate in the name of the corporation by the Chief Executive Officer or if there be no Chief Executive Officer, the President or the Chief Operating Officer, any Executive Vice President, any Senior Vice President or any Vice President and by the Chief Financial Officer, the Treasurer or an Assistant Treasurer or the Secretary or Assistant Secretary, certifying the number of shares and the class or series of shares owned by the shareholder. Any or all of the signatures on the certificate may be facsimile. If any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if such person were an officer, transfer agent or registrar at the date of issue. Shares issued prior to the date on which the shares have become eligible for issuance in uncertificated form shall be certificated shares until a certificate for such shares is surrendered to this corporation.

(b) Shares may be issued prior to full payment under such restrictions and for such purposes as the Board may provide; *provided, however*, that on any certificate issued to represent any partly paid shares, or, for uncertificated shares, on the initial transaction statement for such partly paid shares, the total amount of the consideration to be paid therefor and the amount paid thereon shall be stated.

(c) Subject to any restrictions on transfer and unless otherwise provided by the Board of Directors, shares of stock may be transferred only on the books of the corporation, if such shares are certificated, and by the surrender to the corporation or its transfer agent of the certificate therefore properly endorsed or accompanied by a written assignment or power of attorney properly executed, or upon proper instructions from the holder of uncertificated shares, in each case, with such proof of the authenticity of signature as the corporation or its transfer agent may reasonably require.

(d) Except as provided in this Section or the General Corporation Law of California, no certificate for shares shall be issued in lieu of an old one unless the latter is surrendered and cancelled at the same time. The Board may, however, if any share certificate or new certificate is alleged to have been lost, stolen or destroyed, authorize the issuance of a new certificate in lieu thereof, and the corporation may require that the corporation be given a bond or other adequate

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security sufficient to indemnify it against any claim that may be made against it (including expense or liability) on account of the alleged loss, theft, or destruction of such certificate or the issuance of such new certificate.

(e) When the articles of incorporation are amended in any way affecting the statements contained in the certificates for outstanding shares, or it becomes desirable for any reason, in the discretion of the Board, to cancel any outstanding certificates for shares and issue new certificates therefor conforming to the rights of the holder, the Board may order any holders of outstanding certificates to surrender and exchange them for new certificates within a reasonable period of time. When the articles of incorporation are amended in any way affecting the statements contained in the initial transaction statements or other written statements for outstanding uncertificated securities, or it becomes desirable for any reason in the discretion of the Board, to amend, revise, or supersede any outstanding initial transaction statements or written statements, the Board may order the issuance and delivery to holders of record of amended, revised, or superseding initial transaction statements or written statements.

Section 5. REPRESENTATION OF SHARES OF OTHER CORPORATIONS. The Chief Executive Officer, the President or any other officer or officers authorized by the Board or the Chief Executive Officer are each authorized to vote, represent and exercise on behalf of the corporation all rights incident to any and all shares of any other corporation or corporations standing in the name of the corporation. The authority herein granted may be exercised either by any such officer in person or by any other person authorized so to do by proxy or power of attorney duly executed by said officer.

Section 6. STOCK PURCHASE PLANS. The corporation may adopt and carry out a stock purchase plan or agreement or stock option plan or agreement providing for the issue and sale for such consideration as may be fixed of its unissued shares, or of issued shares acquired or to be acquired, to one or more of the employees or directors of the corporation or of a subsidiary or to a trustee on their behalf and for the payment for such shares in installments or at one time, and may provide for aiding any such persons in paying for such shares by compensation for services rendered, promissory notes or otherwise.

Any such stock purchase plan or agreement or stock option plan or agreement may include, among other features, the fixing of eligibility for participation therein, the class and price of shares to be issued or sold under the plan or agreement, the number of shares which may be subscribed for, the method of payment therefor, the reservation of title until full payment therefor, the effect of the termination of employment, an option or obligation on the part of the corporation, to repurchase the shares upon termination of employment, restrictions upon transfer of the shares, the time limits of and termination of the plan, and any other matters, not in violation of applicable law, as may be included in the plan as approved or authorized by the Board or any committee of the Board.

Section 7. CONSTRUCTION AND DEFINITIONS. Unless the context otherwise requires, the general provisions, rules of construction and definitions contained in the General Provisions of the California Corporations Code and in the California General Corporation Law shall govern the construction of these Bylaws.

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ARTICLE VI. INDEMNIFICATION.

Section 1. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

(a) Each person who was or is a party or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a director or officer of the corporation, or of any predecessor corporation, or is or was a director or officer who is or was serving at the request of the corporation as a director, officer, employee or other agent of another corporation, a partnership, joint venture, trust or other enterprise (including service with respect to corporation-sponsored employee benefit plans), whether the basis of such proceeding is alleged action or inaction in an official capacity as a director or officer or in any other capacity while serving as a director or officer, shall, subject to the terms of any agreement between the corporation and such person, be indemnified and held harmless by the corporation to the fullest extent permissible under California law and the corporation's Articles, against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) actually and reasonably incurred or suffered by such person in connection therewith; provided, however, that amounts paid in settlement of a proceeding shall be payable only if the settlement is approved in writing by the corporation. Such indemnification shall continue as to a person who has ceased to be a director or officer for acts performed while a director or officer and shall inure to the benefit of his or her heirs, executors and administrators. Notwithstanding the foregoing, the corporation shall indemnify any such person in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of the corporation. The right to indemnification conferred in this Article shall include the right to be paid by the corporation the expenses incurred in defending any proceeding in advance of final disposition to the fullest extent permitted by law; provided, however, that the payment under this Article of such expenses in advance of the final disposition of a proceedings shall be conditioned upon the delivery to the corporation of a written request for such advance and of an undertaking by or on behalf of the director or officer to repay all amounts so advanced if it shall be ultimately determined that such director or officer is not entitled to be indemnified.

(b) Notwithstanding the foregoing or any other provisions under this Article, the corporation shall not be liable under this Article to indemnify a director or officer against expenses, liabilities or losses incurred or suffered in connection with, or make any advances with respect to, any proceeding against a director or officer: (i) as to which the corporation is prohibited by applicable law from paying as an indemnity; (ii) with respect to expenses of defense or investigation, if such expenses were or are incurred without the corporation's consent (which consent may not be unreasonably withheld); (iii) for which payment is actually made to the director or officer under a valid and collectible insurance policy maintained by the corporation, except in respect of any excess beyond the amount of payment under such insurance; (iv) for which payment is actually made to the director or officer under an indemnity by the corporation otherwise than pursuant to this Bylaw Article, except in respect of any excess beyond the amount of payment under such indemnity; (v) based upon or attributable to the director or officer gaining in fact any personal profit or advantage to which he or she was not legally entitled; (vi) for an accounting of profits made from the purchase or sale by the director or officer of securities of the corporation pursuant to the provisions of Section 16(b) of the Securities Exchange Act of 1934 and amendments thereto or similar provisions of any federal, state or local statutory law; or (vii) based upon acts or omissions involving intentional misconduct or a knowing and culpable violation of law.

Section 2. INDEMNIFICATION OF EMPLOYEES AND AGENTS. A person who was or is a party or is threatened to be made a party to or is involved in

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any proceeding by reason of the fact that he or she is or was an employee or agent of the corporation or is or was an employee or agent of the corporation who is or was serving at the request of the corporation as an employee or agent of another enterprise, including service with respect to corporation-sponsored employee benefits plans, whether the basis of such action is alleged action or inaction in an official capacity or in any other capacity while serving as an employee or agent, may, upon appropriate action by the corporation and subject to the terms of any agreement between the corporation and such person, be indemnified and held harmless by the corporation up to the fullest extent permitted by California law and the corporation's Articles, against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) actually and reasonably incurred or suffered by such person in connection therewith.

Section 3. RIGHT OF DIRECTORS AND OFFICERS TO BRING SUIT. If a claim under Section 1 of this Article is not paid by the corporation or on its behalf within 90 days after a written claim has been received by the corporation, the claimant may at any time thereafter

bring suit against the corporation to recover the unpaid amount of the claim, and, if successful in whole or in part, the claimant also shall be entitled to be paid the expense of prosecuting such claim.

Section 4. SUCCESSFUL DEFENSE. Notwithstanding any other provision of this Article, to the extent that a director or officer has been successful on the merits or otherwise (including the dismissal of a proceeding without prejudice or the settlement with the written consent of the corporation of a proceeding without admission of liability) in defense of any proceeding referred to in Section 1 or in defense of any claim, issue or matter therein, such director or officer shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred in connection therewith.

Section 5. INDEMNITY AGREEMENTS. The corporation may enter into agreements with any director, officer, employee or agent of the corporation providing for indemnification to the fullest extent permissible under applicable law and the corporation's Articles.

Section 6. SUBROGATION. In the event of payment by the corporation of a claim under Section 1 of this Article, the corporation shall be subrogated to the extent of such payment to all of the rights of recovery of the indemnified person, who shall execute all papers required and shall do everything that may be necessary or appropriate to secure such rights, including the execution of such documents necessary or appropriate to enable the corporation effectively to bring suit to enforce such rights.

Section 7. NON-EXCLUSIVITY RIGHTS. The right to indemnification provided by this Article shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, bylaw, agreement, vote of shareholders or disinterested directors or otherwise.

Section 8. INSURANCE. The corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the corporation or another corporation, a partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the corporation would have the power to indemnify such person against such expense, liability or loss under California law.

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Section 9. EXPENSES AS A WITNESS. To the extent that any director, officer or employee of the corporation is by reason of such position a witness in any action, suit or proceeding, he or she will be indemnified against all costs and expenses actually and reasonably incurred by him or her or on his or her behalf in connection therewith.

Section 10. NONAPPLICABILITY TO FIDUCIARIES OF EMPLOYEE BENEFIT PLANS. This Article does not apply to any proceeding against any trustee, investment manager or other fiduciary of an employee benefit plan in such person's capacity as such, even though such person may also be an agent of the corporation. The corporation shall have power to indemnify such trustee, investment manager or other fiduciary to the extent permitted by subdivision (f) of Section 207 of the California General Corporation Law.

Section 11. SEPARABILITY. Each and every paragraph, sentence, term and provision of this Article is separate and distinct so that if any paragraph, sentence, term or provision shall be held to be invalid or unenforceable for any reason, such invalidity or unenforceability shall not affect the validity or enforceability of any other paragraph, sentence, term or provision hereof. To the extent required, any paragraph, sentence, term or provision of this Article may be modified by a court of competent jurisdiction to preserve its validity and to provide the claimant with, subject to the limitations set forth in this Article and any agreement between the corporation and the claimant, the broadest possible indemnification permitted under applicable law.

Section 12. EFFECT OF REPEAL OR MODIFICATION. Any repeal or modification of this Article shall not adversely affect any right of indemnification of a director, officer, employee or agent of the corporation existing at the time of such repeal or modification with respect to any action or omission occurring prior to such repeal or modification.

ARTICLE VII. EMERGENCY PROVISIONS.

Section 1. GENERAL. The provisions of this Article shall be operative only during a national emergency declared by the President of the United States or the person performing the President's functions, or in the event of a nuclear, atomic or other attack on the United States or a disaster making it impossible or impracticable for the corporation to conduct its business without recourse to the provisions of this

Article. Said provisions in such event shall override all other Bylaws of the corporation in conflict with any provisions of this Article, and shall remain operative so long as it remains impossible or impracticable to continue the business of the corporation otherwise, but thereafter shall be inoperative; provided that all actions taken in good faith pursuant to such provisions shall thereafter remain in full force and effect unless and until revoked by action taken pursuant to the provisions of the Bylaws other than those contained in this Article.

Section 2. UNAVAILABLE DIRECTORS. All directors of the corporation who are not available to perform their duties as directors by reason of physical or mental incapacity or for any other reason or who are unwilling to perform their duties or whose whereabouts are unknown shall automatically cease to be directors, with like effect as if such persons had resigned as directors, so long as such unavailability continues.

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Section 3. AUTHORIZED NUMBER OF DIRECTORS. The authorized number of directors shall be the number of directors remaining after eliminating those who have ceased to be directors pursuant to Section 2, or the minimum number required by law, whichever number is greater.

Section 4. QUORUM. The number of directors necessary to constitute a quorum shall be one-third of the authorized number of directors as specified in the foregoing Section, or other minimum number as, pursuant to the law or lawful decree then in force, it is possible for the Bylaws of a corporation to specify.

Section 5. CREATION OF EMERGENCY COMMITTEE. In the event the number of directors remaining after eliminating those who have ceased to be directors pursuant to Section 2 is less than the minimum number of authorized directors required by law, then until the appointment of additional directors to make up such required minimum, all the powers and authorities which the Board could by law delegate, including all powers and authorities which the Board could delegate to a committee, shall be automatically vested in an emergency committee, and the emergency committee shall thereafter manage the affairs of the corporation pursuant to such powers and authorities and shall have all other powers and authorities as may by law or lawful decree be conferred on any person or body of persons during a period of emergency.

Section 6. CONSTITUTION OF EMERGENCY COMMITTEE. The emergency committee shall consist of all the directors remaining after eliminating those who have ceased to be directors pursuant to Section 2, *provided that* such remaining directors are not less than three in number. In the event such remaining directors are less than three in number the emergency committee shall consist of three persons, who shall be the remaining director or directors and either one or two officers or employees of the corporation as the remaining director or directors may in writing designate. If there is no remaining director, the emergency committee shall consist of the three most senior officers of the corporation who are available to serve, and if and to the extent that officers are not available, the most senior employees of the corporation. Seniority shall be determined in accordance with any designation of seniority in the minutes of the proceedings of the Board, and in the absence of such designation, shall be determined by rate of remuneration. In the event that there are no remaining directors and no officers or employees of the corporation available, the emergency committee shall consist of three persons designated in writing by the shareholder owning the largest number of shares of record as of the date of the last record date.

Section 7. POWERS OF EMERGENCY COMMITTEE. The emergency committee, once appointed, shall govern its own procedures and shall have power to increase the number of members thereof beyond the original number, and in the event of a vacancy or vacancies therein, arising at any time, the remaining member or members of the emergency committee shall have the power to fill such vacancy or vacancies. In the event at any time after its appointment all members of the emergency committee shall die or resign or become unavailable to act for any reason whatsoever, a new emergency committee shall be appointed in accordance with the foregoing provisions of this Article.

Section 8. DIRECTORS BECOMING AVAILABLE. Any person who has ceased to be a director pursuant to the provisions of Section 2 and who thereafter

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becomes available to serve as a director shall automatically become a member of the emergency committee.

Section 9. ELECTION OF BOARD OF DIRECTORS. The emergency committee, shall, as soon after its appointment as is practicable, take all requisite action to secure the election of a board of directors, and upon such election, all the powers and authorities of the emergency committee shall cease.

Section 10. TERMINATION OF EMERGENCY COMMITTEE. In the event, after the appointment of an emergency committee, a sufficient number of persons who ceased to be directors pursuant to Section 2 become available to serve as directors, so that if they had not ceased to be directors as aforesaid, there would be enough directors to constitute the minimum number of directors required by law, then all such persons shall automatically be deemed to be reappointed as directors and the powers and authorities of the emergency committee shall be at an end.

ARTICLE VIII. AMENDMENTS.

Subject to the Articles of Incorporation, these Bylaws may be amended or repealed either by approval of the outstanding shares (as defined in Section 152 of the California General Corporation Law) or by the approval of the Board; provided, however, that after the issuance of shares, a bylaw specifying or changing a fixed number of directors or the maximum or minimum number or changing from a fixed to a variable number of directors or vice versa may only be adopted by approval of the outstanding shares and a bylaw reducing the fixed number or the minimum number of directors to a number less than five shall be subject to the provisions of Section 212(a) of the California General Corporation Law.



Execution Version 175130428 \$150,000,000 CREDIT AGREEMENT dated as of June 28, 2023, by and among AMERICAN STATES WATER COMPANY, as Borrower, the Lenders referred to herein, as Lenders, and WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent, Swingline Lender and Issuing Lender BANK OF CHINA, LOS ANGELES BRANCH, as Syndication Agent and WELLS FARGO SECURITIES, LLC and BANK OF CHINA, LOS ANGELES BRANCH, as Joint Lead Arrangers and Joint Bookrunners



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175130428 CREDIT AGREEMENT, dated as of June 28, 2023, by and among AMERICAN STATES WATER COMPANY, a California 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 has requested, and subject to the terms and conditions set forth in this Agreement, the Administrative Agent and the Lenders have agreed to extend, certain credit facilities to the Borrower. 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: "Acquisition" means any acquisition, or any series of related acquisitions, consummated on or after the date of this Agreement, by which the Borrower or any of its Subsidiaries (a) acquires any business or all or substantially all of the assets of any Person, or business unit, line of business or division thereof, whether through purchase of assets, exchange, issuance of stock or other equity or debt securities, merger, reorganization, amalgamation, division or otherwise or (b) directly or indirectly acquires (in one transaction or as the most recent transaction in a series of transactions) at least a majority (in number of votes) of the securities of a corporation which have ordinary voting power for the election of members of the board of directors or the equivalent governing body (other than securities having such power only by reason of the happening of a contingency) or a majority (by percentage or voting power) of the outstanding ownership interests of a partnership or limited liability company. "Adjusted Term SOFR" means, for purposes of any calculation, the rate per annum equal to (a) Term SOFR for such calculation plus (b) the Term SOFR Adjustment, provided that if Adjusted Term SOFR as so determined shall ever be less than the Floor, then Adjusted Term SOFR shall be deemed to be the Floor. "Administrative Agent" means Wells Fargo, in its capacity as Administrative Agent hereunder, 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. "Advances for Construction" means funds advanced by any person in connection with the addition of utility plant which funds are subject to refund and, in accordance with GAAP as in effect on the date hereof, are reflected as "Other Credits" in the financial statements of the Borrower and its Subsidiaries, until refunded.



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2. 175130428 "Affected Financial Institution" means (a) any EEA Financial Institution or (b) any UK Financial Institution. "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). "Agreement" means this 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 Debt Rating, Pricing Level, Debt Rating, Commitment Fee, SOFR Loans, Base Rate Loans: I Aa3 / AA- or better 0.060% 0.750% 0.000% II A1 / A+ 0.075% 0.875% 0.000% III A2 / A 0.100% 1.000% 0.000% IV A3 / A- 0.125% 1.125% 0.125% V Baa1 / BBB+ or worse 0.175% 1.250% 0.250% Notwithstanding the foregoing, from the Closing Date through December 31, 2023 (the "Initial Period"), the Applicable Margin shall be determined based upon Pricing Level III and commencing on January 1, 2024, the Applicable Margin shall be determined based upon the Debt Rating then in effect; provided, however, if at any time during the Initial Period, there is a publicly announced change in the Debt Rating that is a downgrade below either A2 or A by either Moody's or S&P, then the Applicable Margin shall be determined based upon the Debt Rating then in effect. Thereafter, each change in the Applicable Margin resulting from a publicly announced change in the Debt Rating shall be effective, in the case of an upgrade, during the period commencing on the date of delivery by the Borrower to the Administrative Agent of



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3.175130428 notice thereof pursuant to Section 7.3(n) and ending on the date immediately preceding the effective date of the next such change and, in the case of a downgrade, during the period commencing on the date of the public announcement thereof and ending on the date immediately preceding the effective date of the next such change. If the rating system of Moody's or S&P shall change, or if either such rating agency shall cease to be in the business of rating corporate debt obligations, the Borrower and the Lenders shall negotiate in good faith to amend this definition to reflect such changed rating system or the unavailability of ratings from such rating agency and, pending the effectiveness of any such amendment, the Applicable Margin shall be determined by reference to the rating most recently in effect prior to such change or cessation. Any adjustment in the Applicable Margin shall be applicable to all Extensions of Credit then existing or subsequently made or issued. "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. "Arrangers" means, collectively, Wells Fargo Securities, LLC and Bank of China, Los Angeles Branch, in their capacities as joint lead arrangers and joint bookrunners. "Asset Disposition" means the sale, transfer, license, lease or other disposition of any Property (including any sale and leaseback transaction, division, merger or disposition of Equity Interests), whether in a single transaction or a series of related transactions, by the Borrower or any Subsidiary, and any issuance of Equity Interests by any Subsidiary of the Borrower to any Person that is not the Borrower or any Subsidiary. "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 11.9), and accepted by the Administrative Agent, in substantially the form attached as Exhibit G or any other form approved by the Administrative Agent. "Attributable Indebtedness" means, on any date of determination, (a) in respect of any Capital Lease Obligation of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, and (b) in respect of any Synthetic Lease, the capitalized amount or principal amount of the remaining lease payments under the relevant lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease were accounted for as a Capital Lease Obligation. "Available Tenor" means, as of any date of determination and with respect to the then-current Benchmark, as applicable, (a) if such Benchmark is a term rate, any tenor for such Benchmark (or component thereof) that is or may be used for determining the length of an interest period pursuant to this Agreement or (b) otherwise, any payment period for interest calculated with reference to such Benchmark (or component thereof) that is or may be used for determining any frequency of making payments of interest calculated with reference to such Benchmark, in each case, as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of "Interest Period" pursuant to Section 4.8(c)(iv). "Bail-In Action" means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution. "Bail-In Legislation" means (a) 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, regulation, rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part 1 of



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4 175130428 the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings). "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% and (c) Adjusted Term SOFR for a one-month tenor in effect on such day plus 1.00%; 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 Adjusted Term SOFR, as applicable (provided that clause (c) shall not be applicable during any period in which Adjusted Term SOFR is unavailable or unascertainable). Notwithstanding the foregoing, in no event shall the Base Rate be less than 1.00%. "Base Rate Loan" means any Loan bearing interest at a rate based upon the Base Rate as provided in Section 4.1(a). "Benchmark" means, initially, the Term SOFR Reference Rate; provided that if a Benchmark Transition Event has occurred with respect to the Term SOFR Reference Rate or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Section 4.8(c)(i). "Benchmark Replacement" means, with respect to any Benchmark Transition Event, the sum of: (a) the alternate benchmark rate that has been selected by the Administrative Agent and the Borrower giving due consideration to (i) any selection or recommendation of a replacement benchmark 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 benchmark rate as a replacement to the then-current Benchmark for Dollar-denominated syndicated credit facilities and (b) the related Benchmark Replacement Adjustment; provided that, if such Benchmark Replacement as so determined would be less than the Floor, such Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Loan Documents. "Benchmark Replacement Adjustment" means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement for any applicable Available Tenor, 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 such Benchmark 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 such Benchmark with the applicable Unadjusted Benchmark Replacement for Dollar-denominated syndicated credit facilities. "Benchmark Replacement Date" means the earliest to occur of the following events with respect to the then-current Benchmark: (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 such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof); or



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5 175130428 (b) in the case of clause (c) of the definition of "Benchmark Transition Event," the first date on which such Benchmark (or the published component used in the calculation thereof) has been determined and announced by the regulatory supervisor for the administrator of such Benchmark (or such component thereof) to be non-representative, provided that such non-representativeness will be determined by reference to the most recent statement or publication referenced in such clause (c) and even if any Available Tenor of such Benchmark (or such component thereof) continues to be provided on such date. For the avoidance of doubt, the "Benchmark Replacement Date" will be deemed to have occurred in the case of clause (a) or (b) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof). "Benchmark Transition Event" means the occurrence of one or more of the following events with respect to the then-current Benchmark: (a) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); (b) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the FRB, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or (c) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are not, or as of a specified future date will not be, representative. For the avoidance of doubt, a "Benchmark Transition Event" will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof). "Benchmark Transition Start Date" means, in the case of a Benchmark Transition Event, the earlier of (a) the applicable Benchmark Replacement Date and (b) 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).



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6 175130428 "Benchmark Unavailability Period" means the period (if any) (x) beginning at the time that a Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 5.8(c)(i) and (y) ending at the time that a Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 4.8(c)(i). "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 American States Water Company, a California corporation. "Borrower Materials" has the meaning assigned thereto in Section 7.2. "Business Day" means any day that (a) is not a Saturday, Sunday or other day on which the Federal Reserve Bank of New York is closed and (b) is not a day on which commercial banks in Charlotte, North Carolina are closed. "BVESI" means Bear Valley Electric Services, Inc., a California corporation. "Capital Lease Obligations" of any Person mean the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as finance leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP. "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 and the Swingline Lender, as applicable. "Cash Collateral" shall have a meaning correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support. "Change in Control" means an event or series of events by which: (a) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, but excluding any employee benefit plan of such person or its Subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a "person" or "group" shall be deemed to have "beneficial ownership" of all Equity Interests that such "person" or "group" has the right to acquire, whether such right is exercisable immediately or only after the passage of time (such right, an "option right")), directly or indirectly, of more than twenty-five percent (25%) of the



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7. 175130428 Equity Interests of the Borrower entitled to vote in the election of members of the board of directors (or equivalent governing body) of the Borrower; or (b) there shall have occurred under any indenture or other instrument evidencing any Indebtedness or Equity Interests in excess of the Threshold Amount any "change in control" or similar provision (as set forth in the indenture, agreement or other evidence of such Indebtedness) obligating the Borrower or any of its Subsidiaries (other than any Excluded Subsidiary) to repurchase, redeem or repay all or any part of the Indebtedness or Equity Interests provided for therein. "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, requirements or directives thereunder or issued in connection therewith or in implementation thereof and (ii) all requests, rules, guidelines, requirements 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. "Class" means, when used in reference to any Loan, whether such Loan is a Revolving Credit Loan or Swingline Loan, "Closing Date" means the date of this Agreement. "Code" means the Internal Revenue Code of 1986, and the rules and regulations promulgated thereunder. "Commitment Fee" has the meaning assigned thereto in Section 4.3(a). "Commitment" means (a) as to any Lender, the obligation of such 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 Lender's name on the Register, 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 Lenders, the aggregate commitment of all Lenders to make Revolving Credit Loans, 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 Lenders on the Closing Date shall be \$150,000,000. The Commitment of each Lender on the Closing Date is set forth opposite the name of such Lender on Schedule 1.1(b). "Commitment Percentage" means, with respect to any Lender at any time, the percentage of the total Commitments of all the Lenders represented by such Lender's Commitment. If the Commitments have terminated or expired, the



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§ 175130428 "Compliance Certificate" means a certificate of the chief executive officer, chief financial officer, treasurer or controller of the Borrower substantially in the form attached as Exhibit F. "Conforming Changes" means, with respect to either the use or administration of Term SOFR or the use, administration, adoption or implementation of any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "Base Rate," the definition of "Business Day," the definition of "U.S. Government Securities Business Day," the definition of "Interest Period" or any similar or analogous definition (or the addition of a concept of "interest period"), timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, the applicability and length of lookback periods, the applicability of Section 4.9 and other technical, administrative or operational matters) that the Administrative Agent decides in consultation with the Borrower may be appropriate to reflect the adoption and implementation of any such rate or to permit the use and administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides in consultation with the Borrower 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 any such rate exists, in such other manner of administration as the Administrative Agent decides in consultation with the Borrower is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents). "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" means, when used with reference to financial statements or financial statement items of any Person, such statements or items on a consolidated basis in accordance with applicable principles of consolidation under GAAP. "Consolidated Funded Indebtedness" means, as of any date of determination, for the Consolidated Group on a Consolidated basis, the sum of, without duplication, (a) all liabilities, obligations and indebtedness for borrowed money including, but not limited to, obligations evidenced by bonds, debentures, notes or other similar instruments of any such Person, (b) all purchase money indebtedness, (c) all obligations to pay the deferred purchase price of property or services of any such Person (including all payment obligations under non-competition, earn-out or similar agreements, solely to the extent any such payment obligation under non-competition, earn-out or similar agreements becomes a liability on the balance sheet of such Person in accordance with GAAP), except trade payables arising in the ordinary course of business, (d) the Attributable Indebtedness of such Person with respect to such Person's Capital Lease Obligations and Synthetic Leases (regardless of whether accounted for as indebtedness under GAAP), (e) all drawn and unreimbursed obligations, contingent or otherwise, of any such Person relative to letters of credit, including any Reimbursement Obligation, and banker's acceptances issued for the account of any such Person, (f) all obligations of any such Person in respect of Disqualified Equity Interests which shall be valued, in the case of a redeemable preferred interest, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends that are past due, (g) all Guarantees of any such Person with respect to any of the foregoing and (h) all Indebtedness of the types referred to in clauses (a) through (g) above of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or joint venturer, unless such Indebtedness is expressly made non-recourse to such Person. "Consolidated Group" means the Borrower and its Subsidiaries (other than the Excluded Subsidiaries).



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9.175130428 "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. "Covered Party" has the meaning assigned thereto in Section 11.23(a). "Credit Facility" means, collectively, the Revolving Credit Facility, the Swingline Facility and the U/C Facility. "Debt Rating" means, as of any date of determination, the rating as determined by either S&P or Moody's (collectively, the "Debt Ratings") of the Borrower's non-credit-enhanced, senior unsecured long-term debt, provided that (a) if the respective Debt Ratings issued by the foregoing rating agencies differ by one level, then the Pricing Level for the higher of such Debt Ratings shall apply (with the Debt Rating for Pricing Level I being the highest and the Debt Rating for Pricing Level V being the lowest); (b) if there is a split in Debt Ratings of more than one level, then the Pricing Level that is one level lower than the Pricing Level of the higher Debt Rating shall apply; (c) if the Borrower has only one Debt Rating, the Pricing Level for such Debt Rating shall apply; and (d) if the Borrower does not have any Debt Rating, Pricing Level V shall apply. "Debtor Relief Laws" means the Bankruptcy Code of the United States of America, 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 participations 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 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.



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10 175130428 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. "Disqualified Equity Interests" means, with respect to any Person, any Equity Interests of such Person that, by their terms (or by the terms of any security or other Equity Interest into which they are convertible or for which they are exchangeable) or upon the happening of any event or condition, (a) mature or are mandatorily redeemable (other than solely for Qualified Equity Interests), pursuant to a sinking fund obligation or otherwise (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full in cash of the Loans and all other Obligations (other than contingent indemnification obligations not then due) and the termination of the Commitments), (b) are redeemable at the option of the holder thereof (other than solely for Qualified Equity Interests) (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full in cash of the Loans and all other Obligations (other than contingent indemnification obligations not then due) and the termination of the Commitments), in whole or in part, (c) provide for the scheduled payment of dividends in cash or (d) are or become convertible into, or exchangeable for, Indebtedness or any other Equity Interests that would constitute Disqualified Equity Interests, in each case of clauses (a) through (d), prior to the date that is 91 days after the latest scheduled maturity date of the Loans and Commitments; provided that if such Equity Interests are issued pursuant to a plan for the benefit of the Borrower or its Subsidiaries or by any such plan to such officers or employees, such Equity Interests shall not constitute Disqualified Equity Interests solely because they may be required to be repurchased by the Borrower or its Subsidiaries in order to satisfy applicable statutory or regulatory obligations. "Dollars" or "\$" means, unless otherwise qualified, dollars in lawful currency 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 delegatee) having responsibility for the resolution of any credit institution or investment firm established in any EEA Member Country. "Electronic Record" has the meaning assigned to that term in, and shall be interpreted in accordance with, 15 U.S.C. 7006.



11 175130428 "Electronic Signature" has the meaning assigned to that term in, and shall be interpreted in accordance with, 15 U.S.C. 7006. "Eligible Assignee" means any Person that meets the requirements to be an assignee under Section 11.9(b)(iii) and (v) (subject to such consents, if any, as may be required under Section 11.9(b)(iii)). "Employee Benefit Plan" means (a) any "employee benefit plan" within the meaning of Section 3(3) of ERISA that is maintained for employees of the Borrower or any ERISA Affiliate or (b) any Pension Plan or Multiemployer Plan that has at any time within the preceding five (5) years been maintained, funded or administered for the employees of the Borrower or any current or former ERISA Affiliate. "Environmental Claims" means any and all administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, accusations, allegations, notices of noncompliance or violation, investigations (other than internal reports prepared by any Person in the ordinary course of business and not in response to any third party action or request of any kind) or proceedings relating in any way to any actual or alleged violation of or liability under any Environmental Law or relating to any permit issued, or any approval given, under any such Environmental Law, including any and all claims by Governmental Authorities for enforcement, cleanup, removal, response, remedial or other actions or damages, contribution, indemnification, cost recovery, compensation or injunctive relief resulting from Hazardous Materials or arising from alleged injury or threat of injury to public health or 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. "Erroneous Payment" has the meaning assigned thereto in Section 10.10(a). "Erroneous Payment Deficiency Assignment" has the meaning assigned thereto in Section 10.10(d). "Erroneous Payment Impacted Class" has the meaning assigned thereto in Section 10.10(d).



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12 175130428 "Erroneous Payment Return Deficiency" has the meaning assigned thereto in Section 10.10(d). "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. "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 (15 U.S.C. § 77 et seq.). "Excluded Subsidiaries" means, collectively, BVESJ and each of its Subsidiaries. "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(a) and (d) any withholding Taxes imposed under FATCA. "Existing Credit Agreement" means that certain Amended and Restated Credit Agreement dated as of June 3, 2005, by and among the Borrower, each lender party thereto and Wells Fargo, as administrative agent. "Existing Letters of Credit" means those letters of credit existing on the Closing Date and identified on Schedule 1.1(a). "Extensions of Credit" means, as to any Lender at any time, (a) an amount equal to the sum of (i) the aggregate principal amount of all Revolving Credit Loans made by such Lender then outstanding, (ii) such Lender's Commitment Percentage of the L/C Obligations then outstanding, and (iii) such Lender's Commitment Percentage of the Swingline Loans then outstanding or (b) the making of any Loan or participation in any Letter of Credit by such Lender, as the context requires. "Farm Credit Equities" means cash patronage, stock or other equities in any Farm Credit Lender acquired in connection with a patronage loan from such Farm Credit Lender. "Farm Credit Lender" means a federally-chartered Farm Credit System lending institution organized under the Farm Credit Act of 1971, as the same may be amended or supplemented from time to time. When used in this Agreement in reference to the Farm Credit Equities, "Farm Credit Lender" shall also include the affiliate of such Farm Credit Lender in which such Farm Credit Equities are purchased or acquired, as applicable. "FASB ASC" means the Accounting Standards Codification of the Financial Accounting Standards Board.



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13 175130428 "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, and 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 and implementing such Sections of the Code. "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. "Fee Letters" means (a) the separate fee letter agreement dated June 5, 2023 among, inter alia, the Borrower, Wells Fargo and Wells Fargo Securities, LLC, (b) the separate fee letter agreement dated June 5, 2023 among, inter alia, the Borrower and Bank of China, Los Angeles Branch, and (c) 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. "Fiscal Year" means the fiscal year of the Borrower and its Subsidiaries ending on December 31. "Floor" means a rate of interest equal to 0.00%. "Foreign Lender" means (a) if the Borrower is a U.S. Person, a Lender that is not a U.S. Person, and (b) if the Borrower is not a U.S. Person, a Lender that is resident or organized under the laws of a jurisdiction other than that in which the Borrower is resident for tax purposes. "FRB" means the Board of Governors of the Federal Reserve System of the United States. "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. "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



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14 175130428 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. "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). "GSWC" means Golden State Water Company, a California corporation. "GSWC Credit Agreement" means that certain Credit Agreement dated as of June 28, 2023, among GSWC, Wells Fargo, as administrative agent, and the lenders from time to time party thereto. "Guarantee" of or by any Person (the "guarantor") means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any indebtedness or other obligation of any other Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such indebtedness or other obligation, (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such indebtedness or obligation or (e) for the purpose of assuring in any other manner the obligee in respect of such indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (whether in whole or in part), provided that the term "Guarantee" shall not include endorsements for collection or deposit. In each case, in the ordinary course of business, or customary and reasonable indemnity obligations in connection with any disposition of assets permitted under this Agreement (other than any such obligations with respect to

indebtedness) or any guaranty by the Borrower or any of its Subsidiaries of the performance by any Subsidiary (other than any Excluded Subsidiary) of any contract (direct or indirect) with any branch of the U.S. military to provide water or wastewater services, "Hazardous Materials" means oil or petrochemical products, polychlorinated biphenyls, asbestos, urea formaldehyde, flammable explosives, radioactive materials, hazardous wastes, toxic substances or related materials, including any substances considered "hazardous substances," "hazardous wastes," "hazardous materials," "infectious wastes," "pollutant substances," "solid waste" or "toxic substances" under any Hazardous Materials Laws, "Hazardous Materials Laws" means all Laws pertaining to the treatment, transportation or disposal of Hazardous Materials on or about any Real Property owned or leased by Borrower or any Subsidiary thereof (other than the Excluded Subsidiaries), or any portion thereof, including without limitation the following: the Federal Water Pollution Control Act (33 U.S.C. § 1251, et seq.), the Federal Resource Conservation and Recovery Act of 1976 (42 U.S.C. § 6901, et seq.), the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. § 9601, et seq.) and the Superfund Amendments and Reauthorization Act of 1986, the Hazardous Materials Transportation Act, as amended (44 U.S.C. § 1801, et seq.), the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., the



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15 175130428 California Health and Safety Code (Section 25100, et seq.), the California Water Code and the California Administrative Code, in each case as such Laws are amended from time to time. "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. "Hedge Termination Value" means, in respect of any one or more Hedge Agreements, after taking into account the effect of any legally enforceable netting agreement relating to such Hedge Agreements, (a) for any date on or after the date such Hedge Agreements 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 Hedge Agreements, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Hedge Agreements (which may include a Lender or any Affiliate of a Lender). "Increase Effective Date" has the meaning assigned thereto in Section 4.13(c). "Incremental Amendment" has the meaning assigned thereto in Section 4.13(f). "Incremental Facilities Limit" means \$75,000,000 less the total aggregate initial principal amount (as of the date of incurrence thereof) of all previously incurred Incremental Increases. "Incremental Increase" has the meaning assigned thereto in Section 4.13(a). "Incremental Lender" has the meaning assigned thereto in Section 4.13(b). "Indebtedness" means, with respect to any Person at any date and without duplication, the sum of the following: (a) all liabilities, obligations and indebtedness of such Person for borrowed money, including obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, of such Person; (b) all obligations of such Person to pay the deferred purchase price of property or services of such Person (including all payment obligations under non-competition, earn-out or similar agreements, solely to the extent any such payment obligation under non-competition, earn-out or similar agreements becomes a liability on the balance sheet of such Person in accordance with GAAP), except trade payables arising in the ordinary course of business; (c) the Attributable Indebtedness of such Person with respect to such Person's Capital Lease Obligations and Synthetic Leases (regardless of whether accounted for as indebtedness under GAAP).



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16 175130428 (d) all obligations of such Person under conditional sale or other title retention agreements relating to property purchased by such Person to the extent of the value of such property (other than customary reservations or retentions of title under agreements with suppliers entered into in the ordinary course of business); (e) all indebtedness of any other Person secured by a Lien on any asset owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements except trade payables arising in the ordinary course of business), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse; (f) all obligations, contingent or otherwise, of such Person relative to the face amount of letters of credit, whether or not drawn, including any Reimbursement Obligation, and banker's acceptances issued for the account of such Person; (g) all obligations of such Person in respect of Disqualified Equity Interests; (h) all net obligations of such Person under any Hedge Agreements; and (i) all Guarantees of such Person with respect to any of the foregoing. For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person. In respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, if such Indebtedness shall not have been assumed by such Person or is limited in recourse to the assets securing such Lien, the amount of such Indebtedness as of any date of determination will be the lesser of (x) the fair market value of such assets as of such date (as determined in good faith by the Borrower) and (y) the amount of such Indebtedness as of such date. The amount of any net obligation under any Hedge Agreement on any date shall be deemed to be the Hedge Termination Value thereof as of such date. The amount of obligations in respect of any Disqualified Equity Interests shall be valued, in the case of a redeemable preferred interest, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends that are past due. Notwithstanding the foregoing, Indebtedness shall be deemed not to include (1) Advances for Construction of any Subsidiary of the Borrower in the ordinary course of business and (2) the purchase price obligation in connection with a Military Utility Privatization, to the extent that such obligation is recorded as a liability offset by a receivable in the same amount on the financial statements of Borrower. "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). "Information" has the meaning assigned thereto in Section 11.10. "Initial Issuing Lender" means Wells Fargo. "Interest Period" means, as to any SOFR Loan, the period commencing on the date such SOFR Loan is disbursed or converted to or continued as a SOFR Loan and ending on the date one (1), three (3) or



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17 175130429 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 SOFR 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 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 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 Maturity Date; (e) there shall be no more than six (6) Interest Periods in effect at any time; and (f) no tenor that has been removed from this definition pursuant to Section 4.8(c)(iv), shall be available for specification in any Notice of Borrowing or Notice of Conversion/Continuation. "Interstate Commerce Act" means the body of law commonly known as the Interstate Commerce Act (49 U.S.C. App. § 1 et seq.). "Investment" means, as to any Person, any direct or indirect acquisition or investment by such Person, whether by means of (a) the purchase or other acquisition of capital stock or other securities of another Person, (b) a loan, advance or capital contribution to, Guarantee or assumption of debt of, or purchase or other acquisition of any other debt or equity participation or interest in, another Person, including any partnership or joint venture interest in such other Person and any arrangement pursuant to which the investor Guarantees indebtedness of such other Person, or (c) the purchase or other acquisition (in one transaction or a series of transactions) of assets of another Person that constitute a business unit. For purposes of covenant compliance, the amount of any Investment shall be the amount actually invested at the time such Investment is made, without adjustment for subsequent increases or decreases in the value of such Investment less any amount realized in respect of such Investment upon the sale, collection or return of capital (not to exceed the original amount invested). "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. "ISP" means the International Standby Practices, International Chamber of Commerce Publication No. 590 (or such later version thereof as may be in effect at the applicable time). "Issuing Lender" means (a) the Initial Issuing Lender and (b) any other 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 as an "Issuing Lender" hereunder, in each case in its capacity as issuer of any Letter of Credit.



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18 175130428 "L/C Commitment" means, as to any Issuing Lender, the obligation of such Issuing Lender to issue Letters of Credit for the account of the Borrower from time to time in an aggregate amount equal to (a) for each of the Initial Issuing Lenders, the amount set forth opposite the name of each such Initial Issuing Lender on Schedule 1.1(b) and (b) for any other Issuing Lender becoming an Issuing Lender after the Closing Date, 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) and (b) 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 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 Lenders other than the applicable Issuing Lender. "L/C Sublimit" means the lesser of (a) \$10,000,000 and (b) the aggregate amount of the Commitments. "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 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, 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 the applicable Issuing Lender to issue a Letter of Credit in the form specified by the applicable Issuing Lender from time to time. "Letter of Credit Documents" means with respect to any Letter of Credit, such Letter of Credit, the Letter of Credit Application, a letter of credit agreement or reimbursement agreement and any other document, agreement and instrument required by the applicable Issuing Lender and relating to such Letter of Credit, 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 and the Existing Letters of Credit.



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19 175130428 "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 Obligation or other title retention agreement relating to such asset. "Loan Documents" means, collectively, this Agreement, each Note, the Letter of Credit Documents, the Fee Letters, and each other document, instrument, certificate and agreement executed and delivered by the Borrower or any of its Subsidiaries in favor of or provided to the Administrative Agent or any Lender Party in connection with this Agreement or otherwise referred to herein or contemplated hereby (excluding any Hedge Agreement and any documentation with respect to any cash management arrangement). "Loans" means the collective reference to the Revolving Credit Loans and the Swingline Loans, and "Loan" means any of such Loans. "Material Adverse Effect" means (a) a material adverse change in, or a material adverse effect on, the operations, business, assets, properties, liabilities (actual or contingent) or condition (financial or otherwise) of the Borrower and its Subsidiaries (other than any Excluded Subsidiary), taken as a whole, (b) a material impairment of the rights and remedies of the Administrative Agent or any Lender under any Loan Document, (c) a material impairment of the ability of the Borrower to perform its obligations under the Loan Documents or (d) a material adverse effect upon the legality, validity, binding effect or enforceability against the Borrower of any Loan Document. "Maturity Date" means the earliest to occur of (a) June 28, 2028, (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). "Military Utility Privatization" means the acquisition of a water or wastewater system or systems from the United States Government pursuant to 10 USC §2688 in connection with a contract to provide utility services. It is understood that, in accordance with GAAP as in effect on the date hereof, the water and wastewater systems acquired are not reflected as fixed assets on the financial statements of the Borrower or its Subsidiaries and the purchase price obligation is recorded as a liability offset by a receivable in the same amount, thereby having no effect on the financial position of the Borrower. "Minimum Collateral Amount" means, at any time, (a) with respect to Cash Collateral consisting of cash or deposit account balances provided to reduce or eliminate Fronting Exposure during the existence of a Defaulting Lender, an amount equal to 105% of the Fronting Exposure of each of the Issuing Lenders with respect to Letters of Credit issued by it and outstanding at such time, (b) with respect to Cash Collateral consisting of cash or deposit account balances provided in accordance with the provisions of Section 9.2(b), an amount equal to 105% of the aggregate outstanding amount of all L/C Obligations and (c) otherwise, an amount determined by the Administrative Agent and each of the applicable Issuing Lenders that is entitled to Cash Collateral hereunder at such time in their sole discretion. "Moody's" means Moody's Investors Service, Inc. "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 five (5) years, or to which the Borrower or any ERISA Affiliate has any liability (contingent or otherwise).



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20175130428 "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. "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 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. "Organizational Documents" means, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents); (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement or limited liability company agreement (or equivalent or comparable documents); and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity. "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



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21 175130428 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). "Overnight Rate" means, for any day, the greater of (a) the Federal Funds Rate and (b) an overnight rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation. "Participant" has the meaning assigned thereto in Section 11.9(d). "Participant Register" has the meaning assigned thereto in Section 11.9(d). "PATRIOT Act" means the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)). "Payment Recipient" has the meaning assigned thereto in Section 10.10(a). "PBGC" means the Pension Benefit Guaranty Corporation or any successor agency. "Pension Plan" means any Employee Benefit Plan, other than a Multiemployer Plan, which is subject to the provisions of Title IV of ERISA or Section 412 of the Code and which (a) is maintained, funded or administered for the employees of the Borrower or any ERISA Affiliate, (b) has at any time within the preceding five (5) years been maintained, funded or administered for the employees of the Borrower or any current or former ERISA Affiliates or (c) the Borrower or any ERISA Affiliate has any liability (contingent or otherwise). "Permitted Acquisition" means any Acquisition that meets all of the following requirements: (a) the board of directors or other similar governing body of the Person to be acquired shall have approved such Acquisition; (b) the Person or business to be acquired shall be in a line of business permitted pursuant to Section 8.11 or, in the case of an Acquisition of assets, the assets acquired are used or useful in the business of the Consolidated Group as conducted immediately prior to such Acquisition or permitted pursuant to Section 8.11; (c) if such Acquisition is a merger or consolidation, the Borrower or a Wholly-Owned Subsidiary of the Borrower shall be the surviving Person; and no Change in Control shall have been effected hereby; (d) no Default or Event of Default shall have occurred and be continuing both before and after giving effect to such Acquisition and any Indebtedness incurred in connection therewith; and (e) immediately after giving pro forma effect to any such Acquisition, the Consolidated Group shall be in pro forma compliance with the financial covenant set forth in Section 8.11, such compliance to be determined on the basis of the financial information most recently delivered to the Administrative Agent pursuant to Section 7.1(a) or (b) as though any Indebtedness incurred in connection with such Acquisition was incurred as of the last day of the four consecutive fiscal-quarter period covered thereby. "Permitted Liens" means the Liens permitted pursuant to Section 8.2.



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22 175130428 "Permitted Restriction" means any of the following: (i) this Agreement and the other Loan Documents, (ii) any document or instrument governing Indebtedness incurred pursuant to Section 8.1(d) (provided that any such restriction contained therein relates only to the asset or assets financed thereby), (iii) the GSWC Credit Agreement, (iv) any Permitted Lien or any document or instrument governing any Permitted Lien (provided that any such restriction contained therein relates only to the asset or assets subject to such Permitted Lien), (v) with respect to the rights of a Subsidiary of the Borrower under a Military Utility Privatization entered into by such Subsidiary, (vi) Applicable Law, (vii) obligations that are binding on a Subsidiary at the time such Subsidiary first becomes a Subsidiary of the Borrower, so long as such obligations are not entered into in contemplation of such Person becoming a Subsidiary, (viii) customary restrictions contained in an agreement related to the sale of Property (to the extent such sale is permitted pursuant to Section 8.5) that limit the transfer of such Property pending the consummation of such sale, (ix) customary restrictions in leases, subleases, licenses and sublicenses or asset sale agreements otherwise permitted by this Agreement so long as such restrictions relate only to the assets subject thereto, (x) customary provisions restricting assignment of any agreement entered into in the ordinary course of business, (xi) any Lien, agreement, instrument or undertaking required to be entered into by any relevant regulatory authority, (xii) restrictions on a Subsidiary in indebtedness incurred pursuant to Section 8.1(e), so long as such restrictions were not incurred in connection with, or in contemplation of, such Person becoming a Subsidiary or the acquisition of such assets, (xiii) restrictions existing on the date hereof in the agreements set forth on Schedule 8.9, and (xiv) restrictions in favor of any holder of Indebtedness permitted under Section 8.1 incurred in the ordinary course or otherwise substantially consistent with the Borrower's or such Subsidiary's historic practices, which would not, in the Borrower's good faith determination, materially impair the ability of the Borrower or any of its Subsidiaries to perform its payment obligations under the Loan Documents and which are not more restrictive than the restrictions set forth in the agreements set forth on Schedule 8.9. "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. "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. "Property" means any right or interest in or to property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible, including Equity Interests. "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 7.2. "Qualified Equity Interests" means any Equity Interests that are not Disqualified Equity Interests. "Real Property" means, as of any date of determination, all real property then or theretofore owned, leased or occupied by Borrower or any Subsidiary.



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23 175130428 "Recipient" means (a) the Administrative Agent, (b) any Lender or (c) any Issuing Lender, as applicable. "Register" has the meaning assigned thereto in Section 11.9(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 and representatives of such Person and of such Person's Affiliates. "Relevant Governmental Body" means the FRB or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the FRB 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). "Required Lenders" means, at any time, Lenders having Total Credit Exposure representing more than fifty percent (50%) of the Total Credit Exposure 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). "Resolution Authority" means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority. "Responsible Officer" means, as to any Person, (x) the chief executive officer, president, chief financial officer, controller, treasurer or assistant treasurer of such Person or any other officer of such Person designated in writing by the Borrower or such Person and reasonably acceptable to the Administrative Agent and (y) solely for purposes of the delivery of any secretary or incumbency certificates, the secretary or any assistant secretary of such Person, 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. "Restricted Payment" means any dividend on, or the making of any payment or other distribution on account of, or the purchase, redemption, retirement or other acquisition (directly or indirectly) of, or the setting apart assets for a sinking or other analogous fund for the purchase, redemption, retirement or other acquisition of, any class of Equity Interests of the Borrower or any Subsidiary, or the making of any distribution of cash, property or assets to the holders of any Equity Interests of the Borrower or any Subsidiary on account of such Equity Interests. "Revolving Credit Exposure" means, as to any Lender at any time, the aggregate principal amount at such time of its outstanding Revolving Credit Loans and such 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 pursuant to Section 4.13).



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24 175130428 "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 Note" means a promissory note made by the Borrower in favor of a Lender evidencing the Revolving Credit Loans made by such 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 Standard & Poor's Rating Service, a division of S&P Global Inc. and any successor thereto. "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, Venezuela 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, His 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 restrictions 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, any European member state, His Majesty's Treasury, or other relevant sanctions authority in any jurisdiction in which (a) the Borrower or any of its Subsidiaries or Affiliates is located or conducts business, (b) in which any of the proceeds of the Extensions of Credit will be used, or (c) from which repayment of the Extensions of Credit will be derived. "SEC" means the U.S. Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions. "Securities Act" means the Securities Act of 1933 (15 U.S.C. § 77 et seq.). "Shareholders' Equity" means, as of any date of determination, Consolidated shareholders' equity of the Consolidated Group as of that date determined in accordance with GAAP.



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25 175130428 "SOFR" means a rate equal to the secured overnight financing rate as administered by the SOFR Administrator. "SOFR Administrator" means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate). "SOFR Loan" means any Loan bearing interest at a rate based on Adjusted Term SOFR as provided in Section 4.1(a). "Solvent" and "Solvency" mean, with respect to any Person on any date of determination, that on such date (a) the fair value of the Property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person, (b) the present fair salable value of the assets 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 does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay such debts and liabilities as they mature, (d) 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 an unreasonably small capital, and (e) such Person is able to pay its debts and liabilities, contingent obligations and other commitments as they mature in the ordinary course of business. For purposes of this definition, the amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured

liability. "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) or other managers of such corporation, partnership, limited liability company or other entity is at the time owned by (directly or indirectly) or the management is otherwise controlled by (directly or indirectly) such Person (irrespective of whether, at the time, Equity Interests of any other class or classes of such corporation, partnership, limited liability company or other entity shall have or might have voting power by reason of the happening of any contingency). Unless otherwise qualified, references to "Subsidiary" or "Subsidiaries" herein shall refer to those of the Borrower. "Sweep Arrangement" has the meaning assigned thereto in Section 2.2(a). "Swingline Commitment" means the lesser of (a) \$15,000,000 and (b) the aggregate amount of the Commitments. "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).



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26 175130428 "Synthetic Lease" means any synthetic lease, tax retention operating lease, off-balance sheet loan or similar off-balance sheet financing product where such transaction is considered borrowed money indebtedness for tax purposes but is classified as an operating lease in accordance with GAAP. "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, (a) for any calculation with respect to a SOFR Loan, the Term SOFR Reference Rate for a tenor comparable to the applicable Interest Period on the day (such day, the "Periodic Term SOFR Determination Day") that is two (2) U.S. Government Securities Business Days prior to the first day of such Interest Period, as such rate is published by the Term SOFR Administrator; provided, however, that if as of 5:00 p.m. (Eastern time) on any Periodic Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor has not been published by the Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Reference Rate has not occurred, then Term SOFR will be the Term SOFR Reference Rate for such tenor as published by the Term SOFR Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding U.S. Government Securities Business Day is not more than three (3) U.S. Government Securities Business Days prior to such Periodic Term SOFR Determination Day, and (b) for any calculation with respect to a Base Rate Loan on any day, the Term SOFR Reference Rate for a tenor of one month on the day (such day, the "Base Rate Term SOFR Determination Day") that is two (2) U.S. Government Securities Business Days prior to such day, as such rate is published by the Term SOFR Administrator; provided, however, that if as of 5:00 p.m. (Eastern time) on any Base Rate Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor has not been published by the Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Reference Rate has not occurred, then Term SOFR will be the Term SOFR Reference Rate for such tenor as published by the Term SOFR Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding U.S. Government Securities Business Day is not more than three (3) U.S. Government Securities Business Days prior to such Base Rate Term SOFR Determination Day. "Term SOFR Adjustment" means a percentage equal to 0.10% per annum. "Term SOFR Administrator" means CME Group Benchmark Administration Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by the Administrative Agent in its reasonable discretion). "Term SOFR Reference Rate" means the forward-looking term rate based on SOFR. "Termination Event" means the occurrence of any of the following which, individually or in the aggregate, has resulted or could reasonably be expected to result in liability of the Borrower in an aggregate amount in excess of the Threshold Amount: (a) a "Reportable Event" described in Section 4043 of ERISA unless the thirty (30)-day notice requirement has been duly waived under the applicable regulations or otherwise by the PBGC, or (b) the withdrawal of the Borrower or any ERISA Affiliate from a Pension Plan 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 that is treated as such a withdrawal under Section 4062(e) of ERISA, or (c) the



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27 175130428 termination of a Pension Plan, the filing of a notice of intent to terminate a Pension Plan or the treatment of a Pension Plan amendment as a termination, under Section 4041 of ERISA, if the plan assets of such Pension Plan are not sufficient to pay all plan liabilities, or (d) the institution of proceedings to terminate, or the appointment of a trustee with respect to, any Pension Plan by the PBGC, or (e) any other event or condition which would constitute grounds under Section 4042(a) of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan, or (f) the imposition of a Lien pursuant to Section 430(k) of the Code or Section 303 of ERISA, or (g) the determination that any Pension Plan or Multiemployer Plan is considered an at-risk plan or plan in endangered or critical status within the meaning of Sections 430, 431 or 432 of the Code or Sections 303, 304 or 305 of ERISA or (h) the partial or complete withdrawal of the Borrower or any ERISA Affiliate from a Multiemployer Plan if withdrawal liability is asserted by such plan, or (i) any event or condition which results in the reorganization or insolvency of a Multiemployer Plan under Section 4245 of ERISA, or (j) any event or condition which results in the termination of a Multiemployer Plan under Section 4041A of ERISA or the institution by PBGC of proceedings to terminate a Multiemployer Plan under Section 4042 of ERISA, or (k) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Borrower or any ERISA Affiliate. "Threshold Amount" means \$12,500,000. "Total Capitalization Ratio" means, as of any date of determination, the ratio of (a) Consolidated Funded Indebtedness as of such date to (b) the sum of (i) Shareholders' Equity as of such date plus (ii) Consolidated Funded Indebtedness as of such date. "Total Credit Exposure" means, as to any Lender at any time, the unused Commitments and Revolving Credit Exposure of such Lender at such time. "UCC" means the Uniform Commercial Code as in effect in the State of New York. "UK Financial Institution" means any BRRO Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms. "UK Resolution Authority" means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution. "Unadjusted Benchmark Replacement" means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment. "United States" means the United States of America. "U.S. Government Securities Business Day" means any day except for (a) a Saturday, (b) a Sunday or (c) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities; provided, that for purposes of notice requirements in Sections 2.3(a), 2.4(c) and 4.2, in each case, such day is also a Business Day. "U.S. Person" means any Person that is a "United States person" as defined in Section 7701(a)(30) of the Code.



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28 175130428 "U.S. Tax Compliance Certificate" has the meaning assigned thereto in Section 4.11(g). "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 (a) 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 and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers, 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". 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, applied on a consistent basis, as in effect from time to time and in a manner consistent with that used in preparing the audited financial statements required by Section 5.1(d) and Section 7.1(a), except as otherwise specifically prescribed herein. Notwithstanding the foregoing, for purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, indebtedness of the Consolidated Group 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.



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29 175130428 (b) If at any time 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 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 prior to such change therein 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 change in GAAP. SECTION 1.4 UCC Terms. Terms defined in the UCC in effect on the Closing Date and not otherwise defined herein shall, unless the context otherwise indicates, have the meanings provided by those definitions. Subject to the foregoing, the term "UCC" refers, as of any date of determination, to the UCC then in effect. SECTION 1.5 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 1.6 References to Agreement and Laws. Unless otherwise expressly provided herein, (a) any definition or reference to formation documents, governing documents, agreements (including the Loan Documents) and other contractual documents or instruments shall be deemed to include all subsequent amendments, restatements, extensions, supplements and other modifications thereto, but only to the extent that such amendments, restatements, extensions, supplements and other modifications are not prohibited by any Loan Document; and (b) any definition or reference to any Applicable Law, including Anti-Corruption Laws, Anti-Money Laundering Laws, the Bankruptcy Code, the Code, the Commodity Exchange Act, ERISA, the Exchange Act, the PATRIOT Act, the Securities Act, the UCC, the Investment Company Act, the Trading with the Enemy Act of the United States or any of the foreign assets control regulations of the United States Treasury Department, shall include all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such Applicable Law. SECTION 1.7 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 1.8 Guarantees/Earn-Outs. Unless otherwise specified, (a) the amount of any Guarantee 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 Guarantee 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 Covenant Compliance Generally. For purposes of determining compliance under Sections 8.1, 8.2, 8.3, 8.5 and 8.6, any amount in a currency other than Dollars will be converted to Dollars in a manner consistent with that used in calculating consolidated net income in the most recent annual financial statements of the Borrower and its Subsidiaries delivered pursuant to Section 7.1(a) or Section 5.1(d), as applicable. Notwithstanding the foregoing, for purposes of determining compliance with Sections 8.1, 8.2 and 8.3, with respect to any amount of indebtedness or investment in a currency other than Dollars, no breach of any basket contained in such sections shall be deemed to have occurred solely as a result of changes in rates of exchange occurring after the time such indebtedness or investment is incurred; provided that for the avoidance of doubt, the foregoing provisions of this Section 1.9 shall



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30 175130428 otherwise apply to such Sections, including with respect to determining whether any indebtedness or investment may be incurred at any time under such Sections. SECTION 1.10 Rates. The Administrative Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to, (a) the continuation of, administration of, submission of, calculation of or any other matter related to the Term SOFR Reference Rate, Adjusted Term SOFR or Term SOFR, or any component definition thereof or rates referred to in the definition thereof, or with respect to any alternative, successor or replacement rate thereto (including any Benchmark Replacement), including whether the composition or characteristics of any such alternative, successor or replacement rate (including any Benchmark Replacement), as it may or may not be adjusted pursuant to Section 5.8(c), will be similar to, or produce the same value or economic equivalence of, or have the same volume or liquidity as, the Term SOFR Reference Rate, Adjusted Term SOFR, Term SOFR or any other Benchmark prior to its discontinuance or unavailability, or (b) the effect, implementation or composition of any Conforming Changes. The Administrative Agent and its Affiliates or other related entities may engage in transactions that affect the calculation of the Term SOFR Reference Rate, Adjusted Term SOFR, Term SOFR, any alternative, successor or replacement rate (including any Benchmark Replacement) or any relevant adjustments thereto and such transactions may be adverse to the Borrower. The Administrative Agent may select information sources or services in its reasonable discretion to ascertain the Term SOFR Reference Rate, Adjusted Term SOFR or Term SOFR, or any other Benchmark, any component definition thereof or rates referred to in the definition thereof, in each case pursuant to the terms of this Agreement, and shall have no liability to the Borrower, any Lender or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service. SECTION 1.11 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 Interests at such time. 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 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 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 Commitment and (b) the Revolving Credit Exposure of any Lender shall not at any time exceed such Lender's Commitment. Each Revolving Credit Loan by a Lender shall be in a principal amount equal to such 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 Maturity Date. SECTION 2.2 Swingline Loans. (a) Availability. 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



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31 175130428 Loan Documents, the Swingline Lender may, in its sole discretion, make Swingline Loans in Dollars to the Borrower from time to time from the Closing Date to, but not including, the Maturity Date, provided, that (i) after giving effect to any amount requested, the Revolving Credit Outstandings shall not exceed the Commitment and (ii) the aggregate principal amount of all outstanding Swingline Loans (after giving effect to any amount requested) shall not exceed the Swingline Commitment. Notwithstanding any provision herein to the contrary, the Swingline Lender and the Borrower may agree that the Swingline Facility may be used to automatically draw and repay Swingline Loans (subject to the limitations set forth herein) pursuant to cash management arrangements between the Borrower and the Swingline Lender (the "Sweep Arrangement"). Principal and interest on Swingline Loans deemed requested pursuant to the Sweep Arrangement shall be paid pursuant to the terms and conditions agreed to between the Borrower and the Swingline Lender (without any deduction, setoff or counterclaim whatsoever). The borrowing and disbursement provisions set forth in Section 2.3 and any other provision hereof with respect to the timing or amount of payments on the Swingline Loans (other than Section 2.4(a)) shall not be applicable to Swingline Loans made and prepaid pursuant to the Sweep Arrangement. Unless sooner paid pursuant to the provisions hereof or the provisions of the Sweep Arrangement, the principal amount of the Swingline Loans shall be paid in full, together with accrued interest thereon, on the Maturity Date. (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 11:00 a.m. on any Business Day request each Lender to make, and each Lender hereby agrees to make, a Revolving Credit Loan as a Base Rate Loan in an amount equal to such 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 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 1:00 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 Lender's obligation to fund its respective Commitment Percentage of a Swingline Loan shall be affected by any other Lender's failure to fund its Commitment Percentage of a Swingline Loan, nor shall any Lender's Commitment Percentage be increased as a result of any such failure of any other 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 Maturity Date, in immediately available funds the amount of such Swingline Loans to the extent amounts received from the Lenders are not sufficient to repay in full the outstanding Swingline Loans requested or required to be refunded. In addition, the Borrower irrevocably authorizes the Administrative Agent to charge any account maintained by the Borrower with the Swingline Lender (up to the amount available therein) in order to immediately pay the Swingline Lender the amount of such Swingline Loans to the extent amounts received from the 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 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 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



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32 175130428 Lender an amount (the "Swingline Participation Amount") equal to such Lender's Commitment Percentage of the aggregate principal amount of Swingline Loans then outstanding. Each 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 Lender such Lender's Swingline Participation Amount, the Swingline Lender receives any payment on account of the Swingline Loans, the Swingline Lender will distribute to such 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 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 Lender will return to the Swingline Lender any portion thereof previously distributed to it by the Swingline Lender. (iv) Each 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 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 Lender or (E) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing. (v) If any Lender fails to make available to the Administrative Agent, for the account of the Swingline Lender, any amount required to be paid by such 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 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 Overnight Rate, plus any administrative, processing or similar fees customarily charged by the Swingline Lender in connection with the foregoing. If such Lender pays such amount (with interest and fees as aforesaid), the amount so paid shall constitute such Lender's Revolving Credit Loan or Swingline Participation Amount, as the case may be. A certificate of the Swingline Lender submitted to any Lender (through the Administrative Agent) with respect to any amounts owing under this clause (v) shall be conclusive absent manifest error. (c) Defaulting Lenders. 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 written notice substantially in the form of Exhibit B (a "Notice of Borrowing") not later than 12:00 p.m. (i) on the same Business Day as each Base Rate Loan and each Swingline Loan and (ii) at least three (3) U.S. Government Securities Business Days before each SOFR 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 (other than Swingline Loans) in an aggregate principal amount of \$500,000 or a whole multiple of \$100,000 in excess thereof, (y) with respect to SOFR



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33 175130428 Loans in an aggregate principal amount of \$500,000 or a whole multiple of \$100,000 in excess thereof and (z) with respect to Swingline Loans in an aggregate principal amount of \$100,000 or a whole multiple of \$100,000 in excess thereof (or, in each case, the remaining amount of the Commitment or the Swingline Commitment, as applicable), (C) whether such Loan is to be a Revolving Credit Loan or Swingline Loan, (D) in the case of a Revolving Credit Loan whether such Revolving Credit Loan is to be a SOFR Loan or a Base Rate Loan, and (E) in the case of a SOFR 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 Loans shall be made as Base Rate Loans. If the Borrower requests a borrowing of a SOFR 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 or U.S. Government Securities Business Day, as applicable. The Administrative Agent shall promptly notify the 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 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 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 Administrative Agent's Office 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 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 Lenders as provided in Section 2.2(b). SECTION 2.4 Repayment and Prepayment of Revolving Credit and Swingline Loans. (a) Repayment on Termination Date. The Borrower hereby agrees to repay the outstanding principal amount of (i) all Revolving Credit Loans in full on the Maturity Date, and (ii) all Swingline Loans in accordance with Section 2.2(b) (but, in any event, no later than the 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 Commitment, the Borrower agrees to repay immediately upon notice from the Administrative Agent, by payment to the Administrative Agent for the account of the 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, as a payment of Cash Collateral into a Cash Collateral account opened by the Administrative Agent, for the benefit of the 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 prior written notice to the Administrative Agent substantially in the form attached as Exhibit D (a "Notice of Prepayment") given not later than 11:00 a.m. (i) on the same Business Day as prepayment of



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34.175130428 each Base Rate Loan and each Swingline Loan and (i) at least three (3) U.S. Government Securities Business Days before prepayment of each SOFR Loan, specifying the date and amount of prepayment and whether the prepayment is of SOFR 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 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. Partial prepayments shall be in an aggregate amount of \$500,000 or a whole multiple of \$100,000 in excess thereof with respect to Base Rate Loans (other than Swingline Loans), \$500,000 or a whole multiple of \$100,000 in excess thereof with respect to SOFR Loans and \$100,000 or a whole multiple of \$100,000 in excess thereof with respect to Swingline Loans. A Notice of Prepayment received after 11:00 a.m. shall be deemed received on the next Business Day or U.S. Government Securities Business Day, as applicable. Each such repayment shall be accompanied by any amount required to be paid pursuant to Section 4.9 hereof. (d) Limitation on Prepayment of SOFR Loans. The Borrower may not prepay any SOFR Loan on any day other than on the last day of the Interest Period applicable thereto unless such prepayment is accompanied by any amount required to be paid pursuant to Section 4.9 hereof. (e) Hedge Agreements. No repayment or prepayment of the Loans pursuant to this Section shall affect any of the Borrower's obligations under any Hedge Agreement entered into with respect to the Loans. 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 five (5) Business Days prior irrevocable written notice 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 \$1,000,000 or any whole multiple of \$1,000,000 in excess thereof. Any reduction of the Commitment shall be applied to the Commitment of each Lender according to its Commitment Percentage. All Commitment 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 aggregate outstanding Revolving Credit Loans, Swingline Loans and L/C Obligations, as applicable, 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 or other arrangements satisfactory to the respective Issuing Lenders) 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 SOFR Loan, such repayment shall be accompanied by any amount required to be paid pursuant to Section 4.9 hereof. SECTION 2.6 Termination of Revolving Credit Facility. The Revolving Credit Facility and the Commitments shall terminate on the Maturity Date.



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85 175130428 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 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 3.11, any Subsidiary (other than any Excluded Subsidiary or GSWC or any Subsidiary thereof). Letters of Credit may be issued on any Business Day from the Closing Date to, but not including the fifteenth (15th) Business Day prior to the 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, (i) the aggregate amount of the outstanding Letters of Credit issued by such Issuing Lender would exceed its L/C Commitment, (ii) the L/C Obligations would exceed the L/C Sublimit or (iii) the Revolving Credit Outstandings would exceed the Commitment. Letters of Credit issued hereunder shall constitute utilization of the Commitments. (b)

Terms of Letters of Credit. Each Letter of Credit shall (i) be denominated in Dollars in a minimum amount of \$100,000 (or such lesser amount as agreed to by the applicable Issuing Lender and the Administrative Agent), (ii) expire on a date no more than twelve (12) months after the date of issuance or last renewal or extension of such Letter of Credit (subject to automatic renewal or extension for additional one (1) year periods (but not to a date later than the date set forth below) pursuant to the terms of the Letter of Credit Documents or other documentation acceptable to the applicable Issuing Lender), which date shall be no later than the fifth (5th) Business Day prior to the Maturity Date, and (iii), unless otherwise expressly agreed by the applicable Issuing Lender and the Borrower when a Letter of Credit is issued by it (including any such agreement applicable to an Existing Letter of Credit), be subject to the ISP as set forth in the Letter of Credit Documents 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 request that such Issuing Lender refrain from, 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, 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 or known to such Issuing Lender 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, (D) the proceeds of which 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 or (E) any Lender is at that time a Defaulting Lender, unless such Issuing Lender has entered into arrangements, including the delivery of Cash Collateral, satisfactory to such Issuing Lender (in its sole discretion) with the Borrower or such Lender to eliminate such Issuing Lender's actual or potential Fronting Exposure (after giving effect to Section 4.15(a)(iv)) with respect to the Defaulting Lender arising from either the Letter of Credit then proposed to be issued or that Letter of Credit and all other L/C Obligations as to which such Issuing Lender has actual or potential Fronting Exposure, as it may elect in its sole discretion. An Issuing Lender shall be under no obligation to amend any Letter of Credit if (x) such Issuing Lender would have no obligation at such time to issue the Letter of Credit in its amended form under the terms hereof or (y)



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36 175130428 the beneficiary of the Letter of Credit does not accept the proposed amendment to the Letter of Credit. 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. As of the Closing Date, each of the Existing Letters of Credit shall constitute, for all purposes of this Agreement and the other Loan Documents, a Letter of Credit issued and outstanding hereunder. (c) Defaulting Lenders. Notwithstanding anything to the contrary contained in this Agreement, Article III shall be subject to the terms and conditions of Section 4.14 and Section 4.15.

SECTION 3.2 Procedure for Issuance and Disbursement of Letters of Credit. (a) The Borrower may from time to time request that any Issuing Lender issue, amend, renew or extend 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 Letter of Credit Documents and information as such Issuing Lender or the Administrative Agent may request, not later than 11:00 a.m. at least two (2) Business Days (or such later date and time as the Administrative Agent and such Issuing Lender may agree in their sole discretion) prior to the proposed date of issuance, amendment, renewal or extension, as the case may be. Such notice shall specify (i) the requested date of issuance, amendment, renewal or extension (which shall be a Business Day), (ii) the date on which such Letter of Credit is to expire (which shall comply with Section 3.1(b)), (iii) the amount of such Letter of Credit, (iv) the name and address of the beneficiary thereof, (v) the purpose and nature of such Letter of Credit and (vi) such other information as shall be necessary to issue, amend, renew or extend such Letter of Credit. 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 Letter of Credit Documents 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, amend, renew or extend the Letter of Credit requested thereby (subject to the timing requirements set forth in this Section 3.2) by issuing the original of such Letter of Credit to the beneficiary hereof or as otherwise may be agreed by such Issuing Lender and the Borrower. Additionally, the Borrower shall furnish to the applicable Issuing Lender and the Administrative Agent such other documents and information pertaining to such requested Letter of Credit issuance or amendment, renewal or extension, including any Letter of Credit Documents, as the applicable Issuing Lender or the Administrative Agent may reasonably require. The applicable Issuing Lender shall promptly furnish to the Borrower and the Administrative Agent a copy of such Letter of Credit and the related Letter of Credit Documents and the Administrative Agent shall promptly notify each Lender of the issuance and upon request by any Lender, furnish to such Lender a copy of such Letter of Credit and the amount of such Lender's participation therein. (b) The Issuing Lender for any Letter of Credit shall, within the time allowed by Applicable Laws or the specific terms of the Letter of Credit following its receipt thereof, examine all documents purporting to represent a demand for payment under such Letter of Credit. Such Issuing Lender shall promptly after such examination notify the Administrative Agent and the Borrower in writing of such demand for payment if such Issuing Lender has or will honor such demand for payment thereunder, provided that any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse such Issuing Lender and the L/C Participants with respect to such payment. **SECTION 3.3 Commissions and Other Charges.** (a) Letter of Credit Commissions. Subject to Section 5.15(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



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37 175130428 available to be drawn under such standby Letters of Credit times the Applicable Margin with respect to Revolving Credit Loans that are SOFR 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 (commencing with the first such date to occur after the issuance of such Letter of Credit), on the 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 in such amount as set forth in the Fee Letter (in the case of the Initial Issuing Lender or as otherwise agreed upon between such Issuing Lender and the Borrower. 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 Maturity Date and thereafter on demand of the applicable Issuing Lender. For the avoidance of doubt, such issuance fee shall be applicable to and paid upon each of the Existing Letters of Credit. (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 Overnight 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



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38 175130428 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 Participant receives 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 and to purchase participating interests pursuant to this Section 3.4 or Section 3.5, as applicable, 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 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 Lender or (v) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing, SECTION 3.5 Reimbursement. 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 the amount of such drawing not later than 12:00 noon on (i) the Business Day that the Borrower receives notice of such drawing, if such notice is received by the Borrower prior to 10:00 a.m., or (ii) the Business Day immediately following the day that the Borrower receives such notice, if such notice is not received prior to such time, for the amount of (x) such draft so paid and (y) 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 Lenders make a Revolving Credit Loan as a Base Rate Loan on the applicable repayment date in the amount (without regard to the minimum and multiples specified in Section 2.3(a)) 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 Lenders shall make a Revolving Credit Loan as a Base Rate Loan in such amount, 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 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



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39 175130428 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. (a) 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 Document 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 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; (v) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement in such draft or other document being untrue or inaccurate in any respect; or (vi) 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), or 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



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40 175130428 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. (d) Notwithstanding anything to the contrary herein, no Issuing Lender shall be responsible to the Borrower for, and such Issuing Lender's rights and remedies against the Borrower shall not be impaired by, any action or inaction of such Issuing Lender required or permitted under any law, order, or practice that is required or permitted to be applied to any Letter of Credit or this Agreement, including the Applicable Laws or any order of a jurisdiction in which such Issuing Lender or the beneficiary is located, the practice stated in the ISP or in the decisions, opinions, practice statements or official commentary of the International Chamber of Commerce Banking Commission, the Banker's Association for Finance and Trade (BAFT) or the Institute of International Banking Law & Practice, whether or not any Letter of Credit chooses such laws or practice rules. SECTION 3.7 Effect of Letter of Credit Documents. To the extent that any provision of any Letter of Credit Document 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 Issuing Lender may resign at any time by giving 30 days' prior notice to the Administrative Agent, the Lenders and the Borrower. After the resignation of an Issuing Lender hereunder, the retiring Issuing Lender shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Lender under this Agreement and the other Loan Documents with respect to Letters of Credit issued by it prior to such resignation, but shall not be required to issue additional Letters of Credit or to extend, renew or increase the outstanding Letter of Credit. (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



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41 175130428 the right to require the 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) no later than the fifth Business Day following the last 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 Lender hereunder with respect to its reimbursement and participation obligations hereunder. SECTION 3.10 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 Documents therefor (at the time specified therefor in such applicable Letter of Credit or Letter of Credit Documents and as such amount may be reduced by (a) any permanent reduction of such Letter of Credit or (b) any amount which is drawn, reimbursed and no longer available under such Letter of Credit). SECTION 3.11 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 (other than any Excluded Subsidiary or GSWC or any of its Subsidiaries), or states that a Subsidiary (other than any Excluded Subsidiary or GSWC or any of its Subsidiaries) 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 (other than any Excluded Subsidiary or GSWC or 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.



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42175130428 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) Adjusted Term SOFR plus the Applicable Margin (provided that Adjusted Term SOFR shall not be available until three (3) U.S. Government Securities Business Days after the Closing Date unless the Borrower has delivered to the Administrative Agent a letter in form and substance reasonably satisfactory to the Administrative Agent indemnifying the Lenders in the manner set forth in Section 4.9) 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), (h) or (i), 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 SOFR Loans, Swingline Loans or Letters of Credit, (B) all outstanding SOFR 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 SOFR Loans until the end of the applicable Interest Period and thereafter at a rate per annum of two percent (2%) in excess of the rate (including the Applicable Margin) then applicable to Base Rate Loans, (C) all outstanding Base Rate Loans and other Obligations arising hereunder or under any other Loan Document shall bear interest at a rate per annum of two percent (2%) in excess of the rate (including the Applicable Margin) then applicable to Base Rate Loans or such other Obligations arising hereunder or under any other Loan Document and (D) all accrued and unpaid interest shall be due and payable on demand of the Administrative Agent. 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 shall be due and payable in arrears on the last Business Day of each calendar quarter commencing on September 29, 2023 and interest on each SOFR Loan shall be due and payable in arrears 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; provided that (i) in the event of any repayment or prepayment of any SOFR Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (ii) in the event of any conversion of any SOFR Loan prior to the end of the Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion. All computations of interest for Base Rate Loans 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. 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



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43 175130428 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. (e) Term SOFR Conforming Changes. In connection with the use or administration of Term SOFR, the Administrative Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document. The Administrative Agent will promptly notify the Borrower and the Lenders of the effectiveness of any Conforming Changes in connection with the use or administration of Term SOFR. SECTION 4.2 Notice and Manner of Conversion or Continuation of Loans. Provided that no Default or Event of Default has occurred and is then continuing, the Borrower shall have the option to (a) convert at any time following the third U.S. Government Securities Business Day after the Closing Date, subject to the notice requirements herein, all or any portion of any outstanding Base Rate Loans (other than Swingline Loans) in a principal amount equal to \$2,000,000 or any whole multiple of \$1,000,000 in excess thereof (or such lesser amount as shall represent all of the Base Rate Loans then outstanding) into one or more SOFR Loans and (b) upon the expiration of any Interest Period therefor, (i) convert all or any part of any outstanding SOFR Loans in a principal amount equal to \$1,000,000 or a whole multiple of \$500,000 in excess thereof (or such lesser amount as shall represent all of the SOFR Loans then outstanding) into Base Rate Loans (other than Swingline Loans) or (ii) continue any such SOFR Loans as SOFR 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 E (a "Notice of Conversion/Continuation") not later than 11:00 a.m. three (3) U.S. Government Securities Business Days before the day on which a proposed conversion or continuation of such Loan is to be effective specifying (A) the Loans to be converted or continued, and, in the case of any SOFR 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 SOFR Loan. If the Borrower fails to deliver a timely Notice of Conversion/Continuation prior to the end of the Interest Period for any SOFR Loan, then the applicable SOFR Loan shall be automatically 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 SOFR Loan. If the Borrower requests a conversion to, or continuation of, a SOFR 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 SOFR Loan. The Administrative Agent shall promptly notify the affected Lenders of such Notice of Conversion/Continuation. SECTION 4.3 Fees. (a) Commitment 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 Lenders, a non-refundable commitment fee (the "Commitment Fee") at a rate per annum equal to the applicable amount for Commitment Fees as set forth in the definition of Applicable Margin on the average daily unused portion of the Commitment of the Lenders (other than the Defaulting Lenders, if any); provided, that the amount of outstanding Swingline Loans shall not be considered usage of the Commitment for the purpose of calculating the Commitment Fee. The Commitment Fee shall be payable in arrears on the last Business Day of each calendar quarter during the term of this Agreement commencing on September 29, 2023, and ending on the date upon which all Obligations (other than contingent indemnification obligations not then



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44 175130428 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 Commitment Fee shall be distributed by the Administrative Agent to the Lenders (other than any Defaulting Lender) pro rata in accordance with such Lenders' respective Commitment Percentages. (b) Other Fees. The Borrower shall pay to the Arrangers and the Administrative Agent for their own respective accounts fees in the amounts and at the times specified in the applicable Fee Letter. The Borrower shall pay to the Lenders such fees as shall have been separately agreed upon in writing 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 1:00 p.m. on the date specified for payment under this Agreement 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 but before 2:00 p.m. 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. Any payment received after 2:00 p.m. shall be deemed to have been made on the next succeeding Business Day for all purposes. 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 4.9, 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)(i). 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



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45 175130428 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 Lender and the Administrative Agent shall maintain in accordance with its usual practice accounts or records evidencing the purchases and sales by such 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 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 4.9, 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 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. In connection with any borrowing hereunder, the Administrative Agent may assume that each Lender has made its respective share of such borrowing 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



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46 175130428 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 Overnight Rate 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 Lenders 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 Lenders 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 Lenders or the Swingline Lender, as the case may be, 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 Overnight Rate. (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 10.10, 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 Benchmark Availability. Subject to clause (c) below, in connection with any request for a SOFR 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 reasonable and adequate means do not exist for ascertaining Adjusted Term SOFR for the applicable Interest Period with respect to a proposed SOFR Loan on or prior to the first day of such Interest Period or (ii) the Required Lenders shall determine (which determination shall be conclusive and binding absent manifest error) that Adjusted Term SOFR does not adequately and fairly reflect the cost to such Lenders of making or maintaining such Loans during such Interest Period and, in the case of clause (ii), the Required Lenders have provided notice of such determination to the Administrative Agent, then, in each case, the Administrative Agent shall promptly give notice thereof to the Borrower. Upon notice thereof by the Administrative Agent to the Borrower, any obligation of the Lenders to make SOFR Loans, and any right of the Borrower to convert any Loan to or continue any Loan as a SOFR Loan, shall be suspended (to the extent of the affected SOFR Loans or the affected Interest Periods) until the Administrative Agent (with respect to clause (ii), at the instruction of the Required Lenders) revokes such notice. Upon receipt of such notice, (A) the Borrower may revoke any pending request for a borrowing of, conversion to or continuation of SOFR Loans (to the extent of the affected SOFR Loans or the affected Interest Periods) or, 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 in the amount specified



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47 175130428 therein and (B) any outstanding affected SOFR Loans will be deemed to have been converted into Base Rate Loans at the end of the applicable Interest Period. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted, together with any additional amounts required pursuant to Section 4.9. (b) Laws Affecting SOFR 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 SOFR Loan, or to determine or charge interest based upon SOFR, the Term SOFR Reference Rate, Adjusted Term SOFR or Term SOFR, 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 (an "Illegality Notice"). Thereafter, until each affected Lender notifies the Administrative Agent and the Administrative Agent notifies the Borrower that the circumstances giving rise to such determination no longer exist, (i) any obligation of the Lenders to make SOFR Loans, and any right of the Borrower to convert any Loan to a SOFR Loan or continue any Loan as a SOFR Loan, shall be suspended and (ii) if necessary to avoid such illegality, the Administrative Agent shall compute the Base Rate without reference to clause (c) of the definition of "Base Rate". Upon receipt of an Illegality Notice, the Borrower shall, if necessary to avoid such illegality, upon demand from any Lender (with a copy to the Administrative Agent), prepay or, if applicable, convert all SOFR Loans to Base Rate Loans (in each case, if necessary to avoid such illegality, the Administrative Agent shall compute the Base Rate without reference to clause (c) of the definition of "Base Rate"), on the last day of the Interest Period thereafter, if all affected Lenders may lawfully continue to maintain such SOFR Loans to such day, or immediately, if any Lender may not lawfully continue to maintain such SOFR Loans to such day. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted, together with any additional amounts required pursuant to Section 4.9. (c) Benchmark Replacement Setting. (i) Benchmark Replacement. Notwithstanding anything to the contrary herein or in any other Loan Document, upon the occurrence of a Benchmark Transition Event, the Administrative Agent and the Borrower may amend this Agreement to replace the then-current Benchmark 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 affected 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. No replacement of a Benchmark with a Benchmark Replacement pursuant to this Section 4.8(c)(i) will occur prior to the applicable Benchmark Transition Start Date. (ii) Benchmark Replacement Conforming Changes. In connection with the use, administration, adoption or implementation of a Benchmark Replacement, the Administrative Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document.



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48 175130428 (iii) Notices; Standards for Decisions and Determinations. The Administrative Agent will promptly notify the Borrower and the Lenders of (A) the implementation of any Benchmark Replacement and (B) the effectiveness of any Conforming Changes in connection with the use, administration, adoption or implementation of a Benchmark Replacement. The Administrative Agent will promptly notify the Borrower of the removal or reinstatement of any tenor of a Benchmark pursuant to Section 4.8(c)(iv). Any determination, decision or election that may be made by the Administrative Agent or, if applicable, any Lender (or group of 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 or any selection, 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 to this Agreement or any other Loan Document, except, in each case, as expressly required pursuant to this Section 4.8(c). (iv) Unavailability of Tenor of Benchmark. Notwithstanding anything to the contrary herein or in any other Loan Document, at any time (including in connection with the implementation of a Benchmark Replacement), (A) if the then-current Benchmark is a term rate (including the Term SOFR Reference Rate) and either (1) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion or (2) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is not or will not be representative, then the Administrative Agent may modify the definition of "Interest Period" (or any similar or analogous definition) for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor and (B) if a tenor that was removed pursuant to clause (A) above either (1) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (2) is not, or is no longer, subject to an announcement that it is not or will not be representative for a Benchmark (including a Benchmark Replacement), then the Administrative Agent may modify the definition of "Interest Period" (or any similar or analogous definition) for all Benchmark settings at or after such time to reinstate such previously removed tenor. (v) Benchmark Unavailability Period. Upon the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period, (A) the Borrower may revoke any pending request for a borrowing of, conversion to or continuation of SOFR 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 and (B) any outstanding affected SOFR Loans will be deemed to have been converted to Base Rate Loans at the end of the applicable Interest Period. During any Benchmark Unavailability Period or at any time that a tenor for the then-current Benchmark is not an Available Tenor, the component of the Base Rate based upon the then-current Benchmark or such tenor for such Benchmark, as applicable, 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, cost or expense (including any loss, cost or expense arising from the liquidation or reemployment of funds or from any fees payable) which may arise, be attributable to or result due to or as a consequence of (a) any failure by the Borrower to make any payment when due of any amount due hereunder in connection with a SOFR Loan, (b) any failure of the Borrower to borrow or continue a SOFR Loan or convert to a SOFR Loan on a date specified therefor in a Notice of Borrowing or Notice of Conversion/Continuation, (c) any failure of the Borrower to prepay any SOFR Loan on a date specified therefor in any Notice of Prepayment (regardless of whether any such Notice of Prepayment may be revoked under Section 2.4(c)).



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49 175130428 and is revoked in accordance therewith), (d) any payment, prepayment or conversion of any SOFR Loan on a date other than the last day of the Interest Period therefor (including as a result of an Event of Default) or (e) the assignment of any SOFR Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 4.12(b). 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 Borrower 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 Commitments 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 (including pursuant to regulations issued from time to time by the FRB for determining the maximum reserve requirement (including any emergency, special, supplemental or other marginal reserve requirement) with respect to eurocurrency funding (currently referred to as "Eurocurrency liabilities" in Regulation D of the FRB, as amended and in effect from time to time)), 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 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 any other condition, cost or expense (other than Taxes) affecting this Agreement or 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 Lender, any Issuing Lender or such other 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 Lender, such Issuing Lender or such other 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 Lender, such Issuing Lender or other Recipient, the Borrower shall promptly pay to any such Lender, such Issuing Lender or other 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 holdin




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50 175130428 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) days after receipt thereof. (d) Delay in Requests. Failure or delay on the part of any Lender or any Issuing Lender or such other Recipient to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or such Issuing Lender's or such other Recipient's right to demand such compensation, provided that the Borrower shall not be required to compensate any Lender or an Issuing Lender or any other Recipient pursuant to this Section for any increased costs incurred or reductions suffered more than nine (9) months prior to the date that such Lender or such Issuing Lender or such other 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 Lender's or such Issuing Lender's or such other 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 nine-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.



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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 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) Any 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, any 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)(i)(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.



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52 175130428 (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), executed copies of IRS Form W-9 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, executed copies of IRS Form W-8BEN-E 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, IRS Form W-8BEN-E 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) executed copies of IRS Form W-8ECI; (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 H-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 881(c)(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-E; or (4) to the extent a Foreign Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit H-2 or Exhibit H-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 H-4 on behalf of each such direct and indirect partner; (C) 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), 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, together with such supplementary



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53 175130428 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. (b) 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 (b) (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 (b), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (b) 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. (f) 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 requires the Borrower 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



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55.175130428 reasonably requested by the applicable Lender or the Administrative Agent, provided, further that any such documents shall be without recourse to or warranty by the parties thereto. (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 Incremental Increases. (a) Request for Incremental Increase. At any time after the Closing Date, upon written notice to the Administrative Agent, the Borrower may, from time to time, request one or more increases in the Commitments (each, an "Incremental Increase"), provided that (i) the aggregate initial principal amount of such requested Incremental Increase shall not exceed the Incremental Facilities Limit, (ii) any such Incremental Increase shall be in a minimum amount of \$20,000,000 (or such lesser amount as agreed to by the Administrative Agent) or, if less, the remaining amount of the Incremental Facilities Limit, and (iii) no Lender will be required or otherwise obligated to provide any portion of such Incremental Increase. (b) Incremental Lenders. Each notice from the Borrower pursuant to this Section 4.13 shall set forth the requested amount and proposed terms of the relevant Incremental Increase. Incremental Increases may be provided by any existing Lender or by any other Persons (each such Lender or other Person, an "Incremental Lender"); provided that the Administrative Agent, each Issuing Lender and/or the Swingline Lender, as applicable, shall have consented (not to be unreasonably withheld or delayed) to such Incremental Lender's providing such Incremental Increases to the extent any such consent would be required under Section 11.9(b) for an assignment of Loans or Commitments, as applicable, to such Incremental Lender. At the time of sending such notice, the Borrower (in consultation with the Administrative Agent) shall specify the time period within which each proposed Incremental Lender is requested to respond, which shall in no event be less than ten (10) Business Days from the date of delivery of such notice to the proposed Incremental Lenders (or such shorter period as agreed to by the Administrative Agent). Each proposed Incremental Lender may elect or decline, in its sole discretion, and shall notify the Administrative Agent within such time period whether it agrees, to provide an Incremental Increase and, if so, whether by an amount equal to, greater than or less than requested. Any Person not responding within such time period shall be deemed to have declined to provide an Incremental Increase. (c) Increase Effective Date and Allocations. The Administrative Agent and the Borrower shall determine the effective date (the "Increase Effective Date") and the final allocation of such Incremental Increase. The Administrative Agent shall promptly notify the Borrower and the Incremental Lenders of the final allocation of such Incremental Increases and the Increase Effective Date. (d) Terms of Incremental Increases. The terms of each Incremental Increase (which shall be set forth in the relevant Incremental Amendment) shall be determined by the Borrower and the applicable Incremental Lenders, provided that: (i) each such Incremental Increase shall have the same terms, including maturity, Applicable Margin and Commitment Fees, as the Revolving Credit Facility, provided that any upfront fees payable by the Borrower to the Lenders under any Incremental Increases may differ from those payable under the then existing Commitments; and (ii) the outstanding Revolving Credit Loans and Commitment Percentages of Swingline Loans and L/C Obligations will be reallocated by the Administrative Agent on the applicable Increase Effective Date among the Lenders (including the Incremental Lenders).



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56 175130428 providing such Incremental Increase) in accordance with their revised Commitment Percentages (and the Lenders (including the Incremental Lenders providing such Incremental Increase) agree to make all payments and adjustments necessary to effect such reallocation and the Borrower shall pay any and all costs required pursuant to Section 4.9 in connection with such reallocation as if such reallocation were a repayment); and (iii) each Incremental Increase shall constitute Obligations of the Borrower. (e) Conditions to Effectiveness of Incremental Increases. Any Incremental Increase shall become effective as of such Increase Effective Date and shall be subject to the following conditions precedent: (i) no Default or Event of Default shall exist on such Increase Effective Date immediately prior to or after giving effect to (A) such Incremental Increase or (B) the making of the initial Extensions of Credit pursuant thereto; (ii) all of the representations and warranties set forth in Article VI shall be true and correct in all material respects (or if qualified by materiality or Material Adverse Effect, in all respects) as of such Increase Effective Date, or if such representation speaks as of an earlier date, as of such earlier date; (iii) giving effect to such Indebtedness and the use of proceeds thereof, the Consolidated Group shall be in pro forma compliance with the financial covenant set forth in Section 8.11, such compliance to be determined on the basis of the financial information most recently delivered to the Administrative Agent pursuant to Section 7.1(a) or (b) as though any Indebtedness incurred in connection with such Incremental Increase was incurred as of the last day of the four consecutive fiscal-quarter period covered thereby; provided, that only the portion of any Incremental Increase actually drawn and outstanding on such Increase Effective Date shall be deemed incurred for purposes of this clause; (iv) the Borrower shall have executed an Incremental Amendment in form and substance reasonably acceptable to the Borrower and the applicable Incremental Lenders; and (v) the Administrative Agent shall have received from the Borrower, any customary legal opinions or other documents (including a resolution duly adopted by the board of directors (or equivalent governing body) of the Borrower authorizing such Incremental Increase) reasonably requested by Administrative Agent in connection with such Incremental Increase. (f) Incremental Amendments. Each such Incremental Increase shall be effected pursuant to an amendment (an "Incremental Amendment") to this Agreement and, as appropriate, the other Loan Documents, executed by the Borrower, the Administrative Agent and the applicable Incremental Lenders, which Incremental Amendment 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 reasonable opinion of the Administrative Agent, to effect the provisions of this Section 4.13. (g) The proceeds of any Incremental Increase may be used by the Borrower and its Subsidiaries for any purpose permitted by Section 7.13. SECTION 4.14 Cash Collateral. At any time that there shall exist a Defaulting Lender within three (3) Business Days 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



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57 175130428 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 and the Swingline Lender as herein provided, or that 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 this Section 4.14 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 that there exists excess Cash Collateral; provided that, subject to Section 5.15, 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



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58.175130428 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)(i) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto. (ii) Certain Fees. (A) No Defaulting Lender shall be entitled to receive any Commitment 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 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 Commitment Fee 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



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59 175130428 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. (v) 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 11.23, 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 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 Non-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. 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 Letter 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 in favor of each Lender requesting a Revolving Credit Note, a Swingline Note in favor of the Swingline Lender (if requested thereby), and any other applicable Loan Documents to be delivered on the Closing Date, shall have been duly authorized, executed and delivered to the Administrative Agent by the parties thereto, shall be in full force and effect and no Default or Event of Default shall have occurred and be continuing.



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60 175130428 (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 certifying (A) that all representations and warranties of the Borrower contained in this Agreement and the other Loan Documents are true, correct and complete 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); (B) that no Default or Event of Default has occurred and is continuing; (C) that since December 31, 2022, 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; and (D) as to true, correct and complete copies of all governmental and third party consents, licenses and approvals required in connection with the execution, delivery and performance by the Borrower of the Loan Documents and the transactions contemplated thereby and that such consents, licenses and approvals are in full force and effect (or certifying that no such consents, licenses or approvals are so required). (ii) Certificate of Secretary of the Borrower. A certificate of a Responsible Officer of the Borrower certifying as to the incumbency and genuineness of the signature of each officer of the Borrower executing Loan Documents and certifying that attached thereto is a true, correct and complete copy of (A) the articles or certificate of incorporation or formation (or equivalent) of the Borrower and all amendments thereto, certified as of a recent date by the appropriate Governmental Authority in its jurisdiction of incorporation, organization or formation (or equivalent), (B) the bylaws or governing documents of the Borrower as in effect on the Closing Date, (C) resolutions duly adopted by the board of directors (or other governing body) of the Borrower authorizing and approving the transactions contemplated hereunder and the execution, delivery and performance of this Agreement and the other Loan Documents, and (D) the certificate required to be delivered pursuant to Section 5.1(b)(ii). (iii) Certificates of Good Standing. Certificates as of a recent date of the good standing of the Borrower under the laws of its jurisdiction of incorporation, organization or formation (or equivalent), as applicable. (iv) Opinions of Counsel. Opinions of counsel to the Borrower, including opinions of special counsel and local counsel as may be reasonably requested by the Administrative Agent, addressed to the Administrative Agent and the Lenders with respect to the Borrower, the Loan Documents and such other matters as the Administrative Agent shall reasonably request. (v) Governmental and Third Party Approvals. The Borrower shall have received all governmental and third party consents, licenses and approvals required in connection with the execution, delivery and performance by the Borrower of the Loan Documents and the transactions contemplated thereby, each of which shall be in full force and effect. (vi) Financial Matters. (i) Financial Statements. The Administrative Agent shall have received (A) the audited Consolidated balance sheet of the Borrower and its Subsidiaries as of December 31, 2022 and the related audited statements of income, shareholders' equity and cash flows for the Fiscal Year then ended and (B) the unaudited Consolidated and consolidating balance sheets of the Borrower and its Subsidiaries as of March 31, 2023 and related unaudited interim statements of income and cash flows.



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51 175130428 (ii) Financial Projections. The Administrative Agent shall have received projections prepared by management of the Borrower of balance sheets, income statements and cash flow statements of the Consolidated Group, which shall be in form and substance satisfactory to the Lenders. (iii) Payment at Closing. The Borrower shall have paid or made arrangements to pay contemporaneously with closing (A) to the Administrative Agent, the Arrangers and the Lenders the fees set forth or referenced in Section 4.3 and any other accrued and unpaid fees or commissions due hereunder, (B) all fees, charges and disbursements of counsel to the Administrative Agent (directly to such counsel if requested by the Administrative Agent) to the extent accrued and unpaid prior to or on the Closing Date, plus such additional amounts of such fees, charges and disbursements as shall constitute its reasonable estimate of such fees, charges and disbursements incurred or to be incurred by it through the closing proceedings (provided that such estimate shall not thereafter preclude a final settling of accounts between the Borrower and the Administrative Agent) and (C) to any other Person such amount as may be due thereto in connection with the transactions contemplated hereby, including all taxes, fees and other charges in connection with the execution, delivery, recording, filing and registration of any of the Loan Documents. (e) 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) Existing Indebtedness. All existing Indebtedness of the Borrower and its Subsidiaries (including Indebtedness under the Existing Credit Agreement but excluding Indebtedness permitted pursuant to Section 8.1) shall be repaid in full, all commitments (if any) in respect thereof shall have been terminated and all guarantees therefor and security therefor shall be released, and the Administrative Agent shall have received pay-off letters in form and substance satisfactory to it evidencing such repayment, termination and release. (iii) PATRIOT Act, etc. (A) The Administrative Agent and the Lenders shall have received, at least five (5) Business Days prior to the Closing Date, all documentation and other information requested by the Administrative Agent or any Lender or required by regulatory authorities in order for the Administrative Agent and the Lenders 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 shall have delivered to the Administrative Agent, and directly to any Lender requesting the same, a Beneficial Ownership Certification in relation to it (or a certification that such Borrower qualifies for an express exclusion from the "legal entity customer" definition under the Beneficial Ownership Regulations), in each case at least five (5) Business Days prior to the Closing Date. (iv) GSWC Credit Agreement. The Administrative Agent shall have received evidence that the GSWC Credit Agreement shall be effective substantially simultaneously with this Agreement.



52 175130428 (v) Other Documents. All opinions, certificates and other instruments and all proceedings in connection with the transactions contemplated by this Agreement shall be satisfactory in form and substance to the Administrative Agent. The Administrative Agent shall have received copies of all other documents, certificates and instruments reasonably requested thereby, with respect to the transactions contemplated by this Agreement. Without limiting the generality of the provisions of Section 10.3(c) and Section 10.4, 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) 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 in all material respects, except for any representation and warranty that is qualified by materiality or reference to Material Adverse Effect, which such representation and warranty shall be true and correct in all respects, on and as of such borrowing, issuance or extension 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 in all material respects as of such earlier date, except for any representation and warranty that is qualified by materiality or reference to Material Adverse Effect, which such representation and warranty shall be true and correct in all 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 after giving effect to the Loans to be made on such date or (ii) on the issuance or extension date with respect to such Letter of Credit or after giving effect to the issuance or extension of such Letter of Credit on such date. (c) Notices. The Administrative Agent 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. (d) New Swingline Loans/Letters of Credit. So long as any Lender is a Defaulting Lender, (i) 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 and (ii) the Issuing Lenders shall not 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. Each Notice of Borrowing or Letter of Credit Application, as applicable, submitted by the Borrower shall be deemed to be a representation and warranty that the conditions specified in Sections 5.2(a) and (b) have been satisfied on and as of the date of the applicable Extension of Credit.



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63 175130428 ARTICLE VI REPRESENTATIONS AND WARRANTIES OF THE BORROWER To induce the Administrative Agent and Lenders to enter into this Agreement and to induce the Lenders to make Extensions of Credit, the Borrower hereby represents and warrants to the Administrative Agent and the Lenders both before and after giving effect to the transactions contemplated hereunder, which representations and warranties shall be deemed made on the Closing Date and as otherwise set forth in Section 5.2, that: SECTION 6.1 Organization; Power, Qualification. The Borrower and each Subsidiary (other than any Excluded Subsidiary) (a) is duly organized, validly existing and in good standing (to the extent the concept is applicable in such jurisdiction) under the laws of the jurisdiction of its incorporation or formation, (b) has the power and authority to own its Properties and to carry on its business as now being and hereafter proposed to be conducted, except where the failure to do so could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect, and (c) is duly qualified and authorized to do business in each jurisdiction in which the character of its Properties or the nature of its business requires such qualification and authorization except in jurisdictions where the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect. The jurisdictions in which the Borrower and each Subsidiary (other than any Excluded Subsidiary) are organized and qualified to do business as of the Closing Date are described on Schedule 6.1. Neither the Borrower nor any Subsidiary is an Affected Financial Institution or a Covered Party. SECTION 6.2 Ownership. Each Subsidiary of the Borrower as of the Closing Date is listed on Schedule 6.2. As of the Closing Date, the capitalization of the Borrower and its Subsidiaries consists of the number of shares, authorized, issued and outstanding, of such classes and series, with or without par value, described on Schedule 6.2. All outstanding shares have been duly authorized and validly issued and are fully paid and nonassessable and not subject to any preemptive or similar rights, except as described in Schedule 6.2. As of the Closing Date, there are no outstanding stock purchase warrants, subscriptions, options, securities, instruments or other rights of any type or nature whatsoever, which are convertible into, exchangeable for or otherwise provide for or require the issuance of Equity Interests of the Borrower or any Subsidiary, except as described on Schedule 6.2. SECTION 6.3 Authorization; Enforceability. The Borrower has the right, power and authority and has taken all necessary corporate and other action to authorize the execution, delivery and performance of this Agreement and each of the other Loan Documents to which it is a party in accordance with their respective terms. This Agreement and each of the other Loan Documents have been duly executed and delivered by the duly authorized officers of the Borrower, and each such document constitutes the legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar state or federal Debtor Relief Laws from time to time in effect which affect the enforcement of creditors' rights in general and the availability of equitable remedies. SECTION 6.4 Compliance of Agreement, Loan Documents and Borrowing with Laws, Etc. The execution, delivery and performance by the Borrower of the Loan Documents, in accordance with their respective terms, the Extensions of Credit hereunder and the transactions contemplated hereby or thereby do not and will not, by the passage of time, the giving of notice or otherwise, (a) require any Governmental Approval or violate any Applicable Law relating to the Borrower, (b) conflict with, result in a breach of or constitute a default under the Organizational Documents of the Borrower, (c) conflict with, result in a breach of or constitute a default under any indenture, agreement or other instrument to which the Borrower



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64.175130428 is a party or by which any of its properties may be bound or any Governmental Approval relating to the Borrower, (d) result in or require the creation or imposition of any Lien upon or with respect to any property now owned or hereafter acquired by the Borrower other than Permitted Liens or (e) require the Borrower to obtain any consent or authorization of, or make any filing with, or take another act in respect of, an arbitrator or Governmental Authority and no consent of any other Person that would affect the execution, delivery, performance, validity or enforceability of this Agreement. SECTION 6.5 Compliance with Law: Governmental Approvals. The Borrower and each Subsidiary (other than any Excluded Subsidiary) (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 attack 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 each case of clauses (a), (b) or (c) where the failure to have, comply or file or retain could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. SECTION 6.6 Tax Returns and Payments. The Borrower and each Subsidiary (other than any Excluded Subsidiary) (a) has duly filed or caused to be filed all federal, state and other material tax returns required by Applicable Law to be filed, and (b) has paid, or made adequate provision for the payment of, all federal, state and other material taxes, assessments and governmental charges or levies upon it and its property, income, profits and assets which are due and payable (other than, with respect to clause (b) only, (i) any amount the validity of which is currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided for on the books of the Borrower or (ii) to the extent that the failure to do so could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect). SECTION 6.7 Intellectual Property Matters. The Borrower and each Subsidiary (other than any Excluded Subsidiary) owns or possesses rights to use all material licenses, copyrights, patents, patent rights or licenses, trademarks, trademark rights, service marks, service mark rights, trade names, trade name rights, and other rights with respect to the foregoing which are necessary to conduct its business. To the knowledge of Borrower, (a) no event has occurred which permits, or after notice or lapse of time or both would permit, the revocation or termination of any such rights, and (b) neither the Borrower nor any Subsidiary (other than any Excluded Subsidiary) is liable to any Person for infringement under Applicable Law with respect to any such rights as a result of its business operations, in each case of (a) and (b) except as could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect. SECTION 6.8 Environmental Matters. Except as described in Schedule 6.8: (a) Neither the Borrower nor any of its Subsidiaries (other than any Excluded Subsidiary) at any time has disposed of, discharged, released or threatened the release of any Hazardous Materials on, from or under the Real Property in violation of any Hazardous Materials Law that would individually or in the aggregate constitute a Material Adverse Effect, (b) no condition exists that violates any Hazardous Material Law affecting any Real Property except for such violations that would not individually or in the aggregate constitute a Material Adverse Effect.



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65 175130428 (c) no Real Property or any portion thereof is or has been utilized by the Borrower or any Subsidiary (other than any Excluded Subsidiary) as a site for the manufacture of any Hazardous Materials and (d) to the extent that any Hazardous Materials are used, generated or stored by the Borrower or any Subsidiary (other than any Excluded Subsidiary) on any Real Property, or transported to or from such Real Property by the Borrower, or any Subsidiary (other than any Excluded Subsidiary), such use, generation, storage and transportation are in compliance with all Hazardous Materials Laws except for such non-compliance that would not individually or in the aggregate constitute a Material

Adverse Effect. SECTION 6.9 Employee Benefit Matters. (a) As of the Closing Date, neither the Borrower nor any ERISA Affiliate maintains or contributes to, or has any obligation under, any Employee Benefit Plans other than those identified on Schedule 6.9. (b) The Borrower and each ERISA Affiliate is in compliance with all applicable provisions of ERISA, the Code and the regulations and published interpretations thereunder with respect to all Employee Benefit Plans except for any required amendments for which the remedial amendment period as defined in Section 401(b) of the Code has not yet expired and except where a failure to so comply would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Except where a failure to be so qualified would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, each Employee Benefit Plan that is intended to be qualified under Section 401(a) of the Code has been determined by the IRS to be so qualified, and each trust related to such plan has been determined to be exempt under Section 501(a) of the Code except for such plans that have not yet received determination letters but for which the remedial amendment period for submitting a determination letter has not yet expired. No liability has been incurred by the Borrower or any ERISA Affiliate which remains unsatisfied for any taxes or penalties assessed with respect to any Employee Benefit Plan or any Multiemployer Plan except for a liability that could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. (c) As of the Closing Date, no Pension Plan has been terminated, nor has any Pension Plan become subject to funding based upon benefit restrictions under Section 436 of the Code. Except as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, no funding waiver from the IRS been received or requested with respect to any Pension Plan, nor has the Borrower or any ERISA Affiliate failed to make any contributions or to pay any amounts due and owing as required by Sections 412 or 430 of the Code, Section 302 of ERISA or the terms of any Pension Plan on or prior to the due dates of such contributions under Sections 412 or 430 of the Code or Section 302 of ERISA, nor has there been any event requiring any disclosure under Section 4041(c)(3)(C) or 4063(a) of ERISA with respect to any Pension Plan. (d) Except where the failure of any of the following representations to be correct could not, individually or in the aggregate, reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, neither the Borrower nor any ERISA Affiliate has: (i) engaged in a nonexempt prohibited transaction described in Section 406 of the ERISA or Section 4975 of the Code, (ii) incurred any liability to the PBGC which remains outstanding other than the payment of premiums and there are no premium payments which are due and unpaid, (iii) failed to make a required contribution or payment to a Multiemployer Plan, or (iv) failed to make a required installment or other required payment under Sections 412 or 430 of the Code.



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58 175130428 (e) No Termination Event has occurred or, to the Borrower's knowledge, is reasonably expected to occur. (f) Except where the failure of any of the following representations to be correct could not, individually or in the aggregate, reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, no proceeding, claim (other than a benefits claim in the ordinary course of business), lawsuit and/or investigation is existing or, to its knowledge, threatened concerning or involving (i) any employee welfare benefit plan (as defined in Section 3(1) of ERISA) currently maintained or contributed to by the Borrower or any ERISA Affiliate, (ii) any Pension Plan or (iii) any Multiemployer Plan. (g) As of the Closing Date, the Borrower is not nor will be using "plan assets" (within the meaning of 29 CFR § 2510.3-101, as modified by Section 3(42) of ERISA) of one or more Benefit Plans in connection with the Loans, the Letters of Credit or the Commitments. SECTION 6.10 Margin Stock. Neither the Borrower nor any Subsidiary thereof is engaged principally or as one of its activities in the business of extending credit for the purpose of "purchasing" or "carrying" any "margin stock" (as each such term is defined or used, directly or indirectly, in Regulation U of the FRB). Following the application of the proceeds of each Extension of Credit, not more than twenty- five percent (25%) of the value of the assets (either of the Borrower only or of the Borrower and its Subsidiaries on a Consolidated basis) subject to the provisions of Section 8.2 or Section 8.5 or subject to any restriction contained in any agreement or instrument between the Borrower and any Lender or any Affiliate of any Lender relating to Indebtedness in excess of the Threshold Amount will be "margin stock". SECTION 6.11 Government Regulation. Neither the Borrower nor any Subsidiary thereof 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 6.12 Employee Relations. The Borrower knows of no pending, threatened or contemplated strikes, work stoppage or other collective labor disputes involving its employees or those of its Subsidiaries (other than any Excluded Subsidiary) that, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect. SECTION 6.13 Financial Statements. The audited and unaudited financial statements delivered pursuant to Section 5.1(d)(i) are complete and correct and fairly present in all material respect on a Consolidated basis the assets, liabilities and financial position of the Borrower and its Subsidiaries or the Consolidated Group, as the case may be, as at such dates, and the results of the operations and changes of financial position for the periods then ended (other than customary year-end adjustments for unaudited financial statements and the absence of footnotes from unaudited financial statements). All such financial statements, including the related schedules and notes thereto, have been prepared in accordance with GAAP, except as otherwise expressly noted therein. Such financial statements show all material indebtedness and other material liabilities, direct or contingent, of the Borrower and its Subsidiaries or the Consolidated Group, as the case may be, as of the date thereof, including material liabilities for taxes, material commitments, and Indebtedness, in each case, to the extent required to be disclosed under GAAP. The projections delivered pursuant to Section 5.1(d)(ii) were prepared in good faith on the basis of the assumptions stated therein, which assumptions were believed to be reasonable by the Borrower at the time in light of the circumstances in which such projections were submitted (it being recognized by the Lenders that projections are not to be viewed as facts, that there can be no guarantee or assurance that any or all of the projections may or can be realized, that the actual results during the period or periods covered by such projections may vary from such projections, and such variance may be material).



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67 175130428 SECTION 6.14 No Material Adverse Change. Since December 31, 2022, no event has occurred or condition arisen, either individually or in the aggregate, that could reasonably be expected to have a Material Adverse Effect. SECTION 6.15 Solvency. The Borrower, together with its Subsidiaries, on a Consolidated basis, is Solvent. SECTION 6.16 Title to Properties. Except as set forth on Schedule 6.16, the Borrower and each Subsidiary (other than any Excluded Subsidiary) has good record and marketable title in fee simple to, or valid leasehold interests in, all real property and valid and legal title to all of its personal property and assets, in each case necessary or used in the ordinary conduct of its business, except for such defects in title as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The property of the Borrower and its Subsidiaries (other than any Excluded Subsidiary) is subject to no Liens, other than Permitted Liens. SECTION 6.17 Litigation. There are no actions, suits or proceedings pending nor, to its knowledge, threatened against or in any other way relating adversely to or affecting the Borrower or any Subsidiary (other than any Excluded Subsidiary) or any of their respective properties in any court or before any arbitrator of any kind or before or by any Governmental Authority that would reasonably be expected to have a Material Adverse Effect. SECTION 6.18 Anti-Corruption Laws, Anti-Money Laundering Laws and Sanctions. (a) None of (i) the Borrower, any Subsidiary or, to the knowledge of the Borrower or such Subsidiary, any of their respective directors, officers, employees or Affiliates, or (ii) to the knowledge of the Borrower, 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) Each of the Borrower and its Subsidiaries has implemented and maintains in effect policies and procedures designed to ensure 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, director, officer, employee, agent and Affiliate of Borrower and each such Subsidiary, is in compliance with all Anti-Corruption Laws, Anti-Money Laundering Laws in all material respects and applicable Sanctions. (d) No proceeds of any Extension of Credit have 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 7.13(b). SECTION 6.19 Absence of Defaults. No Default or Event of Default has occurred or is continuing. No event has occurred or is continuing which constitutes, or which with the passage of time or giving of notice or both would constitute, a default or event of default by the Borrower or any Subsidiary (other than any Excluded Subsidiary) under any judgment, decree or order to which the Borrower or any



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68 175130428 Subsidiary (other than any Excluded Subsidiary) is a party or by which the Borrower or any Subsidiary (other than any Excluded Subsidiary) may be bound that, in any case, could, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. SECTION 6.20 Disclosure. The Borrower and/or its Subsidiaries (other than any Excluded Subsidiary) have disclosed to the Administrative Agent and the Lenders all agreements, instruments and corporate or other restrictions to which the Borrower and any Subsidiary (other than any Excluded Subsidiary) are subject, and all other matters known to them, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. No financial statement, material report, material certificate or other material information furnished (whether in writing or orally) by or on behalf of the Borrower or any Subsidiary to the Administrative Agent or any Lender in connection with the transactions contemplated hereby and the negotiation of this Agreement or delivered hereunder (as modified or supplemented by other information so furnished), taken together as a whole, contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect; provided that, with respect to projected financial information, pro forma financial information, estimated financial information and other projected or estimated information (collectively, the "Projections"), such Projections were prepared in good faith based upon assumptions believed by the Borrower to be reasonable at the time (it being recognized by the Lenders that projections are not to be viewed as facts, that there can be no guarantee or assurance that any or all of the Projections may or can be realized, that the actual results during the period or periods covered by such Projections may vary from such Projections, and such variance may be material) in light of the circumstances in which such Projections were submitted. As of the Closing Date, all of the information included in the Beneficial Ownership Certification is true and correct. 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 been Cash Collateralized) and the Commitments terminated, the Borrower will, and will cause each of its Subsidiaries (other than any Excluded Subsidiary) to: SECTION 7.1 Financial Statements and Budgets. Deliver to the Administrative Agent, in form and detail reasonably satisfactory to the Administrative Agent (which shall promptly make such information available to the Lenders in accordance with its customary practice): (a) Annual Financial Statements. As soon as available and in any event within fifteen (15) days after the date on which Consolidated financial statements for each Fiscal Year are required to be delivered to the SEC under the Exchange Act (or, if financial statements are not required to be delivered to the SEC, then within ninety (90) days after the end of each Fiscal Year) (commencing with the Fiscal Year ended December 31, 2023); (i) a Consolidated and consolidating balance sheet of the Borrower and its Subsidiaries as at the end of such Fiscal Year, and the related Consolidated and



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69 175130428 USA, RSM US, Baker Tilly and Crowe are deemed acceptable), which report and opinion shall be prepared in accordance with generally accepted auditing standards and shall not be subject to any "going concern" or like qualification or exception or any qualification or exception as to the scope of such audit (other than, in each case, any qualification, exception or concern with respect to the maturity of the Credit Facility), and such consolidating statements to be certified by the chief executive officer, chief financial officer, treasurer or controller of the Borrower to the effect that such statements are fairly stated in all material respects when considered in relation to the Consolidated financial statements of the Borrower and its Subsidiaries; and (ii) a company-prepared Consolidated and consolidating balance sheet of the Consolidated Group as at the end of such Fiscal Year, and the related Consolidated and consolidating statements of income or operations, changes in shareholders' equity, and cash flows for such Fiscal Year, setting forth in each case in comparative form the corresponding figures as of the end of and for the preceding Fiscal Year, all in reasonable detail and prepared in accordance with GAAP, such Consolidated statements to be certified by the chief executive officer, chief financial officer, treasurer or controller of the Borrower as fairly presenting the financial condition, results of operations, shareholders' equity and cash flows of the Consolidated Group on a Consolidated basis in accordance with GAAP, and such consolidating statements to be certified by the chief executive officer, chief financial officer, treasurer or controller of the Borrower to the effect that such statements are fairly stated in all material respects when considered in relation to the Consolidated financial statements of the Consolidated Group. (b) Quarterly Financial Statements. As soon as available and in any event within fifteen (15) days after the date on which Consolidated financial statements for each of the first three (3) fiscal quarters of each Fiscal Year are required to be delivered to the SEC under the Exchange Act (or, if financial statements are not required to be delivered by the SEC, then within forty-five (45) days after the end of such fiscal quarter of the Borrower) (commencing with the fiscal quarter ended June 30, 2023), (i) a company-prepared Consolidated and consolidating balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal quarter, and the related Consolidated and consolidating statements of income or operation for such fiscal quarter and for the portion of the Fiscal Year then ended, and the related Consolidated and consolidating statements of cash flow for the portion of the Fiscal Year then ended, setting forth in each case in comparative form, as applicable, the corresponding figures as of the end of and for the corresponding period in the preceding Fiscal Year, all in reasonable detail and prepared on a Consolidated basis in accordance with GAAP, such Consolidated statements to be certified by the chief executive officer, chief financial officer, treasurer or controller of the Borrower as fairly presenting the financial condition, results of operations and cash flows of the Borrower and its Subsidiaries on a Consolidated basis in accordance with GAAP, subject to normal year-end adjustments and the absence of footnotes, and such consolidating statements to be certified by the chief executive officer, chief financial officer, treasurer or controller of the Borrower to the effect that such statements are fairly stated in all material respects when considered in relation to the Consolidated financial statements of the Borrower and its Subsidiaries; and (ii) a company-prepared Consolidated and consolidating balance sheet of the Consolidated Group as at the end of such fiscal quarter, and the related Consolidated and consolidating statements of income or operations for such fiscal quarter and for the portion of the Fiscal Year then ended, and the related Consolidated and consolidating statements of cash flow for the portion of the Fiscal Year then ended, setting forth in each case in comparative form, as applicable, the corresponding figures as of the end of and for the corresponding period in the preceding Fiscal Year, all in reasonable detail and prepared in accordance with GAAP, such



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70.175130428 Consolidated statements to be certified by the chief executive officer, chief financial officer, treasurer or controller of the Borrower as fairly presenting the financial condition, results of operations and cash flows of the Consolidated Group on a Consolidated basis in accordance with GAAP, subject to normal year-end adjustments and the absence of footnotes, and such consolidating statements to be certified by the chief executive officer, chief financial officer, treasurer or controller of the Borrower to the effect that such statements are fairly stated in all material respects when considered in relation to the Consolidated financial statements of the Consolidated Group. (c) Annual Business Plan and Budget. As soon as available, but in any event by April 30 of each year, an annual business plan and budget of the Consolidated Group on a Consolidated and consolidating basis, including forecasts prepared by management of the Borrower of Consolidated and consolidating balance sheets and statements of income or operations and cash flows of the Consolidated Group on a quarterly basis for the immediately following fiscal year (including the fiscal year in which the Maturity Date occurs). SECTION 7.2 Certificates; Other Reports. Deliver to the Administrative Agent (which shall promptly make such information available to the Lenders in accordance with its customary practice): (a) at each time financial statements are delivered pursuant to Sections 7.1(a) or (b) and at such other times as the Administrative Agent shall reasonably request, a duly completed Compliance Certificate that, among other things, (i) states that no Default or Event of Default is continuing as of the date of delivery of such Compliance Certificate or, if a Default or Event of Default is continuing, states the nature thereof and the action that the Borrower proposes to take with respect thereto and (ii) demonstrates compliance with the financial covenant set forth in Section 8.11 with respect to the fiscal period covered by such financial statements; (b) promptly upon receipt thereof, copies of all reports, if any, submitted to the Borrower, any Subsidiary (other than any Excluded Subsidiary) or any of their respective boards of directors by their respective independent public accountants in connection with their auditing function, including any management report and any management responses thereto; (c) promptly after the furnishing thereof, copies of any notice of default or event of default issued in connection with any Indebtedness of the Borrower or any Subsidiary (other than any Excluded Subsidiary) in excess of the Threshold Amount pursuant to the terms of any indenture, loan or credit or similar agreement; (d) promptly after the assertion or occurrence thereof, notice of any action or proceeding against or of any noncompliance by the Borrower or any Subsidiary (other than any Excluded Subsidiary) with any Environmental Law that would reasonably be expected to have a Material Adverse Effect; (e) promptly after the same are available, copies of each annual report, proxy or financial statement or other report or communication sent to the shareholders of the Borrower, and copies of all annual, regular, periodic and special reports and registration statements which the Borrower may file or be required to file with the SEC under Section 13 or 15(d) of the Exchange Act, or with any national securities exchange, and in any case not otherwise required to be delivered to the Administrative Agent pursuant hereto; (f) promptly, and in any event within five (5) Business Days after receipt thereof by the Borrower or any Subsidiary, copies of each notice or other correspondence received from the SEC (or comparable agency in any applicable non-U.S. jurisdiction) concerning any investigation or possible



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7.1 175130428 investigation or other inquiry by such agency regarding financial or other operational results of the Borrower or any Subsidiary; (g) promptly upon the request thereof, such other information and documentation required under applicable "know your customer" rules and regulations, the PATRIOT Act or any applicable Anti-Money Laundering Laws or Anti-Corruption Laws, in each case as from time to time reasonably requested by the Administrative Agent or any Lender; and (h) such other information regarding the operations, business affairs and financial condition of the Borrower or any Subsidiary thereof as the Administrative Agent or any Lender may reasonably request. Documents required to be delivered pursuant to Section 7.1(a) or (b) or Section 7.2(f) (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which the Borrower posts such documents, or provides a link thereto on the Borrower's website on the Internet; or (ii) on which such documents are posted on the Borrower's behalf on an Internet or intranet website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); provided that: (i) the Borrower shall deliver paper copies of such documents to the Administrative Agent or any Lender that requests the Borrower to deliver such paper copies until a written request to cease delivering paper copies is given by the Administrative Agent or such Lender and (ii) the Borrower shall notify the Administrative Agent and each Lender (by facsimile or electronic mail) of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions of such documents. Notwithstanding anything contained herein, in every instance the Borrower shall be required to provide copies of the Compliance Certificates required by Section 7.2 to the Administrative Agent in accordance with the procedures set forth in Section 11.1. Except for such Compliance Certificates, the Administrative Agent shall have no obligation to request the delivery or to maintain copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Borrower with any such request for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents. The Borrower hereby acknowledges that (a) the Administrative Agent and/or the 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 it will use commercially reasonable efforts to identify that portion of the Borrower Materials that may be distributed to the Public Lenders and that (w) all such Borrower Materials 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 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 11.10); (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 Arrangers shall be entitled to 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." SECTION 7.3 Notice of Litigation and Other Matters. Promptly (but in no event later than five (5) Business Days after any Responsible Officer of the Borrower obtains knowledge thereof) notify



72-175130428 the Administrative Agent in writing of (which shall promptly make such information available to the Lenders in accordance with its customary practice): (a) the occurrence of any Default or Event of Default; (b) the commencement of all proceedings and investigations by or before any Governmental Authority and all actions and proceedings in any court or before any arbitrator against or involving the Borrower or any Subsidiary (other than an Excluded Subsidiary) or any of their respective properties, assets or businesses in each case that if adversely determined would reasonably be expected to result in a Material Adverse Effect; (c) any notice of any violation received by the Borrower or any Subsidiary (other than any Excluded Subsidiary) from any Governmental Authority including any notice of violation of Environmental Laws which in any such case could reasonably be expected to have a Material Adverse Effect; (d) any labor controversy that has resulted in, or threatens to result in, a strike or other labor disruption against the Borrower or any Subsidiary (other than any Excluded Subsidiary), which in any such case has or could reasonably be expected to have a Material Adverse Effect; (e) any attachment, judgment, lien, levy or order exceeding the Threshold Amount that may be assessed against or threatened against the Borrower or any Subsidiary (other than any Excluded Subsidiary); (f) (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 that it 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; and (g) any announcement by Moody's or S&P of any change in a Debt Rating. Each notice pursuant to Section 7.3 (other than Section 7.3(g)) shall be accompanied by a statement of a Responsible Officer of the Borrower setting forth details of the occurrence referred to therein and stating what action the Borrower has taken and proposes to take with respect thereto. Each notice pursuant to Section 7.3(a) shall describe with particularity any and all provisions of this Agreement and any other Loan Document that have been breached. SECTION 7.4 Preservation of Corporate Existence and Related Matters. Except as permitted by Section 8.4, preserve and maintain its separate corporate existence or equivalent form and all rights, licenses and privileges necessary to the conduct of its business, and qualify and remain qualified as a foreign corporation or other entity and authorized to do business in each jurisdiction in which the failure to so qualify could reasonably be expected to have a Material Adverse Effect. SECTION 7.5 Maintenance of Property and Licenses. (a) Protect and preserve all Properties necessary in and material to its business, including copyrights, patents, trade names, service marks and trademarks; maintain in good working order and condition, ordinary wear and tear excepted, all buildings, equipment and other tangible real and personal



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73 175130428 property; and from time to time make or cause to be made all repairs, renewals and replacements thereof and additions to such Property necessary for the conduct of its business, so that the business carried on in connection therewith may be conducted in a commercially reasonable manner, in each case, except as such action or inaction would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect. (b) Maintain, in full force and effect in all material respects, each and every material license, permit, certification, qualification, approval or franchise issued by any Governmental Authority required for each of them to conduct their respective businesses as presently conducted, except where the failure to do so would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. SECTION 7.6 Insurance. Maintain insurance with financially sound and reputable insurance companies against at least such risks and in at least such amounts as are customarily maintained by similar businesses and as may be required by Applicable Law. SECTION 7.7 Accounting Methods and Financial Records. Maintain a system of accounting, and keep proper books, records and accounts (which shall be accurate and complete in all material respects) as may be required or as may be necessary to permit the preparation of financial statements in accordance in all material respects with GAAP and in compliance with the regulations of any Governmental Authority having jurisdiction over it or any of its Properties. SECTION 7.8 Payment of Taxes and Other Obligations. Pay and perform (a) all taxes, assessments and other governmental charges that may be levied or assessed upon it or any of its Property and (b) all other Indebtedness, obligations and liabilities in accordance with customary trade practices; except where (i) the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves are being maintained by the Borrower or (ii) the failure to pay or perform such items described in clauses (a) or (b) of this Section would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. SECTION 7.9 Compliance with Laws and Approvals. Observe and remain in compliance with all Applicable Laws and maintain in full force and effect all Governmental Approvals, in each case applicable to the conduct of its business except where the failure to do so could not, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. SECTION 7.10 Environmental Laws. In addition to and without limiting the generality of Section 7.9, (a) comply with, and ensure such compliance by all tenants and subtenants with all applicable Environmental Laws and obtain and comply with and maintain, and ensure that all tenants and subtenants, if any, obtain and comply with and maintain, any and all licenses, approvals, notifications, registrations or permits required by applicable Environmental Laws, except where the failure to do so could not, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, and (b) conduct and complete all investigations, studies, sampling and testing, and all remedial, removal and other actions required under Environmental Laws, and promptly comply with all lawful orders and directives of any Governmental Authority regarding Environmental Laws. SECTION 7.11 Compliance with ERISA. In addition to and without limiting the generality of Section 7.9, (a) except where the failure to so comply could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, (i) comply with applicable provisions of ERISA, the Code and the regulations and published interpretations thereunder with respect to all Employee Benefit Plans, (ii) not take any action or fail to take action the result of which could reasonably be expected to result in a liability to the PBGC or to a Multiemployer Plan, (iii) not participate in any prohibited transaction that could result in any civil penalty under ERISA or tax under the Code and (iv) operate each Employee Benefit



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74 175130428 Plan in such a manner that will not incur any tax liability under Section 4980B of the Code or any liability to any qualified beneficiary as defined in Section 4980B of the Code and (b) furnish to the Administrative Agent upon the Administrative Agent's request such additional information about any Employee Benefit Plan as may be reasonably requested by the Administrative Agent. SECTION 7.12 Visits and Inspections. Permit representatives of the Administrative Agent or any Lender, from time to time upon prior reasonable notice and at such times during normal business hours, all at the expense of the Borrower, to visit and inspect its properties; inspect, audit and make extracts from its books, records and files, including, but not limited to, management letters prepared by independent accountants; and discuss with its principal officers, and its independent accountants, its business, assets, liabilities, financial condition, results of operations and business prospects; provided that excluding any such visits and inspections during the continuation of an Event of Default, the Administrative Agent shall not exercise such rights more often than once during any calendar year at the Borrower's expense; provided further that upon the occurrence and during the continuance of an Event of Default, the Administrative Agent or any Lender may do any of the foregoing at the expense of the Borrower at any time without advance notice. SECTION 7.13 Use of Proceeds. (a) Use the proceeds of the Extensions of Credit to (i) refinance the Indebtedness of the Borrower under the Existing Credit Agreement, (ii) pay fees and expenses in connection with the transactions occurring on the Closing Date, and (iii) finance ongoing working capital requirements and other general corporate purposes of the Borrower and its Subsidiaries (other than GSWC and its Subsidiaries and the Excluded Subsidiaries); provided that no part of the proceeds of any of the Loans or Letters of Credit shall be used for purchasing or carrying margin stock (within the meaning of Regulation T, U or X of the FRB) or for any purpose which violates the provisions of Regulation T, U or X of the FRB. (b) 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 applicable to any party hereto. SECTION 7.14 Compliance with Anti-Corruption Laws, Beneficial Ownership Regulation, Anti-Money Laundering Laws and Sanctions. (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.



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75 175130428 SECTION 7.15 Compliance with Material Contracts. Comply in all respects with, and maintain in full force and effect, each contract or agreement, written or oral, of the Borrower or any of its Subsidiaries (other than any Excluded Subsidiary), the breach, non-performance, cancellation or failure to renew of which would reasonably be expected to have a Material Adverse Effect; provided that the Borrower or any such Subsidiary may contest the terms and conditions of any such contract or agreement in good faith through applicable proceedings so long as adequate reserves are maintained in accordance with GAAP. SECTION 7.16 Further Assurances. Execute any and all further documents, agreements and instruments, and take all such further actions, which may be required under any Applicable Law, or which the Administrative Agent or the Required Lenders may reasonably request, to effectuate the transactions contemplated by the Loan Documents, all at the expense of the Borrower. 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 (or been Cash Collateralized) and the Commitments terminated, the Borrower will not, and will not permit any of its Subsidiaries (other than any Excluded Subsidiary) to, SECTION 8.1 Indebtedness. Create, incur, assume or suffer to exist any Indebtedness except: (a) the Obligations; (b) Indebtedness owing under Hedge Agreements entered into in order to manage existing or anticipated interest rate, exchange rate or commodity price risks and not for speculative purposes; (c) Indebtedness existing on the Closing Date and listed on Schedule 8.1 and any refinancings, refundings, renewals or extensions thereof, provided that (i) the amount of such Indebtedness is not increased at the time of such refinancing, refunding, renewal or extension except by an amount equal to a reasonable premium or other reasonable amount paid, and fees and expenses reasonably incurred, in connection with such refinancing and by an amount equal to any existing commitments unutilized thereunder and (ii) the terms relating to principal amount, amortization, maturity, collateral (if any) and subordination (if any), and other material terms taken as a whole, of any such refinancing, refunding, renewing or extending Indebtedness, and of any agreement entered into and of any instrument issued in connection therewith, are no less favorable in any material respect to the Borrower or any Subsidiaries (other than any Excluded Subsidiary) or the Lenders than the terms of any agreement or instrument governing the Indebtedness being refinanced, refunded, renewed or extended and the interest rate applicable to any such refinancing, refunding, renewing or extending Indebtedness does not exceed the then applicable market interest rate; (d) Attributable Indebtedness with respect to Capital Lease Obligations and Indebtedness incurred in connection with purchase money Indebtedness in an aggregate principal amount not to exceed \$15,000,000 at any time outstanding; (e) Indebtedness of a Person existing at the time such Person became a Subsidiary or assets were acquired from such Person in connection with an Investment permitted pursuant to Section 8.3, provided that (i) such Indebtedness was not incurred in connection with, or in contemplation of, such Person becoming a Subsidiary or the acquisition of such assets, (ii) neither the Borrower nor any Subsidiary (other than such Person or any other Person that such Person merges with or that acquires the assets of such



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76 175130428 Person) shall have any liability or other obligation with respect to such Indebtedness and (iii) the aggregate principal amount of such Indebtedness does not exceed \$10,000,000 at any time outstanding; (f) Guarantees of the Borrower or any Subsidiary in respect of Indebtedness otherwise permitted hereunder of the Borrower or any Wholly-Owned Subsidiary (other than Indebtedness of (f) the Borrower incurred under Section 8.2(n)) below or (i) any Excluded Subsidiary or GSWC or any of its Subsidiaries); provided, that GSWC and its Subsidiaries may provide Guarantees of any Indebtedness of GSWC; (g) unsecured Indebtedness of the Borrower to a Wholly-Owned Subsidiary (other than any Excluded Subsidiary) or of any Wholly-Owned Subsidiary to the Borrower or another Wholly-Owned Subsidiary (other than any Excluded Subsidiary or GSWC or any of its Subsidiaries); (h) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or other similar instrument drawn against insufficient funds in the ordinary course of business; (i) Indebtedness from time to time outstanding under the GSWC Credit Agreement and any Guarantee of such Indebtedness (and related obligations) provided by the Borrower in connection therewith; (j) Indebtedness under performance bonds, surety bonds, release, appeal and similar bonds, statutory obligations or with respect to workers' compensation claims, in each case incurred in the ordinary course of business, and reimbursement obligations in respect of any of the foregoing; (k) unsecured Indebtedness of the Borrower or any Subsidiary (other than any Excluded Subsidiary) not otherwise permitted pursuant to this Section in an aggregate principal amount not to exceed \$1,000,000 at any time outstanding; (l) unsecured Indebtedness of GSWC or any of its Subsidiaries incurred after the Closing Date pursuant to Section 8.2(k) of the GSWC Credit Agreement (as in effect on the Closing Date); (m) other Indebtedness in an aggregate principal amount not to exceed \$25,000,000 at any time outstanding; and (n) other unsecured Indebtedness of the Borrower so long as (i) immediately before and immediately after giving pro forma effect to the incurrence of any such Indebtedness and the use of proceeds thereof, (A) no Default or Event of Default shall have occurred and be continuing and (B) the Consolidated Group shall be in pro forma compliance with the covenant set forth in Section 8.11, such compliance to be determined on the basis of the financial information most recently delivered to the Administrative Agent pursuant to Section 7.1(a) or (b) as though such Indebtedness was incurred as of the last day of the four consecutive fiscal-quarter period covered thereby, and (ii) such Indebtedness is not Guaranteed by any Subsidiary. SECTION 8.2 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 created pursuant to the Loan Documents (including Liens in favor of the Swingline Lender and/or the Issuing Lenders, as applicable, on Cash Collateral granted pursuant to the Loan Documents); (b) Liens in existence on the Closing Date and described on Schedule 8.2, and the replacement, renewal or extension thereof (including Liens incurred, assumed or suffered to exist in connection with any



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77 1.75130428 renewal or extension of the obligations secured or benefited thereby permitted pursuant to Section 8.1(c) (solely to the extent that such Liens were in existence on the Closing Date and described on Schedule 8.2)); provided that the scope of any such Lien shall not be increased, or otherwise expanded, to cover any additional property or type of asset, as applicable, beyond that in existence on the Closing Date, except for products and proceeds of the foregoing; (c) Liens for taxes, assessments and other governmental charges or levies (excluding any Lien imposed pursuant to any of the provisions of ERISA or Environmental Laws) (i) not yet due or as to which the period of grace (not to exceed thirty (30) days), if any, related thereto has not expired or (ii) which are being contested in good faith and by appropriate proceedings if adequate reserves are maintained to the extent required by GAAP; (d) the claims of materialmen, mechanics, carriers, warehousemen, processors or landlords for labor, materials, supplies or rentals incurred in the ordinary course of business, which (i) are not overdue for a period of more than thirty (30) days, or if more than thirty (30) days overdue, no action has been taken to enforce such Liens and such Liens are being contested in good faith and by appropriate proceedings if adequate reserves are maintained to the extent required by GAAP and (ii) do not, individually or in the aggregate, materially impair the use thereof in the operation of the business of the Borrower or any of its Subsidiaries; (e) deposits or pledges made in the ordinary course of business in connection with, or to secure payment of, obligations under workers' compensation (including Liens of judgments thereunder which are not currently dischargeable), unemployment insurance and other types of social security or similar legislation, or to secure the performance of bids, trade contracts and leases (other than Indebtedness), statutory obligations, surety, appeal and customs bonds (other than bonds related to judgments or litigation), performance bonds and other obligations of a like nature incurred in the ordinary course of business, in each case, so long as no foreclosure sale or similar proceeding has been commenced with respect to any material portion of the Property of the Borrower or any Subsidiary on account thereof; (f) encumbrances in the nature of zoning restrictions, easements, reservations, franchises and rights or restrictions of record and agreements on the use of real property or public utility franchises in the nature of easements, either (x) which in the aggregate are not substantial in amount or (y) are for the purpose of joint or common use of property, pipelines, conduits, cables, wire communication lines, power lines and substations, streets, trails, walkways, other public places, drainage, irrigation, water, and sewerage purposes, dikes, canals, ditches, the removal of oil, gas, coal, or other minerals, and other like purposes affecting Property and public utility property in the nature of easements and in each case, which do not, in any case, materially detract from the fair market value of such property or impair the use thereof in the ordinary conduct of business; (g) Liens arising from the filing of precautionary UCC financing statements relating solely to personal property leased pursuant to operating leases entered into in the ordinary course of business; (h) Liens securing Indebtedness permitted under Section 8.1(d); provided that (i) such Liens shall be created substantially simultaneously with the acquisition, repair, construction, improvement or lease, as applicable, of the related Property, (ii) such Liens do not at any time encumber any property other than the Property financed or improved by such Indebtedness, (iii) the amount of Indebtedness secured thereby is not increased and (iv) the principal amount of Indebtedness secured by any such Lien shall at no time exceed one hundred percent (100%) of the original price for the purchase, repair, construction, improvement or lease amount (as applicable) of such Property at the time of purchase, repair, construction, improvement or lease (as applicable).



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78 175130428 (i) Liens securing judgments for the payment of money not constituting an Event of Default under Section 9.1(f) or securing appeal or other surety bonds relating to such judgments; (j) Liens on Property (i) of a Person that becomes a Subsidiary existing at the time that such Person becomes a Subsidiary in connection with an acquisition permitted hereunder and (ii) of the Borrower or any of its Subsidiaries existing at the time such Property is purchased or otherwise acquired by the Borrower or such Subsidiary pursuant to a transaction permitted hereunder and, in each case any modification, replacement, renewal and extension thereof; provided that, with respect to each of the foregoing clauses (i) and (ii), (A) such Liens are not incurred in connection with, or in anticipation of, such Permitted Acquisition, purchase or other acquisition, (B) such Liens do not encumber any Property other than Property encumbered at the time of such acquisition or such Person becoming a Subsidiary and the proceeds and products thereof and are not all asset Liens, (C) such Liens do not attach to any other Property of the Borrower or any of its Subsidiaries and (D) such Liens will secure only those obligations which it secures at the time such acquisition or purchase occurs; (k) (i) Liens of a collecting bank arising in the ordinary course of business under Section 4-210 of the Uniform Commercial Code in effect in the relevant jurisdiction; (ii) Liens of any depository bank in connection with statutory, common law and contractual rights of setoff and recoupment with respect to any deposit account of the Borrower or any Subsidiary and (iii) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of any assets or property in the ordinary course of business; (l) (i) Liens of landlords arising in the ordinary course of business to the extent relating to the property and assets relating to any lease agreements with such landlord, and (ii) Liens of suppliers (including sellers of goods) or customers arising in the ordinary course of business to the extent limited to the property or assets relating to such contract; (m) (i) Liens on Equity Interests of joint ventures securing capital contributions thereto and (ii) rights of first refusal and tag, drag and similar rights in joint venture agreements and agreements with respect to non-Wholly-Owned Subsidiaries; (n) defects and irregularities in title to any Property which in the aggregate do not materially impair the fair market value or use of the Property for the purposes for which it is or may reasonably be expected to be held; (o) rights of tenants under leases and rental agreements covering Property entered into in the ordinary course of business of the Person owning such Property; (p) Liens arising under any Military Utility Privatization; (q) any rights reserved to or vested in any Governmental Authority to control or regulate or obligations or duties owed to a Governmental Authority with respect to the use of any property or any right, power, franchise, grant, license, or permit; (r) non-exclusive licenses and sublicenses of intellectual property rights permitted pursuant to Section 8.5; and (s) (i) leases, licenses, subleases or sublicenses granted to others which do not (A) interfere in any material respect with the business of the Borrower or its Subsidiaries or materially detract from the value of the relevant assets of the Borrower or its Subsidiaries or (B) secure any indebtedness and (ii) any interest or title of a licensor, sub-licensor, lessor or sub-lessor under leases, licenses, subleases or



79 175130428 sublicenses entered into by any of the Borrower and its Subsidiaries as licensee, sub-licensee, lessee or sub-lessee in the ordinary course of business or any customary restriction or encumbrance with respect to the Property subject to any such lease, license, sublease or sublicense. SECTION 8.3 Investments. Make, hold or otherwise permit to exist any Investment, except: (a) Investments in the form of Permitted Acquisitions; (b) Investments existing on the Closing Date and described on Schedule 8.3 and any modification, replacement, renewal or extension thereof so long as such modification, renewal or extension thereof does not increase the amount of such Investment except as otherwise permitted by this Section 8.3; (c) Investments consisting of cash and cash equivalents; (d) Investments consisting of loans and advances to officers, directors and employees of the Borrower and its Subsidiaries for travel, entertainment, relocation, anticipated bonus, exercise of stock options and other ordinary business purposes; provided that the aggregate amount of such Investments does not exceed \$1,000,000 at any time outstanding; (e) (i) Investments existing on the Closing Date in Subsidiaries existing on the Closing Date and (ii) Investments of the Borrower in any Wholly-Owned Subsidiary and Investments of any Wholly-Owned Subsidiary in the Borrower or in another Wholly-Owned Subsidiary; provided that no Investments shall be permitted in any Excluded Subsidiary or GSWC or any Subsidiary thereof pursuant to this clause (e)(i); (f) Investments consisting of the extension of credit to customers or suppliers of the Borrower and its Subsidiaries in the ordinary course of business and any Investments received in satisfaction or partial satisfaction thereof; (g) Investments received in connection with the settlement of a bona fide dispute with another Person; provided that the aggregate amount of such Investments does not exceed \$10,000,000 at any time outstanding; (h) Investments representing all or a portion of the sales price of Property sold or services provided to another Person; provided that the aggregate amount of all such Investments does not exceed \$5,000,000 at any time outstanding; (i) deposits made in the ordinary course of business to secure the performance of leases or other obligations as permitted by Section 8.2; (j) Hedge Agreements permitted pursuant to Section 8.1; (k) Guarantees permitted pursuant to Section 8.1; (l) Investments in fixed income and equity securities made and to be made by the Borrower or any of its Subsidiaries in a manner consistent with past practice and in accordance with the Borrower's investment policy in a rabbi trust established to fund GSWC's obligations under a supplemental pension restoration plan for executive officers of the Borrower and its Subsidiaries (other than any Excluded Subsidiary).



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80 175130428 (m) the Farm Credit Equities and any other equity interests of, or Investments in, any Farm Credit Lender or their investment services or programs; and (n) Investments not otherwise permitted pursuant to this Section; provided that (i) immediately before and immediately after giving pro forma effect to any such Investments and any Indebtedness incurred in connection therewith, no Default or Event of Default shall have occurred and be continuing and (ii) the Consolidated Group shall be in pro forma compliance with the financial covenant set forth in Section 8.11, such compliance to be determined on the basis of the financial information most recently delivered to the Administrative Agent pursuant to Section 7.1(a) or (b) as though any Indebtedness incurred in connection therewith was incurred as of the last day of the four consecutive fiscal-quarter period covered thereby; and provided further that any Investments made pursuant to this clause (n) in any Excluded Subsidiary or GSWC or any Subsidiary thereof shall be made in the ordinary course of business and shall not constitute Indebtedness of any Excluded Subsidiary or GSWC or any Subsidiary thereof. SECTION 8.4 Fundamental Changes. Merge, consolidate, amalgamate or enter into any similar combination with (including by division), or enter into any Asset Disposition of all or substantially all of its assets (whether in a single transaction or a series of transactions) with, any other Person or liquidate, wind-up or dissolve itself (or suffer any liquidation or dissolution) except: (a) any Subsidiary may merge with (i) the Borrower, provided that the Borrower shall be the continuing or surviving Person, or (ii) any one or more other Subsidiaries (other than an Excluded Subsidiary); provided that when any Wholly-Owned Subsidiary is merging with another Subsidiary, the Wholly-Owned Subsidiary shall be the continuing or surviving Person; (b) any Subsidiary may dispose of all or substantially all of its assets (upon voluntary liquidation, dissolution, winding up, division or otherwise) to the Borrower or any Wholly-Owned Subsidiary (other than any Excluded Subsidiary); (c) Asset Dispositions permitted by Section 8.5 (other than clause (b) thereof); (d) so long as no Default or Event of Default exists or would result therefrom, any Wholly-Owned Subsidiary of the Borrower may merge with or into the Person such Wholly-Owned Subsidiary was formed to acquire in connection with any acquisition permitted hereunder; and (e) so long as no Default or Event of Default exists or would result therefrom, any Person may merge with or into the Borrower or any of its Wholly-Owned Subsidiaries in connection with a Permitted Acquisition; provided that (i) in the case of a merger involving the Borrower or GSWC, the continuing or surviving Person shall be the Borrower or GSWC, as applicable, and (ii) the continuing or surviving Person shall be the Borrower, GSWC or a Wholly-Owned Subsidiary of the Borrower. SECTION 8.5 Asset Dispositions. Make any Asset Disposition except: (a) the sale of inventory in the ordinary course of business; (b) the sale, transfer or other disposition of assets to the Borrower or any Wholly-Owned Subsidiary (other than any Excluded Subsidiary) pursuant to any other transaction permitted pursuant to Section 8.4; (c) the write-off, discount, sale or other disposition of defaulted or past-due receivables and similar obligations in the ordinary course of business and not undertaken as part of an accounts receivable financing transaction.



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31 175130428 (d) the disposition, termination or unwinding of any Hedge Agreement; (e) dispositions of cash and cash equivalents; (f) Asset Dispositions of equipment or real property to the extent that (i) such equipment is exchanged for credit against the purchase price of similar replacement property or (ii) the proceeds of such Asset Disposition are reasonably promptly applied to the purchase price of such replacement property; (g) Asset Dispositions between or among the Borrower and any Wholly-Owned Subsidiary (other than an Excluded Subsidiary); (h) the sale or other disposition of obsolete, worn-out or surplus assets no longer used or useful in the business of the Borrower or any of its Subsidiaries; (i) non-exclusive licenses and sublicenses of intellectual property rights or the abandonment of intellectual property rights, in each case, in the ordinary course of business not interfering, individually or in the aggregate, in any material respect with the business of the Borrower and its Subsidiaries; (j) leases, subleases, licenses or sublicenses of real or personal property granted by the Borrower or any of its Subsidiaries to others in the ordinary course of business not detracting from the value of such real or personal property or interfering in any material respect with the business of the Borrower or any of its Subsidiaries; (k) Asset Dispositions of property in the form of an investment permitted pursuant to Section 8.3 (other than clause (h) thereof); (l) Asset Dispositions pursuant to any order of any Governmental Authority in an eminent domain proceeding or condemnation event and any settlement of any such proceeding; (m) Asset Dispositions to the extent required by a Governmental Authority pursuant to or in accordance with a contract, arrangement, covenant or other agreement with a Governmental Authority; and (n) Asset Dispositions not otherwise permitted pursuant to this Section, provided that (i) at the time of such Asset Disposition, no Default or Event of Default shall exist or would result from such Asset Disposition, (ii) such Asset Disposition is made for fair market value as determined in good faith by the Borrower and the consideration received shall be no less than 75% paid in cash and/or indebtedness or other evidence of an investment permitted under Section 8.3(b), and (iii) the aggregate fair market value of all property disposed of in reliance on this clause (n) shall not exceed \$10,000,000 in the aggregate in any Fiscal Year. SECTION 8.6 Restricted Payments. Declare or make any Restricted Payments, provided that: (a) so long as no Default or Event of Default has occurred and is continuing or would result therefrom, the Borrower or any of its Subsidiaries may declare and pay dividends in shares of its own Qualified Equity Interests; (b) any Subsidiary may declare and make Restricted Payments to the Borrower or any Wholly-Owned Subsidiary; and (c) the Borrower may declare and make Restricted Payments consisting of (i) repurchases of Qualified Equity Interests of the Borrower in an amount not to exceed \$2,500,000 in the aggregate from



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82 175130428 and after the Closing Date and (ii) dividends paid in cash in a manner reasonably consistent with the Borrower's past practices made in any Fiscal Year, so long as, in the case of each of the foregoing clauses (i) and (ii), no Default or Event of Default has occurred and is continuing or would result therefrom and, after giving effect thereto on a pro-forma basis, the Borrower would be in compliance with Section 8.11 as of the end of the then current Fiscal Quarter. SECTION 8.7 Transactions with Affiliates. Enter into any transaction of any kind with any Affiliate of the Borrower, other than: (a) salary, bonus, employee stock option and other compensation arrangements with directors or officers in the ordinary course of business; (b) Investments permitted pursuant to Section 8.3(d); (c) Restricted Payments permitted pursuant to Section 8.6; (d) transactions with Wholly-Owned Subsidiaries (other than any Excluded Subsidiary); (e) administrative services agreement between BVESI and GSWC as in effect on the date hereof; and (f) transactions on overall terms not materially less favorable to the Borrower or its Subsidiaries as would be the case in an arm's-length transaction. SECTION 8.8 Accounting Changes: Organizational Documents. (a) Change its Fiscal Year end, or make (without the consent of the Administrative Agent) any material change in its accounting treatment and reporting practices except as required by GAAP. (b) Amend, modify or change its Organizational Documents in any manner materially adverse to the rights or interests of the Lenders. SECTION 8.9 No Further Negative Pledges: Restrictive Agreements. (a) Enter into, assume or be subject to any agreement prohibiting or otherwise restricting the creation or assumption of any Lien upon its properties or assets, whether now owned or hereafter acquired, or requiring the grant of any security for such obligation if security is given for some other obligation, except, in each case, any agreement, restriction or requirement existing under or by reason of any Permitted Restriction. (b) Create or otherwise cause or suffer to exist or become effective any consensual encumbrance or restriction on the ability of any Subsidiary to (i) pay dividends or make any other distributions to the Borrower or any Subsidiary on its Equity Interests or with respect to any other interest or participation in, or measured by, its profits, (ii) pay any Indebtedness or other obligation owed to the Borrower or any Subsidiary or (iii) make loans or advances to the Borrower or any Subsidiary, except in each case for such encumbrances or restrictions existing under or by reason of any Permitted Restriction. (c) Create or otherwise cause or suffer to exist or become effective any consensual encumbrance or restriction on the ability of any Subsidiary to (i) sell, lease or transfer any of its properties or assets to the Borrower or any Subsidiary or (ii) act as a guarantor pursuant to the Loan Documents or any renewals, refinancings, exchanges, refundings or extension thereof.



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83 175130428 SECTION 8.11 Financial Covenant. As of the last day of any fiscal quarter (commencing with the fiscal quarter ending June 30, 2023), permit the Total Capitalization Ratio to be greater than 0.65 to 1.00. ARTICLE IX
DEFAULT AND REMEDIES SECTION 9.1 Events of Default. Each of the following shall constitute an Event of Default: (a) Default in Payment of Principal of Loans and Reimbursement Obligations. The Borrower shall default in any
payment of principal of any Loan or Reimbursement Obligation when and as due (whether at maturity, by reason of acceleration or otherwise) or fail to provide Cash Collateral pursuant to Section 2.4(b), Section 2.5(b), Section 3.1
Section 4.14 or Section 4.15(a)(v). (b) Other Payment Default. The Borrower shall default in the payment when and as due (whether at maturity, by reason of acceleration or otherwise) of interest on any Loan or Reimbursement Obligation
or the payment of any other Obligation, and such default shall continue for a period of five (5) Business Days. (c) Misrepresentation. Any representation, warranty, certification or statement of fact made or deemed made by or on behalf of
the Borrower in this Agreement, in any other Loan Document, or in any document delivered in connection herewith or therewith that is subject to materiality or Material Adverse Effect qualifications, shall be incorrect or misleading in any
respect when made or deemed made or any representation, warranty, certification or statement of fact made or deemed made by or on behalf of the Borrower in this Agreement, in any other Loan Document, or in any document delivered
in connection herewith or therewith that is not subject to materiality or Material Adverse Effect qualifications, shall be incorrect or misleading in any material respect when made or deemed made. (d) Default in Performance of Certain
Covenants. The Borrower or any Subsidiary thereof (other than any Excluded Subsidiary) shall default in the performance or observance of any covenant or agreement contained in (i) Sections 7.1 or 7.2 and such default shall continue for
a period of ten (10) Business Days or (ii) Sections 7.3(a), 7.4, 7.13 or 7.14 or Article VIII. (e) Default in Performance of Other Covenants and Conditions. The Borrower or any Subsidiary thereof (other than any Excluded Subsidiary) shall
default in the performance or observance of any term, covenant, condition or agreement contained in this Agreement (other than as specifically provided for in this Section 9.1) or any other Loan Document and such default shall continue
for a period of thirty (30) days after the earlier of (i) the Administrative Agent's delivery of written notice thereof to the Borrower and (ii) a Responsible Officer of the Borrower having obtained knowledge thereof. (f) Indebtedness Cross-
Default. (i) The Borrower or any Subsidiary thereof (other than any Excluded Subsidiary) shall (A) default in the payment of any Indebtedness (other than the Loans or any Reimbursement Obligation) the aggregate principal amount
(including undrawn committed or available amounts), or with respect to any Hedge Agreement, the Hedge Termination Value, of which is in excess of the Threshold Amount beyond the period of grace if any, provided in the instrument or
agreement under which such Indebtedness was created, or (B) default in the observance or performance of any other agreement or condition relating to any Indebtedness (other than the Loans or any Reimbursement Obligation) the
aggregate principal amount (including undrawn committed or available amounts), or with respect to any Hedge Agreement, the Hedge Termination Value, of which is in excess of the Threshold Amount or contained in any instrument or
agreement evidencing, securing or relating thereto or any other



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84 175130428 event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause, with the giving of notice and/or lapse of time, if required, any such Indebtedness to (1) become due, or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity (any applicable grace period having expired); provided that this clause (1) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness or (2) be cash collateralized, or (i) there shall occur any Event of Default (as defined in the GSWC Credit Agreement), (g) Change in Control. Any Change in Control shall occur. (h) Voluntary Bankruptcy Proceeding. The Borrower or any Subsidiary thereof (other than any Excluded Subsidiary) shall (i) commence a voluntary case under any Debtor Relief Laws, (ii) file a petition seeking to take advantage of any Debtor Relief Laws, (iii) consent to or fail to contest in a timely and appropriate manner any petition filed against it in an involuntary case under any Debtor Relief Laws, (iv) apply for or consent to, or fail to contest in a timely and appropriate manner, the appointment of, or the taking of possession by, a receiver, custodian, trustee, or liquidator of itself or of a substantial part of its property, domestic or foreign, (v) admit in writing its inability to generally pay its debts as they become due, (vi) make a general assignment for the benefit of creditors, or (vii) take any corporate action for the purpose of authorizing any of the foregoing. (i) Involuntary Bankruptcy Proceeding. A case or other proceeding shall be commenced against the Borrower or any Subsidiary thereof (other than any Excluded Subsidiary) in any court of competent jurisdiction seeking (i) relief under any Debtor Relief Laws, or (ii) the appointment of a trustee, receiver, custodian, liquidator or the like for the Borrower or any Subsidiary thereof (other than any Excluded Subsidiary) or for all or any substantial part of its assets, domestic or foreign, and such case or proceeding shall continue without dismissal, discharge or stay for a period of sixty (60) consecutive days, or an order granting the relief requested in such case or proceeding under such Debtor Relief Laws shall be entered. (j) Failure of Agreements. Any provision of this Agreement or any provision of any other Loan Document shall for any reason 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. (k) ERISA Events. The occurrence of any of the following events: (i) the Borrower or any ERISA Affiliate fails to make full payment when due of all amounts which, under the provisions of any Pension Plan or Sections 412 or 430 of the Code, the Borrower or any ERISA Affiliate is required to pay as contributions thereto and such unpaid amounts are in excess of the Threshold Amount, (ii) a Termination Event or (iii) the Borrower or any ERISA Affiliate makes a complete or partial withdrawal from any Multiemployer Plan and the Multiemployer Plan notifies the Borrower or ERISA Affiliate that such entity has incurred a withdrawal liability requiring payments in an amount exceeding the Threshold Amount. (l) Judgment. One or more judgments, orders or decrees shall be entered against the Borrower or any Subsidiary (other than any Excluded Subsidiary) by any court and continues without having been discharged, vacated, bonded or stayed for a period of thirty (30) consecutive days after the entry thereof and such judgments, orders or decrees (i) in the case of the payment of money, are individually or in the aggregate (to the extent not paid or covered by insurance as to which the relevant insurance company has acknowledged the claim and has not disputed coverage), in excess of the Threshold Amount or (ii) in the case of injunctive or other non-monetary relief, could reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect.



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85 175130428 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 Commitments 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 (including all L/C Obligations, whether or not the beneficiaries of the then outstanding Letters of Credit shall have presented or shall be entitled to present the documents required thereunder) 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(h) or (i), 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 shall at such time deposit in a Cash Collateral account opened by the Administrative Agent an amount equal to the Minimum Collateral Amount of the aggregate then undrawn and unexpired amount of such Letter of Credit. 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.



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86 175130428 (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 (i) 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, (ii) 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, (iii) any Lender from exercising setoff rights in accordance with Section 11.4 (subject to the terms of Section 4.6), or (iv) 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 (A) the Required Lenders shall have the rights otherwise ascribed to the Administrative Agent pursuant to Section 9.2 and (B) in addition to the matters set forth in clauses (i), (iii) and (iv) 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 and all net proceeds from the enforcement of the Obligations shall, subject to the provisions of Sections 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 Commitment Fees and Letter of Credit fees payable to the 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 Commitment Fees, Letter of Credit fees payable to the 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 and Reimbursement Obligations and to Cash Collateralize any L/C Obligations then outstanding, ratably among the holders of such obligations in proportion to the respective amounts described in this clause Fourth payable to them; and Last, the balance, if any, after all of the Obligations have been 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



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87 175130428 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. (a) Each of the Lenders and each Issuing Lender hereby irrevocably appoints, designates and authorizes 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. The provisions of this Article are solely for the benefit of the Administrative Agent, the Arrangers, the Lenders, the Issuing Lenders and their respective Related Parties, and neither the Borrower nor any Subsidiary thereof shall have rights as a third-party beneficiary of any of such provisions. (b) The Administrative Agent shall also act as the "collateral agent" under the Loan Documents, and each of the Lenders and the Issuing Lenders hereby irrevocably appoints and authorizes the Administrative Agent to act as the agent of such Lender and such Issuing Lender for purposes of acquiring, holding and enforcing any and all Liens on Cash Collateral granted by the Borrower to secure any of the Obligations, together with such powers and discretion as are reasonably incidental thereto (including to enter into additional Loan Documents or supplements to existing Loan Documents on behalf of the Lender Parties). In this connection, the Administrative Agent, as "collateral agent" and any co-agents, sub-agents and attorneys-in-fact, appointed by the Administrative Agent pursuant to this Article X for purposes of holding or enforcing any Lien granted under the Loan Documents, or for exercising any rights and remedies thereunder at the direction of the Administrative Agent, shall be entitled to the benefits of all provisions of this Article and Article XI (including Section 11.3, as though such co-agents, sub-agents and attorneys-in-fact were the "collateral agent" under the Loan Documents) as if set forth in full herein with respect thereto.



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88 175130428 (c) 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 banking, trust, financial advisory, underwriting, capital markets or other 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 or to provide notice to or consent of the Lenders with respect thereto. SECTION 10.3 Exculpatory Provisions. (a) The Administrative Agent, the Arrangers and their respective Related Parties 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, the Arrangers and their respective Related Parties: (i) shall not be subject to any agency, trust, 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; (iii) shall not have any duty to disclose, and shall not be liable for the failure to disclose to any Lender, any Issuing Lender or any other Person, any credit or other information relating concerning the business, prospects, operations, properties, assets, financial or other condition or creditworthiness of the Borrower or any of its Subsidiaries or Affiliates that is communicated to, obtained by or otherwise in the possession of the Person serving as the Administrative Agent, the Arrangers or their respective Related Parties in any capacity, except for notices, reports and other documents that are required to be furnished by the Administrative Agent to the Lenders pursuant to the express provisions of this Agreement; and (iv) shall not be required to account to any Lender or any Issuing Lender for any sum or profit received by the Administrative Agent for its own account.



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39 175130428 (b) The Administrative Agent, the Arrangers and their respective Related Parties shall not be liable for any action taken or not taken by it under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby or thereby (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 non-appealable 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, the Arrangers and their respective Related Parties shall not be responsible for or have any duty or obligations to any Lender or Participant or any other Person 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, shall be fully protected in relying and shall not incur any liability for relying upon, any notice, request, certificate, consent, communication, 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 be fully protected in relying 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. Each Lender or Issuing Lender that has signed this Agreement or a signature page to an Assignment and Assumption or any other Loan Document pursuant to which it is to become a Lender or Issuing Lender hereunder shall be deemed to have consented to, approved and accepted and shall be deemed satisfied with each document or other matter required thereunder to be consented to, approved or accepted by such Lender or Issuing Lender or that is to be acceptable or satisfactory to such Lender or Issuing Lender. 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



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90175130428 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 non-appealable 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, 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 or other amounts then 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 or other amounts owed to the retiring or removed Administrative Agent as of the Resignation Effective Date or the Removal Effective Date, as applicable), 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



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91.175130428 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, including, without limitation, any actions taken with respect to acting as collateral agent or otherwise holding any Cash Collateral on behalf of any of the Lender Parties or in respect of any actions taken in connection with the transfer of agency to a replacement or successor Administrative Agent. (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 expressly acknowledges that none of the Administrative Agent, the Arrangers or any of their respective Related Parties has made any representations or warranties to it and that no act taken or failure to act by the Administrative Agent, the Arrangers or any of their respective Related Parties, including any consent to, and acceptance of any assignment or review of the affairs of the Borrower and its Subsidiaries or Affiliates shall be deemed to constitute a representation or warranty of the Administrative Agent, the Arrangers or any of their respective Related Parties to any Lender, any Issuing Lender or any other Lender Party as to any matter, including whether the Administrative Agent, the Arrangers or any of their respective Related Parties have disclosed material information in their (or their respective Related Parties') possession. Each Lender and each Issuing Lender expressly acknowledges, represents and warrants to the Administrative Agent and the Arrangers that (a) the Loan Documents set forth the terms of a commercial lending facility, (b) it is engaged in making, acquiring, purchasing or holding commercial loans in the ordinary course and is entering into this Agreement and the other Loan Documents to which it is a party as a Lender for the purpose of making, acquiring, purchasing and/or holding the commercial loans set forth herein as may be applicable to it, and not for the purpose of making, acquiring, purchasing or holding any other type of financial instrument, (c) it is sophisticated with respect to decisions to make, acquire, purchase or hold the commercial loans applicable to it and either it or the Person exercising discretion in making its decisions to make, acquire, purchase or hold such commercial loans is experienced in making, acquiring, purchasing or holding commercial loans, (d) it has, independently and without reliance upon the Administrative Agent, the Arrangers, any other Lender or any of their respective Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and appraisal of, and investigations into, the business, prospects, operations, property, assets, liabilities, financial and other condition and creditworthiness of the Borrower and its Subsidiaries, all applicable bank or other regulatory Applicable Laws relating to the transactions contemplated by this Agreement and the other Loan Documents and (e) it has made its own independent decision to enter into this Agreement and the other Loan Documents to which it is a party and to extend credit hereunder and thereunder. Each Lender and each Issuing Lender also acknowledges that (i) it will, independently and without reliance upon the Administrative Agent, the Arrangers or any other Lender or any of their respective Related Parties (A) continue to make its own credit analysis, appraisals and 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 based on such documents and information as it shall from time



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02 175130428 to time deem appropriate and its own independent investigations and (B) continue to make such investigations and inquiries as it deems necessary to inform itself as to the Borrower and its Subsidiaries and (ii) it will not assert any claim in contravention of this Section 10.7. 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, but each such Person shall have the benefit of the indemnities and exculpatory provisions hereof. SECTION 10.9 Certain ERISA Matters. (a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, 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, each Arranger 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 for purposes of Title I of ERISA or Section 4975 of the Code) 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 or the

Commitments or this Agreement; (ii) the prohibited 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 so as to exempt from the prohibitions of Section 406 of ERISA and Section 4975 of the Code 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 either (1) sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or (2) a Lender has provided another representation, warranty and covenant in accordance with sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents



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93 175130428 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, each Arranger and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower, that none of the Administrative Agent, any Arranger and their respective Affiliates is 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). SECTION 10.10 Erroneous Payments. (a) Each Lender, each Issuing Lender, each other Lender Party and any other party hereto hereby severally agrees that if (i) the Administrative Agent notifies (which such notice shall be conclusive absent manifest error) such Lender or Issuing Lender or any other Lender Party (or the Affiliate of a Lender Party) or any other Person that has received funds from the Administrative Agent or any of its Affiliates, either for its own account or on behalf of a Lender, Issuing Lender or other Lender Party (each such recipient, a "Payment Recipient") that the Administrative Agent has determined in its sole discretion that any funds received by such Payment Recipient were erroneously transmitted to, or otherwise erroneously or mistakenly received by, such Payment Recipient (whether or not known to such Payment Recipient) or (ii) any Payment Recipient receives any payment from the Administrative Agent (or any of its Affiliates) (x) that is in a different amount than, or on a different date from, that specified in a notice of payment, prepayment or repayment sent by the Administrative Agent (or any of its Affiliates) with respect to such payment, prepayment or repayment, as applicable, (y) that was not preceded or accompanied by a notice of payment, prepayment or repayment sent by the Administrative Agent (or any of its Affiliates) with respect to such payment, prepayment or repayment, as applicable, or (z) that such Payment Recipient otherwise becomes aware was transmitted or received in error or by mistake (in whole or in part) then, in each case, an error in payment shall be presumed to have been made (any such amounts specified in clauses (i) or (ii) of this Section 11.10(a), whether received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise, individually and collectively, an "Erroneous Payment"), then, in each case, such Payment Recipient is deemed to have knowledge of such error at the time of its receipt of such Erroneous Payment; provided that nothing in this Section shall require the Administrative Agent to provide any of the notices specified in clauses (i) or (ii) above. Each Payment Recipient agrees that it shall not assert any right or claim to any Erroneous Payment, and hereby waives any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by the Administrative Agent for the return of any Erroneous Payments, including without limitation waiver of any defense based on "discharge for value" or any similar doctrine. (b) Without limiting the immediately preceding clause (a), each Payment Recipient agrees that, in the case of clause (a)(i) above, it shall promptly notify the Administrative Agent in writing of such occurrence. (c) In the case of either clause (a)(i) or (a)(ii) above, such Erroneous Payment shall at all times remain the property of the Administrative Agent and shall be segregated by the Payment Recipient and held in trust for the benefit of the Administrative Agent, and upon demand from the Administrative Agent such Payment Recipient shall (or, shall cause any Person who received any portion of an Erroneous Payment on its behalf to), promptly, but in all events no later than two (2) Business Days thereafter, return to the Administrative Agent the amount of any such Erroneous Payment (or portion thereof) as to which such a demand was made in same day funds and in the currency so received, together with interest thereon in respect of each day from and including the date such Erroneous Payment (or portion thereof) was received by such Payment Recipient to the date such amount is repaid to the Administrative Agent at the greater of



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94 175130428 the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation from time to time in effect. (d) In the event that an Erroneous Payment (or portion thereof) is not recovered by the Administrative Agent for any reason, after demand therefor by the Administrative Agent in accordance with immediately preceding clause (c), from any Lender that is a Payment Recipient or an Affiliate of a Payment Recipient (such unrecovered amount as to such Lender, an "Erroneous Payment Return Deficiency"), then at the sole discretion of the Administrative Agent and upon the Administrative Agent's written notice to such Lender (i) such Lender shall be deemed to have made a cashless assignment of the full face amount of the portion of its Loans (but not its Commitments) of the relevant Class with respect to which such Erroneous Payment was made (the "Erroneous Payment Impacted Class") to the Administrative Agent or, at the option of the Administrative Agent, the Administrative Agent's applicable lending affiliate in an amount that is equal to the Erroneous Payment Return Deficiency (or such lesser amount as the Administrative Agent may specify) (such assignment of the Loans (but not Commitments) of the Erroneous Payment Impacted Class, the "Erroneous Payment Deficiency Assignment") plus any accrued and unpaid interest on such assigned amount, without further consent or approval of any party hereto and without any payment by the Administrative Agent or its applicable lending affiliate as the assignee of such Erroneous Payment Deficiency Assignment. The parties hereto acknowledge and agree that (1) any assignment contemplated in this clause (d) shall be made without any requirement for any payment or other consideration paid by the applicable assignee or received by the assignor, (2) the provisions of this clause (d) shall govern in the event of any conflict with the terms and conditions of Section 11.9 and (3) the Administrative Agent may reflect such assignments in the Register without further consent or action by any other Person. (e) Each party hereto hereby agrees that (x) in the event an Erroneous Payment (or portion thereof) is not recovered from any Payment Recipient that has received such Erroneous Payment (or portion thereof) for any reason, the Administrative Agent (1) shall be subrogated to all the rights of such Payment Recipient with respect to such amount and (2) is authorized to set off, net and apply any and all amounts at any time owing to such Payment Recipient under any Loan Document, or otherwise payable or distributable by the Administrative Agent to such Payment Recipient from any source, against any amount due to the Administrative Agent under this Section 10.10 or under the indemnification provisions of this Agreement, (y) the receipt of an Erroneous Payment by a Payment Recipient shall not for the purpose of this Agreement be treated as a payment, prepayment, repayment, discharge or other satisfaction of any Obligations owed by the Borrower, except, in each case, to the extent such Erroneous Payment is, and solely with respect to the amount of such Erroneous Payment that is, comprised of funds received by the Administrative Agent from the Borrower for the purpose of making a payment on the Obligations and (z) to the extent that an Erroneous Payment was in any way or at any time credited as payment or satisfaction of any of the Obligations, the Obligations or any part thereof that were so credited, and all rights of the Payment Recipient, as the case may be, shall be reinstated and continue in full force and effect as if such payment or satisfaction had never been received. (f) Each party's obligations under this Section 10.10 shall survive the resignation or replacement of the Administrative Agent or any transfer of right or obligations by, or the replacement of, a Lender, the termination of the Commitments or the repayment, satisfaction or discharge of all Obligations (or any portion thereof) under any Loan Document. (g) Nothing in this Section 10.10 will constitute a waiver or release of any claim of the Administrative Agent hereunder arising from any Payment Recipient's receipt of an Erroneous Payment.



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35 175130428 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, mailed by certified or registered mail or sent by facsimile as follows: If to the Borrower, American States Water Company 630 East Foothill Boulevard San Dimas, CA 91773 Attention of: Chief Financial Officer Telephone No.: (909) 394-3600 x707 E-mail: egtann@gswater.com With copies to (which shall not constitute notice): Winston and Strawn LLP Attention: D. Stephen Antion 333 South Grand Avenue, 38th Floor Los Angeles, CA 90071 Telephone No.: 213-615-1700 Facsimile No.: 213-615-1750 E-mail: santion@winston.com - and - Winston and Strawn LLP Attention: Sean Hilson 35 West Wacker Drive Chicago, IL 60601 Telephone No.: 312-558-5600 Facsimile No.: 312-558-5700 E-mail: shilson@winston.com



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36 175130428 If to Wells Fargo, as Administrative Agent: Wells Fargo Bank, National Association MAC D1109-019 1525 West W.T. Harris Blvd., Charlotte, NC 28262 Attention of: Syndication Agency Services Telephone No.: (704) 590-2706 Facsimile No.: (844) 879-5899 Email: Agencyservices.requests@wellsfargo.com With copies to: Wells Fargo Bank, National Association 2141 Rosecrans Ave El Segundo, CA 90245 MAC: E2856-041 Attention of: Jonathan Berns Telephone No.: 213-408-9264 E-mail: Jonathan.Berns@wellsfargo.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



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97 175130428 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, each Lender and each Issuing Lender 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. Although the Platform is secured pursuant to generally-applicable security procedures and policies implemented or modified by the Administrative Agent and its Related Parties, each of the Lenders, the Issuing Lenders and the Borrower acknowledges and agrees that distribution of information through an electronic means is not necessarily secure in all respects, the Administrative Agent, the Arrangers and their respective Related Parties (collectively, the "Agent Parties") are not responsible for approving or vetting the representatives, designees or contacts of any Lender or Issuing Lender that are provided access to the Platform and that there may be confidentiality and other risks associated with such form of distribution. Each of the Borrower, each Lender and each Issuing Lender party hereto understands and accepts such risks. In no event shall 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 non-appealable 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, any 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). (f) Private Side Designation. Each Public Lender agrees to cause at least one individual at or on behalf of such Public Lender to at all times have selected the "Private Side Information" or similar designation on the content declaration screen of the Platform in order to enable such Public Lender or its delegate, in accordance with such Public Lender's compliance procedures and Applicable Law, including United States federal and state securities Applicable Laws, to make reference to Borrower Materials that



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98.175130428 are not made available through the "Public Side Information" portion of the Platform and that may contain material non-public information with respect to the Borrower or its securities for purposes of United States federal or state securities Applicable Laws. SECTION 11.2 Amendments, Waivers and Consents. Except as set forth below or as specifically provided in any Loan Document (including Section 4.8(c)), 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 and approved 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; (b) waive, extend or postpone any date fixed by this Agreement or any other Loan Document for any payment 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; provided, that only the consent of the Required Lenders shall be required to rescind the acceleration of the Obligations pursuant to Section 9.2 (other than any automatic acceleration upon the occurrence of an Event of Default specified in Section 9.1(h) or (i)), (it being acknowledged and agreed that any such rescission shall not constitute a waiver of any Event of Default hereunder, any such waiver shall be otherwise provided in accordance with the provisions hereof); (c) reduce the principal of, or the rate of interest specified herein on, any Loan or Reimbursement Obligation, or (subject to clauses (iv) and (vi) 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 (i) only the consent of the Required Lenders shall be necessary to waive any obligation of the Borrower to pay interest at the rate set forth in Section 4.1(b) during the continuance of an Event of Default and (ii) only the consent of the Required Lenders shall be necessary 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 (or amend any other term of the Loan Documents that would have the effect of changing 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 its rights and obligations under any Loan Document to which it is a party, 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 Documents relating to any Letter of Credit issued or



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99 175130428 to be issued by it; (i) 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; (ii) 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 or modify Section 11.1(e), Section 11.20 or Article X hereof; (iv) any 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 Document may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto; provided that a copy of such amended Letter of Credit Document shall be promptly delivered to the Administrative Agent upon such amendment or waiver; (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, clerical or immaterial nature in any such provision (including any such error having economic effect) and (vii) the Administrative Agent (and, if applicable, 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 in order to implement any Benchmark Replacement or any 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 of any Lender (but with the consent of the Borrower and the Administrative Agent), to amend and restate this Agreement and the other Loan Documents if, upon giving effect to such amendment and restatement, such Lender shall no longer be a party to this Agreement (as so amended and restated), the Commitments of such Lender shall have terminated, such Lender shall have no other commitment or other obligation hereunder and shall have been paid in full all principal, interest and other amounts owing to it or accrued for its account under this Agreement and the other Loan Documents. 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 and its Affiliates (including the reasonable fees, charges and disbursements of counsel for the Administrative Agent, but limited, in the case of fees, charges and disbursements of counsel, to the reasonable out-of-pocket fees, disbursements and other charges of one counsel to the Administrative Agent and, if reasonably necessary, a single local counsel in each relevant jurisdiction and with respect to each relevant specialty), 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 and documented out of pocket 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 out of pocket expenses incurred by the Administrative Agent, any Lender or any Issuing Lender (including the fees, charges and disbursements of any counsel for the Administrative Agent, any Lender or any Issuing Lender), in connection with the enforcement or protection of its rights (A) in connection with this



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100 175130428 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 Arranger, each Lender and each Issuing Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, and shall pay or reimburse any such Indemnitee for, any and all losses, claims (including any Environmental Claims), penalties, damages, liabilities and related expenses (including the reasonable fees, charges and disbursements of counsel, but limited, in the case of fees, charges and disbursements of counsel, to the reasonable out-of-pocket fees, disbursements and other charges of one counsel to all Indemnitees, taken as a whole, and, if reasonably necessary, a single local counsel for all Indemnitees, taken as a whole, in each relevant jurisdiction and with respect to each relevant specialty, and in the case of an actual or perceived conflict of interest, one additional primary, local and/or special counsel in each relevant jurisdiction or specialty to the affected Indemnitees similarly situated and taken as a whole), incurred by any Indemnitee or asserted against any Indemnitee 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, or any Environmental Claim related in any way to 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, and regardless of whether any Indemnitee 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) and the prosecution and defense thereof, arising out of or in any way connected with the Loans, this Agreement, any other Loan Document, or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby, provided that such indemnity shall not, as to any Indemnitee, 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 non-appealable judgment to have resulted from the bad faith, gross negligence or willful misconduct of such Indemnitee or any of its Related Indemnitee Parties (as defined below) or (B) result from a claim brought by the Borrower against an Indemnitee for a material breach of such Indemnitee's obligations hereunder or under any other Loan Document, if the Borrower has obtained a final and non-appealable 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. As used herein, a "Related Indemnitee Party" means, as to any Indemnitee, (i) any Controlling Person or Controlled Affiliate of such Indemnitee, (ii) the respective directors, officers, or employees of such Indemnitee or any of its Controlling Persons or Controlled Affiliates and (iii) the respective agents of such Indemnitee or any of its Controlling Persons or Controlled Affiliates, in the case of this clause (iii), acting at the instructions of such Indemnitee, Controlling Person or such Controlled Affiliate; provided that each reference to a Controlled Affiliate or Controlling Person in this sentence pertains to a Controlled Affiliate or Controlling Person involved in the performance of the Indemnitee's obligations under this Agreement.



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101.175130428 (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 Arranger, 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 Arranger, 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 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 Arranger, 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 Arranger, 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, no party hereto shall assert, and each party hereto hereby waives, any claim against any Indemnitee, 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, provided that, for the avoidance of doubt, the foregoing shall not limit the Borrower's indemnification or reimbursement obligations under Section 11.3(b) or any similar provision set forth in any other Loan Document to the extent such consequential, punitive, special or indirect damages are included in any third party claim in which an Indemnitee is otherwise entitled to indemnification or reimbursement hereunder or thereunder, as applicable. 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 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 or any of their respective Affiliates, irrespective of whether or not such Lender, such Issuing Lender, the Swingline Lender or any such Affiliate 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 or such Affiliate different from the branch, office or Affiliate holding such deposit or obligated on such indebtedness.



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102 175130428 provided that in the event that any Defaulting Lender or any Affiliate thereof 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 Arranger, 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. Each party hereto

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.

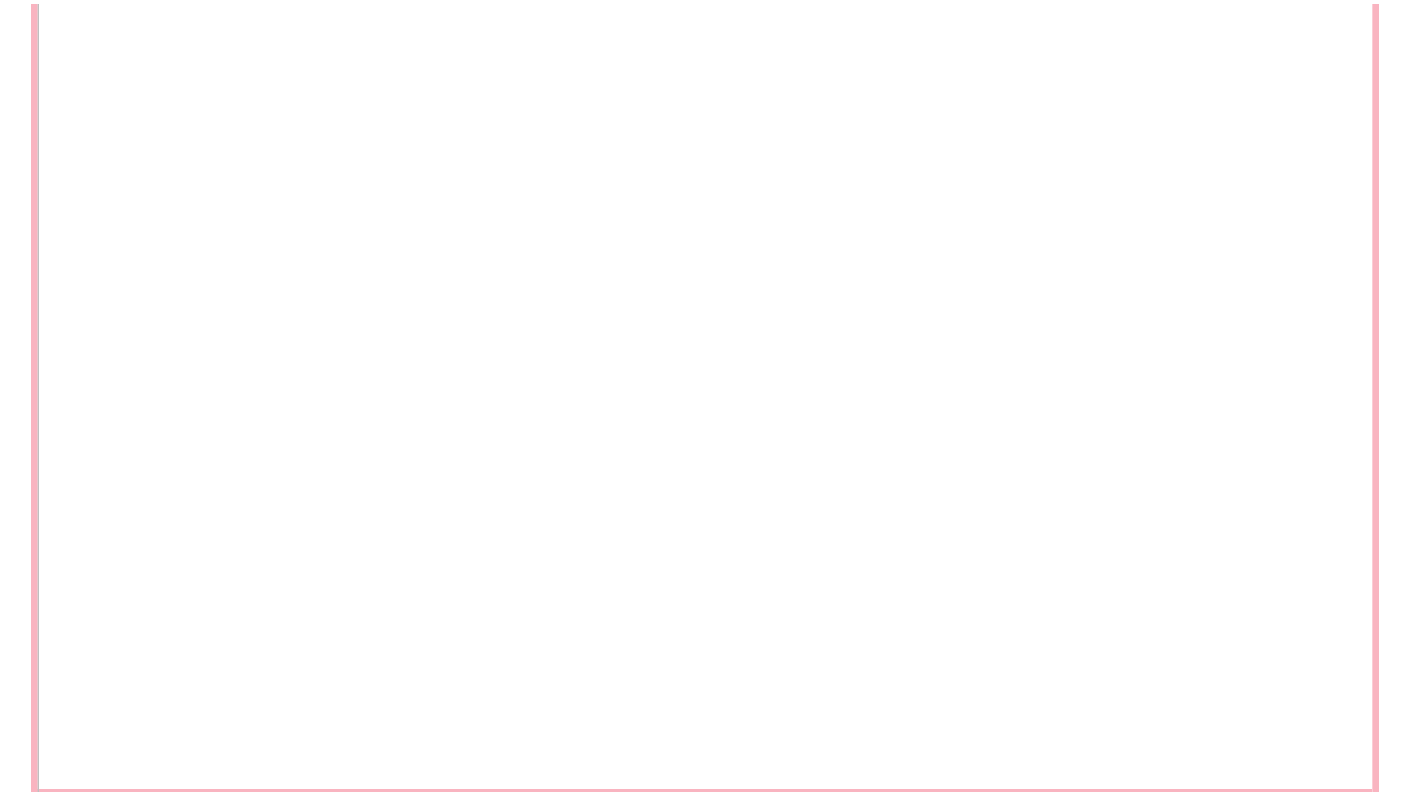


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103.175130428 SECTION 11.6 Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF 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). IF AND TO THE EXTENT THAT THE FOREGOING WAIVER OF THE RIGHT TO A JURY TRIAL IS UNENFORCEABLE FOR ANY REASON IN SUCH FORUM, EACH OF THE PARTIES HERETO HEREBY CONSENTS TO THE ADJUDICATION OF ALL CLAIMS PURSUANT TO JUDICIAL REFERENCE AS PROVIDED IN CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638, AND THE JUDICIAL REFEREE SHALL BE EMPOWERED TO HEAR AND DETERMINE ALL ISSUES IN SUCH REFERENCE, WHETHER FACT OR LAW. 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 CONSENT 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 for the ratable benefit of any of the Lender Parties or to any Lender Party directly or the Administrative Agent or any Lender Party receives any payment or any Lender Party 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 (or its applicable Affiliate's) 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 Overnight Rate from time to time in effect. SECTION 11.8 Injunctive Relief. The Borrower recognizes that, in the event the Borrower fails to perform, observe or discharge any of its obligations or liabilities under this Agreement, any remedy of law may prove to be inadequate relief to the Lenders. Therefore, the Borrower agrees that the Lenders, at the Lenders' option, shall be entitled to temporary and permanent injunctive relief in any such case without the necessity of proving actual damages. SECTION 11.9 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 neither the Borrower may 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



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104 175130428 contemplated hereby, the Arrangers, the Related Parties of each of the Administrative Agent, the Arrangers 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 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 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 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, 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 Lender, an Affiliate of a Lender or an Approved Fund; 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 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



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105 175130428 (C) the consents of the Issuing Lenders and the Swingline Lender (such consents not to be unreasonably withheld or delayed) shall be required for any assignment. (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, (B) 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 (C) 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) 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, 4.9, 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).



106 175130428 (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 Commitments 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 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) or (c) that directly and adversely affects such Participant. The Borrower agrees that each Participant shall be entitled to the benefits of Sections 4.9, 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.



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107 175130428 to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) or Proposed Section 1.163-5(b) of the United States Treasury Regulations (or, in each case, any amended or successor version). 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. (f) Cashless Settlement. Notwithstanding anything to the contrary contained in this Agreement, any Lender may exchange, continue or rollover all or a portion of its Loans in connection with any refinancing, extension, loan modification or similar transaction permitted by the terms of this Agreement, pursuant to a cashless settlement mechanism approved by the Borrower, the Administrative Agent and such Lender. SECTION 11.10 Treatment of Certain Information. Confidentiality. Each of the Administrative Agent, the Lenders and each 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 or in connection with marketing of services by such Affiliate or Related Party to the Borrower or any of its Subsidiaries (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) or in accordance with the Administrative Agent's, such Issuing Lender's or any Lender's regulatory compliance policy if the Administrative Agent, such Issuing Lender or such Lender, as applicable, deems such disclosure to be necessary for the mitigation of claims by those authorities against the Administrative Agent, such Issuing Lender or such Lender, as applicable, or any of its Related Parties (in which case, the Administrative Agent, such Issuing Lender or such Lender, as applicable, shall use commercially reasonable efforts to, except with respect to any audit or examination conducted by bank accountants or any governmental bank regulatory authority exercising examination or regulatory authority, promptly notify the Borrower, in advance, to the extent practicable and otherwise permitted by Applicable Law), (c) as to the extent required by Applicable Laws or regulations or in any legal, judicial, administrative, proceeding or other compulsory process, (d) to any other party hereto, (e) in connection with the exercise of any remedies under this Agreement or under any other Loan Document, or any action or proceeding relating to this Agreement or 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 and, in each case, their respective financing sources, (ii) any actual or prospective party (or its Related Parties) to any swap, derivative or other transaction under which payments are to be made by reference to the Borrower and its obligations, this Agreement or payments hereunder, (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



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108 175130428 providers to the lending industry and service providers to the Administrative Agent and the Lenders in connection with the administration of the Loan Documents, (i) 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, (l) to the extent required by an insurance company in connection with providing insurance coverage or providing reimbursement pursuant to this Agreement or (m) 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. 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 11.11 Performance of Duties. The Borrower's obligations under this Agreement and each of the other Loan Documents shall be performed by the Borrower at its sole cost and expense. SECTION 11.12 All Powers Coupled with Interest. All powers of attorney and other authorizations granted to the Lenders, the Administrative Agent and any Persons designated by the Administrative Agent or any Lender 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 (other than contingent indemnification obligations not then due), any of the Commitments remain in effect or the Credit Facility has not been terminated. SECTION 11.13 Survival. (a) All representations and warranties set forth in Article VI and all representations and warranties contained in any certificate, or any of the Loan Documents (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. (b) Notwithstanding any termination of this Agreement, the indemnities to which the Administrative Agent and the Lenders are entitled under the provisions of this Article XI and any other provision of this Agreement and the other Loan Documents shall continue in full force and effect and shall protect the Administrative Agent and the Lenders against events arising after such termination as well as before. SECTION 11.14 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 11.15 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



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109 175130428 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 11.16 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, and any separate letter agreements with respect to fees payable to the Administrative Agent, any Issuing Lender, the Swingline Lender and/or any Arranger, 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 6.1, 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. The words "execute," "execution," "signed," "signature," "delivery" and words of like import in or related to this Agreement, any other Loan Document or any document, amendment, approval, consent, waiver, modification, information, notice, certificate, report, statement, disclosure, or authorization to be signed or delivered in connection with this Agreement or any other Loan Document or the transactions contemplated hereby shall be deemed to include Electronic Signatures or execution in the form of an Electronic Record, and contract formations on electronic platforms approved by the Administrative Agent, deliveries 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. Each party hereto agrees that any Electronic Signature or execution in the form of an Electronic Record shall be valid and binding on itself and each of the other parties hereto to the same extent as a manual, original signature. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by the parties of a manually signed paper which has been converted into electronic form (such as scanned into PDF format), or an electronically signed paper converted into another format, for transmission, delivery and/or retention. Notwithstanding anything contained herein to the contrary, the Administrative Agent is under no obligation to accept an Electronic Signature in any form or in any format unless expressly agreed to by the Administrative Agent pursuant to procedures approved by it; provided that without limiting the foregoing, (i) to the extent the Administrative Agent has agreed to accept such Electronic Signature from any party hereto, the Administrative Agent and the other parties hereto shall be entitled to rely on any such Electronic Signature purportedly given by or on behalf of the executing party without further verification and (ii) upon the request of the Administrative Agent or any Lender, any Electronic Signature shall be promptly followed by an original manually executed counterpart thereof. Without limiting the generality of the foregoing, each party hereto hereby (A) agrees that, for all purposes, including without limitation, in connection with any workout, restructuring, enforcement of remedies, bankruptcy proceedings or litigation among the Administrative Agent, the Lenders and the Borrower, electronic images of this Agreement or any other Loan Document (in each case, including with respect to any signature pages thereto) shall have the same legal effect, validity and enforceability as any paper original, and (B) waives any argument, defense or right.



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110 175130428 to contest the validity or enforceability of the Loan Documents based solely on the lack of paper original copies of any Loan Documents, including with respect to any signature pages thereto. SECTION 11.17 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 in cash, 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 Commitments have 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 survives such termination. SECTION 11.18 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 and address 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 11.19 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 11.20 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 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 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 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 any Arranger or Lender has advised or is currently advising the Borrower or any of its Affiliates on other matters) and none of the Administrative Agent, the 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 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 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 Arrangers and the Lenders have not provided and will not provide any legal, accounting, regulatory or tax advice with



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111 175130428 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) Subject to Section 11.10, the Borrower acknowledges and agrees that each Lender, each Arranger 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 Arranger or such Affiliate thereof were not a Lender or an Arranger or an Affiliate thereof (or an agent or any other person with any similar role under the Credit Facility) and without any duty to account therefor to any other Lender, any Arranger, the Borrower or any Affiliate of the foregoing. Each Lender, each Arranger 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 Facility or otherwise without having to account for the same to any other Lender, any other Arranger, the Borrower or any Affiliate of the foregoing. SECTION 11.21 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 11.22 Acknowledgement and Consent to Bail-In of Affected 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 Affected 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 the applicable 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 the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected 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 Affected 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 the applicable Resolution Authority. SECTION 11.23 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



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112 175130428 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 11.23, 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). [Signature pages to follow]



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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. AMERICAN STATES WATER COMPANY, as Borrower
By: _____ Name: Robert J. Spt<vls Title: President and Chief Executive Officer CREDIT AGREEMENT (American States Water Company) Signature Page 17513042S



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175631965 EXHIBIT A-1 to Credit Agreement dated as of June 28, 2023 by and among American States Water Company, as Borrower, the lenders party thereto, as Lenders, and Wells Fargo Bank, National Association, as Administrative Agent FORM OF REVOLVING CREDIT NOTE



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Form of Revolving Credit Note 175631965 REVOLVING CREDIT NOTE, 20 FOR VALUE RECEIVED, the undersigned, AMERICAN STATES WATER COMPANY, a California corporation (the "Borrower"), promises to pay to (the "Lender"), at the place and times provided in the Credit Agreement referred to below, the unpaid principal amount of all Revolving Credit Loans of the Lender from time to time pursuant to that certain Credit Agreement, dated as of June 28, 2023 (the "Credit Agreement") by and among the Borrower, the Lenders party thereto and Wells Fargo Bank, National Association, as Administrative Agent. Capitalized terms used herein and not defined herein shall have the meanings assigned thereto in the Credit Agreement. The unpaid principal amount of this Revolving Credit Note from time to time outstanding is payable as provided in the Credit Agreement and shall bear interest as provided in Section 4.1 of the Credit Agreement. All payments of principal and interest on this Revolving Credit Note shall be payable in Dollars in immediately available funds as provided in the Credit Agreement. This Revolving Credit Note is entitled to the benefits of, and evidences Obligations incurred under, the Credit Agreement, to which reference is made for a description of the security for this Revolving Credit Note and for a statement of the terms and conditions on which the Borrower is permitted and required to make prepayments and repayments of principal of the Obligations evidenced by this Revolving Credit Note and on which such Obligations may be declared to be immediately due and payable. THIS REVOLVING CREDIT NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK. The Borrower hereby waives all requirements as to diligence, presentment, demand of payment, protest and (except as required by the Credit Agreement) notice of any kind with respect to this Revolving Credit Note. [Remainder of page intentionally left blank; signature page follows]



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Form of Swingline Note 175631965 SWINGLINE NOTE, 20 FOR VALUE RECEIVED, the undersigned, AMERICAN STATES WATER COMPANY, a California corporation (the "Borrower"), promises to pay to WELLS FARGO BANK, NATIONAL ASSOCIATION (the "Lender"), at the place and times provided in the Credit Agreement referred to below, the unpaid principal amount of all Swingline Loans of the Lender from time to time pursuant to that certain Credit Agreement, dated as of June 28, 2023 (the "Credit Agreement") by and among the Borrower, the Lenders party thereto and Wells Fargo Bank, National Association, as Administrative Agent. Capitalized terms used herein and not defined herein shall have the meanings assigned thereto in the Credit Agreement. The unpaid principal amount of this Swingline Note from time to time outstanding is payable as provided in the Credit Agreement and shall bear interest as provided in Section 4.1 of the Credit Agreement. Swingline Loans refunded as Revolving Credit Loans in accordance with Section 2.2(b) of the Credit Agreement shall be payable by the Borrower as Revolving Credit Loans pursuant to the Revolving Credit Notes, and shall not be payable under this Swingline Note as Swingline Loans. All payments of principal and interest on this Swingline Note shall be payable in Dollars in immediately available funds as provided in the Credit Agreement. This Swingline Note is entitled to the benefits of, and evidences Obligations incurred under, the Credit Agreement, to which reference is made for a description of the security for this Swingline Note and for a statement of the terms and conditions on which the Borrower is permitted and required to make prepayments and repayments of principal of the Obligations evidenced by this Swingline Note and on which such Obligations may be declared to be immediately due and payable. THIS SWINGLINE NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK. The Borrower hereby waives all requirements as to diligence, presentment, demand of payment, protest and (except as required by the Credit Agreement) notice of any kind with respect to this Swingline Note. [Remainder of page intentionally left blank; signature page follows]



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Form of Swingline Note 175631965 IN WITNESS WHEREOF, the undersigned has executed this Swingline Note under seal as of the day and year first above written. AMERICAN STATES WATER COMPANY By: Name: Title:



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175631965 EXHIBIT B to Credit Agreement dated as of June 28, 2023 by and among American States Water Company, as Borrower, the lenders party thereto, as Lenders, and Wells Fargo Bank, National Association, as Administrative Agent FORM OF NOTICE OF BORROWING



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Form of Notice of Borrowing 175631965 NOTICE OF BORROWING Dated as of: Wells Fargo Bank, National Association, as Administrative Agent MAC D 1109-019 1525 West W.T. Harris Blvd. Charlotte, North Carolina 28262 Attention: Syndication Agency Services Ladies and Gentlemen: This irrevocable Notice of Borrowing is delivered to you pursuant to Section 2.3(a) of the Credit Agreement dated as of June 28, 2023 (the "Credit Agreement"), by and among American States Water Company, a California corporation (the "Borrower"), the Lenders party thereto and Wells Fargo Bank, National Association, as Administrative Agent. Capitalized terms used herein and not defined herein shall have the meanings assigned thereto in the Credit Agreement. 1. The Borrower hereby requests that the Lenders make: a Swingline Loan a Revolving Credit Loan in the aggregate principal amount of: \$ 1 2. Such Loan to be made on: 2 3. Such Revolving Credit Loan to be dominated in Dollars. 4. Such Loan to be made as a (not applicable for Swingline Loans): Base Rate Loan SOFR Loan 5. Such Loan to have the following Interest Period: 3 One month Three months Six months 1. Complete with an amount in accordance with Section 2.3(a) of the Credit Agreement. 2. Complete with a Business Day in accordance with Section 2.3(a) of the Credit Agreement for Revolving Credit Loans or Swingline Loans. 3. For SOFR Loans only.



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Form of Notice of Borrowing 175631965 The Borrower hereby represents and warrants that (a) aggregate principal amount of all Loans and L/C Obligations outstanding as of the date hereof (including the Loan(s) requested herein) does not exceed the maximum amount permitted to be outstanding pursuant to the terms of the Credit Agreement and (b) all of the conditions applicable to this Extension of Credit specified in clauses (a) and (b) of Section 5.2 of the Credit Agreement have been satisfied. [Remainder of page intentionally left blank; signature page follows]



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Form of Notice of Account Designation 175631965 NOTICE OF ACCOUNT DESIGNATION Dated as of: Wells Fargo Bank, National Association, as Administrative Agent MAC D 1109-019 1525 West W.T. Harris Blvd
Charlotte, North Carolina 28262 Attention: Syndication Agency Services Ladies and Gentlemen. This Notice of Account Designation is delivered to you pursuant to Section 2.3(b) of the Credit Agreement dated as of June 28, 2023 (the
"Credit Agreement"), by and among American States Water Company, a California corporation, as Borrower, the Lenders party thereto and Wells Fargo Bank, National Association, as Administrative Agent. Capitalized terms used herein
and not defined herein shall have the meanings assigned thereto in the Credit Agreement. 1. The Administrative Agent is hereby authorized to disburse all Loan proceeds into the following account(s):
Bank Name: ABA Routing Number: Account Number: 2. This authorization shall remain in effect until revoked or until a subsequent Notice of Account Designation is provided to the
Administrative Agent. [Remainder of page intentionally left blank; signature page follows]



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Form of Notice of Account Designation 175631965 IN WITNESS WHEREOF, the undersigned has executed this Notice of Account Designation as of the day and year first written above. AMERICAN STATES WATER COMPANY By

Name: Title:



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175631965 EXHIBIT D to Credit Agreement dated as of June 28, 2023 by and among American States Water Company, as Borrower, the lenders party thereto, as Lenders, and Wells Fargo Bank, National Association, as Administrative Agent FORM OF NOTICE OF PREPAYMENT



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Form of Notice of Prepayment 175631965 NOTICE OF PREPAYMENT Dated as of: Wells Fargo Bank, National Association, as Administrative Agent MAC D 1109-019 1525 West W.T. Harris Blvd. Charlotte, North Carolina 28262 Attention: Syndication Agency Services Ladies and Gentlemen: This irrevocable Notice of Prepayment is delivered to you pursuant to Section 2.4(c) of the Credit Agreement dated as of June 28, 2023 (the "Credit Agreement"), by and among American States Water Company, a California corporation (the "Borrower"), the Lenders party thereto and Wells Fargo Bank, National Association, as Administrative Agent. Capitalized terms used herein and not defined herein shall have the meanings assigned thereto in the Credit Agreement. 1. The Borrower hereby provides notice to the Administrative Agent that it shall repay: Swingline Loans Revolving Credit Loans in the aggregate principal amount of: \$ 1 2. Such Loan was made as a: Base Rate Loan SOFR Loan 2. Such Loan to be prepaid on: 2 (Remainder of page intentionally left blank; signature page follows) 1 Complete with an amount in accordance with Section 2.4(c) of the Credit Agreement. 2 Complete with a Business Day in accordance with Section 2.4(c) of the Credit Agreement.



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Form of Notice of Prepayment 175631965 IN WITNESS WHEREOF, the undersigned has executed this Notice of Prepayment as of the day and year first written above. AMERICAN STATES WATER COMPANY By: Name: Title:



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<p>Form of Notice of Conversion/Continuation 175631965 NOTICE OF CONVERSION/CONTINUATION Dated as of: Wells Fargo Bank, National Association, as Administrative Agent MAC D 1109-019 1525 West W T Harris Blvd., Charlotte, North Carolina 28262 Attention: Syndication Agency Services Ladies and Gentlemen. This irrevocable Notice of Conversion/Continuation (this "Notice") is delivered to you pursuant to Section 4.2 of the Credit Agreement dated as of June 28, 2023 (the "Credit Agreement"), by and among American States Water Company, a California corporation (the "Borrower"), the Lenders party thereto and Wells Fargo Bank, National Association, as Administrative Agent. Capitalized terms used herein and not defined herein shall have the meanings assigned thereto in the Credit Agreement. 1. The Loan to which this Notice relates is: a Revolving Credit Loan a Swingline Loan 2. Such Loan is dominated in Dollars. 3. This Notice is submitted for the purpose of: (Check one and complete applicable information in accordance with the Credit Agreement.) Converting all or a portion of a Base Rate Loan into a SOFR Loan Outstanding principal balance: \$ Principal amount to be converted: \$ Requested effective date of conversion: Requested new Interest Period: Converting all or a portion of a SOFR Loan into a Base Rate Loan Outstanding principal balance: \$ Principal amount to be converted: \$ Last day of the current Interest Period: Requested effective date of conversion: Continuing all or a portion of a SOFR Loan as a SOFR Loan Outstanding principal balance: \$ Principal amount to be continued: \$ Last day of the current Interest Period: Requested effective date of continuation: \$</p>			
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Form of Notice of Conversion/Continuation 175631965 Requested new Interest Period: 3. The aggregate principal amount of all Loans and U/C Obligations outstanding as of the date hereof does not exceed the maximum amount permitted to be outstanding pursuant to the terms of the Credit Agreement. [Remainder of page intentionally left blank; signature page follows]



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Form of Notice of Conversion/Continuation 175631965 IN WITNESS WHEREOF, the undersigned has executed this Notice of Conversion/Continuation as of the day and year first written above. AMERICAN STATES WATER COMPANY
By: Name: Title:



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175631965 EXHIBIT F to Credit Agreement dated as of June 28, 2023 by and among American States Water Company, as Borrower, the lenders party thereto, as Lenders, and Wells Fargo Bank, National Association, as Administrative Agent FORM OF COMPLIANCE CERTIFICATE



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Form of Compliance Certificate 175631965 COMPLIANCE CERTIFICATE Dated as of: The undersigned (chief executive officer) (chief financial officer) (treasurer) (controller), on behalf of American States Water Company, a California corporation (the "Borrower"), hereby certifies to the Administrative Agent and the Lenders, each as defined in the Credit Agreement referred to below, as follows: 1. This certificate is delivered to you pursuant to Section 7.2(a) of the Credit Agreement dated as of June 28, 2023 (the "Credit Agreement"), by and among the Borrower, the Lenders party thereto and Wells Fargo Bank, National Association, as Administrative Agent. Capitalized terms used herein and not defined herein shall have the meanings assigned thereto in the Credit Agreement. 2. I have reviewed the Consolidated and consolidating financial statements of the Borrower and its Subsidiaries and the Consolidated Group, as applicable, dated as of and for the period[s] then ended and [(i)] such Consolidated statements fairly present the financial conditions, results of operations, shareholders' equity and cash flows of the Borrower and its Subsidiaries on a Consolidated basis in accordance with GAAP, subject to normal year-end adjustments and the absence of footnotes, [(ii)] [(i)] such Consolidated statements fairly present the financial conditions, results of operations, shareholders' equity and cash flows of the Consolidated Group on a Consolidated basis in accordance with GAAP, subject to normal year-end adjustments and the absence of footnotes and [(i)] [(iii)] such consolidating statements are fairly stated in all material respects when considered in relation to the Consolidated financial statements of the Borrower and its Subsidiaries or the Consolidated Group, as applicable. 3. I have reviewed the terms of the Credit Agreement, and the related Loan Documents and have made, or caused to be made under my supervision, a review in reasonable detail of the transactions and the condition of the Borrower and its Subsidiaries during the accounting period covered by the financial statements referred to in Paragraph 2 above. Such review has not disclosed the existence during or at the end of such accounting period of any condition or event that constitutes a Default or an Event of Default, nor do I have any knowledge of the existence of any such condition or event as at the date of this certificate [except, if such condition or event existed or exists, describe the nature and period of existence thereof and what action the Borrower has taken, is taking and proposes to take with respect thereto]. 4. As of the date of this certificate, the Consolidated Group is in compliance with the financial covenant contained in Section 8.11 of the Credit Agreement as shown on such Schedule 1 and the Borrower and its Subsidiaries are in compliance with the other covenants and restrictions contained in the Credit Agreement. [Remainder of page intentionally left blank; signature page follows]



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Form of Compliance Certificate 175631965 IN WITNESS WHEREOF, the undersigned has executed this Compliance Certificate as of the day and year first written above. AMERICAN STATES WATER COMPANY By: Name: Title: [Chief Executive Officer] [Chief Financial Officer] [Treasurer] [Controller]



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any such Person (ii) all purchase money Indebtedness (iii) all obligations to pay the deferred purchase price of property or services of any such Person (including all payment obligations under non-competition, earn-out or similar agreements, solely to the extent any such payment obligation under non-competition, earn-out or similar agreements becomes a liability on the balance sheet of such Person in accordance with GAAP), except trade payables arising in the ordinary course of business (iv) the Attributable Indebtedness of such Person with respect to such Person's Capital Lease Obligations and Synthetic Leases (regardless of whether accounted for as indebtedness under GAAP) (v) all drawn and unreimbursed obligations, contingent or otherwise, of any such Person relative to letters of credit, including any Reimbursement Obligation, and banker's acceptances issued for the account of any such Person (vi) all obligations of any such Person in respect of Disqualified Equity Interests which shall be valued, in the case of a redeemable preferred interest, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends that are past due (vii) all Guarantees of any such Person with respect to any of the foregoing (viii) all Indebtedness of the types referred to in clauses (i) through (vii) above of any partnership or joint venture (other than a joint venture



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Form of Assignment and Assumption 175631965 ASSIGNMENT AND ASSUMPTION This Assignment and Assumption (the "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into by and between [INSERT NAME OF ASSIGNOR] (the "Assignor") and the parties identified on the Schedules hereto and [the] [each]1 Assignee identified on the Schedules hereto as "Assignee" or as "Assignees" (collectively, the "Assignees" and each, an "Assignee"). It is understood and agreed that the rights and obligations of the Assignees2 hereunder are several and not joint.3 Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by [the] [each] Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full. For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the [Assignee] [respective Assignees], and [the] [each] Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including without limitation any letters of credit and swingline loans included in such facilities) and (ii) to the extent permitted to be assigned under Applicable Law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned to [the] [any] Assignee pursuant to clauses (i) and (ii) above being referred to herein collectively as, [the] [an] "Assigned Interest"). Each such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor. 1. Assignor: [INSERT NAME OF ASSIGNOR] 2. Assignee(s): See Schedules attached hereto 3. Borrower: American States Water Company 4. Administrative Agent: Wells Fargo Bank, National Association, as the administrative agent under the Credit Agreement 5. Credit Agreement: The Credit Agreement dated as of June 28, 2023 among American States Water Company, as Borrower, the Lenders party thereto, and Wells Fargo Bank, National Association, as Administrative Agent 1 For bracketed language here and elsewhere in this form relating to the Assignee(s), if the assignment is to a single Assignee, choose the first bracketed language. If the assignment is to multiple Assignees, choose the second bracketed language. 2 Select as appropriate. 3 Include bracketed language if there are multiple Assignees.



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Form of Assignment and Assumption 175631965 Agent (as amended, restated, supplemented or otherwise modified) 6. Assigned Interest: See Schedules attached hereto 7. Trade Date: 4 [Remainder of page intentionally left blank; signature page follows] 4 To be completed if the Assignor and the Assignees intend that the minimum assignment amount is to be determined as of the Trade Date.



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Form of Assignment and Assumption 175631965 Effective Date: _____, 20____ [TO BE INSERTED BY THE ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR] The terms set forth in this Assignment and Assumption are hereby agreed to: ASSIGNOR (NAME OF ASSIGNOR) By: Name: Title: ASSIGNEES See Schedules attached hereto



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Form of Assignment and Assumption 175631965 [Consented to and]5 Accepted: WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent[, Issuing Lender and Swingline Lender]
By: Name: Title: [Consented to:]6 AMERICAN STATES WATER COMPANY, as Borrower By: Name: Title: [Consented to:]7 [ISSUING LENDER]
By: Name: Title: 5 To be added only if the consent of the Administrative Agent and/or the Swingline Lender and Issuing Lender is required by the terms of the Credit Agreement. May also use a Master Consent. 6 To be added only if the consent of the Borrower is required by the terms of the Credit Agreement. May also use a Master Consent. 7 To be added only if the consent of the Issuing Lender(s) is required by the terms of the Credit Agreement. May also use a Master Consent.

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Form of Assignment and Assumption 175631965 SCHEDULE 1 To Assignment and Assumption By its execution of this Schedule, the Assignee identified on the signature block below agrees to the terms set forth in the attached Assignment and Assumption. Assigned Interests: Facility Assigned1 Aggregate Amount of Commitment/ Loans for all Lenders2 Amount of Commitment/ Loans Assigned3 Percentage Assigned of Commitment/ Loans4 CUSIP Number \$ % \$ \$ \$ \$ % [NAME OF ASSIGNEE]5 [and is an Affiliate/Approved Fund of [Identify Lender]6] By: Name: Title: 1 Fill in the appropriate terminology for the types of facilities under the Credit Agreement that are being assigned under this Agreement (e.g. "Revolving Credit Commitment," etc.) 2 Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date. 3 Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date. 4 Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder. 5 Add additional signature blocks, as needed. 6 Select as appropriate.



Form of Assignment and Assumption 175631965 ANNEX 1 to Assignment and Assumption STANDARD TERMS AND CONDITIONS FOR ASSIGNMENT AND ASSUMPTION 1. Representations and Warranties. 1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of [the] [the relevant] Assigned Interest, (ii) [the] [such] Assigned Interest is free and clear of any lien, encumbrance or other adverse claim, (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and (iv) it is [not] a Defaulting Lender; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document. 1.2. Assignee[s]. (The) [Each] Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets the requirements of an Eligible Assignee under the Credit Agreement (subject to such consents, if any, as may be required under Section 11.9(b)(iii) of the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of [the] [the relevant] Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by the Assigned Interest and either it, or the Person exercising discretion in making its decision to acquire [the] [such] Assigned Interest, is experienced in acquiring assets of such type, (v) it has received a copy of the Credit Agreement, and has received or has been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to [Section 5.1] [Section 7.1] thereof, as applicable, and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase [the] [such] Assigned Interest, (vi) it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Assignment and Assumption and to purchase [the] [such] Assigned Interest; and (vii) if it is a Foreign Lender, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by [the] [such] Assignee; and (b) agrees that (i) it will, independently and without reliance upon the Administrative Agent, [the] [any] Assignor or any other Lender, 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 the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender. 2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of [the] [each] Assigned Interest (including payments of principal, interest, fees and other amounts) to [the] [the relevant] Assignor for amounts which have accrued to but excluding the 1 Update as necessary to refer to appropriate Financial Statement delivery Section in Credit Agreement.



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Form of Assignment and Assumption 175631965 Effective Date and to [the] [the relevant] Assignee for amounts which have accrued from and after the Effective Date. 3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.



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175631965 EXHIBIT H-1 to Credit Agreement dated as of June 28, 2023 by and among American States Water Company, as Borrower, the lenders party thereto, as Lenders, and Wells Fargo Bank, National Association, as Administrative Agent FORM OF U.S. TAX COMPLIANCE CERTIFICATE (NON-PARTNERSHIP FOREIGN LENDERS)



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Form of U.S. Tax Compliance Certificate (For Foreign Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes) 175631965 U.S. TAX COMPLIANCE CERTIFICATE (For Foreign Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes) Reference is hereby made to the Credit Agreement dated as of June 28, 2023 (the "Credit Agreement"), by and among American States Water Company, a California corporation (the "Borrower"), the lenders who are or may become a party thereto, as Lenders, and Wells Fargo Bank, National Association, as Administrative Agent. Capitalized terms used herein and not defined herein shall have the meanings assigned thereto in the Credit Agreement. Pursuant to the provisions of Section 4.11 of the Credit Agreement, the undersigned hereby certifies that (a) it is the sole record and beneficial owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (b) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (c) it is not a ten percent (10%) shareholder of the Borrower within the meaning of Section 881(c)(3)(B) of the Code and (d) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code. The undersigned has furnished the Administrative Agent and the Borrower with a certificate of its non-U.S. Person status on IRS Form W-8BEN-E. By executing this certificate, the undersigned agrees that (a) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent and (b) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two (2) calendar years preceding such payments. [NAME OF LENDER] By: Name: Title: Date: , 20



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175631965 EXHIBIT H-2 to Credit Agreement dated as of June 28, 2023 by and among American States Water Company, as Borrower, the lenders party thereto, as Lenders, and Wells Fargo Bank, National Association, as Administrative Agent FORM OF U.S. TAX COMPLIANCE CERTIFICATE (NON-PARTNERSHIP FOREIGN PARTICIPANTS)



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Form of U.S. Tax Compliance Certificate (For Foreign Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes) 175631965 U.S. TAX COMPLIANCE CERTIFICATE (For Foreign Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes) Reference is hereby made to the Credit Agreement dated as of June 28, 2023 (the "Credit Agreement"), by and among American States Water Company, a California corporation (the "Borrower"), the lenders who are or may become party a thereto, as Lenders, and Wells Fargo Bank, National Association, as Administrative Agent. Capitalized terms used herein and not defined herein shall have the meanings assigned thereto in the Credit Agreement. Pursuant to the provisions of Section 4.11 of the Credit Agreement, the undersigned hereby certifies that (a) it is the sole record and beneficial owner of the participation in respect of which it is providing

this certificate, (b) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (c) it is not a ten percent (10%) shareholder of the Borrower within the meaning of Section 881(c)(3)(B) of the Code and (d) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code. The undersigned has furnished its participating Lender with a certificate of its non-U.S. Person status on IRS Form W-8BEN-E. By executing this certificate, the undersigned agrees that (a) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender in writing and (b) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two (2) calendar years preceding such payments. [NAME OF PARTICIPANT] By: Name: Title: Date: , 20



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Form of U.S. Tax Compliance Certificate (For Foreign Participants That Are Partnerships For U.S. Federal Income Tax Purposes) 175631965 U.S. TAX COMPLIANCE CERTIFICATE (For Foreign Participants That Are Partnerships For U.S. Federal Income Tax Purposes) Reference is hereby made to the Credit Agreement dated as of June 28, 2023 (the "Credit Agreement"), by and among American States Water Company, a California corporation (the "Borrower"), the Lenders who are or may become party thereto, as Lenders, and Wells Fargo Bank, National Association, as Administrative Agent. Capitalized terms used herein and not defined herein shall have the meanings assigned thereto in the Credit Agreement. Pursuant to the provisions of Section 4.11 of the Credit Agreement, the undersigned hereby certifies that (a) it is the sole record owner of the participation in respect of which it is providing this certificate, (b) its direct or indirect partners/members are the sole beneficial owners of such participation, (c) with respect such participation, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (d) none of its direct or indirect partners/members is a ten percent (10%) shareholder of the Borrower within the meaning of Section 881(c)(3)(B) of the Code and (e) none of its direct or indirect partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code. The undersigned has furnished its participating Lender with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (a) an IRS Form W-8BEN-E or (b) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN-E from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (i) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender and (ii) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two (2) calendar years preceding such payments. [NAME OF PARTICIPANT] By: Name: Title: Date: , 20



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175631965 EXHIBIT H-4 to Credit Agreement dated as of June 28, 2023 by and among American States Water Company, as Borrower, the lenders party thereto, as Lenders, and Wells Fargo Bank, National Association, as Administrative Agent FORM OF U.S. TAX COMPLIANCE CERTIFICATE (FOREIGN LENDER PARTNERSHIPS)



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Form of U.S. Tax Compliance Certificate (For Foreign Lenders That Are Partnerships For U.S. Federal Income Tax Purposes) 175631965 U.S. TAX COMPLIANCE CERTIFICATE (For Foreign Lenders That Are Partnerships For U.S. Federal Income Tax Purposes) Reference is hereby made to the Credit Agreement dated as of June 28, 2023 (the "Credit Agreement"), by and among American States Water Company, a California corporation (the "Borrower"), the lenders who are or may become party thereto, as Lenders, and Wells Fargo Bank, National Association, as Administrative Agent. Capitalized terms used herein and not defined herein shall have the meanings assigned thereto in the Credit Agreement. Pursuant to the provisions of Section 4.11 of the Credit Agreement, the undersigned hereby certifies that (a) it is the sole record owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (b) its direct or indirect partners/members are the sole beneficial owners of such Loan(s) (as well as any Note(s) evidencing such Loan(s)), (c) with respect to the extension of credit pursuant to this Credit Agreement or any other Loan Document, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (d) none of its direct or indirect partners/members is a ten percent (10%) shareholder of the Borrower within the meaning of Section 881(c)(3)(B) of the Code and (e) none of its direct or indirect partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code. The undersigned has furnished the Administrative Agent and the Borrower with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (a) an IRS Form W-8BEN-E or (b) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN-E from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (i) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent and (ii) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two (2) calendar years preceding such payments. [NAME OF LENDER] By: Name: Title: Date: , 20



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Schedule 1.1(a) to Credit Agreement Schedule 1.1(a) Existing Letters of Credit Amount Letter of Credit Number Expiration Beneficiary Obligor - Company \$450,000 S000128154U 5-11-24 Liberty Mutual Insurance Company American States Water Company



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Schedule 1.1(b) to Credit Agreement Schedule 1.1(b) Commitments and Commitment Percentages Lender Commitment Commitment Percentage Wells Fargo Bank, National Association \$77,884,615.39 51.923076927% Bank of China
Los Angeles Branch \$57,692,307.69 38.461538460% The Northern Trust Company \$14,423,076.92 9.615384613% Total \$150,000,000.00 100.000000000% L/C Commitment Issuing Lender L/C Commitment Wells Fargo Bank, National
Association \$10,000,000.00 Total \$10,000,000.00



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Schedule 6.1 to Credit Agreement Schedule 6.1 Jurisdictions of Organization and Qualification Entity Jurisdiction of Organization/Qualification American States Water Company (Borrower) California Golden State Water Company California American States Utility Services, Inc. California Fort Bliss Water Services Company Texas Old Dominion Utility Services, Inc. Virginia Terrapin Utility Services, Inc. Maryland Palmetto State Utility Services, Inc. South Carolina Old North Utility Services, Inc. North Carolina Emerald Coast Utility Services, Inc. Florida Fort Riley Utility Services, Inc. Kansas California Cities Water Company, Inc. California



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[illegible]

Schedule 6.8 to Credit Agreement Schedule 6.8 Environmental Disclosures None.



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Schedule 6.9 to Credit Agreement Schedule 6.9 ERISA Plans ☐ Golden State Water Company Pension Plan, as amended – Noncontributory Defined Benefit Plan ☐ Golden State Water Company Investment Incentive Program – 401(k) plan ☐ GSWC Welfare Benefits Plan for Active and Retired Employees – Post-Retirement Medical Plan ☐ Golden State Water Company Supplemental Executive Retirement Plan, as amended



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Schedule 6.16 to Credit Agreement Schedule 6.16 Title to Properties The concepts of title, recorded title and marketable title are not applicable to the following types of property: none of this property has been given any value on the Company's balance sheet: □ All real property on military bases served by each of ASUS's subsidiaries pursuant to initial 50- year contracts with the U.S. government, which are not assets on the Company's balance sheet. □ Public utility franchises in the nature of an easement to the extent considered real property. □ Constitutional franchises in the nature of an easement to the extent considered real property.



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Schedule 8.1 to Credit Agreement Schedule 8.1 Existing Indebtedness Description Debt Amount Coupon Rate Issue Date Maturity Date Remark 6.81% Notes due 2028 \$15,000,000 6.810% 03/23/1998 03/23/2028 Public Debt 6.59% Notes due 2029 \$40,000,000 6.590% 01/25/1999 01/25/2029 Public Debt 7.875% Notes due 2030 \$20,000,000 7.875% 01/26/2001 12/01/2030 Public Debt 7.23% Notes due 2031 \$50,000,000 7.230% 12/11/2001 12/15/2031 Public Debt 6.00% Notes due 2041 \$62,000,000 6.000% 04/14/2011 04/15/2041 Public Debt 5.87% Notes due 2028 \$40,000,000 5.870% 10/11/2005 12/20/2028 Private Placement 3.45% Notes due 2029 \$15,000,000 3.450% 12/23/2014 12/23/2029 Private Placement 2.17% Notes due 2030 \$85,000,000 2.170% 07/08/2020 07/08/2030 Private Placement 2.90% Notes due 2040 \$75,000,000 2.900% 07/08/2020 07/08/2040 Private Placement 5.12% Notes due 2033 \$100,000,000 5.120% 01/13/2023 01/31/2033 Private Placement 5.22% Notes due 2038 \$30,000,000 5.220% 01/13/2023 01/31/2038 Private Placement 5.50% Tax Exempt Note \$7,730,000 5.500% 12/01/1986 12/01/2026 Public Debt - Tax Exempt State Water Project \$2,692,194 Various 06/01/1994 09/30/2035 Tax Exempt American Recovery and Reinvestment Act Obligation \$2,699,978 2.5017% Various 03/01/2033 Funding under the Safe Drinking Water State Revolving Fund Law of 1997 and the American Recovery and Reinvestment Act of 2007 \$545,122 172



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Schedule 8.2 to Credit Agreement Schedule 8.2 Liens None



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Schedule 8.3 to Credit Agreement Schedule 8.3 Investments □ See Schedule 8.1 for Existing Indebtedness □ Less than 50% equity investment of \$350,000 in the Pomona Valley Protective Association □ Less than 50% equity investment of \$18,833 in the West End Consolidated Water Company □ Less than 50% equity investment of \$12,798 in the Covina Irrigating Company



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2 180889916 Section 2. JOINDER OF JOINING LENDERS; REVISED COMMITMENTS AND COMMITMENT PERCENTAGES; REALLOCATION OF OUTSTANDING LOANS. (a) Each Joining Lender (i) represents and warrants that (A) it has full power and authority, and has taken all action necessary, to execute and deliver this Amendment and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (B) it meets the requirements of an Eligible Assignee under the Credit Agreement (subject to such consents, if any, as may be required under Section 11.9(b)(iii) of the Credit Agreement), (C) from and after the Amendment No. 1 Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and shall have the obligations of a Lender thereunder with the Commitment applicable to such Joining Lender as set forth on Schedule 1.1(b) attached hereto (as such Commitment may be modified at any time or from time to time pursuant to the terms of the Loan Documents), (D) it is sophisticated with respect to decisions to acquire assets of the type represented by its Commitment and either it, or the Person exercising discretion in making its decision to acquire its Commitment, is experienced in acquiring assets of such type, (E) it has received a copy of the Credit Agreement, and has received or has been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to Section 7.1 thereof, as applicable, and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this Amendment and to acquire its Commitment, (F) it has, independently and without reliance upon the Administrative Agent, any Arranger or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Amendment and to acquire its Commitment, and (G) if it is a Foreign Lender, it has delivered to the Administrative Agent and the Borrower any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by such Joining Lender; and (ii) agrees that (A) it will, independently and without reliance upon the Administrative Agent, any Arranger or any other Lender, 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 the Loan Documents, and (B) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender. On and after the Amendment No. 1 Effective Date, all references to the "Lenders" in the Credit Agreement and the other Loan Documents shall be deemed to include the Joining Lenders. (b) Each Incremental Lender party hereto acknowledges and agrees that its Commitment and Commitment Percentage as of the Amendment No. 1 Effective Date (after giving effect to this Amendment) are set forth on Schedule 1.1(b) attached hereto. Each of the parties hereto acknowledges and agrees that, on the Amendment No. 1 Effective Date, any outstanding Revolving Credit Loans and the Commitment Percentages of Swingline Loans and L/C Obligations shall be reallocated by the Administrative Agent among the Lenders (including the Incremental Lenders) in accordance with their respective Commitment Percentages set forth on Schedule 1.1(b) attached hereto and the requisite assignments shall be deemed to be made in such amounts among the Lenders (including any Existing Lenders not party hereto) to the extent necessary to make such reallocation, with the same force and effect as if such assignments were evidenced by applicable Assignments and Assumptions. Each Incremental Lender agrees to make all payments and adjustments necessary to effect such reallocation, either directly or through the Administrative Agent, as the Administrative Agent may direct or approve. (c) Notwithstanding anything to the contrary in the Credit Agreement, no other documents or instruments, including any Assignment and Assumption, shall be executed in connection with any assignments (all of which requirements are hereby waived) necessary to achieve the allocations of Commitments and Commitment Percentages set forth on Schedule 1.1(b) attached hereto and such assignments shall be deemed to be made with all applicable representations, warranties and covenants as if evidenced by an Assignment and Assumption.



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§ 180889916 Section 3. CONDITIONS PRECEDENT. The effectiveness of this Amendment and the amendments(s) and other agreements contemplated hereby is subject to the satisfaction of the following conditions precedent: (a) Documentation. The Administrative Agent shall have received the following: (i) counterparts of this Amendment, duly executed and delivered by the Borrower, the Administrative Agent, the Issuing Lender(s), the Swingline Lender and the Incremental Lenders; (ii) a Revolving Credit Note executed by the Borrower in favor of each Incremental Lender requesting a Revolving Credit Note; (iii) a certificate of a Responsible Officer of the Borrower certifying that attached thereto is a true, correct and complete copy of (A) the articles or certificate of incorporation or formation (or equivalent) of the Borrower and all amendments thereto, certified as of a recent date by the appropriate Governmental Authority in its jurisdiction of incorporation, organization or formation (or equivalent) (or certifying as to no change since the last delivery to the Administrative Agent); (B) the bylaws or governing documents of the Borrower as in effect on the date hereof (or certifying as to no change since the last delivery to the Administrative Agent); (C) resolutions duly adopted by the board of directors (or other governing body) of the Borrower authorizing and approving the transactions contemplated hereunder and the execution, delivery and performance of this Amendment and the other Loan Documents contemplated hereby; and (D) a good standing (or equivalent) certificate as of a recent date for the Borrower from the relevant authority of its jurisdiction of incorporation (to the extent applicable); (iv) a certificate of a Responsible Officer of the Borrower certifying as to the satisfaction of the conditions set forth in Section 3(b), (c) and (d) below; and (v) opinions of

counsel to the Borrower, including opinions of special counsel and local counsel as may be reasonably requested by the Administrative Agent, addressed to the Administrative Agent and the Lenders with respect to the Borrower, the Loan Documents and such other matters as the Administrative Agent shall reasonably request. (b) No Default. No Default or Event of Default shall exist on the Amendment No. 1 Effective Date immediately prior to or after giving effect to (i) the Incremental Increase contemplated hereby or (ii) the making of the Initial Extensions of Credit pursuant thereto. (c) Accuracy of Representations and Warranties. All of the representations and warranties set forth in Article VI of the Credit Agreement shall be true and correct in all material respects (or if qualified by materiality or Material Adverse Effect, in all respects) as of the Amendment No. 1 Effective Date, or if such representation speaks as of an earlier date, as of such earlier date. (d) Pro Forma Compliance. After giving effect to any Indebtedness incurred in connection with the Incremental Increase and the use of proceeds thereof, the Consolidated Group shall be in pro forma compliance with the financial covenant set forth in Section 8.11 of the Credit Agreement, such compliance to be determined on the basis of the financial information most recently delivered to the Administrative Agent pursuant to Section 7.1(a) or (b) of the Credit Agreement as though any Indebtedness incurred in connection with the Incremental Increase was incurred as of the last day of the four consecutive fiscal-quarter period covered thereby; provided, that only the portion of the Incremental Increase actually drawn and outstanding on the Amendment No. 1 Effective Date shall be deemed incurred for purposes of this subsection (d).



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4 180889916 (e) Fees and Expenses. The Borrower shall have paid, or made arrangements to pay contemporaneously with the effectiveness of this Amendment, all fees (including without limitation any fees payable to any Incremental Lender pursuant to any fee letter entered into in connection herewith) and, to the extent invoiced at least two (2) Business Days in advance, expenses required to be paid in connection herewith (including all fees, charges and disbursements of counsel to the Administrative Agent (directly to such counsel if requested by the Administrative Agent)). (f) PATRIOT Act, etc. (i) The Administrative Agent and the Incremental Lenders shall have received, at least five (5) Business Days prior to the date hereof, all documentation and other information requested by the Administrative Agent or any Incremental Lender or required by regulatory authorities in order for the Administrative Agent and the Incremental Lenders to comply with requirements of any Anti-Money Laundering Laws, including the PATRIOT Act and any applicable "know your customer" rules and regulations and (ii) the Borrower shall have delivered to the Administrative Agent, and directly to any Incremental Lender requesting the same, a Beneficial Ownership Certification in relation to it (or a certification that the Borrower qualifies for an express exclusion from the "legal entity customer" definition under the Beneficial Ownership Regulations), in each case at least five (5) Business Days prior to the date hereof. For purposes of determining compliance with the conditions specified in this Section 3, each Incremental Lender that has signed this Amendment 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 an Incremental Lender unless the Administrative Agent shall have received notice from such Incremental Lender prior to the proposed effective date hereof specifying its objection thereto. Section 4. REPRESENTATIONS AND WARRANTIES. In order to induce the Administrative Agent, the Swingline Lender, the Issuing Lender(s) and the Incremental Lenders to enter into this Amendment, the Borrower represents and warrants to the Administrative Agent, the Swingline Lender, the Issuing Lender(s) and the Incremental Lenders as follows: (a) All of the representations and warranties set forth in Article VI of the Credit Agreement are true and correct in all material respects (or if qualified by materiality or Material Adverse Effect, in all respects) as of the Amendment No. 1 Effective Date, or if such representation speaks as of an earlier date, as of such earlier date. (b) Since December 31, 2022, no event has occurred or condition arisen, either individually or in the aggregate, that could reasonably be expected to have a Material Adverse Effect. (c) No Default or Event of Default exists on the Amendment No. 1 Effective Date immediately prior to or after giving effect to (i) the Incremental Increase or (ii) the making of the initial Extensions of Credit pursuant thereto. (d) The Borrower has the right, power and authority and has taken all necessary corporate and other action to authorize the execution, delivery and performance of this Amendment and each of the other Loan Documents delivered in connection therewith to which it is a party in accordance with their respective terms. This Amendment and each of the other Loan Documents have been duly executed and delivered by the duly authorized officers of the Borrower, and each such document constitutes the legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar state or federal Debtor Relief Laws from time to time in effect which affect the enforcement of creditors' rights in general and the availability of equitable remedies



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5 180889916 Section 5. MISCELLANEOUS. (a) Ratification and Confirmation of Loan Documents. The Borrower hereby consents, acknowledges and agrees to the amendment(s) and other agreements set forth herein and hereby confirms and ratifies in all respects the Loan Documents to which the Borrower is a party, in each case upon and after the effectiveness of the amendment(s) and other agreements contemplated hereby. (b) Fees and Expenses. The Borrower shall pay all reasonable and documented out of pocket expenses of the Administrative Agent and its Affiliates in connection with the preparation, reproduction, execution, and delivery of this Amendment and any other documents prepared in connection herewith, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent in accordance with Section 11.3(a) of the Credit Agreement. (c) Headings. Section and subsection headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose or be given any substantive effect. (d) Governing Law, Jurisdiction, Waiver of Jury Trial, Etc. This Amendment and any claim, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating hereto and the transactions contemplated hereby shall be governed by, and construed in accordance with, the law of the State of New York, and shall be further subject to the provisions of Sections 11.5 and 11.6 of the Credit Agreement. (e) Counterparts; Integration; Effectiveness. This Amendment 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 Amendment and the other Loan Documents, and any separate letter agreements with respect to fees payable to the Administrative Agent, any Issuing Lender, the Swingline Lender and/or any Arranger, 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 3, this Amendment 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 Amendment by facsimile or in electronic (i.e., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Amendment. (f) Entire Agreement. This Amendment, together with all the Loan Documents (collectively, the "Relevant Documents"), sets forth the entire understanding and agreement of the parties hereto in relation to the subject matter hereof and supersedes any prior negotiations and agreements among the parties relating to such subject matter. No promise, condition, representation or warranty, express or implied, not set forth in the Relevant Documents shall bind any party hereto, and no such party has relied on any such promise, condition, representation or warranty. Each of the parties hereto acknowledges that, except as otherwise expressly stated in the Relevant Documents, no representations, warranties or commitments, express or implied, have been made by any party to the other. None of the terms or conditions of this Amendment may be changed, modified, waived or canceled orally or otherwise except in a writing in accordance with Section 11.2 of the Credit Agreement. This Amendment is a Loan Document. (g) Severability of Provisions. Any provision of this Amendment 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



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6 180889916 provisions hereof 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). (h) Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns (subject to Section 11.9 of the Credit Agreement). [Remainder of Page Intentionally Left Blank; Signature Pages Follow]



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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed under seal by their duly authorized officers, all as of the day and year first written above. BORROWER: AMERICAN STATES WATER COMPANY
By: [CaC4.t4: Name: Robert]. Swls Title: President and Chief Executive Officer AMENDMENT NO. 1 TO CREDIT AGREEMENT Signature Page





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180889916 Schedule 1.1(b) Commitments and Commitment Percentages Lender Commitment Commitment Percentage Wells Fargo Bank, National Association \$77,884,615.39 47.202797206% Bank of China, Los Angeles Branch \$57,692,307.69 34.965034964% City National Bank \$15,000,000.00 9.090909091% The Northern Trust Company \$14,423,076.92 8.741258739% Total \$165,000,000.00 100.000000000% L/C Commitment Issuing Lender L/C Commitment Wells Fargo Bank, National Association \$10,000,000.00 Total \$10,000,000.00

Exhibit 10.9

POLICY REGARDING THE RECOUPMENT OF CERTAIN PERFORMANCE-BASED COMPENSATION PAYMENTS Revised October 31, 2023

1. **Purpose.** The purpose of the Policy Regarding the Recoupment of Certain Performance-Based Compensation Payments is to set forth the circumstances in which American States Water Company will recover the amount of erroneously awarded Performance-Based Compensation Received by a current or former Executive Officer after the Effective Date in the event that the Company is required to prepare an Accounting Restatement. All capitalized terms have the meaning set forth in Section 2. This Policy amends and it restates in its entirety the Policy Regarding the Recoupment of Certain Performance-Based Compensation Payments adopted by the Board of Directors on March 28, 2014.
2. **Definitions.** For purposes of this Policy, the following terms have the definitions set forth below:
 - A. **"Accounting Restatement"** means an accounting restatement of a previously issued financial statement of the Company for correction of an error in such financial statement that is (i) due to the material noncompliance of the Company with any applicable financial reporting requirement under the U.S. federal securities laws, including any required accounting restatement to correct an error in a previously issued financial statement that is material to such previously issued financial statement, or (ii) not material to a previously issued financial statement, but would result in a material misstatement if the error were corrected in the then-current period (i.e., as of the time of the Accounting Restatement) financial statements or left uncorrected in the current period financial statements.
 - B. **"Board"** means the Board of Directors of the Company.
 - C. **"Committee"** means the Compensation Committee of the Board.
 - D. **"Company"** means American States Water Company, a California corporation, and its successors and assigns.
 - E. **"Effective Date"** means October 2, 2023.
 - F. **"Erroneously Awarded Compensation"** means, with respect to each Executive Officer and in connection with any Accounting Restatement, the amount of Performance-Based Compensation Received by such Executive Officer that exceeds the amount of Performance-Based Compensation that would have been Received by such Executive Officer had it been determined based on the restated amounts set forth in the Accounting Restatement.

G. **"Executive Officer"** means the Company's president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company. Executive officers of the Company's parent(s) or subsidiaries are deemed executive officers of the Company if they perform such policy-making functions for the Company. The

determination of who is an Executive Officer shall be made by the Committee in accordance with Rule 10D-1 under the Exchange Act and the listing standards adopted by the NYSE pursuant to Rule 10D-1.

H. **"Financial Reporting Measures"** means financial measures that are used for evaluating the attainment of Performance-Based Compensation and that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, as well as any financial measures that are derived wholly or in part from such measures. For the purpose of this Policy, the Company's stock price and total shareholder return (and measures derived wholly or, in part, from stock price or total shareholder return) are also Financial Reporting Measures. A Financial Reporting Measure need not be presented within the financial statements or included in a filing with the SEC.

I. **"NYSE"** means the New York Stock Exchange.

J. **"Performance-Based Compensation"** means compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

K. **"Policy"** means this Policy Regarding the Recoupment of Certain Performance-Based Compensation Payments, as it may be amended from time to time.

L. **"Received"** means, with respect to any Performance-Based Compensation, actual or deemed receipt in the Company's fiscal period during which the Financial Reporting Measure specified in the Performance-Based Compensation award is attained even if payment or grant of the Performance-Based Compensation occurs after the end of that period.

M. **"Restatement Date"** means the earlier to occur of (i) the date upon which the Board, the Committee or the officers of the Company authorized to take such action, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement, or (ii) the date upon which a court, regulator or other legally authorized body directs the Company to prepare an Accounting Restatement in a final, non-appealable order or judgement.

N. **"SEC"** shall mean the U.S. Securities and Exchange Commission.

3. Application.

A. This Policy applies to all Performance-Based Compensation Received by a current and former Executive Officer: (i) on or after the Effective Date; (ii) after beginning service as an Executive Officer; (iii) who served as an Executive Officer at any time during the performance period for that Performance-Based Compensation; (iv) while the Company has a class of securities listed on a national securities exchange or a national securities association; and (v) during the three completed fiscal years immediately preceding the date that the Company is required to prepare an Accounting Restatement.

B. Notwithstanding Paragraph A of this Section 3, the Policy also applies during (i) any transition period that results from a change in the Company's fiscal year within or immediately following the three completed fiscal year period, and (ii) any transition period between the last day of the Company's previous

fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months would be deemed a completed fiscal year.

4. Recovery of Erroneously Awarded Performance-Based Compensation.

- A. In the event of an Accounting Restatement, the Committee shall promptly (and, in any event within ninety (90) days after the Restatement Date) determine the amount of any Erroneously Awarded Compensation for each Executive Officer in connection with such Accounting Restatement and shall provide written notice to each Executive Officer of (i) the Restatement Date, (ii) the amount of Erroneously Awarded Compensation Received, and (iii) the method, manner, and time for repayment or return of such Erroneously Awarded Compensation, as applicable. The amount of Performance-Based Compensation that is subject to recovery must be computed without regard to any taxes paid. The amount of any Erroneously Awarded Compensation also includes, but is not limited to, the amount contributed to any notational account based on Erroneously Awarded Compensation and any earnings accrued to date on that notational amount.
- B. The Committee shall have the discretion to reasonably determine the appropriate means of recovery of such Erroneously Awarded Compensation based on applicable facts and circumstances, including, without limitation (i) seeking reimbursement of all or part of any cash or equity-award, (ii) cancelling prior cash or equity-based awards, whether vested or unvested or paid or unpaid, (iii) cancelling or offsetting against any planned future cash or equity-based awards, (iv) forfeiture of deferred compensation, subject to compliance with Section 409A of the Internal Revenue Code and the regulations promulgated thereunder, (v) base salary or bonuses, and (vi) any other method authorized by law or contract.
- C. If an Executive Officer fails to repay Erroneously Awarded Compensation to the Company by the time and in the manner set forth in writing by the Committee, the Company shall take all actions reasonable and appropriate to recover the Erroneously Awarded Compensation from the Executive Officer. The Executive Officer shall be required to reimburse the Company for all expenses reasonably incurred by the Company in recovering Erroneously Awarded Compensation, including attorney's fees and expenses.
- D. For Performance-Based Compensation based on the Company's stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in an Accounting Restatement:
 - i. the amount will be based on a reasonable estimate of the effect of the accounting restatement on the Company's stock price or total shareholder return upon which the Performance-Based Compensation was Received; and
 - ii. the Company will maintain documentation of the determination of that reasonable estimate and provide such documentation to the NYSE.

5. Recovery Exceptions. The Company will recover Erroneously Awarded Compensation in accordance with this Policy, except to the extent that any of the following conditions are met and the Committee has determined that recovery would be impracticable:

- A. the direct expense reasonably expected to be paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered; *provided* that before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on expense of enforcement, the Company will make a reasonable attempt to recover such erroneously awarded compensation without incurring any third party expense, document such reasonable attempt(s) to recover and provide such documentation to the NYSE;

B. recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

6. **Reporting and Disclosure Requirements.** The Company shall file all disclosures with respect to this Policy in accordance with the requirements of the federal securities laws, including the disclosure required by applicable SEC filings. The Company shall also post this Policy on its website.
7. **Indemnification Prohibition.** Notwithstanding the terms of any indemnification or insurance policy or any contractual arrangement with the Executive that may be interpreted to the contrary, the Company will not indemnify any current or former Executive Officer against the loss of Erroneously Awarded Compensation or for reimbursement for the cost of third-party insurance purchased by the Executive to fund potential clawback obligations under this Policy.
8. **Other Recoupment Rights.** The Board intends that this Policy be applied to the fullest extent permitted by applicable law. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other rights of recoupment or remedies that may be available to the Company under applicable law or pursuant to the terms of any other policy of the Company or any employment agreement, equity award, indemnification or similar agreement or any other legal remedies, including, without limitation, any rights to payment that the Company may have under Section 304 or 306 of the Sarbanes-Oxley Act of 2002.
9. **Administration.** The Committee shall have sole discretion in making all determinations under this Policy. Any determinations of the Committee made in good faith shall be binding and conclusive for the purposes of this Policy. In performing its duties, the Committee shall be entitled to rely on information, opinions, reports or statements prepared or presented by: (i) officers or employees of the Company whom the Committee believes to be reliable and competent as to such matters, (ii) counsel (who may be employees of the Company), independent accountants and other persons as to matters which the Committee believes to be within such persons' professional or expert competence. The Committee shall be fully protected with respect to any action taken or omitted by it in good faith pursuant to the advice of such persons.
10. **Indemnification.** Any members of the Committee, and any other members of the Board who assist in the administration of this Policy, shall not be personally liable for any action, determination or interpretation made with respect to this Policy and shall be fully indemnified by the Company to the fullest extent permitted under applicable law and Company policy with respect to any such action, determination or interpretation. The foregoing shall not limit any other rights to indemnification of the members of the Committee or the Board under applicable law and Company policy.

11. **Amendment.** The Board may amend this Policy from time to time in its sole discretion and shall amend this Policy as it deems necessary to comply with applicable law or any rules or standards adopted by the NYSE or any other national securities exchange on which the Company's shares are listed.
12. **Effective Date; Retroactive Application.** This Policy shall be effective on the Effective Date and shall apply to any Performance-Based Compensation that is Received by the Executive on or after the Effective Date, even if such Performance-Based Compensation was approved, awarded, granted, or paid to Executives prior to the Effective Date. Without limiting the generality of Section 4, and subject to applicable law, the Committee shall affect recovery under this Policy from any compensation approved, awarded, granted or paid to the Executive prior to, on or after the Effective Date.
13. **Compliance with the Exchange Act.** Notwithstanding the foregoing, this Policy shall be interpreted and administered consistent with the applicable securities laws, including the requirements of (i) Section 10D of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), as added by Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, (ii) Rule 10D-1 under the Exchange Act, and (iii) the listing standards adopted by the NYSE pursuant to Rule 10D-1.
14. **Savings Clause.** To the extent that any of the provisions of this Policy are found by a court of competent jurisdiction to be illegal, invalid, or unenforceable for any reason, such provision shall be deleted, and the balance of this Policy shall not be affected.

15. **Successors.** This Policy shall be binding and enforceable against all Executive Officers and their beneficiaries, heirs, executors, administrators or other legal representatives.

**POLICY REGARDING THE RECOUPMENT OF CERTAIN
PERFORMANCE-BASED COMPENSATION PAYMENTS ACKNOWLEDGMENT**

I, the undersigned, agree and acknowledge that I am fully bound by, and subject to, all the terms and conditions of the Policy, as it may be amended from time to time (the "Policy"). In the event of any inconsistency between the Policy and the terms of any employment agreement to which I am a party, or the terms of any compensation plan, program or agreement under which compensation has been granted, awarded, earned or paid or any indemnification agreement previously executed, the terms of this Policy shall govern. If it is determined by the Compensation Committee of the Company that any amounts, granted, awarded, earned or paid to me must be forfeited or reimbursed to the Company, I will promptly take any action necessary to effectuate such forfeiture or reimbursement.

By: _____ Date: _____
[Name]
[Title]

Exhibit 31.1

Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for AWR

I, Robert J. Sprowls, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q for the period ended ~~September 30, 2023~~ **March 31, 2024** of American States Water Company (referred to as "the Registrant");
- 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.
- 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 Registrant's board of directors (or persons performing the equivalent function):
 - 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 controls over financial reporting.

Dated: November 6, 2023 May 7, 2024

By: /s/ ROBERT J. SPROWLS
 Robert J. Sprowls
 President and Chief Executive Officer

Exhibit 31.1.1

Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for GSWC

I, Robert J. Sprowls, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q for the period ended September 30, 2023 March 31, 2024 of Golden State Water Company (referred to as "GSWC");
- 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 GSWC as of, and for, the periods presented in this report;
- 4) GSWC'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 GSWC 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 GSWC, 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 GSWC'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 GSWC's internal control over financial reporting that occurred during GSWC's most recent fiscal quarter (GSWC's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, GSWC's internal control over financial reporting.
- 5) GSWC's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the GSWC's auditors and the audit committee of GSWC's board of directors (or persons performing the equivalent function):
 - 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 GSWC'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 GSWC's internal controls over financial reporting.

Dated: November 6, 2023 May 7, 2024

By: /s/ ROBERT J. SPROWLS
 Robert J. Sprowls
 President and Chief Executive Officer

Exhibit 31.2

Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for AWR

I, Eva G. Tang, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q for the period ended September 30, 2023 March 31, 2024 of American States Water Company (referred to as "the Registrant");
- 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.
- 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 Registrant's board of directors (or persons performing the equivalent function):
 - 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 controls over financial reporting.

Dated: November 6, 2023 May 7, 2024

By: /s/ EVA G. TANG
Eva G. Tang
Senior Vice President-Finance, Chief Financial
Officer, Corporate Secretary and Treasurer

Exhibit 31.2.1

Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for GSWC

I, Eva G. Tang, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q for the period ended **September 30, 2023** **March 31, 2024** of Golden State Water Company (referred to as "GSWC");
- 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 GSWC as of, and for, the periods presented in this report;
- 4) GSWC'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 GSWC 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 GSWC, 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 GSWC'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 GSWC's internal control over financial reporting that occurred during GSWC's most recent fiscal quarter (GSWC's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, GSWC's internal control over financial reporting.
- 5) GSWC's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to GSWC's auditors and the audit committee of GSWC's board of directors (or persons performing the equivalent function):
 - 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 GSWC'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 GSWC's internal controls over financial reporting.

Dated: **November 6, 2023** **May 7, 2024**

By: /s/ EVA G. TANG
 Eva G. Tang
 Senior Vice President-Finance, Chief Financial
 Officer and Secretary

Exhibit 32.1

Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)

In connection with the Quarterly Report of American States Water Company and Golden State Water Company (the "Registrant") on Form 10-Q for the quarter ended **September 30, 2023** **March 31, 2024**, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert J. Sprowls, Chief Executive Officer of the Registrant, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ ROBERT J. SPROWLS
 Robert J. Sprowls
 President and Chief Executive Officer

Date: **November 6, 2023** **May 7, 2024**

Exhibit 32.2

***Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(18 U.S.C. Section 1350)***

In connection with the Quarterly Report of American States Water Company and Golden State Water Company (the "Registrant") on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Eva G. Tang, Chief Financial Officer of the Registrant, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ EVA G. TANG

Eva G. Tang

Senior Vice President-Finance, Chief Financial Officer,
Corporate Secretary and Treasurer

Date: November 6, 2023 May 7, 2024

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