

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

**FORM 10-Q**

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

For the quarterly period ended 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 1-03480

**MDU RESOURCES GROUP INC**

(Exact name of registrant as specified in its charter)

Delaware 30-1133956

(State or other jurisdiction of  
incorporation or organization) (I.R.S. Employer Identification No.)

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

(Zip Code)

(701) 530-1000

(Registrant's telephone number, including area code)

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

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

Common Stock, par value \$1.00 per share MDU New York Stock Exchange

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

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

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

Large Accelerated Filer  Accelerated Filer

Non-Accelerated Filer  Smaller Reporting Company

Emerging Growth Company

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of April 25, 2024 203,888,237 shares.

## Index

	Page
Definitions	3
Introduction	5
Part I -- Financial Information	
Item 1. Financial Statements	6
Consolidated Statements of Income -- Three Ended March 31, 2024 and 2023	6
Consolidated Statements of Comprehensive Income -- Three Months Ended March 31, 2024 and 2023	7
Consolidated Balance Sheets -- March 31, 2024 and 2023, and December 31, 2023	8
Consolidated Statements of Equity -- Three Months Ended March 31, 2024 and 2023	9
Consolidated Statements of Cash Flows -- Three Months Ended March 31, 2024 and 2023	10
Notes to Consolidated Financial Statements	11
1. Basis of presentation	11
2. New accounting standards	12
3. Discontinued operations	13
4. Seasonality of operations	15
5. Receivables and allowance for expected credit losses	15
6. Inventories and natural gas in storage	16
7. Earnings per share	16
8. Revenue from contracts with customers	17
9. Leases	19
10. Regulatory assets and liabilities	20
11. Environmental allowances and obligations	21
12. Fair value measurements	21
13. Debt	24
14. Cash flow information	25
15. Business segment data	25
16. Employee benefit plans	27
17. Regulatory matters	28
18. Contingencies	29
19. Subsequent event	30
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	31
Item 3. Quantitative and Qualitative Disclosures About Market Risk	51
Item 4. Controls and Procedures	52
Part II -- Other Information	
Item 1. Legal Proceedings	53
Item 1A. Risk Factors	53
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	54
Item 3. Defaults Upon Senior Securities	54
Item 5. Other Information	54
Item 6. Exhibits	54
Exhibits Index	55
Signatures	56

## Definitions

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

### Abbreviation or Acronym

2023 Annual Report	Company's Annual Report on Form 10-K for the year ended December 31, 2023
AFUDC	Allowance for funds used during construction
ASC	FASB Accounting Standards Codification
ASU	FASB Accounting Standards Update
Cascade	Cascade Natural Gas Corporation, an indirect wholly owned subsidiary of MDU Energy Capital
Centennial	CEHI, LLC, a direct wholly owned subsidiary of the Company, formerly known as Centennial Energy Holdings, Inc., prior to the separation of Knife River from the Company. References to Centennial's historical business and operations refer to the business and operations of Centennial Energy Holdings, Inc.
Centennial Capital Company	Centennial Holdings Capital LLC, a direct wholly owned subsidiary of Centennial MDU Resources Group, Inc.
Coyote Creek	Coyote Creek Mining Company, LLC, a subsidiary of The North American Coal Corporation
Coyote Station	427-MW coal-fired electric generating facility near Beulah, North Dakota (25 percent ownership)
CWIP	Construction work in progress, costs associated with the construction of new utility facilities recorded on the balance sheet until these facilities are placed in service
dk	Decatherm
EPA	United States Environmental Protection Agency
Everus	Everus Construction Group, Inc., a wholly owned subsidiary of the Company that was established in conjunction with the proposed separation of Everus Construction
Everus Construction	Everus Construction, Inc., a direct wholly owned subsidiary of Centennial, formerly known as MDU Construction Services Group, Inc. prior to March 12, 2024
Exchange Act	Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
Fidelity	Fidelity Exploration & Production Company, a direct wholly owned subsidiary of WBI Holdings (previously referred to as the Company's exploration and production segment)
GAAP	Accounting principles generally accepted in the United States of America
GHG	Greenhouse gas
Intermountain	Intermountain Gas Company, an indirect wholly owned subsidiary of MDU Energy Capital
IPUC	Idaho Public Utilities Commission
IRA	Inflation Reduction Act of 2022
JETx	345-kV transmission line from Jamestown, North Dakota to Ellendale, North Dakota (50 percent ownership)
Knife River	Established as Knife River Corporation prior to the separation from the Company, a direct wholly owned subsidiary of Centennial. Knife River refers to Knife River Corporation, during the period prior to separation, now known as "KRC Materials, Inc." Following the separation Knife River refers to Knife River Holding Company, now known as Knife River Corporation
kWh	Kilowatt-hour
kV	Kilovolt
LIBOR	London Inter-bank Offered Rate
MDU Construction Services	MDU Construction Services Group, Inc., a direct wholly owned subsidiary of Centennial
MDU Energy Capital	MDU Energy Capital, LLC, a direct wholly owned subsidiary of the Company
MISO	Midcontinent Independent System Operator, Inc., the organization that provides open-access transmission services and monitors the high-voltage transmission system in the Midwest United States and Manitoba, Canada and a southern United States region which includes much of Arkansas, Mississippi, and Louisiana
MMcf	Million cubic feet

MMdk	Million dk
Montana-Dakota	Montana-Dakota Utilities Co., a direct wholly owned subsidiary of MDU Energy Capital
MTPSC	Montana Public Service Commission
MW	Megawatt
NDDEQ	North Dakota Department of Environmental Quality
NDPSC	North Dakota Public Service Commission
NERC	North American Electric Reliability Corporation
ODEQ	Oregon Department of Environmental Quality
PHMSA	Pipeline and Hazardous Materials Safety Administration
Regional Haze Rule	The EPA developed the Regional Haze Rule requiring states to develop and implement comprehensive plans to reduce human-caused regional haze in designated areas such as national parks and wilderness areas
SDPUC	South Dakota Public Utilities Commission
SEC	United States Securities and Exchange Commission
Securities Act	Securities Act of 1933, as amended
SOFR	Secured Overnight Financing Rate
SPP	Southwest Power Pool, the organization that manages the electric grid and wholesale power market for the central United States
TSA	In connection with the separation of Knife River, the Company and Knife River entered into a Transition Services Agreement whereby each party will provide certain post-separation services on a transitional basis
VIE	Variable interest entity
Washington DOE	Washington State Department of Ecology
WBI Energy	WBI Energy, Inc., an indirect wholly owned subsidiary of WBI Holdings
WBI Energy Transmission	WBI Energy Transmission, Inc., an indirect wholly owned subsidiary of WBI Holdings
WBI Holdings	WBI Holdings, Inc., a direct wholly owned subsidiary of Centennial
WUTC	Washington Utilities and Transportation Commission

## **Introduction**

Montana-Dakota was incorporated under the state laws of Delaware in 1924. The Company was incorporated under the state laws of Delaware in 2018. Upon the completion of an internal holding company reorganization, Montana-Dakota became a subsidiary of the Company. Its principal executive offices are located at 1200 West Century Avenue, P.O. Box 5650, Bismarck, North Dakota 58506-5650, telephone (701) 530-1000.

The Company's strategy is to deliver superior value and achieve industry-leading performance by becoming a pure-play regulated energy delivery company, while pursuing organic growth opportunities. Through its regulated energy delivery businesses, the Company generates, transmits and distributes electricity and provides natural gas distribution, transportation and storage services. These businesses are regulated by state public service commissions and/or the FERC. The construction services business provides construction services through its electrical and mechanical and transmission and distribution specialty contracting services.

On May 31, 2023, the Company completed the separation of Knife River, its construction materials and contracting business, from the Company, resulting in Knife River becoming an independent, publicly traded company. The Company's board of directors approved the distribution of approximately 90 percent of the issued and outstanding shares of Knife River to the Company's stockholders. Stockholders of the Company received one share of Knife River common stock for every four shares of the Company's common stock held on May 22, 2023, the record date for the distribution. The Company retained approximately 10 percent or 5.7 million shares of Knife River common stock immediately following the separation, which were disposed of in a tax-free exchange in November 2023. The separation of Knife River was a tax-free spinoff transaction to the Company's stockholders for U.S. federal income tax purposes. The historical results of Knife River are presented as discontinued operations in the Company's Consolidated Financial Statements.

On November 2, 2023, the Company announced its intent to pursue a tax-free spinoff of its wholly owned construction services business, MDU Construction Services. On March 13, 2024, the Company announced its construction services business, MDU Construction Services, rebranded to Everus Construction in preparation for the planned tax-free spinoff of the business, which is expected to be complete in late 2024. The Company's board of directors believes a tax-free spinoff of the construction services business supports the Company's goal of enhancing value for stockholders by becoming a pure-play regulated energy delivery company. For more information, see Part I, Item 1A. Risk Factors in the 2023 Annual Report for a description of the risks and uncertainties with the proposed future structure.

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

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

The Company, through its wholly owned subsidiary, Centennial, owns WBI Energy, Everus Construction and Centennial Capital. WBI Energy is the pipeline segment, Everus Construction is the construction services segment and Centennial Capital is reflected in the Other category.

For more information on the Company's business segments, see Note 15 of the Notes to Consolidated Financial Statements.

**Part I -- Financial Information****Item 1. Financial Statements**

**MDU Resources Group, Inc.**  
**Consolidated Statements of Income**  
**(Unaudited)**

	Three Months Ended	
	March 31,	
	2024	2023
(In thousands, except per share amounts)		
<b>Operating revenues:</b>		
Electric, natural gas distribution and regulated pipeline	\$ 586,017	\$ 673,932
Non-regulated pipeline, construction services and other	627,808	756,166
<b>Total operating revenues</b>	<b>1,213,825</b>	<b>1,430,098</b>
<b>Operating expenses:</b>		
Operation and maintenance:		
Electric, natural gas distribution and regulated pipeline	105,680	102,041
Non-regulated pipeline, construction services and other	566,237	694,504
<b>Total operation and maintenance</b>	<b>671,917</b>	<b>796,545</b>
Purchased natural gas sold	258,602	371,015
Depreciation and amortization	55,750	52,233
Taxes, other than income	58,992	67,428
Electric fuel and purchased power	32,617	24,356
<b>Total operating expenses</b>	<b>1,077,878</b>	<b>1,311,577</b>
<b>Operating income</b>	<b>135,947</b>	<b>118,521</b>
<b>Other income</b>	<b>13,787</b>	<b>10,374</b>
<b>Interest expense</b>	<b>28,706</b>	<b>23,953</b>
<b>Income before income taxes</b>	<b>121,028</b>	<b>104,942</b>
<b>Income taxes</b>	<b>20,130</b>	<b>21,067</b>
<b>Income from continuing operations</b>	<b>100,898</b>	<b>83,875</b>
<b>Discontinued operations, net of tax</b>	<b>—</b>	<b>(45,522)</b>
<b>Net income</b>	<b>\$ 100,898</b>	<b>\$ 38,353</b>
<b>Earnings per share - basic:</b>		
Income from continuing operations	\$ .50	\$ .41
Discontinued operations, net of tax	—	(22)
<b>Earnings per share - basic</b>	<b>\$ .50</b>	<b>\$ .19</b>
<b>Earnings per share - diluted:</b>		
Income from continuing operations	\$ .49	\$ .41
Discontinued operations, net of tax	—	(22)
<b>Earnings per share - diluted</b>	<b>\$ .49</b>	<b>\$ .19</b>
<b>Weighted average common shares outstanding - basic</b>	<b>203,779</b>	<b>203,624</b>
<b>Weighted average common shares outstanding - diluted</b>	<b>204,187</b>	<b>203,910</b>

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

**MDU Resources Group, Inc.**  
**Consolidated Statements of Comprehensive Income**  
**(Unaudited)**

	Three Months Ended	
	March 31,	
	2024	2023
(In thousands)		
<b>Net income</b>	\$ 100,898	\$ 38,353
<b>Other comprehensive income:</b>		
Reclassification adjustment for loss on derivative instruments included in net income, net of tax of \$11 for the three months ended 2023	—	34
Postretirement liability adjustment:		
Amortization of postretirement liability losses included in net periodic benefit credit, net of tax of \$34 and \$34 for the three months ended in 2024 and 2023, respectively	104	100
Net unrealized gain (loss) on available-for-sale investments:		
Net unrealized (loss) gain on available-for-sale investments arising during the period, net of tax of \$(10) and \$19 for the three months ended in 2024 and 2023, respectively	(36)	70
Reclassification adjustment for loss on available-for-sale investments included in net income, net of tax of \$2 and \$3 for the three months ended in 2024 and 2023, respectively	6	13
<b>Net unrealized (loss) gain on available-for-sale investments</b>	<b>(30)</b>	<b>83</b>
Other comprehensive income	74	217
<b>Comprehensive income attributable to common stockholders</b>	<b>\$ 100,972</b>	<b>\$ 38,570</b>

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

**MDU Resources Group, Inc.**  
**Consolidated Balance Sheets**

(Unaudited)

March 31, 2024      March 31, 2023      December 31, 2023

<b>Assets</b>	(In thousands, except shares and per share amounts)					
<b>Current assets:</b>						
Cash, cash equivalents and restricted cash	\$ 89,296	\$ 85,971	\$ 76,975			
Receivables, net	932,146	1,086,385	942,782			
Current regulatory assets	158,614	216,318	172,492			
Inventories	57,429	52,619	87,392			
Prepayments and other current assets	82,459	46,525	84,082			
Current assets of discontinued operations	—	620,896	—			
<b>Total current assets</b>	<b>1,319,944</b>	<b>2,108,714</b>	<b>1,363,723</b>			
<b>Noncurrent assets:</b>						
Property, plant and equipment	7,441,589	6,962,954	7,341,116			
Less accumulated depreciation and amortization	2,262,789	2,127,607	2,220,206			
Net property, plant and equipment	5,178,800	4,835,347	5,120,910			
Goodwill	488,960	488,960	488,960			
Other intangible assets, net	1,482	3,571	2,004			
Regulatory assets	414,433	349,500	447,099			
Investments	119,396	136,924	124,235			
Operating lease right-of-use assets	76,223	74,057	74,363			
Other	240,633	157,903	211,865			
Noncurrent assets of discontinued operations	—	1,687,611	—			
<b>Total noncurrent assets</b>	<b>6,519,927</b>	<b>7,733,873</b>	<b>6,469,436</b>			
<b>Total assets</b>	<b>\$ 7,839,871</b>	<b>\$ 9,842,587</b>	<b>\$ 7,833,159</b>			
<b>Liabilities and Stockholders' Equity</b>						
<b>Current liabilities:</b>						
Short-term borrowings	\$ —	\$ 293,500	\$ 95,000			
Long-term debt due within one year	60,700	47,819	61,319			
Accounts payable	420,168	429,014	475,215			
Taxes payable	81,972	75,316	58,110			
Dividends payable	25,044	45,306	25,461			
Accrued compensation	47,394	51,499	85,512			
Operating lease liabilities due within one year	23,134	21,994	22,884			
Regulatory liabilities due within one year	90,115	44,395	70,761			
Other accrued liabilities	174,296	178,771	181,471			
Current liabilities of discontinued operations	—	448,715	—			
<b>Total current liabilities</b>	<b>922,823</b>	<b>1,636,329</b>	<b>1,075,733</b>			
<b>Noncurrent liabilities:</b>						
Long-term debt	2,325,697	2,191,898	2,236,904			
Deferred income taxes	461,808	467,007	458,548			
Asset retirement obligations	388,451	376,085	384,371			
Regulatory liabilities	523,484	454,669	521,050			
Operating lease liabilities	53,204	52,619	51,645			
Other	183,463	191,513	199,675			
Noncurrent liabilities of discontinued operations	—	897,085	—			
<b>Total noncurrent liabilities</b>	<b>3,936,107</b>	<b>4,630,876</b>	<b>3,852,193</b>			
<b>Commitments and contingencies</b>						
<b>Stockholders' equity:</b>						
Common stock						
Authorized - 500,000,000 shares, \$1.00 par value						
Shares issued - 203,888,237 at March 31, 2024, 204,162,814 at						
March 31, 2023 and 203,689,090 at December 31, 2023	203,888	204,163	203,689			
Other paid-in capital	1,166,551	1,461,204	1,466,235			

Other paid-in capital	1,400,551	1,401,254	1,400,253
Retained earnings	1,328,812	1,943,917	1,253,693
Accumulated other comprehensive loss	(18,310)	(30,366)	(18,384)
Treasury stock at cost - 538,921 shares at March 31, 2023	—	(3,626)	—
<b>Total stockholders' equity</b>	<b>2,980,941</b>	<b>3,575,382</b>	<b>2,905,233</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 7,839,871</b>	<b>\$ 9,842,587</b>	<b>\$ 7,833,159</b>

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

**MDU Resources Group, Inc.**  
**Consolidated Statements of Equity**  
**(Unaudited)**

	Common Stock		Accumu- lated Other			Treasury Stock		
			Other	Paid-in Capital	Retained Earnings	Compre- hensive Loss		
	Shares	Amount					Shares	Total
(In thousands, except shares)								
<b>At December 31, 2023</b>	203,689,090	\$ 203,689	\$ 1,466,235	\$ 1,253,693	\$ (18,384)	—	\$ —	\$ 2,905,233
Net income	—	—	—	100,898	—	—	—	100,898
Other comprehensive income	—	—	—	—	74	—	—	74
Dividends declared on common stock	—	—	—	(25,779)	—	—	—	(25,779)
Stock-based compensation	—	—	3,173	—	—	—	—	3,173
Issuance of common stock	—	—	(35)	—	—	—	—	(35)
Issuance of common stock upon vesting of stock-based compensation, net of shares used for tax withholdings	199,147	199	(2,822)	—	—	—	—	(2,623)
<b>At March 31, 2024</b>	203,888,237	\$ 203,888	\$ 1,466,551	\$ 1,328,812	\$ (18,310)	—	\$ —	\$ 2,980,941

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

**MDU Resources Group, Inc.**  
**Consolidated Statements of Equity**  
**(Unaudited)**

	Common Stock		Accumu- lated Other			Treasury Stock		
			Other	Paid-in Capital	Retained Earnings	Compre- hensive Loss		
	Shares	Amount					Shares	Total
(In thousands, except shares)								
<b>At December 31, 2022</b>	204,162,814	\$ 204,163	\$ 1,466,037	\$ 1,951,138	\$ (30,583)	\$ (538,921)	\$ (3,626)	\$ 3,587,129
Net income	—	—	—	38,353	—	—	—	38,353
Other comprehensive income	—	—	—	—	217	—	—	217
Dividends declared on common stock	—	—	—	(45,574)	—	—	—	(45,574)
Stock-based compensation	—	—	3,108	—	—	—	—	3,108
Repurchase of common stock	—	—	—	—	—	(153,622)	(4,811)	(4,811)
Issuance of common stock upon vesting of stock-based compensation, net of shares used for tax withholdings	—	—	(7,851)	—	—	153,622	4,811	(3,040)
<b>At March 31, 2023</b>	204,162,814	\$ 204,163	\$ 1,461,294	\$ 1,943,917	\$ (30,366)	\$ (538,921)	\$ (3,626)	\$ 3,575,382

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



**MDU Resources Group, Inc.**  
**Consolidated Statements of Cash Flows**

(Unaudited)

Three Months Ended

March 31,

2024      2023

(In thousands)

**Operating activities:**

Net income	\$ 100,898	\$ 38,353
Less: loss from discontinued operations, net of tax	—	(45,522)
Income from continuing operations	100,898	83,875
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	55,750	52,233
Deferred income taxes	1,059	9,613
Provision for credit losses	2,287	3,765
Amortization of debt issuance costs	228	248
Employee stock-based compensation costs	3,173	2,655
Pension and postretirement benefit plan net periodic benefit credit	(964)	(1,392)
Unrealized gains on investments	(2,873)	(3,066)
Gains on sales of assets	(1,276)	(1,545)
Changes in current assets and liabilities, net of acquisitions:		
Receivables	12,283	(19,299)
Inventories	28,127	9,053
Other current assets	36,570	(41,319)
Accounts payable	(41,468)	(96,054)
Other current liabilities	(3,889)	50,322
Pension and postretirement benefit plan contributions	(8)	(9)
Other noncurrent changes	(24,800)	(11,380)
Net cash provided by continuing operations	165,097	37,700
Net cash used in discontinued operations	—	(81,348)

**Net cash provided by (used in) operating activities**

<b>Investing activities:</b>		
Capital expenditures	(126,209)	(111,641)
Net proceeds from sale or disposition of property	2,820	3,169
Salvage value, net of cost of removal	31	892
Investments	(2,906)	(2,690)
Proceeds from investment cost basis withdrawal	9,000	—
Net cash used in continuing operations	(117,264)	(110,270)
Net cash used in discontinued operations	—	(40,754)

**Net cash used in investing activities**

<b>Financing activities:</b>		
Issuance of short-term borrowings	—	275,000
Repayment of short-term borrowings	(95,000)	(20,000)
Issuance of long-term debt	89,200	43,835
Repayment of long-term debt	(623)	(169,823)
Debt issuance costs	(527)	(93)
Costs of issuance of common stock	(35)	—
Dividends paid	(25,904)	(45,246)
Repurchase of common stock	—	(4,811)
Tax withholding on stock-based compensation	(2,623)	(3,040)
Net cash (used in) provided by continuing operations	(35,512)	75,822

**Net cash provided by discontinued operations**

<b>Net cash (used in) provided by financing activities</b>	(35,512)	207,344
<b>Increase in cash, cash equivalents and restricted cash</b>	12,321	12,672
Cash, cash equivalents and restricted cash - beginning of year	76,975	80,517
Cash, cash equivalents and restricted cash - end of period *	\$ 89,296	\$ 93,189

\*Includes cash of discontinued operations of \$7.2 million at March 31, 2023.

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

**MDU Resources Group, Inc.  
Notes to Consolidated  
Financial Statements**

**March 31, 2024 and 2023  
(Unaudited)**

**Note 1 - Basis of presentation**

The accompanying consolidated interim financial statements were prepared in accordance with GAAP for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Interim financial statements do not include all disclosures provided in annual financial statements and, accordingly, these financial statements should be read in conjunction with those appearing in the 2023 Annual Report. The information is unaudited but includes all adjustments that are, in the opinion of management, necessary for a fair presentation of the accompanying consolidated interim financial statements and are of a normal recurring nature. Depreciation and amortization expense is reported separately on the Consolidated Statements of Income and therefore is excluded from the other line items within operating expenses.

On May 31, 2023, the Company completed the separation of Knife River, formerly the construction materials and contracting segment, which resulted in two independent, publicly traded companies, MDU Resources Group, Inc. and Knife River. The Company's board of directors approved the distribution of approximately 90 percent of the issued and outstanding shares of Knife River to the Company's stockholders. Stockholders of the Company received one share of Knife River common stock for every four shares of the Company's common stock held on May 22, 2023, the record date for the distribution. The Company retained approximately 10 percent or 5.7 million shares of Knife River common stock immediately following the separation, which were disposed of in a tax-free exchange in November 2023. The separation of Knife River was a tax-free spinoff transaction to the Company's stockholders for U.S. federal income tax purposes.

The Company's consolidated financial statements and accompanying notes for the current and prior periods have been restated to present the results of operations and the assets and liabilities of Knife River as discontinued operations, other than certain corporate overhead costs of the Company historically allocated to Knife River, which are reflected in Other. Also included in discontinued operations in the Consolidated Statements of Income are the supporting activities of Fidelity and certain interest expense related to financing activity associated with the Knife River separation. The assets and liabilities of the Company's discontinued operations are included in current assets of discontinued operations, noncurrent assets of discontinued operations, current liabilities of discontinued operations and noncurrent liabilities of discontinued operations on the Consolidated Balance Sheets. Unless otherwise indicated, the amounts presented in the accompanying notes to the consolidated financial statements relate to the Company's continuing operations. For more information on discontinued operations, see Note 3.

On November 2, 2023, the Company announced its intent to pursue a tax-free spinoff of its wholly owned construction services business, MDU Construction Services. On March 13, 2024, the Company announced its construction services business, MDU Construction Services, rebranded to Everus Construction. The Company's board of directors believes a tax-free spinoff of the construction services business supports the Company's goal of enhancing value for stockholders by becoming a pure-play regulated energy delivery company. The separation will occur by means of a tax-free spinoff of a newly formed company, Everus, which will own the assets and liabilities of Everus Construction.

Management has also evaluated the impact of events occurring after March 31, 2024, up to the date of the issuance of these consolidated interim financial statements on May 2, 2024, that would require recognition or disclosure in the Consolidated Financial Statements.

## **Note 2 - New accounting standards**

The following table provides a brief description of the accounting pronouncements applicable to the Company and the potential impact on its Consolidated Financial Statements and/or disclosures:

Standard	Description	Effective date	Impact on financial statements/disclosures
<b>Recently adopted accounting standards</b>			
ASU 2022-06 - Reference Rate Reform: Deferral of the sunset date of ASC 848	In December 2022, the FASB included a sunset provision within ASC 848 based on expectations of when LIBOR would cease being the UK Financial Conduct Authority had established its intent to cease overnight tenors of LIBOR after December 31, 2021. In March 2021, the UK Financial Conduct Authority announced that the intended cessation date of the overnight tenors of LIBOR would be June 30, 2023 which is beyond the current sunset date of ASC 848. The amendments in this Update defer the sunset date of ASC 848 from December 31, 2022 to December 31, 2024, after which entities will no longer be permitted to apply the relief in ASC 848.	December 31, 2024	The Company has updated its credit agreements to include language regarding the successor or alternate rate to LIBOR. The Company does not expect the guidance to have a material impact on its results of operations, financial position, cash flows or disclosures.
<b>Recently issued accounting standards not yet adopted</b>			
ASU 2023-05 - Business Combinations	In August 2023, the FASB issued guidance on accounting for contributions made to a joint venture, upon formation, in a joint venture's separate financial statement in order to provide decision-useful information to investors and other allocators of capital	Effective	The Company is currently prospectively for all evaluating the impact the joint venture guidance will have on its interim formations with a and annual disclosures for the formation date on year ended December 31, 2025.
Joint Venture Formations	(collectively investors) in a joint venture's financial statements and Recognition and reduce diversity in practice. The new basis of accounting will require	or after January 1, 2025.	
Initial Measurement	that a joint venture, upon formation, will recognize and initially measure its assets and liabilities at fair value (with the exceptions to fair value measurement that are consistent with the business combinations guidance). A joint venture that was formed before January 1, 2025 may elect to apply the guidance retrospectively if it has sufficient information.		
ASU 2023-07 - Segment Reporting	In November 2023, the FASB issued guidance on improving financial reporting by requiring disclosure of incremental segment information, primarily through enhanced disclosures about significant segment expenses, on an annual and interim basis for all public entities to enable investors to develop more decision-useful financial analyses.	Effective for fiscal year December 31, 2024 and interim periods beginning January 1, 2025, with prior periods disclosed in the period of adoption.	The Company is currently evaluating the impact the guidance will have on its disclosures for the year ended December 31, 2024 and future interim periods.
ASU 2023-09 - Income Taxes	The FASB issued guidance to address investors requests for more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information and effectiveness of income tax disclosures	December 31, 2025	The Company is currently evaluating the impact the guidance will have on its disclosures for the year ended December 31, 2025.
Amendment, December 2023			
ASU 2024-01 - Compensation - Stock Compensation	This FASB issued improvements to GAAP through an example to demonstrate application of the scope of paragraph 718-10-15-3 to determine whether profits interest and similar awards should be accounted in Compensation - Stock Compensation.	Effective for fiscal year beginning 2024.	The Company is currently evaluating the impact the guidance will have on its disclosures for the year ended December 31, 2025.

### **Note 3 - Discontinued operations**

On May 31, 2023, the Company completed the previously announced separation of Knife River, its former construction materials and contracting segment, into a new publicly traded company. The separation was achieved through the Company's pro-rata distribution of approximately 90 percent of the outstanding shares of Knife River to the Company's common stockholders. To effect the separation, the Company distributed to its stockholders one share of Knife River common stock for every four shares of the Company's common stock held on May 22, 2023, the record date for the distribution, with the Company retaining approximately 10 percent, or 5.7 million shares of Knife River common stock immediately following the separation. In the fourth quarter of 2023, the Company completed the tax-free exchange of its retained shares.

As a result of the separation, the historical assets and liabilities for Knife River have been classified as assets and liabilities of discontinued operations and the historical results of operations are shown in discontinued operations, net of tax, other than allocated general corporate overhead costs of the Company, which do not meet the criteria for income (loss) from discontinued operations. The Company's consolidated financial statements and accompanying notes for prior periods have been restated.

On April 25, 2023, Knife River issued \$425.0 million of senior notes, pursuant to an indenture, due in 2031 to qualified institutional buyers. Knife River also entered into a new credit agreement which provided a revolving credit facility in an initial amount of up to \$350.0 million and a senior secured term loan facility in an amount up to \$275.0 million. The net proceeds from the notes offering, revolving credit facility and the term loan were used to repay \$25.0 million of Knife River's intercompany obligations owed to Centennial. Centennial used the entirety of these proceeds from Knife River to repay a portion of its existing third-party indebtedness.

As a result of the separation, the Company retained legal ownership of 538,921 shares of the Company's common stock that were historically owned by a subsidiary of Knife River and recorded in Treasury stock at cost. Following the separation, the 538,921 treasury shares were retired.

The Company provided to Knife River and Knife River provided to the Company transition services in accordance with the TSA entered into on May 31, 2023. For the three months ended March 31, 2024, the Company received \$1.0 million; and paid \$78,200, for these related activities. The majority of the transition services are expected to be provided for a period of one year, however, no longer than two years after the separation.

Separation related costs of \$4.3 million, net of tax, were incurred during the three months ended March 31, 2023. Separation costs incurred are presented in income (loss) from discontinued operations in the Consolidated Statements of Income. These charges primarily relate to transaction and third-party support costs, one-time business separation fees and related tax charges.

The Company had no assets or liabilities related to the discontinued operations of Knife River on its balance sheet as of March 31, 2024 or December 31, 2023. The carrying amounts of the major classes of assets and liabilities of discontinued operations included in the Company's Consolidated Balance Sheet at March 31, 2023 were as follows:

March 31, 2023				
Assets	(In Thousands)			
<b>Current assets:</b>				
Cash and cash equivalents				
Cash and cash equivalents	\$ 7,218			
Receivables, net	205,564			
Inventories	373,215			
Prepayments and other current assets	34,899			
<b>Total current assets of discontinued operations</b>	<b>620,896</b>			
<b>Noncurrent assets:</b>				
Net property, plant and equipment	1,317,368			
Goodwill	274,540			
Other intangible assets, net	12,763			
Investments	35,542			
Operating lease right-of-use assets	43,995			
Other	3,403			
<b>Total noncurrent assets of discontinued operations</b>	<b>1,687,611</b>			
<b>Total assets of discontinued operations</b>	<b>\$ 2,308,507</b>			
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Short-term borrowings	\$ 208,000			
Long-term debt due within one year	30,211			
Accounts payable	118,175			
Taxes payable	(1,402)			
Accrued compensation	14,010			
Operating lease liabilities due within one year	12,981			
Other accrued liabilities	66,740			
<b>Total current liabilities of discontinued operations</b>	<b>448,715</b>			
<b>Noncurrent liabilities:</b>				
Long-term debt	577,138			
Deferred income taxes	175,062			
Asset retirement obligations	33,462			
Operating lease liabilities	31,014			
Other	80,409			
<b>Total noncurrent liabilities of discontinued operations</b>	<b>897,085</b>			
<b>Total liabilities of discontinued operations</b>	<b>\$ 1,345,800</b>			

The reconciliation of the major classes of income and expense constituting pretax loss from discontinued operations to the after-tax loss from discontinued operations on the Consolidated Statements of Income were as follows:

Three Months Ended		
March 31,		
2023		
(In thousands)		
Operating revenues	\$ 307,239	
Operating expenses	351,274	
Operating loss	(44,035)	
Other income	493	
Interest expense	14,067	
Loss from discontinued operations before income taxes	(57,609)	
Income taxes	(12,087)	
Discontinued operations, net of tax	\$ (45,522)	

#### **Note 4 - Seasonality of operations**

Some of the Company's operations are highly seasonal and revenues from, and certain expenses for, such operations may fluctuate significantly among quarterly periods. Accordingly, the interim results for particular businesses, and for the Company as a whole, may not be indicative of results for the full fiscal year.

#### **Note 5 - Receivables and allowance for expected credit losses**

Receivables consist primarily of trade and contracting services receivables from the sale of goods and services, net of expected credit losses. The Company's trade receivables are all due in 12 months or less. The total balance of receivables past due 90 days or more was \$70.2 million, \$39.8 million and \$45.7 million at March 31, 2024 and 2023, and December 31, 2023, respectively.

The Company's expected credit losses are determined through a review using historical credit loss experience; changes in asset specific characteristics; current conditions; and reasonable and supportable future forecasts, among other specific account data, and is performed at least quarterly. The Company develops and documents its methodology to determine its allowance for expected credit losses at each of its reportable business segments. Risk characteristics used by the business segments may include customer mix, knowledge of customers and general economic conditions of the various local economies, among others. Specific account balances are written off when management determines the amounts to be uncollectible. Management has reviewed the balance reserved through the allowance for expected credit losses and believes it is reasonable.

Details of the Company's expected credit losses were as follows:

	Electric	Natural gas distribution	Pipeline	Construction services	Total
(In thousands)					
At December 31, 2023	\$ 414	\$ 1,189	—	\$ 7,967	\$ 9,570
Current expected credit loss provision	782	1,916	—	(411)	2,287
Less write-offs charged against the allowance	659	1,455	—	48	2,162
Credit loss recoveries collected	147	314	—	—	461
At March 31, 2024	\$ 684	\$ 1,964	—	\$ 7,508	\$ 10,156

	Electric	Natural gas distribution	Pipeline	Construction services	Total
(In thousands)					
At December 31, 2022	\$ 375	\$ 1,615	2	\$ 2,162	\$ 4,154
Current expected credit loss provision	615	2,324	—	826	3,765
Less write-offs charged against the allowance	667	1,225	—	51	1,943
Credit loss recoveries collected	145	229	—	1	375
At March 31, 2023	\$ 468	\$ 2,943	2	\$ 2,938	\$ 6,351

**Note 6 - Inventories and natural gas in storage**

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

	December 31,		
	March 31, 2024	March 31, 2023	2023
(In thousands)			
Merchandise for resale	38,280	29,934	34,955
Natural gas in storage (current)	9,309	8,662	39,377
Materials and supplies	\$ 3,636	\$ 7,064	\$ 5,460
Other	6,204	6,959	7,600
<b>Total</b>	<b>\$ 57,429</b>	<b>\$ 52,619</b>	<b>\$ 87,392</b>

The remainder of natural gas in storage, which largely represents the cost of gas required to maintain pressure levels for normal operating purposes, was included in noncurrent assets - other and was \$50.1 million, \$47.4 million and \$48.5 million at March 31, 2024 and 2023 and December 31, 2023, respectively.

**Note 7 - Earnings per share**

Basic earnings per share is computed by dividing net income by the weighted average number of shares of common stock outstanding during the applicable period. Diluted earnings per share is computed by dividing net income by the total of the weighted average number of shares of common stock outstanding during the applicable period, plus the effect of non-vested performance share awards and restricted stock units. Common stock outstanding includes issued shares less shares held in treasury. Net income was the same for both the basic and diluted earnings per share calculations. A reconciliation of the weighted average common shares outstanding used in the basic and diluted earnings per share calculations follows:

	Three Months Ended	
	March 31,	
	2024	2023
(In thousands, except per share amounts)		
Weighted average common shares outstanding - basic	203,779	203,624
Effect of dilutive performance share awards and restricted stock units	408	286
<b>Weighted average common shares outstanding - diluted</b>	<b>204,187</b>	<b>203,910</b>
<b>Earnings per share - basic:</b>		
Income from continuing operations	\$ .50	\$ .41
Discontinued operations, net of tax	—	(.22)
<b>Earnings per share - basic</b>	<b>\$ .50</b>	<b>\$ .19</b>
<b>Earnings per share - diluted:</b>		
Income from continuing operations	\$ .49	\$ .41
Discontinued operations, net of tax	—	(.22)
<b>Earnings per share - diluted</b>	<b>\$ .49</b>	<b>\$ .19</b>
Shares excluded from the calculation of diluted earnings per share	—	—
Dividends declared per common share	0.1250	\$ .2225

**Note 8 - Revenue from contracts with customers**

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

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

The Company recognizes revenue from the sale of emissions allowances allocated under the environmental programs in certain states. The Company has the right to payment when the allowances are sold at auction. Revenue is recognized on a point in time basis within the quarter that the auction is held. The revenues associated with the sale of these allowances are deferred as a component of the respective jurisdiction's regulatory asset or liability for environmental compliance. For more information on the Company's regulatory assets and liabilities, see Note 10.

Changes in cost estimates on certain contracts may result in the issuance of change orders, which can be approved or unapproved by the customer, or the assertion of contract claims. The Company recognizes amounts associated with change orders and claims as revenue if it is probable that the contract price will be adjusted and the amount of any such adjustment can be reasonably estimated. Change orders and claims are negotiated in the normal course of business and represent management's estimates of additional contract revenues that have been earned and are probable of collection.

The Company received notification in 2023 from a customer on a large project with a contract that was billed on a time and materials basis with no stated maximum price, that it is withholding payment of approximately \$31.0 million on remaining outstanding billings, including retention. The Company believes it has substantial defenses against these claims based upon the terms of the contract and the Company's belief that it has fully performed under the terms of the contract. The Company believes collection of the remaining outstanding billings, including retention is probable and, as a result, the Company has recognized the revenue from this project in its results. However, there is uncertainty surrounding this matter, including the potential long-term nature of dispute resolution, the Company filing a lien on the property and the broad range of possible consideration amounts as a result of negotiations and potential litigation to resolve the dispute.

**Disaggregation**

In the following tables, revenue is disaggregated by the type of customer or service provided. The Company believes this level of disaggregation best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The table also includes a reconciliation of the disaggregated revenue by reportable segments. For more information on the Company's business segments, see Note 15.

Three Months Ended March 31, 2024	Natural gas		Construction			Total
	Electric	distribution	Pipeline	services	Other	
(In thousands)						
Residential utility sales	\$ 39,222	\$ 263,103	\$ —	\$ —	\$ —	302,325
Commercial utility sales	41,515	162,130	—	—	—	203,645
Industrial utility sales	11,349	14,579	—	—	—	25,928
Other utility sales	1,936	—	—	—	—	1,936
Natural gas transportation	—	14,591	43,637	—	—	58,228
Natural gas storage	—	—	5,382	—	—	5,382
Electrical & mechanical specialty contracting	—	—	—	439,378	—	439,378
Transmission & distribution specialty contracting	—	—	—	176,860	—	176,860
Other	15,630	3,201	2,256	46	1,433	22,566
Intersegment eliminations	(28)	(56)	(30,311)	(87)	(1,417)	(31,899)
Revenues from contracts with customers	109,624	457,548	20,964	616,197	16	1,204,349
Other revenues	(1,897)	1,921	47	9,405	—	9,476
<b>Total external operating revenues</b>	<b>\$ 107,727</b>	<b>\$ 459,469</b>	<b>\$ 21,011</b>	<b>\$ 625,602</b>	<b>\$ 16</b>	<b>\$ 1,213,825</b>

Three Months Ended March 31, 2023	Natural gas distribution		Construction services		Other	Total
	Electric		Pipeline			
(In thousands)						
Residential utility sales	\$ 37,825	\$ 327,655	-\$	-\$	-\$	365,476
Commercial utility sales	36,347	204,927	—	—	—	241,274
Industrial utility sales	10,763	16,838	—	—	—	27,601
Other utility sales	1,774	—	—	—	—	1,774
Natural gas transportation	—	13,504	34,983	—	—	48,487
Natural gas storage	—	—	3,861	—	—	3,861
Electrical & mechanical specialty contracting	—	—	—	590,263	—	590,263
Transmission & distribution specialty contracting	—	—	—	152,022	—	152,022
Other	11,878	4,721	1,859	33	1,572	20,063
Intersegment eliminations	(27)	(70)	(26,270)	—	(1,572)	(27,939)
Revenues from contracts with customers	98,560	567,571	14,433	742,318	—	1,422,882
Other revenues	(2,863)	(1,974)	38	12,015	—	7,216
Total external operating revenues	\$ 95,696	\$ 565,596	\$ 14,476	\$ 754,336	-\$	\$ 1,430,098

### Contract balances

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

The changes in contract assets and liabilities were as follows:

	December 31,		Change Location on Consolidated Balance Sheets
	March 31, 2024	2023	
(In thousands)			
Contract assets	\$ 165,924	\$ 158,861	\$ 7,063 Receivables, net
Contract liabilities - current	(187,741)	(202,144)	14,403 Accounts payable
Contract liabilities - noncurrent	(2,161)	(291)	(1,870) Noncurrent liabilities - other
Net contract liabilities	\$ (23,978)	\$ (43,574)	\$ 19,596

The Company recognized \$97.6 million in revenue for the three months ended March 31, 2024, which was previously included in contract liabilities at December 31, 2023. The Company recognized \$134.6 million in revenue for the three months ended March 31, 2023, which was previously included in contract liabilities at December 31, 2022.

The Company recognized a net increase in revenues of \$33.4 million and \$17.7 million for the three months ended March 31, 2024 and 2023, respectively, from performance obligations satisfied in prior periods.

#### **Remaining performance obligations**

The remaining performance obligations, also referred to as backlog, at the construction services segment include unrecognized revenues that the Company reasonably expects to be realized. These unrecognized revenues can include: projects that have a written award, a letter of intent, a notice to proceed, an agreed upon work order to perform work on mutually accepted terms and conditions and change orders or claims to the extent management believes additional contract revenues will be earned and are deemed probable of collection. Excluded from remaining performance obligations are potential orders under master service agreements. The majority of the Company's construction contracts have an original duration of less than two years.

The remaining performance obligations at the pipeline segment include firm transportation and storage contracts with fixed pricing and fixed volumes. The Company has applied the practical expedient that does not require additional disclosures for contracts with an original duration of less than 12 months, to certain firm transportation, storage and non-regulated contracts. The Company's firm transportation and storage contracts included in the remaining performance obligations have weighted average remaining durations of less than five years and two years, respectively.

At March 31, 2024, the Company's remaining performance obligations were \$2.8 billion. The Company expects to recognize the following revenue amounts in future periods related to these remaining performance obligations: \$1.8 billion within the next 12 months or less; \$412.8 million within the next 13 to 24 months; and \$530.6 million in 25 months or more.

#### **Note 9 - Leases**

The Company's leases primarily include operating leases for equipment, buildings, easements and vehicles. The Company leases certain equipment to third parties through its utility and construction services segments, which are considered short-term operating leases with terms of less than 12 months.

The Company recognized revenue from operating leases of \$0.5 million and \$12.2 million for the three months ended March 31, 2024 and 2023, respectively. At March 31, 2024, the Company had \$8.5 million of lease receivables with a majority due within 12 months.

**Note 10 - Regulatory assets and liabilities**

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

	Estimated Recovery or Refund	Period as of March 31, 2024 *	March 31, 2024	March 31, 2023	December 31, 2023
(In thousands)					
<b>Regulatory assets:</b>					
Current:					
Natural gas costs recoverable through rate adjustments	Up to 1 year	\$ 110,481	\$ 198,166	\$ 98,844	
Electric fuel and purchased power deferral	Up to 1 year	17,061	3,279	33,918	
Conservation programs	Up to 1 year	13,735	8,599	14,425	
Environmental compliance programs	Up to 1 year	7,443	1,191	5,525	
Cost recovery mechanisms	Up to 1 year	6,454	3,954	9,153	
Other	Up to 1 year	3,440	1,129	10,627	
		158,614	216,318	172,492	
Noncurrent:					
Pension and postretirement benefits	**	142,511	143,349	142,511	
Cost recovery mechanisms	Up to 25 years	84,546	65,732	85,944	
Environmental compliance programs	-	50,372	21,942	66,806	
Plant costs/asset retirement obligations	Over plant lives	45,702	44,131	46,009	
Natural gas costs recoverable through rate adjustments	Up to 2 years	25,915	—	55,493	
Manufactured gas plant site remediation	-	25,851	26,605	26,127	
Taxes recoverable from customers	Over plant lives	12,331	12,198	12,249	
Electric fuel and purchased power deferral	Up to 2 years	15,612	—	—	
Long-term debt refinancing costs	Up to 36 years	2,453	3,041	2,600	
Plant to be retired	-	294	21,072	772	
Other	Up to 15 years	8,846	11,430	8,588	
		414,433	349,500	447,099	
<b>Total regulatory assets</b>		<b>\$ 573,047</b>	<b>\$ 565,818</b>	<b>\$ 619,591</b>	
<b>Regulatory liabilities:</b>					
Current:					
Natural gas costs refundable through rate adjustments	Up to 1 year	\$ 54,282	\$ 6,331	\$ 43,161	
Provision for rate refund	Up to 1 year	6,517	1,115	6,866	
Cost recovery mechanisms	Up to 1 year	5,642	2,926	6,284	
Conservation programs	Up to 1 year	3,576	3,834	2,130	
Margin sharing	Up to 1 year	2,869	—	5,243	
Taxes refundable to customers	Up to 1 year	1,991	1,513	2,149	
Refundable fuel and electric costs	Up to 1 year	1,122	1,179	263	
Electric fuel and purchased power deferral	Up to 1 year	746	9,630	—	
Other	Up to 1 year	13,370	17,867	4,665	
		90,115	44,395	70,761	
Noncurrent:					
Plant removal and decommissioning costs	Over plant lives	220,519	214,467	220,147	
Taxes refundable to customers	Over plant lives	190,850	200,879	193,578	
Environmental compliance programs	-	63,746	—	61,941	
Cost recovery mechanisms	Up to 18 years	24,269	16,313	21,791	
Accumulated deferred investment tax credit	Over plant lives	16,129	13,996	15,740	
Pension and postretirement benefits	**	6,044	7,376	6,044	
Other	Up to 14 years	1,927	1,638	1,809	
		523,484	454,669	521,050	
<b>Total regulatory liabilities</b>		<b>\$ 613,599</b>	<b>\$ 499,064</b>	<b>\$ 591,811</b>	
<b>Net regulatory position</b>		<b>\$ (40,552)</b>	<b>\$ 66,754</b>	<b>\$ 27,780</b>	

\* Estimated recovery or refund period for amounts currently being recovered or refunded in rates to customers.

\*\* Recovered as expense is incurred or cash contributions are made.



At March 31, 2024 and 2023, and December 31, 2023, approximately \$191.7 million, \$255.6 million and \$194.3 million, respectively, of regulatory assets were not earning a rate of return; however, these regulatory assets are expected to be recovered from customers in future rates. These assets are largely comprised of the unfunded portion of pension and postretirement benefits, asset retirement obligations, certain pipeline integrity costs and the estimated future cost of manufactured gas plant site remediation.

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

### **Note 11 - Environmental allowances and obligations**

Beginning in 2023, the Company's natural gas distribution segment acquires environmental allowances as part of its requirement to comply with environmental regulations in certain states. Allowances are allocated by the respective states to the Company at no cost and additional allowances are required to be purchased as needed based on the requirements in the respective states. The segment records purchased and allocated environmental allowances at weighted average cost under the inventory method of accounting. Environmental allowances are included in prepayments and other current assets and noncurrent assets - other on the Consolidated Balance Sheets.

Environmental compliance obligations, which are based on GHG emissions, are measured at the carrying value of environmental allowances held plus the estimated value of additional allowances necessary to satisfy the compliance obligation. Environmental compliance obligations are included in current liabilities - other accrued liabilities and noncurrent liabilities - other on the Consolidated Balance Sheets.

The Company recognizes revenue from the sale of emissions allowances allocated under the environmental programs when the allowances are sold at auction. The revenues associated with the sale of these allowances are deferred as a component of the respective jurisdiction's regulatory liability for environmental compliance.

As environmental allowances are surrendered, the segment reduces the associated environmental compliance assets and liabilities from the Consolidated Balance Sheets. The expenses and revenues associated with the Company's environmental allowances and obligations are deferred as regulatory assets and liabilities. For more information on the Company's regulatory assets and liabilities, see Note 10.

### **Note 12 - Fair value measurements**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The fair value ASC establishes a hierarchy for grouping assets and liabilities, based on the significance of inputs. The estimated fair values of the Company's assets and liabilities measured on a recurring basis are determined using the market approach.

The Company measures its investments in certain fixed-income and equity securities at fair value with changes in fair value recognized in income. The Company anticipates using these investments, which consist of insurance contracts, to satisfy its obligations under its unfunded, nonqualified defined benefit and defined contribution plans for executive officers and certain key management employees and invests in these fixed-income and equity securities for the purpose of earning investment returns and capital appreciation. These investments, which totaled \$62.7 million, \$83.5 million and \$66.2 million, at March 31, 2024 and 2023, and December 31, 2023, respectively, are classified as investments on the Consolidated Balance Sheets. The net unrealized gain on these investments was \$2.9 million for both the three months ended March 31, 2024 and 2023. The change in fair value, which is considered part of the cost of the plan, is classified in other income on the Consolidated Statements of Income. In the first quarter of 2024 and the fourth quarter of 2023 the Company withdrew \$9.0 million and \$20.0 million, respectively, of its cost basis, which reduced investments on the Consolidated Balance Sheets.

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

March 31, 2024	Gross		Gross		Fair Value
	Cost	Unrealized Gains	Unrealized Losses		
(In thousands)					
Mortgage-backed securities	\$ 8,072	\$ 4	\$ 507	\$ 7,569	
U.S. Treasury securities	3,756	35	2	3,789	
Total	\$ 11,828	\$ 39	\$ 509	\$ 11,358	

March 31, 2023	Cost	Gross	Gross	Fair Value
		Unrealized Gains	Unrealized Losses	
(In thousands)				
Mortgage-backed securities	\$ 8,557	\$ 3	\$ 561	\$ 7,999
U.S. Treasury securities	3,023	8	51	2,980
<b>Total</b>	<b>\$ 11,580</b>	<b>\$ 11</b>	<b>\$ 612</b>	<b>\$ 10,979</b>

December 31, 2023	Cost	Gross	Gross	Fair Value
		Unrealized Gains	Unrealized Losses	
(In thousands)				
Mortgage-backed securities	\$ 8,234	\$ 17	\$ 470	\$ 7,781
U.S. Treasury securities	3,521	28	8	3,541
<b>Total</b>	<b>\$ 11,755</b>	<b>\$ 45</b>	<b>\$ 478</b>	<b>\$ 11,322</b>

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

Fair Value Measurements at March 31, 2024, Using					
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at	March 31, 2024
(In thousands)					
<b>Assets:</b>					
Money market funds	\$ —	\$ 6,985	—	\$ 6,985	
Insurance contracts*	—	62,713	—	62,713	
<b>Available-for-sale securities:</b>					
Mortgage-backed securities	—	7,569	—	7,569	
U.S. Treasury securities	—	3,789	—	3,789	
<b>Total assets measured at fair value</b>	<b>\$ —</b>	<b>\$ 81,056</b>	<b>\$ —</b>	<b>\$ 81,056</b>	

\* The insurance contracts invest approximately 57 percent in fixed-income investments, 17 percent in common stock of large-cap companies, 10 percent in target date investments, 8 percent in common stock of mid-cap companies, 4 percent in common stock of small-cap companies, 3 percent in cash equivalents, and 1 percent in international investments.

Fair Value Measurements at March 31, 2023, Using					
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at	March 31, 2023
(In thousands)					
<b>Assets:</b>					
Money market funds	\$ —	\$ 5,447	—	\$ 5,447	
Insurance contracts*	—	83,460	—	83,460	
<b>Available-for-sale securities:</b>					
Mortgage-backed securities	—	7,999	—	7,999	
U.S. Treasury securities	—	2,980	—	2,980	
<b>Total assets measured at fair value</b>	<b>\$ —</b>	<b>\$ 99,886</b>	<b>\$ —</b>	<b>\$ 99,886</b>	

\* The insurance contracts invest approximately 61 percent in fixed-income investments, 15 percent in common stock of large-cap companies, 8 percent in common stock of mid-cap companies, 7 in target date investments, 6 percent in common stock of small-cap companies, 2 percent in cash equivalents and 1 percent in international investments.



Fair Value Measurements at December 31, 2023, Using					
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2023	
(In thousands)					
<b>Assets:</b>					
Money market funds	\$ —	\$ 6,409	\$ —	\$ 6,409	
Insurance contracts*	—	66,283	—	66,283	
Available-for-sale securities:					
Mortgage-backed securities	—	7,781	—	7,781	
U.S. Treasury securities	—	3,541	—	3,541	
<b>Total assets measured at fair value</b>	<b>\$ —</b>	<b>\$ 84,014</b>	<b>\$ —</b>	<b>\$ 84,014</b>	

\* The insurance contracts invest approximately 60 percent in fixed-income investments, 15 percent in common stock of large-cap companies, 8 percent in target date investments, 7 percent in common stock of mid-cap companies, 5 percent in common stock of small-cap companies, 3 percent in cash equivalents, 1 percent in high yield investments and 1 percent in international investments.

The Company's money market funds are valued at the net asset value of shares held at the end of the period, based on published market quotations on active markets, or using other known sources including pricing from outside sources. The estimated fair value of the Company's mortgage-backed securities and U.S. Treasury securities are based on comparable market transactions, other observable inputs or other sources, including pricing from outside sources. The estimated fair value of the Company's insurance contracts are based on contractual cash surrender values that are determined primarily by investments in managed separate accounts of the insurer. These amounts approximate fair value. The managed separate accounts are valued based on other observable inputs or corroborated market data.

Though the Company believes the methods used to estimate fair value are consistent with those used by other market participants, the use of other methods or assumptions could result in a different estimate of fair value.

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

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

	December 31,		
	March 31, 2024	March 31, 2023	2023
(In thousands)			
Carrying amount	\$ 2,386,397	\$ 2,239,718	\$ 2,298,223
Fair value	\$ 2,098,002	\$ 1,974,344	\$ 2,046,039

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

**Note 13 - Debt**

Due to the Knife River separation, Centennial repaid all of its outstanding debt in the second quarter of 2023, which was funded by the Knife River repayment and the Company entering into various new debt instruments. Refer to Note 3 for additional information related to the repayment of debt associated with the Knife River separation.

Certain debt instruments of the Company and its subsidiaries contain restrictive and financial covenants and cross-default provisions. In order to borrow under the debt agreements, the Company and its subsidiaries must be in compliance with the applicable covenants and certain other conditions, all of which the Company and its subsidiaries, as applicable, were in compliance with at March 31, 2024. In the event the Company or its subsidiaries do not comply with the applicable covenants and other conditions, alternative sources of funding may need to be pursued.

Montana-Dakota's commercial paper program is supported by a revolving credit agreement. While the amount of commercial paper outstanding does not reduce available capacity under the revolving credit agreement, Montana-Dakota does not issue commercial paper in an aggregate amount exceeding the available capacity under the credit agreement. The commercial paper and revolving credit agreement borrowings may vary during the period, largely the result of fluctuations in working capital requirements due to the seasonality of certain operations of Montana-Dakota.

**Short-term debt**

**Cascade** On January 20, 2023, Cascade entered into a \$150.0 million term loan agreement with a SOFR-based variable interest rate and a maturity date of January 19, 2024. On December 5, 2023, Cascade paid down \$100.0 million of the outstanding balance. On January 19, 2024, Cascade made the final \$0.0 million repayment on the \$150.0 million term loan agreement.

**Intermountain** On January 20, 2023, Intermountain entered into a \$125.0 million term loan agreement with a SOFR-based variable interest rate and a maturity date of January 19, 2024. In March, April, and May 2023, Intermountain paid down \$20.0 million, \$30.0 million, and \$30.0 million, respectively, of the outstanding balance. On January 19, 2024, Intermountain made the final \$45.0 million repayment on the \$125.0 million term loan agreement.

**Long-term debt**

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

	Weighted Average Interest Rate at March 31, 2024	March 31, 2024	March 31, 2023	December 31, 2023
(In thousands)				
Senior Notes due on dates ranging from July 15, 2024 to June 15, 2062	4.46 % \$	1,882,000 \$	1,848,500 \$	1,882,000
Term Loan Agreements due on dates ranging from May 31, 2025 to September 3, 2032	6.48 %	196,300	7,000	196,300
Commercial paper supported by revolving credit agreement	5.72 %	158,800	264,540	144,200
Credit agreements due on dates ranging from October 13, 2027 to November 30, 2027	8.57 %	120,700	89,144	46,100
Medium-Term Notes due on dates ranging from September 15, 2027 to March 16, 2029	7.32 %	35,000	35,000	35,000
Other notes due on dates ranging from May 31, 2028 to November 30, 2038	6.00 %	357	991	980
Less unamortized debt issuance costs		6,760	5,174	6,357
Less discount		—	284	—
<b>Total long-term debt</b>		<b>2,386,397</b>	<b>2,239,717</b>	<b>2,298,223</b>
Less current maturities		60,700	47,819	61,319
<b>Net long-term debt</b>		<b>\$ 2,325,697</b>	<b>\$ 2,191,898</b>	<b>\$ 2,236,904</b>

**Schedule of Debt Maturities** Long-term debt maturities, which excludes unamortized debt issuance costs and discount, at March 31, 2024, were as follows:

Remainder of	2024	2025	2026	2027	2028	Thereafter
(In thousands)						
Long-term debt maturities \$	60,700 \$	347,700 \$	140,700 \$	141,400 \$	234,500 \$	1,468,157

**Note 14 - Cash flow information**

Cash expenditures for interest and income taxes were as follows:

	Three Months Ended	
	March 31,	
	2024	2023
(In thousands)		
Interest, net*	\$ 21,155	\$ 21,362
Income taxes paid (refunded), net**	\$ (257)	\$ 7,972

\* AFUDC - borrowed was \$2.7 million and \$2.4 million for the three months ended March 31, 2024 and 2023, respectively. Interest, net also includes interest classified as discontinued operations in 2023.

Noncash investing and financing transactions were as follows:

	December 31,		
	March 31, 2024	March 31, 2023	2023
(In thousands)			
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 12,735	\$ 13,201	\$ 46,181
Property, plant and equipment additions in accounts payable	\$ 32,972	\$ 29,564	\$ 46,622

**Note 15 - Business segment data**

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

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

The pipeline segment provides natural gas transportation and underground storage services through a regulated pipeline system primarily in the Rocky Mountain and northern Great Plains regions of the United States. This segment also provides non-regulated energy-related services, including cathodic protection.

The construction services segment provides a full spectrum of construction services through its electrical and mechanical and transmission and distribution specialty contracting services across the United States. These specialty contracting services are provided to utilities, manufacturing, transportation, commercial, industrial, institutional, renewable and governmental customers. Its electrical and mechanical contracting services include construction and maintenance of electrical and communication wiring and infrastructure, fire suppression systems, and mechanical piping and services. Its transmission and distribution contracting services include construction and maintenance of overhead and underground electrical, gas and communication infrastructure, as well as manufacturing and supplying transmission and distribution line construction equipment and tools.

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

Discontinued operations includes Knife River's operations, associated separation costs and interest on debt facilities repaid in connection with the Knife River separation. Discontinued operations also includes the supporting activities of Fidelity other than certain general and administrative costs and interest expense as described above.

The information below follows the same accounting policies as described in Note 2 of the Notes to Consolidated Financial Statements in the 2023 Annual Report. Information on the Company's segments was as follows:

	Three Months Ended	
	March 31,	
	2024	2023
(In thousands)		
<b>External operating revenues:</b>		
Regulated operations:		
Electric	\$ 107,727	\$ 95,697
Natural gas distribution	459,469	565,597
Pipeline	18,821	12,638
	586,017	673,932
Non-regulated operations:		
Pipeline	2,190	1,833
Construction services	625,602	754,333
Other	16	—
	627,808	756,166
<b>Total external operating revenues</b>	<b>\$ 1,213,825</b>	<b>\$ 1,430,098</b>
<b>Intersegment operating revenues:</b>		
Regulated operations:		
Electric	\$ 28	\$ 27
Natural gas distribution	56	70
Pipeline	30,275	26,259
	30,359	26,356
Non-regulated operations:		
Pipeline	36	11
Construction services	87	—
Other	1,417	1,572
	1,540	1,583
<b>Total intersegment operating revenues</b>	<b>\$ 31,899</b>	<b>\$ 27,939</b>
<b>Operating income (loss):</b>		
Electric	\$ 22,788	\$ 21,091
Natural gas distribution	58,238	58,505
Pipeline	22,650	13,040
Construction services	38,884	35,217
Other	(6,613)	(9,332)
<b>Total operating income</b>	<b>\$ 135,947</b>	<b>\$ 118,521</b>
<b>Income (loss) from continuing operations:</b>		
Regulated operations:		
Electric	\$ 17,869	\$ 16,607
Natural gas distribution	40,070	38,928
Pipeline	15,404	8,929
	73,343	64,464
Non-regulated operations:		
Pipeline	(346)	(458)
Construction services	28,214	28,809
Other	(313)	(8,940)
	27,555	19,411
<b>Income from continuing operations</b>	<b>100,898</b>	<b>83,875</b>
<b>Discontinued operations, net of tax</b>	<b>—</b>	<b>(45,522)</b>
<b>Net income</b>	<b>\$ 100,898</b>	<b>\$ 38,353</b>



A reconciliation of reportable segment operating revenues to consolidated operating revenues is as follows:

	Three Months Ended	
	March 31,	
	2024	2023
(In thousands)		
<b>Operating revenues reconciliation:</b>		
Total reportable segment operating revenues	\$ 1,244,291	\$ 1,456,465
Other revenue	1,433	1,572
Elimination of intersegment operating revenues	(31,899)	(27,939)
<b>Total consolidated operating revenues</b>	<b>\$ 1,213,825</b>	<b>\$ 1,430,098</b>

## **Note 16 - Employee benefit plans**

### **Pension and other postretirement plans**

The Company has noncontributory qualified defined benefit pension plans and other postretirement benefit plans for certain eligible employees.

Components of net periodic benefit cost (credit) for the Company's pension benefit plans were as follows:

	Three Months Ended	
	March 31,	
	2024	2023
(In thousands)		
<b>Components of net periodic benefit cost (credit):</b>		
Interest cost	\$ 3,200	\$ 3,380
Expected return on assets	(4,028)	(4,298)
Amortization of net actuarial loss	1,037	773
<b>Net periodic benefit cost (credit)</b>	<b>\$ 209</b>	<b>\$ (145)</b>

Components of net periodic benefit credit for the Company's other postretirement benefit plans were as follows:

	Three Months Ended	
	March 31,	
	2024	2023
(In thousands)		
<b>Components of net periodic benefit credit:</b>		
Service cost	\$ 126	\$ 138
Interest cost	459	489
Expected return on assets	(1,329)	(1,348)
Amortization of prior service credit	(330)	(330)
Amortization of net actuarial gain	(72)	(168)
<b>Net periodic benefit credit, including amount capitalized</b>	<b>(1,146)</b>	<b>(1,219)</b>
Less amount capitalized	22	24
<b>Net periodic benefit credit</b>	<b>\$ (1,168)</b>	<b>\$ (1,243)</b>

The components of net periodic benefit cost (credit), other than the service cost component, are included in other income on the Consolidated Statements of Income. The service cost component is included in operation and maintenance expense on the Consolidated Statements of Income.

### **Nonqualified defined benefit plans**

In addition to the qualified defined benefit pension plans reflected in the table at the beginning of this note, the Company also has unfunded, nonqualified defined benefit plans for executive officers and certain key management employees. The Company's net periodic benefit cost for these plans was \$733,000 and \$746,000 for the three months ended March 31, 2024 and 2023, respectively. The components of net periodic benefit cost for these plans are included in other income on the Consolidated Statements of Income.

### **Note 17 - Regulatory matters**

The Company regularly reviews the need for electric and natural gas rate changes in each of the jurisdictions in which service is provided. The Company files for rate adjustments to seek recovery of operating costs and capital investments, as well as reasonable returns as allowed by regulators. Certain regulatory proceedings and cases may also contain recurring mechanisms that can have an annual true-up. Examples of these recurring mechanisms include: infrastructure riders, transmission trackers, renewable resource cost adjustment riders, as well as weather normalization and decoupling mechanisms. The following paragraphs summarize the Company's significant open regulatory proceedings and cases by jurisdiction including updates to those reported in the 2023 Annual Report and should be read in conjunction with previous filings. The Company is unable to predict the ultimate outcome of these matters, the timing of final decisions of the various regulators and courts, or the effect on the Company's results of operations, financial position or cash flows.

#### **NDPSC**

On November 1, 2023, Montana-Dakota filed a request with the NDPSC for a natural gas general rate increase of approximately \$1.6 million annually or 7.5 percent above current rates. The requested increase is primarily to recover investments in system upgrades and pipeline replacement projects enhancing the reliability, safety and integrity of the natural gas system, as well as increased costs to operate and maintain that system. On December 13, 2023, the NDPSC approved an interim rate increase of approximately \$10.1 million annually or 6.5 percent above current rates, subject to refund, for service rendered on and after January 1, 2024. This matter is pending before the NDPSC.

#### **SDPUC**

On August 15, 2023, Montana-Dakota filed a request with the SDPUC for an electric general rate increase of approximately \$0.0 million annually or 17.3 percent above current rates. The requested increase is primarily to recover investments in production, transmission and distribution facilities and the associated depreciation, operation and maintenance expense and taxes associated with the increased investment. On January 26, 2024, Montana-Dakota filed a notice of intent to implement interim rates of \$2.7 million annually or 15.4 percent above current rates, which reflects the removal of Heskett Unit 4 due to the project delay caused by unforeseen operational setbacks. The interim rates, subject to refund, were effective March 1, 2024. This matter is pending before the SDPUC.

On August 15, 2023, Montana-Dakota filed a request with the SDPUC for a natural gas general rate increase of approximately \$7.4 million annually or 11.2 percent above current rates. The requested increase is primarily to recover investments in system upgrades and pipeline replacement projects enhancing the reliability, safety and integrity of the natural gas system, as well as increased costs to operate and maintain that system. On January 26, 2024, Montana-Dakota filed a notice of intent to implement interim rates, subject to refund, which were effective March 1, 2024. This matter is pending before the SDPUC.

#### **WUTC**

On March 29, 2024, Cascade filed a request with the WUTC for a multi-year natural gas general rate increase of \$3.8 million or 11.6 percent effective March 1, 2025 and \$11.7 million or 2.8 percent to be effective March 1, 2026. Multi-year filings are now required by Washington law that went into effect on January 1, 2022. The requested increase is primarily to recover infrastructure investments necessary to provide safe and reliable service and higher operating costs due to inflation. This matter is pending before the WUTC.

## **Note 18 - Contingencies**

The Company is party to claims and lawsuits arising out of its business and that of its consolidated subsidiaries, which may include, but are not limited to, matters involving property damage, personal injury, and environmental, contractual, statutory and regulatory obligations. The Company accrues a liability for those contingencies when the incurrence of a loss is probable and the amount can be reasonably estimated. If a range of amounts can be reasonably estimated and no amount within the range is a better estimate than any other amount, then the minimum of the range is accrued. The Company does not accrue liabilities when the likelihood that the liability has been incurred is probable but the amount cannot be reasonably estimated or when the liability is believed to be only reasonably possible or remote. For contingencies where an unfavorable outcome is probable or reasonably possible and which are material, the Company discloses the nature of the contingency and, in some circumstances, an estimate of the possible loss. Accruals are based on the best information available, but in certain situations management is unable to estimate an amount or range of a reasonably possible loss including, but not limited to when: (1) the damages are unsubstantiated or indeterminate, (2) the proceedings are in the early stages, (3) numerous parties are involved, or (4) the matter involves novel or unsettled legal theories.

At March 31, 2024 and 2023, and December 31, 2023, the Company accrued liabilities, which have not been discounted, of \$2.9 million, \$23.4 million and \$22.5 million, respectively. At March 31, 2024 and 2023, and December 31, 2023, the Company also recorded corresponding insurance receivables of \$0,000, \$2.0 million and \$202,000, respectively, and regulatory assets of \$21.6 million, \$20.9 million and \$21.6 million, respectively, related to the accrued liabilities. The accruals are for contingencies resulting from litigation and environmental matters. This includes amounts that have been accrued for matters discussed in Environmental matters within this note. The Company will continue to monitor each matter and adjust accruals as might be warranted based on new information and further developments. Management believes that the outcomes with respect to probable and reasonably possible losses in excess of the amounts accrued, net of insurance recoveries, while uncertain, either cannot be estimated or will not have a material effect upon the Company's financial position, results of operations or cash flows. Unless otherwise required by GAAP, legal costs are expensed as they are incurred.

### **Environmental matters**

The Company is a party to claims for the cleanup of environmental contamination at certain manufactured gas plant sites. There were no material changes to the Company's environmental matters that were previously reported in the 2023 Annual Report.

### **Guarantees**

Certain subsidiaries of the Company have outstanding guarantees to third parties that guarantee the performance of other subsidiaries of the Company. These guarantees are related to construction contracts, insurance deductibles and loss limits, and certain other guarantees. At March 31, 2024, the fixed maximum amounts guaranteed under these agreements aggregate \$329.9 million. Certain of the guarantees also have no fixed maximum amounts specified. At March 31, 2024, the amounts of scheduled expiration of the maximum amounts guaranteed under these agreements aggregate to \$53.0 million in 2024; \$210.7 million in 2025; \$64.9 million in 2026; \$1.0 million in 2027; \$0.3 million in 2028; and \$0 thereafter. There were no amounts outstanding under the previously mentioned guarantees at March 31, 2024. In the event of default under these guarantee obligations, the subsidiary issuing the guarantee for that particular obligation would be required to make payments under its guarantee.

The Company and certain subsidiaries have outstanding letters of credit to third parties related to insurance policies and other agreements, some of which are guaranteed by other subsidiaries of the Company. At March 31, 2024, the fixed maximum amounts guaranteed under these letters of credit aggregated \$14.3 million, with the scheduled expiration of the maximum amounts guaranteed under these letters of credit aggregate \$12.3 million in 2024 and \$2.0 million in 2025. There were no amounts outstanding under the previously mentioned letters of credit at March 31, 2024. In the event of default under these letter of credit obligations, the subsidiary guaranteeing the letter of credit would be obligated for reimbursement of payments made under the letter of credit.

In addition, Centennial and Everus Construction have issued guarantees to third parties related to the routine purchase of maintenance items, materials and lease obligations for which no fixed maximum amounts have been specified. These guarantees have no scheduled maturity date. In the event a subsidiary of the Company defaults under these obligations, Centennial or Everus Construction would be required to make payments under these guarantees. Any amounts outstanding by subsidiaries of the Company were reflected on the Consolidated Balance Sheet at March 31, 2024.

In the normal course of business, Centennial has surety bonds related to construction contracts and reclamation obligations of its subsidiaries. In the event a subsidiary of Centennial does not fulfill a bonded obligation, Centennial would be responsible to the surety bond company for completion of the bonded contract or obligation. A large portion of the surety bonds is expected to expire within the next 12 months; however, Centennial will likely continue to enter into surety bonds for its subsidiaries in the future. At March 31, 2024, approximately \$738.1 million of surety bonds were outstanding, which were not reflected on the Consolidated Balance Sheet.

#### **Variable interest entities**

The Company evaluates its arrangements and contracts with other entities to determine if they are VIEs and if so, if the Company is the primary beneficiary.

**Fuel Contract** Coyote Station entered into a coal supply agreement with Coyote Creek that provides for the purchase of coal necessary to supply the coal requirements of the Coyote Station for the period May 2016 through December 2040. Coal purchased under the coal supply agreement is reflected in inventories on the Consolidated Balance Sheets and is recovered from customers as a component of electric fuel and purchased power.

The coal supply agreement creates a variable interest in Coyote Creek due to the transfer of all operating and economic risk to the Coyote Station owners, as the agreement is structured so that the price of the coal will cover all costs of operations, as well as future reclamation costs. The Coyote Station owners are also providing a guarantee of the value of the assets of Coyote Creek as they would be required to buy the assets at book value should they terminate the contract prior to the end of the contract term and are providing a guarantee of the value of the equity of Coyote Creek in that they are required to buy the entity at the end of the contract term at equity value. Although the Company has determined that Coyote Creek is a VIE, the Company has concluded that it is not the primary beneficiary of Coyote Creek because the authority to direct the activities of the entity is shared by the four unrelated owners of the Coyote Station, with no primary beneficiary existing. As a result, Coyote Creek is not required to be consolidated in the Company's financial statements.

At March 31, 2024, the Company's exposure to loss as a result of the Company's involvement with the VIE, based on the Company's ownership percentage, was \$27.1 million.

#### **Note 19 - Subsequent event**

On April 1, 2024, WBI Energy Transmission entered into a \$60.0 million term loan agreement with an interest rate of 4.52 percent and a maturity date of April 1, 2039. The agreement contains customary covenants and provisions, including a covenant of WBI Energy Transmission not to permit, at any time, the ratio of total debt to total capitalization to be greater than 65 percent. The covenants also include certain restrictions on the sale of certain assets, loans and investments.

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

The Company provides essential infrastructure and services. The Company and its employees work hard to keep the economy of America moving with the products and services provided, which include powering, heating and connecting homes, factories, offices and stores; and constructing and maintaining electrical and communication wiring and infrastructure. The Company is authorized to conduct business in nearly every state in the United States. The Company's organic investments are strong drivers of high-quality earnings and continue to be an important part of the Company's growth. Management believes the Company is well positioned in the industries and markets in which it operates.

**Chief Executive Officer Transition** On January 5, 2024, David L. Goodin, formerly president and chief executive officer of the Company, retired after a 40-year career with the Company. The board of directors unanimously selected Nicole A. Kivisto, formerly president and chief executive officer of the Company's electric and natural gas utility companies, to succeed Mr. Goodin as the Company's president and chief executive officer effective January 6, 2024. Ms. Kivisto became a member of the board of directors at the same time.

**Strategic Initiatives** The Company incurred costs in connection with the strategic initiatives in 2023 and 2024, as noted in the Business Segment Financial and Operating Data section and expects to continue to incur these costs until the initiatives are completed.

On May 31, 2023, the Company completed the separation of Knife River, its construction materials and contracting business, from the Company, resulting in Knife River becoming an independent, publicly traded company. The Company's board of directors approved the distribution of approximately 90 percent of the issued and outstanding shares of Knife River to the Company's stockholders. Stockholders of the Company received one share of Knife River common stock for every four shares of the Company's common stock held on May 22, 2023, the record date for the distribution. The Company retained approximately 10 percent or 5.7 million shares of Knife River common stock immediately following the separation, which were disposed of in a tax-free exchange in November 2023. The separation of Knife River was a tax-free spinoff transaction to the Company's stockholders for U.S. federal income tax purposes.

On November 2, 2023, the Company announced its intent to pursue a tax-free spinoff of its wholly owned construction services business, MDU Construction Services. On March 13, 2024, the Company announced its construction services business, MDU Construction Services, rebranded to Everus Construction in preparation for the planned tax-free spinoff of the business, which is expected to be complete in late 2024. The Company's board of directors believes a tax-free spinoff of the construction services business supports the Company's goal of enhancing value for stockholders by becoming a pure-play regulated energy delivery company. For more information, see Part I, Item 1A. Risk Factors in the 2023 Annual Report.

Based on the Company's anticipated future state as a pure-play regulated energy delivery business, the Company's board of directors established a long-term dividend payout ratio target of 60 percent to 70 percent of regulated energy delivery earnings. The Company has an 86-year history of uninterrupted dividend payments to stockholders and remains committed to paying a competitive dividend as the Company transitions to being a pure-play regulated energy delivery company.

**Market Trends** The Company continues to manage the inflationary pressures experienced throughout the United States, including the impact that inflation, higher interest rates, commodity price volatility and supply chain disruptions may have on its business and customers and proactively looks for ways to lessen the impact to its business. Rising interest rates have resulted in and may continue to result in higher borrowing costs on new debt, resulting in impacts to the Company's asset valuations and negatively impacting the purchasing power of its customers. The Company has continued to evaluate its businesses and has increased pricing for its products and services where possible. The ability to raise selling prices to cover higher costs due to inflation are subject to regulatory approval, customer demand, industry competition and the availability of materials, among other things.

For more information on possible impacts to the Company's businesses, see the Outlook for each segment below and Part I, Item 1A. Risk Factors in the 2023 Annual Report.

### Forward-Looking Statements

The following sections contain forward-looking statements within the meaning of Section 21E of the Exchange Act. Forward-looking statements are all statements other than statements of historical fact, including without limitation those statements that are identified by the words "anticipates," "estimates," "expects," "intends," "plans," "predicts" and similar expressions, and include statements concerning plans, trends, objectives, goals, strategies, performance or future events, including the dividend payout ratio target, the anticipated tax-free spinoff of its construction services business or the proposed future structure of the Company as a pure-play regulated energy delivery company, and underlying assumptions (many of which are based, in turn, upon further assumptions) and other statements that are other than statements of historical facts. From time to time, the Company may publish or otherwise make available forward-looking statements of this nature, including statements contained within Business Segment Financial and Operating Data.

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

Any forward-looking statement contained in this document speaks only as of the date on which the statement is made and the Company undertakes no obligation to update any forward-looking statement or statements to reflect events or circumstances that occur after the date on which the statement is made or to reflect the occurrence of unanticipated events, except as required by law. New factors emerge from time to time, and it is not possible for management to predict all of the factors, nor can it assess the effect of each factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. All forward-looking statements, whether written or oral and whether made by or on behalf of the Company, are expressly qualified by the risk factors and cautionary statements reported in Part II, Item 1A. Risk Factors in this quarterly report, Part I, Item 1A. Risk Factors in the 2023 Annual Report and subsequent filings with the SEC.

## Consolidated Earnings Overview

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

Three Months Ended			
	March 31,		
	2024	2023	
(In millions, except per share amounts)			
Electric	\$ 17.9	\$ 16.6	
Natural gas distribution	40.1	38.9	
Pipeline	15.1	8.4	
Construction services	28.2	28.8	
Other	(.4)	(8.9)	
Income from continuing operations	100.9	83.8	
Discontinued operations, net of tax	—	(45.5)	
Net income	\$ 100.9	\$ 38.3	
Earnings per share - basic:			
Income from continuing operations	\$ .50	\$ .41	
Discontinued operations, net of tax	—	(.22)	
Earnings per share - basic	\$ .50	\$ .19	
Earnings per share - diluted:			
Income from continuing operations	\$ .49	\$ .41	
Discontinued operations, net of tax	—	(.22)	
Earnings per share - diluted	\$ .49	\$ .19	

**Three Months Ended March 31, 2024, Compared to Three Months Ended March 31, 2023** The Company's consolidated earnings increased \$62.6 million. The Company benefited from increased earnings from most businesses and was positively impacted by the absence of the 2023 loss from discontinued operations.

- Earnings at the electric business were positively impacted by higher retail sales revenue due to rate relief in North Dakota and Montana, and providing power to a data center near Ellendale, North Dakota. The increase was partially offset by lower residential volumes and higher operation and maintenance expense, primarily contract services costs.
- Earnings increased at the natural gas distribution business, which benefited from interim rate relief in North Dakota and South Dakota, higher interest income and increased transportation revenue, primarily to serve electric generation and industrial customers. These increases were offset in part by a 7 percent decrease in retail sales volumes to all customer classes due to warmer weather, which was partially offset by weather normalization and decoupling mechanisms. Also decreasing net income was higher depreciation expense, primarily due to increased asset additions, and higher operation and maintenance expense, primarily higher contract services costs and increased software-related expenses.
- The earnings increase at the pipeline business was driven by higher transportation volumes, primarily from organic growth projects placed in service in November 2023 and March 2024, and increased contracted volume commitments beginning February 2023 from the North Bakken Expansion project. New transportation and storage service rates effective August 1, 2023, and higher storage-related revenue further drove the increase. The increase was offset in part by higher operation and maintenance expense, primarily attributable to payroll-related costs. The business also incurred higher interest expense as a result of higher debt balances and higher interest rates.

- The construction services business earnings increased, primarily as a result of higher margins, largely in the utility market, due to efficiencies in labor and equipment utilization on certain projects. The business was negatively impacted by higher selling, general and administrative costs, including increased rent expense, higher payroll-related costs, increased professional services expenses, and decreased other income related to joint ventures. The decrease in income from continuing operations at the construction services business is a result of interest on debt facilities repaid in connection with the Knife River separation in 2023 classified as discontinued operations.
- Other experienced lower income taxes from income tax adjustments related to the Company's annualized estimated tax rate. Other also benefited from increased interest income and lower operation and maintenance expense. Decreased operation and maintenance expense is largely a result of corporate overhead costs classified as continuing operations that were allocated to the construction materials business in 2023 which are not included in Other in 2024. These benefits were partially offset by higher interest expense related to debt issued in connection with funding the Company's strategic initiative costs.
- The Company was also positively impacted by the absence of the 2023 loss from discontinued operations, which included the historical results of operations for Knife River, except for certain allocated corporate overhead costs classified as continuing operations, which do not meet the criteria for discontinued operations. Also included in discontinued operations in 2023 were strategic initiative costs associated with the Knife River separation.

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

### **Business Segment Financial and Operating Data**

The following sections include key financial and operating data for each of the Company's business segments. Also included are highlights on key growth strategies, projections and certain assumptions for the Company and its subsidiaries and other matters of the Company's business segments.

For information pertinent to various commitments and contingencies, see the Notes to Consolidated Financial Statements. For a summary of the Company's business segments, see Note 15 of the Notes to Consolidated Financial Statements.

### **Electric and Natural Gas Distribution**

**Strategy and challenges** The electric and natural gas distribution segments provide electric and natural gas distribution services to customers, as discussed in Note 15. Both segments strive to be top performing utility companies measured by integrity, employee safety and satisfaction, customer service and stockholder return. The segments provide safe, reliable, competitively priced and environmentally responsible energy service to customers while focusing on growth and expansion opportunities within and beyond its existing territories. The Company is focused on cultivating organic growth while managing operating costs and monitoring opportunities for these segments to retain, grow and expand their customer base through extensions of existing operations, including building and upgrading electric generation, transmission and distribution, and natural gas systems, and through selected acquisitions of companies and properties with similar operating and growth objectives at prices that will provide stable cash flows and an opportunity to earn a competitive return on investment. The continued efforts to create operational improvements and efficiencies across both segments promotes the Company's business integration strategy. The primary factors that impact the results of these segments are the ability to earn authorized rates of return; weather; climate change laws, regulations and initiatives; competitive factors in the energy industry; population growth; and economic conditions in the segments' service areas.

The electric and natural gas distribution segments are subject to extensive regulation in the jurisdictions where they conduct operations with respect to costs, timely recovery of investments and permitted returns on investment. The Company is focused on modernizing utility infrastructure to meet the varied energy needs of both its customers and communities while ensuring the delivery of safe, reliable, affordable and environmentally responsible energy. The segments continue to invest in facility upgrades to be in compliance with existing and known future regulations. To assist in the reduction of regulatory lag in obtaining revenue increases to align with increased investments, tracking mechanisms have been implemented in certain jurisdictions. The Company also seeks rate adjustments for operating costs and capital investments, as well as reasonable returns on investments, not covered by tracking mechanisms. For more information on the Company's tracking mechanisms and recent rate cases, see Note 17 and the 2023 Annual Report.

These segments are also subject to extensive regulation related to certain operational and environmental compliance, cybersecurity, permit terms and system integrity. Both segments are faced with the ongoing need to actively evaluate cybersecurity processes and procedures related to its transmission and distribution systems for opportunities to further strengthen its cybersecurity protections. Within the past year, there have been cyber and physical attacks within the energy industry on infrastructure, such as substations, and the Company continues to evaluate the safeguards implemented to protect its electric and natural gas utility systems. Implementation of enhancements and additional requirements to protect the Company's infrastructure is ongoing.

To date, many states have enacted and others are considering, mandatory clean energy standards requiring utilities to meet certain thresholds of renewable and/or carbon-free energy supply. The current presidential administration has made climate change a focus, as further discussed in the Outlook section. Over the long-term, the Company expects overall electric demand to be positively impacted by increased electrification trends, including electric vehicle adoption, as a means to address economy-wide carbon emission concerns and changing customer conservation patterns. Recently, MISO and NERC announced concerns with reliability of the electric grid due to capacity shortages, which has resulted from rapid expansion of renewables and rapid reduction of baseload resources such as coal, while load growth has increased faster than expected. MISO received FERC approval of a seasonal resource adequacy construct for its accreditation process, versus the previous annual summer peak capacity requirement process. These changes have not had a significant impact on the requirements for Montana-Dakota yet. The Company will continue to monitor the progress of these changes and assess the potential impacts they may have on its stakeholders, business processes, results of operations, cash flows and disclosures.

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

In December 2022 and January 2023, natural gas prices significantly increased across the Pacific Northwest from multiple price-pressuring events including widespread below-normal temperatures and higher natural gas consumption; reduced natural gas flows due to pipeline constraints, including maintenance in West Texas; and historically low regional natural gas storage levels. Natural gas prices stabilized by March 2023. The higher natural gas prices in December 2022 and January 2023 impacted both Intermountain and Cascade, both of which borrowed short-term debt of \$125.0 million and \$150.0 million, respectively, in January 2023 to finance the increased natural gas costs. To assist in the recovery of higher natural gas costs, Intermountain filed an out-of-cycle purchased gas adjustment with the IPUC that was effective February 1, 2023, and is collecting interest costs associated with short-term borrowing with rates effective October 1, 2023. Effective November 1, 2023, as approved by the WUTC, Cascade started recovery in Washington of these increased gas costs over a period of two years rather than the normal one year period. In January 2024, Cascade and Intermountain made the final repayment on short-term debt of \$50.0 million and \$45.0 million, respectively.

In late summer and fall of 2023, electric fuel and purchased power prices increased across Montana-Dakota's integrated system. This was caused by transmission congestion in northwest North Dakota due to delays in additional SPP transmission line build-out, as well as additional load growth in the Bakken region. Electric fuel and purchased power prices remained elevated through November 2023. To assist in the recovery of the higher electric fuel and purchased power costs, Montana-Dakota filed waiver requests with the NDPSC and SDPUC, which were approved deferring the increased costs to the annual fuel clause adjustment. In Montana, the waiver request is filed monthly and is unopposed by the MTPSC. On December 22, 2023, MISO filed a complaint letter with SPP regarding concerns related to the coordination of the constraint. Montana-Dakota filed a complaint letter with FERC related to this issue on January 23, 2024, which is pending before FERC. Effective April 1, 2024, as approved by the NDPSC, Montana-Dakota started recovery in North Dakota of these increased costs over a period of two years rather than one year, which will lessen the impact to customers and allow more time for Montana-Dakota's FERC complaint to mature and have greater certainty of the outcome.

The Company continues to proactively monitor and work with its manufacturers to reduce the effects of increased pricing and lead times on delivery of certain raw materials and equipment used in electric generation, transmission and distribution system and natural gas pipeline projects. Long lead times are attributable to increased demand for steel products from pipeline companies as they continue pipeline system safety and integrity replacement projects driven by PHMSA regulations, as well as delays in the manufacturing and shipping of electrical equipment and increased demand for electrical equipment due to regulatory activity and grid expansion. The Company has been able to minimize the effects by working closely with suppliers or obtaining additional suppliers, as well as modifying project plans to accommodate extended lead times and increased costs. The Company expects these delays and inflationary pressures to continue.

The ability to grow through acquisitions is subject to significant competition and acquisition premiums. In addition, the ability of the segments to grow their service territory and customer base is affected by regulatory constraints, the economic environment of the markets served, population changes and competition from other energy providers and fuel. The construction of new electric generating facilities, transmission lines and other service facilities is subject to increasing costs and lead times, extensive permitting procedures, and federal and state legislative and regulatory initiatives, which may necessitate increases in electric energy prices. As the industry continues to expand the use of renewable energy sources, the need for additional transmission infrastructure is growing. As part of MISO's long range transmission plan, in August 2022, the Company announced its intent to develop, construct and co-own JETx with Otter Tail Power Company in central North Dakota. On October 6, 2023, the FERC issued an order approving the Company's request for CWIP Incentive Rate and Abandoned Plant Incentive treatment on this project.

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

Three Months Ended March 31,			
	2024	2023	Variance
(In millions)			
Operating revenues	\$ 107.7	\$ 95.7	13 %
Operating expenses:			
Electric fuel and purchased power	32.6	24.4	34 %
Operation and maintenance	30.6	29.9	2 %
Depreciation and amortization	16.6	15.6	6 %
Taxes, other than income	5.1	4.7	9 %
Total operating expenses	84.9	74.6	14 %
Operating income	22.8	21.1	8 %
Other income	2.0	1.2	67 %
Interest expense	7.5	6.8	10 %
Income before income taxes	17.3	15.5	12 %
Income tax benefit	(.6)	(1.1)	(45)%
Net income	\$ 17.9	\$ 16.6	8 %

Operating statistics		Three Months Ended	
		March 31,	
		2024	2023
<b>Revenues (millions)</b>			
Retail sales:			
Residential	\$	38.4	\$ 36.2
Commercial		40.2	34.8
Industrial		11.1	10.4
Other		1.9	1.7
		91.6	83.1
Other		16.1	12.6
	\$	107.7	\$ 95.7
<b>Volumes (million kWh)</b>			
Retail sales:			
Residential		337.1	357.3
Commercial		486.5	385.5
Industrial		140.5	147.3
Other		20.1	20.2
		984.2	910.3
<b>Average cost of electric fuel and purchased power per kWh</b>			
	\$	.031	\$ .025

**Three Months Ended March 31, 2024, Compared to Three Months Ended March 31, 2023** Electric earnings increased \$1.3 million as a result of:

- Revenue increased \$12.0 million.
  - Largely due to:
    - Higher fuel and purchased power costs of \$8.2 million recovered in customer rates and offset in expense, as described below.
    - Rate relief of \$2.7 million in North Dakota and Montana.
    - Higher data center revenue of \$700,000, including net transmission.
  - Partially offset by lower retail sales volumes of \$1.0 million, driven primarily by lower residential volumes. There was an 8.1 percent increase in volumes, which includes the data center as further discussed in the outlook section.
- Electric fuel and purchased power increased \$8.2 million, largely the result of higher commodity prices and higher retail sales volumes.
- Operation and maintenance increased \$700,000.
  - Largely the result of:
    - Increased contract services primarily due to higher transmission expense of \$900,000.
    - Higher software related expenses of \$400,000.
  - Partially offset by decreased costs for vehicles and equipment and decreased payroll-related costs.
- Depreciation and amortization increased \$1.0 million.
  - Largely due to:
    - Increased property, plant and equipment balances of \$500,000, as a result of transmission projects placed in service to improve reliability and update aging infrastructure.
    - Higher depreciation rates, which are recovered in operating revenues.
- Taxes, other than income increased \$400,000, largely as a result of higher payroll tax.
- Other income increased \$800,000, primarily resulting from higher interest income of \$500,000, largely related to higher deferred fuel and purchased power balances, and higher AFUDC equity due to higher CWIP balances.
- Interest expense increased \$700,000, largely the result of higher long term interest expense due to higher commercial paper rates and balances.
- Income tax benefit decreased \$500,000, largely due to higher income before income taxes.

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

Three Months Ended				
March 31,				
	2024	2023	Variance	
(In millions)				
Operating revenues	\$ 459.5	\$ 565.7	(19)%	
Operating expenses:				
Purchased natural gas sold	288.8	397.3	(27)%	
Operation and maintenance	59.3	57.2	4 %	
Depreciation and amortization	25.5	23.2	10 %	
Taxes, other than income	27.6	29.5	(6)%	
Total operating expenses	401.2	507.2	(21)%	
Operating income	58.3	58.5	— %	
Other income	8.2	4.9	67 %	
Interest expense	15.7	14.1	11 %	
Income before income taxes	50.8	49.3	3 %	
Income tax expense	10.7	10.4	3 %	
Net income	\$ 40.1	\$ 38.9	3 %	

Operating statistics	Three Months Ended			
	March 31,		2023	
	2024			
<b>Revenues (millions)</b>				
Retail sales:				
Residential	\$ 263.9	\$ 325.3		
Commercial	162.1	202.9		
Industrial	14.6	16.7		
	440.6	544.9		
Transportation and other	18.9	20.8		
	\$ 459.5	\$ 565.7		
<b>Volumes (MMdk)</b>				
Retail sales:				
Residential	30.0	32.3		
Commercial	19.9	21.4		
Industrial	1.8	1.9		
	51.7	55.6		
Transportation sales:				
Commercial	.7	.7		
Industrial	56.2	48.8		
	56.9	49.5		
Total throughput	108.6	105.1		
Average cost of natural gas per dk	\$ 5.59	\$ 7.15		

**Three Months Ended March 31, 2024, Compared to Three Months Ended March 31, 2023** Natural gas distribution earnings increased \$1.2 million as a result of:

- Revenue decreased \$106.2 million.
  - Largely due to:
    - Lower purchased natural gas sold of \$108.5 million recovered in customer rates that was offset in expense, as described below.
    - A 7.0 percent decrease in retail sales volumes to all customer classes due to warmer weather, offset in part by weather normalization and decoupling mechanisms of \$3.8 million in certain jurisdictions.
    - Decreased revenue-based taxes recovered in rates of \$2.1 million that were offset in expense, as described below.
    - Absence of Washington excess deferred income tax settlement of \$1.1 million.
  - Partially offset by:
    - Interim rate relief of \$3.0 million in North Dakota and South Dakota.
    - Higher conservation revenues of \$1.8 million that were offset in expense, as described below.
    - Higher Oregon natural gas cost sharing \$1.8 million.
    - Higher transportation revenue of \$1.1 million due to 14.8 percent higher volumes, largely higher electric generation and industrial customers.
- Purchased natural gas sold decreased \$108.5 million, largely due to lower commodity costs \$80.7 million and lower volumes of natural gas purchased of \$27.8 million.
- Operation and maintenance increased \$2.1 million.
  - Largely attributable to:
    - Higher conservation incentives and program costs \$1.8 million which are recovered in rates, as discussed above.
    - Higher contract services \$1.2 million, largely subcontract payments and consulting fees.
    - Higher software related expenses \$800,000.
  - Partially offset by lower costs for vehicles and equipment and lower uncollectible accounts expense.
- Depreciation and amortization increased \$2.3 million, primarily resulting from growth and replacement projects placed in service.
- Taxes, other than income decreased \$1.9 million, primarily from lower revenue based taxes of \$2.1 million, which are recovered in rates.
- Other income increased \$3.3 million driven primarily by higher interest income of \$3.2 million, largely due to higher interest income associated with renewable natural gas projects of \$2.2 million and higher interest on regulatory deferral balances.

- Interest expense increased \$1.6 million, primarily from higher long-term debt balances from debt issued in 2023 and higher commercial paper and revolving credit agreement balances, partially offset by lower short-term debt due to short term debt repayments.
- Income tax expense increased \$300,000, the result of higher income before income taxes.

**Outlook** In 2023, the Company experienced rate base growth of 8.5 percent and expects these segments will grow rate base by approximately 7 percent annually over the next five years on a compound basis. Operations are spread across eight states where the Company expects customer growth to be higher than the national average. In 2023, these segments experienced retail customer growth of approximately 1.3 percent and the Company expects customer growth to continue to average 1 percent to 2 percent per year. This customer growth, along with system upgrades and replacements needed to supply safe and reliable service, will require investments in new and replacement electric and natural gas systems.

These segments are exposed to energy price volatility and may be impacted by changes in oil and natural gas exploration and production activity. Rate schedules in the jurisdictions in which the Company's natural gas distribution segment operates contain clauses that permit the Company to file for rate adjustments for changes in the cost of purchased natural gas. Although changes in the price of natural gas are passed through to customers and have minimal impact on the Company's earnings, the natural gas distribution segment's customers benefit from lower natural gas prices through the Company's utilization of storage and fixed price contracts.

In May 2022 the Company began construction of Heskett Unit 4, an 88-MW simple-cycle natural gas-fired combustion turbine peaking unit at the existing Heskett Station near Mandan, North Dakota. The 2023 in service date was delayed due to unforeseen operational setbacks. While performing start-up testing an incident occurred resulting in damage to the generator field and turbine components. Repairs are complete and start-up testing is underway, with an expected in service date in the second quarter of 2024, assuming no further unexpected delays.

The Company is one of four owners of Coyote Station and cannot make a unilateral decision on the plant's future; therefore, the Company could be negatively impacted by decisions of the other owners. The joint owners continue to collaborate in analyzing data and weighing decisions that impact the plant and its employees as well as each company's customers and communities served. Existing and proposed emissions reduction plans from the EPA could require the owners of Coyote Station to incur significant new costs. The EPA's recently finalized GHG and mercury emissions standards would require additional pollution controls to operate beyond 2031 and 2027, respectively, with a potential extension to add pollution controls that may be granted. If the owners decide to incur such costs, the costs could, dependent on determination by state regulatory commissions on approval to recover such costs from customers, negatively impact the Company's results of operations, financial position and cash flows. In addition, the NDDEQ submitted its state regional haze round two implementation plan to the EPA in August 2022 proposing no additional pollution controls for Coyote. The EPA deemed the State's submission complete in August 2022 with a decision expected in late 2024.

On March 4, 2023, the Company began to provide power for Applied Digital Corporation's data center near Ellendale, North Dakota under an interim electric service agreement approved by the NDPSC, and on June 6, 2023, the NDPSC unanimously approved the Company's electric service agreement request. At full capacity, the data center requires 180 megawatts of electricity, which is the equivalent of about 28 percent of the Company's generation portfolio. The Applied Digital Corporation's load is purchased from the MISO market and does not impact other customers' power supply. On October 2, 2023, the Company filed with the NDPSC an electric service agreement request to serve an additional data center in its service territory.

The Infrastructure Investment and Jobs Act, commonly known as the Bipartisan Infrastructure Law, was enacted in the fourth quarter of 2021 and is providing long-term opportunities by designating funds for investments such as upgrades to electric and grid infrastructure, transportation systems, and electric vehicle infrastructure. In addition, the IRA provides \$369 billion in new funding for clean energy programs. These programs include new tax incentives for solar, battery storage and hydrogen development along with funding to expand the production of electric vehicles and the build out of infrastructure to support electric vehicles. The Company is pursuing various opportunities under the Grid Resilience and Innovative Partnerships Program, which is part of the Infrastructure Investment and Jobs Act, and is also pursuing a biogas property at the Knott Landfill site in Bend, Oregon which may qualify for an investment tax credit as part of the IRA. The Company will continue to monitor additional opportunities from these legislative items.

**Legislation and rulemaking** The Company continues to monitor legislation and rulemaking related to clean energy standards that may impact its segments. Below are some of the specific actions the Company is monitoring.

- On April 25, 2024, the EPA released the pre-publication versions of four final rules, three of which will impose stricter standards on GHG emissions from existing coal-fired and new natural gas-fired generation units, require a further reduction of mercury emissions from coal-fired generation units, and impose additional regulations around the storage and management of coal ash.

The Electric Generation and Greenhouse Gas Rule establishes standards for new natural gas-fired electric generating units and existing coal units. New natural gas-fired units that operate more frequently must install carbon capture controls. Existing coal-fired units are given three compliance options: maintain current emissions rate and retire before 2032; co-fire with natural gas at 40 percent by 2030 and retire before 2039; or install carbon capture controls by 2032 in order to operate past 2039. States

must evaluate individual units and develop, adopt, and submit a plan to the EPA which would include emission standards for each individual unit. State plans are required to be submitted to the EPA no later than 24 months after the final rule effective date. The EPA has not currently proposed GHG emission standards for existing natural gas-fired units and intends to explore setting emission standards in the future for these units.

The Mercury and Air Toxics Rule tightens mercury emissions and particulate matter standards for coal-fired generation facilities that may require additional pollution controls on Montana-Dakota's jointly owned coal-fired units.

The Legacy Coal Combustion Residuals Rule requires groundwater monitoring, evaluation, and potential remediation of certain older coal ash disposal sites and impoundments operated at current electric generating facilities.

It is unknown at this time what emission limits, controls, or other action would be required for each Montana-Dakota owned and jointly owned fossil-fired electric generating facility. The Company is reviewing these rules and evaluating the impact on its generation facilities.

The fourth rule issued on April 25, 2024, was the Effluent Limitations Guidelines Rule. This rule is not expected to have impacts on any owned or co-owned Montana-Dakota facilities.

- In Oregon, the Climate Protection Program Rule was approved in December 2021, which requires natural gas companies to reduce GHG emissions 50 percent below the baseline by 2035 and 90 percent below the baseline by 2050. Each year, compliance instruments will be distributed to the Company by the ODEQ at no cost and will decline annually in step with the reduction from baseline. The Company intends to meet its obligations through surrendering no cost emissions allowances and will fill remaining compliance obligations by investing in additional customer conservation and energy efficiency programs, purchasing community climate investment credits, and purchasing low carbon fuels such as renewable natural gas. The Company expects the compliance costs for these regulations to be recovered through customer rates. Due to timing of regulatory recovery, future compliance obligation purchases could impact the Company's operating cash flow. For more information about this rule and associated compliance costs, see Items 1 and 2 - Business Properties in the 2023 Annual Report.

Cascade's 2023 Oregon integrated resource plan projects customer bills could increase substantially as a result of the legislation. Projected customer bill impacts are estimates, subject to change as legislation is implemented and compliance begins, as well as, numerous assumptions used in the complex analysis of integrated resource planning. On September 30, 2022, the Company filed a request for the use of deferred accounting for costs related to the rule and began deferring those costs. The OPUC approved the deferred accounting order on June 27, 2023. The Company, along with the other two local natural gas distribution companies in Oregon, filed a lawsuit on March 18, 2022, challenging the Climate Protection Program Rule. The lawsuit was filed on behalf of customers as the Company does not believe the rule accomplishes environmental stewardship in the most effective and affordable way possible. On December 20, 2023, the Oregon Court of Appeals ruled that the Climate Protection Program rules are invalid, with the final judgement issued February 28, 2024. In the first quarter of 2024, the ODEQ put together a Rulemaking Advisory Committee, of which Cascade is a participant, to re-establish the Climate Protection Program following the invalidation of these rules by the Oregon Court of Appeals, with new rules expected to be in place in 2025.

- In Washington, the Climate Commitment Act signed into law in May 2021 requires natural gas distribution companies to reduce overall GHG emissions 45 percent below 1990 levels by 2030, 70 percent below 1990 levels by 2040 and 95 percent below 1990 levels by 2050. As directed by the Climate Commitment Act, in September 2022 the Washington DOE published its final rule on the Climate Commitment Act, which was effective on October 30, 2022, and emissions compliance began on January 1, 2023. The Company must demonstrate that they have met GHG emissions reduction goals through a combination of on-site emissions reductions and the use of approved allowances and offsets. Emissions compliance may be achieved through increased energy efficiency and conservation measures, purchased allowances and offsets, and purchases of low carbon fuels. Emissions allowances are allocated by the Washington DOE to the Company at no cost and additional allowances are required to be purchased. The Company expects compliance costs for these regulations will be recovered through customer rates. Due to the timing of regulatory recovery, the purchase of allowances could impact the Company's operating cash flow. For more information about this rule and associated compliance costs, see Items 1 and 2 - Business Properties in the 2023 Annual Report.

Cascade's 2023 Washington integrated resource plan projects customer bills could increase substantially as a result of the legislation. On October 14, 2022, the Company filed a request for the use of deferred accounting for costs related to the rule and began deferring those costs. The WUTC approved the deferred accounting order on February 28, 2023. On March 1, 2024, the Company filed with the WUTC for approval to collect \$31.3 million in compliance costs net of auction proceeds through 2024. The Company is updating its filing and expects recovery to begin June 1, 2024. The law creates three distinct categories of customers; known-low-income, locations served prior to July 25, 2021, and locations where service was established after July 25, 2021. Auction proceeds must be used first to ensure there is zero impact from the Climate Commitment Act on known-low-income residential customers. For customers where gas service was installed on or before July 25, 2021, the average residential customer with the initial filing would see a net increase of \$2.83 per month or 3.7 percent. Residential locations where gas was established after July 25, 2021 would see an average net monthly increase of \$19.13 or 24.9 percent. An initiative to repeal the Climate Commitment Act has been forwarded to the voters and will be included on the November 2024 ballot in Washington.

- On April 22, 2022, the Washington State Building Code Council approved revisions to the state's commercial energy code that will significantly limit the use of natural gas for space and water heating in new and retrofitted commercial and multifamily buildings and proposed the review of similar restrictions in the future for residential buildings. On November 4, 2022, the Washington State Building Code Council adopted new residential codes requiring gas or electric heat pumps for most new space and water heating installations.

The Company, along with two other local natural gas distribution companies in Washington, filed a lawsuit on May 22, 2023, challenging these amendments which the Company believes will stifle innovation, increase the cost of housing and energy for our customers, and do not consider the limitations of electric heat pumps in colder climates. On June 1, 2023, the plaintiffs filed a motion for a preliminary injunction to preliminarily enjoin the challenged building code amendments. Oral arguments on the preliminary injunction were held on July 18, 2023. The court denied the preliminary injunction, finding no immediate harm and confirming the building code amendments were not yet in effect due to the stay of 120 days issued by the Washington State Building Code Council. On September 15, 2023, the Washington State Building Code Council voted to delay the implementation of the State Building and Energy Codes. On March 15, 2024, the State Building and Energy Codes became effective.

- On March 6, 2024, the SEC issued Final Rule 33-11275 - The Enhancement and Standardization of Climate-Related Disclosures for Investors. This rule requires registrants to provide standardized disclosures in Form 10-K related to climate-related risks, Scope 1 and 2 GHG emissions, as well as to include in a footnote to the consolidated financial statements the financial impact of severe weather events and other natural conditions. The rule requires implementation in phases between 2025 and 2033. In April 2024, the SEC announced that it would voluntarily stay its final climate disclosure rules pending judicial review. The Company is evaluating the rule.

## Pipeline

**Strategy and challenges** The pipeline segment provides natural gas transportation, underground storage and non-regulated energy-related services, including cathodic protection, as discussed in Note 15. The segment focuses on utilizing its extensive expertise in the design, construction and operation of energy infrastructure and related services to increase market share and profitability through optimization of existing operations, organic growth and investments in energy-related assets within or in close proximity to its current operating areas. The segment focuses on the continual safety and reliability of its systems, which entails building, operating and maintaining safe natural gas pipelines and facilities. The segment continues to evaluate growth opportunities including the expansion of natural gas facilities; incremental pipeline projects; and expansion of energy-related services leveraging on its core competencies. In support of this strategy, the Company completed the following organic growth projects in 2023 and 2024:

- In November 2023, the Grasslands South Expansion project was placed in service. The project increased system capacity by 94 MMcf of natural gas per day.
- In November 2023, the Line Section 15 Expansion project was placed in service and increased system capacity by 25 MMcf of natural gas per day.
- In March 2024, the 2023 Line Section 27 Expansion project was placed in service and increased system capacity by 175 MMcf of natural gas per day.

The segment is exposed to natural gas and oil price volatility including fluctuations in basis differentials. Legislative and regulatory initiatives on increased pipeline safety regulations and environmental matters such as the reduction of methane emissions could also impact the price and demand for natural gas.

The pipeline segment is subject to extensive regulation related to certain operational and environmental compliance, cybersecurity, permit terms and system integrity. The Company continues to actively evaluate cybersecurity processes and procedures, including changes in the industry's cybersecurity regulations, for opportunities to further strengthen its cybersecurity protections. Implementation of enhancements and additional requirements is ongoing. The segment reviews and secures existing permits and easements, as well as new permits and easements as necessary, to meet current demand and future growth opportunities on an ongoing basis.

The Company continues to actively manage the national supply chain challenges being faced by working with its manufacturers and suppliers to help mitigate some of these risks on its business. The segment regularly experiences extended lead times on raw materials that are critical to the segment's construction and maintenance work which could delay maintenance work and construction projects potentially causing lost revenues and/or increased costs. The Company is partially mitigating these challenges by planning for extended lead times further in advance. The segment is currently experiencing inflationary pressures with increased raw material and contract services costs. The Company expects supply chain challenges and inflationary pressures to continue.

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

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

Three Months Ended				
	March 31,			
	2024	2023	Variance	
(In millions)				
Operating revenues	\$ 51.3	\$ 40.8	26 %	
Operating expenses:				
Operation and maintenance	18.5	17.5	6 %	
Depreciation and amortization	7.1	6.9	3 %	
Taxes, other than income	3.1	3.3	(6)%	
Total operating expenses	28.7	27.7	4 %	
Operating income	22.6	13.1	73 %	
Other income	.9	.7	29 %	
Interest expense	3.9	3.1	26 %	
Income before income taxes	19.6	10.7	83 %	
Income tax expense	4.5	2.3	96 %	
Income from continuing operations	15.1	8.4	80 %	
Discontinued operations, net of tax*	—	(.1)	(100)%	
Net income	\$ 15.1	\$ 8.3	82 %	

\*Discontinued operations includes interest on debt facilities repaid in connection with the Knife River separation.

Operating statistics	Three Months Ended	
	March 31,	
	2024	2023
Transportation volumes (MMdk)	147.6	129.7
Customer natural gas storage balance (MMdk):		
Beginning of period	37.7	21.2
Net withdrawal	(14.3)	(12.2)
End of period	23.4	9.0

**Three Months Ended March 31, 2024, Compared to Three Months Ended March 31, 2023** Pipeline earnings increased \$6.8 million as a result of:

- Revenues increased \$10.5 million as a result of:
  - Increased transportation volumes, largely due to:
    - Organic growth projects placed in service in November 2023 and March 2024 of \$4.8 million.
    - Increased North Bakken Expansion contracted volume commitments of \$700,000.
  - New transportation and storage rates effective August 1, 2023, of \$3.1 million.
  - Higher storage-related revenues.
- Operation and maintenance increased \$1.0 million.
  - Primarily from:
    - Higher payroll-related costs of \$800,000.
    - Higher other costs including non-regulated project costs and contract services.
    - Partially offset by lower legal costs, due to absence of rate case related expense.
- Depreciation and amortization increased \$200,000 driven largely by higher property, plant and equipment balances of \$600,000, related to organic growth projects placed in service, as previously discussed, partially offset by fully depreciated plant.
- Taxes, other than income was comparable to same period in the prior year.
- Other income was comparable to same period in the prior year.
- Interest expense increased \$800,000, primarily from higher debt balances and higher average interest rates to fund capital expenditures.
- Income tax expense increased \$2.2 million, largely due to higher income before taxes.

**Outlook** The Company has continued to experience the effect of associated natural gas production in the Bakken, which has provided opportunities for organic growth projects and increased demand. The completion of organic growth projects has contributed to higher volumes of natural gas the Company transports through its system. Bakken natural gas production is currently at or near record levels and the outlook remains positive with continued growth expected due to new oil wells and increasing gas to oil ratios.

Increases in national and global natural gas supply has moderated pressure on natural gas prices and price volatility. While the Company believes there will continue to be varying pressures on natural gas production levels and prices, the long-term outlook for natural gas prices continues to provide growth opportunity for industrial supply and demand related projects and seasonal pricing differentials provide opportunities for natural gas storage services.

The Company continues to monitor, evaluate and implement additional GHG emissions reduction strategies, including increased monitoring frequency and emission source control technologies to minimize potential risk.

On March 8, 2024, the EPA published its final rule to update, strengthen and expand standards intended to significantly reduce GHG emissions and other air pollutants from emission sources in the oil and natural gas industries. The standards apply to various sources of GHG emissions including natural gas compressors, process controllers, natural gas driven pumps, storage vessels, natural gas wells, fugitive emissions components and super-emitter events. Additionally, the EPA is revising the current GHG reporting rules to improve the calculation, monitoring and reporting of GHG data and incorporate provisions from the IRA. On April 25, 2024, the EPA finalized a portion of the proposed amendments to the reporting rule including updating the global warming potentials, emissions factors, emissions calculation methodologies, and other changes to generally improve data being reported. Proposed regulations implementing the Waste Emissions Charge in the IRA were published on January 26, 2024. The Company continues to monitor and assess the proposed rules and the potential impacts they may have on its business processes, current and future projects, results of operations and disclosures.

The Company continues to focus on improving existing operations and growth opportunities through organic projects in all areas in which it operates, which includes additional projects with local distribution companies, Bakken area producers and industrial customers in various stages of development.

In July 2021, the Company announced plans for a natural gas pipeline expansion project in eastern North Dakota. The Wahpeton Expansion project consists of approximately 60 miles of pipe and ancillary facilities and is designed to increase capacity by 20 MMcf per day, which is supported by long-term customer agreements with Montana-Dakota and its utility customers. On May 27, 2022, the Company filed with FERC its application for the project and received FERC's approval on October 19, 2023. Construction is expected to begin in the second quarter of 2024 with an estimated completion in late 2024.

The Company began construction in April 2024 on the Line Section 28 expansion project, to serve a natural gas-fired power plant in northwestern North Dakota which will add 137 million cubic feet of natural gas transportation capacity per day. This project is supported by a long-term negotiated customer agreement and is expected to be in service in the third quarter of 2024.

See Capital Expenditures within this section for information on the expenditures related to these growth projects.

## Construction Services

**Strategy and challenges** The construction services segment provides electrical, mechanical and transmission and distribution specialty contracting services, as discussed in Note 15. The construction services segment focuses on safely executing projects; providing a superior return on investment by building new and strengthening existing customer relationships; ensuring quality service; effectively controlling costs; retaining, developing and recruiting talented employees; growing through organic and strategic acquisition opportunities; and focusing efforts on projects that will permit higher margins while properly managing risk. The growth experienced by the segment in recent years is due in part to the project awards in the markets served and the ability to support national customers in most of the regions in which it operates.

The construction services segment faces challenges, which are not under direct control of the business, in the markets in which it operates, including those described in Part I, Item 1A, Risk Factors in the 2023 Annual Report. These factors, and those noted below, have caused fluctuations in revenues, gross margins and earnings in the past and are likely to cause fluctuations in the future.

- **Revenue mix and impact on margins.** The mix of revenues based on the types of services the segment provides can impact margins as certain industries and services provide higher margin opportunities. Larger or more complex projects typically result in higher margin opportunities since the segment assumes a higher degree of performance risk and there is greater utilization of the segment's resources for longer construction timelines. However, larger or more complex projects can have a higher risk of regulatory and seasonal or cyclical delay. Project schedules fluctuate, which can affect the amount of work performed in a given period. Smaller or less complex projects typically have a greater number of companies competing for them, and competitors at times may be more aggressive on pricing when pursuing available work. A greater percentage of smaller scale or less complex work in a given period could negatively impact margins due to the inefficiency of transitioning between a greater number of smaller projects versus continuous production on a few larger projects.
- **Project variability and performance.** Margins for a single project may fluctuate period to period due to changes in the volume or type of work performed, the pricing structure under the project contract or job productivity. Productivity and performance on a project can vary period to period based on a number of factors, including unexpected project difficulties; unexpected project site conditions; project location, including locations with challenging operating conditions or difficult geographic characteristics; whether the work is on an open or encumbered right of way; inclement weather or severe weather events; environmental restrictions or regulatory delays; political or legal challenges related to a project; and the performance of third parties. In addition, the type of contract can impact the margin on a project. Under fixed-price contracts, which are more common with larger or more complex projects, the segment assumes risk related to project estimates versus actual execution. Revenues under this type of contract can vary, sometimes significantly, from original projects due to additional project complexity; timing uncertainty or extended bidding; extended regulatory or permitting processes; and other factors, which can result in a reduction in profit or losses on a project.
- **Subcontractor work and provision of materials.** Some work under project contracts is subcontracted out to other companies and margins on subcontractor work is generally lower than work performed by the Company. Increased subcontractor work in a given period may therefore result in lower margins. In addition, inflationary or other pressures may increase the cost of materials under fixed-price contracts and may result in decreased margins on the project. The Company has worked to implement provisions in project contracts to allow for the pass-through of inflationary costs to customers where feasible and will continue to do so to mitigate the impacts.

The segment's management continually monitors its operating margins and has been proactive in attempting to mitigate the inflationary impacts seen across the United States. The segment is currently experiencing continued labor constraints and impacts from delays in the national supply chain. The segment is working with suppliers and providers of goods and services in advance of construction to secure pricing and reduce delays for goods and services. The inflationary costs and national supply chain challenges experienced by the segment have increased costs but have not had significant impacts to the procurement of project materials. Such volatility and inflationary pressures may continue to have an impact on the segment's margins, including fixed-price construction contracts that are particularly vulnerable to the volatility of energy and material prices. These increases are partially offset by mitigation measures implemented by the Company, including escalation clauses in contracts, pre-purchased materials and other cost savings initiatives. The segment also continues recruitment and retention efforts to attract and retain employees. Accordingly, operating results in any particular period may not be indicative of the results that can be expected for any other period.

The Company's ability to provide adequate specialized labor for projects is critical to maintaining customer relationships and project margins. The aging workforce and the increasing complexity and duration of customers' projects puts strain on labor availability. The Company has experienced labor shortages in certain markets, which has increased labor-related costs in some cases. The Company continues to monitor the labor markets and expects overall demand for labor to continue to rise. Based on this increasing demand as well as terms of collective bargaining agreements and, to a lesser extent, recent inflationary pressures, the Company expects labor-related costs to continue to increase. The Company plans to meet its labor needs by increasing recruiting efforts, continuing to develop and retain its workforce, and promoting specialized labor opportunities for those entering the workforce.

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

Three Months Ended				
	March 31,			
	2024	2023	Variance	
(In millions)				
Operating revenues	\$ 625.7	\$ 754.3	(17)%	
Cost of sales:				
Operation and maintenance	525.2	653.9	(20)%	
Depreciation and amortization	4.7	4.2	12 %	
Taxes, other than income	21.1	28.2	(25)%	
Total cost of sales	551.0	686.3	(20)%	
Gross profit	74.7	68.0	10 %	
Selling, general and administrative expense:				
Operation and maintenance	32.4	29.9	8 %	
Depreciation and amortization	1.3	1.3	— %	
Taxes, other than income	2.1	1.6	31 %	
Total selling, general and administrative expense	35.8	32.8	9 %	
Operating income	38.9	35.2	11 %	
Other income	2.0	2.8	(29)%	
Interest expense	2.7	.1	NM	
Income before income taxes	38.2	37.9	1 %	
Income tax expense	10.0	9.1	10 %	
Income from continuing operations	28.2	28.8	(2)%	
Discontinued operations, net of tax*	—	(2.7)	(100)%	
Net income	\$ 28.2	\$ 26.1	8 %	

\*Discontinued operations includes interest on debt facilities repaid in connection with the Knife River separation.

NM - not meaningful

Operating Statistics	Three Months Ended		
	March 31,		
	2024	2023	
(In millions)			
Operating revenues:			
Electrical & mechanical	\$ 441.0	\$ 593.1	
Transmission & distribution	188.5	164.9	
Intrasegment eliminations	(3.8)	(3.7)	
Total revenues	\$ 625.7	\$ 754.3	
Operating income:			
Electrical & mechanical	\$ 30.0	\$ 29.9	
Transmission & distribution	14.2	9.7	
Corporate and other	(5.3)	(4.4)	
Total operating income	\$ 38.9	\$ 35.2	

**Three Months Ended March 31, 2024, Compared to Three Months Ended March 31, 2023** Construction services earnings increased \$2.1 million as a result of:

- Revenues decreased \$128.6 million.
  - Largely due to lower electrical and mechanical workloads as a result of:
    - Lower commercial workloads, primarily in the hospitality sector of \$166.0 million from completion of large projects offset by a \$60.0 million increase in data center work primarily from the progress on large ongoing projects.
    - Lower industrial workloads in the general industrial, high-tech, and government sectors of \$24.5 million, \$20.3 million, and \$6.9 million, respectively, partially offset by higher manufacturing workloads of \$6.7 million primarily from the completion of large projects.
    - Lower service workloads of \$26.2 million from the repair and maintenance for electrical and mechanical projects.
    - Lower renewable workloads of \$7.3 million due to the completion of renewable projects.
    - Partially offsetting these decreases were higher workloads in the institutional market. Institutional workloads were driven by an increase of \$17.0 million in the government sector and \$12.3 million in the healthcare sector due to progress on projects.
  - Transmission and distribution revenues increased by \$23.6 million, due to increases in both the utility and transportation markets.
    - The utility market had higher workloads in transmission, substation, underground, telecommunication, and gas projects of \$12.2 million, \$7.2 million, \$6.5 million, \$4.5 million, \$3.9 million, respectively. These increases were offset by lower workloads on storm projects of \$14.3 million from the timing of work available in the markets served.
    - Also contributing were higher transportation workloads from progress on projects in the traffic signalization market of \$4.9 million.
- Gross profit increased \$6.7 million.
  - Largely due to improved profit and profit percentages on both transmission and distribution and electrical and mechanical work from project efficiencies due to:
    - Higher gross profit on transmission and distribution work of \$5.8 million primarily from higher margin utility projects, largely transmission and underground work as a result of project mix along with higher margins in traffic signalization and street lighting markets.
    - Also contributing were higher electrical and mechanical margins in the institutional market, particularly government and health care projects and renewables market from improved labor efficiencies and project closeouts.
  - Electrical and mechanical projects in the industrial, service and commercial markets partially offset these increases due to project mix.
- Selling, general and administrative expense increased \$3.0 million.
  - Primarily due to:
    - Increased office expense of \$1.5 million primarily from bank fees and rent expense.
    - Increased payroll-related costs of \$1.4 million due to operational activity.
    - Increased expenses associated with professional services of \$1.2 million.
  - Partially offsetting these increases was lower bad debt expense of \$1.2 million due to allowance for uncollectible accounts adjustments.
- Other income decreased \$800,000, primarily related to the Company's joint ventures activity.
- Interest expense increased \$2.6 million due to interest on debt facilities repaid in connection with the Knife River separation in 2023 being included in discontinued operations.
- Income tax expense increased \$900,000, primarily resulting from an increase in income before income taxes.

**Outlook** On November 2, 2023, the Company announced its intent to pursue a tax-free spinoff of its wholly owned construction services business, MDU Construction Services. On March 13, 2024, the Company announced its construction services business, MDU Construction Services, rebranded to Everus Construction in preparation for the planned tax-free spinoff of the business, which is expected to be complete in late 2024. The Company's board of directors believes a tax-free spinoff of the construction services business supports the Company's goal of enhancing value for stockholders by becoming a pure-play regulated energy delivery company.

The Company's results can be impacted by infrastructure investments, and the Company is optimistic about infrastructure spending and believes related investment activity will continue to positively impact both its transmission and distribution and electrical and mechanical markets. The Company believes legislative actions aimed at supporting funding for states, schools and local governments; the funding for upgrades to electric infrastructure, transportation systems, airports, electric vehicle infrastructure and clean energy programs, including solar and battery storage facilities; and providing funding to support domestic facilities that produce semiconductors are likely to provide greater long-term opportunity in both of our construction services markets. However, the Company expects financial results, in both markets, to continue to be affected by delays and cost volatility through 2024 due to supply chain disruptions, inflationary pressures, tariffs and regulatory slowdown.

While the Company faces strong competition, constrained labor markets and supply chain disruptions, it believes the ongoing investments to replace aging and climate-threatened electric infrastructure across the United States and trends to accommodate cloud computing and artificial intelligence will continue to drive significant growth opportunities in the services it provides. The Company also believes additional utility project growth opportunities exist as utilities are faced with sustaining investment in their systems and experience similar labor constraints and increasing costs. Bidding and construction activity for utility projects and upgrades remain active, and the Company expects this trend to continue.

The Company continues to have bidding opportunities in the specialty contracting markets in which it operated in during 2024 as evidenced by the segment's backlog. Although bidding remains highly competitive in all areas, the Company expects the segment's relationship with existing customers, skilled workforce, quality of service and effective cost management will continue to provide a benefit in securing and executing profitable projects in the future. The Company has also seen rapidly growing needs for services across the electric vehicle charging, solar generation and energy storage markets that complement existing renewable projects performed by the Company.

Backlog consists of the uncompleted portion of services to be performed under job-specific contracts. Contracts are subject to delay, default or cancellation, and contracts in our backlog are subject to changes in the scope of services to be provided, as well as adjustments to the costs. Backlog may also be affected by project delays or cancellations resulting from weather conditions, external market factors and economic factors beyond our control, among other things. Accordingly, there is no assurance that backlog will be realized. As of March 31, 2024, the Company has not experienced any material impacts related to customer notices indicating that they no longer wish to proceed with the planned projects that have been included in backlog. The timing of contract awards, duration of large new contracts and the mix of services can significantly affect backlog. Backlog at any given point in time may not accurately represent the revenue or net income that is realized in any period. Also, the backlog as of the end of the year may not be indicative of the operating revenues or net income expected to be earned in the following year and should not be relied upon as a standalone indicator of future operating revenues or net income. Factors noted in Part I, Item 1A. Risk Factors in the 2023 Annual Report can cause revenues to be realized in periods and at levels that are different from originally predicted.

Subject to the foregoing discussion, the construction services segment's record backlog at March 31, was as follows:

	2024	2023
(In millions)		
Electrical & mechanical	\$ 1,848	\$ 1,792
Transmission & distribution	327	306
	<b>\$ 2,175</b>	<b>\$ 2,098</b>

The increase in backlog at March 31, 2024, as compared to backlog at March 31, 2023, was largely attributable to the new project opportunities that the Company continues to be awarded across its diverse operations, particularly electrical and mechanical projects within commercial, institutional and renewable markets and within the transmission and distribution utility and transportation sectors.

**Other**

Three Months Ended March 31,				
	2024	2023	Variance	
(In millions)				
Operating revenues	\$ 1.4	\$ 1.6	(13)%	
Operating expenses:				
Operation and maintenance	7.5	9.9	(24)%	
Depreciation and amortization	.6	1.1	(45)%	
Total operating expenses	8.1	11.0	(26)%	
Operating loss	(6.7)	(9.4)	(29)%	
Other income	5.2	1.1	NM	
Interest expense	3.4	.2	NM	
Loss before income taxes	(4.9)	(8.5)	42 %	
Income tax (benefit) expense	(4.5)	.4	NM	
Loss from continuing operations	(.4)	(8.9)	96 %	
Discontinued operations, net of tax	— \$ (42.7)		(100)%	
Net loss	\$ (.4) \$ (51.6)		(99)%	

NM - not meaningful

**Three Months Ended March 31, 2024, Compared to Three Months Ended March 31, 2023**

On May 31, 2023, the Company completed the separation of Knife River, its former construction materials and contracting business, into a new publicly traded company. As a result of the separation, the historical results of operations for Knife River are shown in discontinued operations, except for allocated general corporate overhead costs of the Company, which do not meet the criteria for discontinued operations. Also included in discontinued operations are strategic initiative costs associated with the separation of Knife River.

Other experienced an income tax benefit from income tax adjustments related to the Company's annualized estimated tax rate. Other also benefited from increased interest income and lower operation and maintenance expense. Decreased operation and maintenance expense is largely a result of corporate overhead costs classified as continuing operations allocated to the construction materials business in 2023 which are not included in Other in 2024. These benefits were partially offset by higher interest expense related to debt issued in connection with funding the Company's strategic initiative costs.

Also included in Other is general and administrative costs and interest expense previously allocated to the exploration and production and refining businesses that do not meet the criteria for discontinued operations.

**Intersegment Transactions**

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

Three Months Ended March 31,				
	2024	2023		
(In millions)				
Intersegment transactions:				
Operating revenues	\$ 31.8	\$ 28.0		
Operation and maintenance	1.6	1.7		
Purchased natural gas sold	30.2	26.3		
Other income	4.5	.3		
Interest expense	4.5	.3		

For more information on intersegment eliminations, see Note 15.

**Liquidity and Capital Commitments**

At March 31, 2024, the Company had cash, cash equivalents and restricted cash of \$89.3 million and available borrowing capacity of \$456.2 million under the outstanding credit facilities of the Company and its subsidiaries. The Company expects to meet its obligations for debt maturing within one year and its other operating and capital requirements from various sources, including internally generated funds; credit facilities and commercial paper of the Company and its subsidiaries, as described in Capital resources; and issuance of debt and equity securities if necessary.



## Cash flows

	Three Months Ended	
	March 31,	
	2024	2023
(In millions)		
<b>Net cash provided by (used in):</b>		
Operating activities	\$ 165.1	\$ (43.6)
Investing activities	(117.3)	(151.0)
Financing activities	(35.5)	207.3
<b>Increase in cash, cash equivalents and restricted cash</b>	<b>12.3</b>	<b>12.7</b>
Cash, cash equivalents and restricted cash -- beginning of year	77.0	80.5
Cash, cash equivalents and restricted cash -- end of period	\$ 89.3	\$ 93.2

### Operating activities

	Three Months Ended		
	March 31,		
	2024	2023	Variance
(In millions)			
<b>Components of net cash provided by (used in) operating activities:</b>			
Net income	\$ 100.9	\$ 38.3	\$ 62.6
Less: loss from discontinued operations, net of tax	—	(45.5)	45.5
Income from continuing operations	100.9	83.8	17.1
Adjustments to reconcile net income to net cash provided by operating activities	57.4	62.5	(5.1)
<b>Changes in current assets and liabilities, net of acquisitions:</b>			
Receivables	12.3	(19.3)	31.6
Inventories	28.1	9.1	19.0
Other current assets	36.6	(41.3)	77.9
Accounts payable	(41.5)	(96.1)	54.6
Other current liabilities	(3.9)	50.3	(54.2)
Other noncurrent changes	(24.8)	(11.3)	(13.5)
<b>Net cash provided by operating activities</b>	<b>165.1</b>	<b>37.7</b>	<b>127.4</b>
Net cash used in discontinued operations	—	(81.3)	81.3
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 165.1</b>	<b>\$ (43.6)</b>	<b>\$ 208.7</b>

The changes in cash flows from operating activities generally follow the results of operations, as discussed in Business Segment Financial and Operating Data, and are affected by changes in working capital. The increase in cash flows provided by operating activities in the previous table was largely driven by the absence of cash used in discontinued operations in 2023, primarily cash used at Knife River and associated separation costs. Also contributing was an increase in cash from other current assets, primarily the collection of purchased gas cost adjustment balances, and lower cash used in accounts payable, primarily related to the payment of natural gas costs, both at the natural gas distribution business. In addition, higher collection of accounts receivable balances, largely timing of job activity and billing fluctuations at the construction services business, contributed to the increase. Partially offsetting these items was a decrease of cash from other current liabilities, largely higher payments of accrued compensation at the natural gas distribution business.

**Investing activities**

Three Months Ended			
	March 31,		
	2024	2023	Variance
(In millions)			
Components of net cash used in investing activities:			
Capital expenditures	\$ (126.2)	\$ (111.6)	\$ (14.6)
Net proceeds from sale or disposition of property	2.8	3.2	(.4)
Salvage value, net of cost of removal	—	.8	(.8)
Investments	(2.9)	(2.7)	(.2)
Proceeds from investment cost basis withdrawal	9.0	—	9.0
Net cash used in continuing operations	(117.3)	(110.3)	(7.0)
Net cash used in discontinued operations	—	(40.7)	40.7
Net cash used in investing activities	\$ (117.3)	\$ (151.0)	\$ 33.7

The cash used in investing activities decreased as compared to 2023, primarily due to the absence of cash used in discontinued operations in 2023 and the receipt of proceeds from the withdrawal of cost basis from insurance policies in 2024. This was partially offset by increased capital expenditures at the natural gas distribution and electric businesses.

**Financing activities**

Three Months Ended			
	March 31,		
	2024	2023	Variance
(In millions)			
Components of net cash (used in) provided by financing activities:			
Issuance of short-term borrowings	\$ —	\$ 275.0	\$ (275.0)
Repayment of short-term borrowings	(95.0)	(20.0)	(75.0)
Issuance of long-term debt	89.2	43.8	45.4
Repayment of long-term debt	(.6)	(169.8)	169.2
Debt issuance costs	(.5)	(.1)	(.4)
Dividends paid	(25.9)	(45.2)	19.3
Repurchase of common stock	—	(4.8)	4.8
Tax withholding on stock-based compensation	(2.7)	(3.1)	.4
Net cash (used in) provided by continuing operations	(35.5)	75.8	(111.3)
Net cash provided by discontinued operations	—	131.5	(131.5)
Net cash (used in) provided by financing activities	\$ (35.5)	\$ 207.3	\$ (242.8)

The variance in cash used in financing activities in 2024 compared to cash provided from financing activities in 2023 was primarily due to the absence of the 2023 issuance of short-term borrowings at the natural gas distribution business, the absence of cash provided by discontinued operations, and higher repayment of short-term borrowings at the natural gas distribution business. Partially offsetting these items were lower repayment of long-term debt and higher proceeds from the issuance of long-term debt, primarily under the revolving credit agreements at the natural gas distribution business.

**Capital expenditures**

Capital expenditures for the first three months of 2024 and 2023 were \$113.3 million and \$105.6 million, respectively. Capital expenditures allocated to the Company's business segments are estimated to be approximately \$620.7 million for 2024. Capital expenditure estimates have been updated from what was previously reported in the 2023 Annual Report to accommodate project timeline and scope changes made throughout the first quarter of 2024.

The Company has included in the estimated capital expenditures for 2024 multiple organic growth projects at the pipeline business, as previously discussed in Business Segment Financial and Operating Data, as well as system upgrades; routine replacements; service extensions; routine equipment maintenance and replacements; buildings, land and building improvements; pipeline and natural gas storage projects; power generation and transmission opportunities, environmental upgrades; and other growth opportunities.

The Company continues to evaluate potential future acquisitions and other growth opportunities that would be incremental to the outlined capital program; however, they are dependent upon the availability of economic opportunities and, as a result, capital expenditures may vary significantly from the estimate previously discussed. The Company continuously monitors its capital expenditures for project delays and changes in economic viability and adjusts as necessary. It is anticipated that all of the funds required for capital expenditures for 2024 will be funded by various sources, including internally generated funds; credit facilities and commercial paper of the Company and its subsidiaries, as described later; and issuance of debt and equity securities if necessary.

## Capital resources

The Company requires significant cash to support and grow its businesses. The primary sources of cash other than cash generated from operating activities are cash from revolving credit facilities, the issuance of long-term debt and the sale of equity securities.

### Debt resources

Certain debt instruments of the Company and its subsidiaries contain restrictive and financial covenants and cross-default provisions. In order to borrow under the respective debt instruments, the Company and its subsidiaries must be in compliance with the applicable covenants and certain other conditions, all of which the Company and its subsidiaries, as applicable, were in compliance with at March 31, 2024. In the event the Company and its subsidiaries do not comply with the applicable covenants and other conditions, alternative sources of funding may need to be pursued. As of March 31, 2024, the Company had investment grade credit ratings at all entities issuing debt. For more information on the covenants, certain other conditions and cross-default provisions, see Part II, Item 6 in this document and Part II, Item 8 in the 2023 Annual Report.

The following table summarizes the outstanding revolving credit facilities of the Company and its subsidiaries at March 31, 2024:

Company	Facility	Facility Limit	Amount Outstanding	Letters of Credit	Expiration Date
(In millions)					
Montana-Dakota Utilities Co.	Commercial paper/Revolving credit agreement	(a) \$ 200.0	\$ 158.8	\$ —	10/18/28
Cascade Natural Gas Corporation					
	Revolving credit agreement	\$ 100.0 (b)	\$ 71.4	\$ 2.2 (c)	11/30/27
Intermountain Gas Company					
	Revolving credit agreement	\$ 100.0 (d)	\$ 49.3	\$ —	10/13/27
MDU Resources Group, Inc.	Revolving credit agreement	\$ 150.0	\$ —	\$ —	5/29/24
MDU Resources Group, Inc.	Revolving credit agreement	\$ 200.0 (e)	\$ —	\$ 12.1 (c)	5/31/28

- (a) The commercial paper program is supported by a revolving credit agreement with various banks (provisions allow for increased borrowings, at the option of Montana-Dakota on stated conditions, up to a maximum of \$250.0 million).
- (b) Certain provisions allow for increased borrowings, up to a maximum of \$125.0 million.
- (c) Outstanding letter(s) of credit reduce the amount available under the credit agreement.
- (d) Certain provisions allow for increased borrowings, up to a maximum of \$125.0 million.
- (e) Certain provisions allow for increased borrowings, up to a maximum of \$250.0 million.

The Montana-Dakota commercial paper program is supported by a revolving credit agreement. While the amount of commercial paper outstanding does not reduce available capacity under the revolving credit agreement, Montana-Dakota does not issue commercial paper in an aggregate amount exceeding the available capacity under the credit agreement. The commercial paper and revolving credit agreement borrowings may vary during the period, largely the result of fluctuations in working capital requirements due to the seasonality of certain operations of Montana-Dakota.

Total equity as a percent of total capitalization was 56 percent at March 31, 2024. Including the debt reflected in liabilities of discontinued operations, the Company's total equity as a percentage of total capitalization was 52 percent at March 31, 2023, and 55 percent at December 31, 2023. This ratio is calculated as the Company's total equity, divided by the Company's total capital. Total capital is the Company's total debt, including short-term borrowings and long-term debt due within 12 months, plus total equity. Management believes this ratio is an indicator of how the Company is financing its operations, as well as its financial strength.

**Cascade** On January 20, 2023, Cascade entered into a \$150.0 million term loan agreement with a SOFR-based variable interest rate and a maturity date of January 19, 2024. On December 5, 2023, Cascade paid down \$100.0 million of the outstanding balance. On January 19, 2024, Cascade made the final \$50.0 million repayment on the \$150.0 million term loan agreement.

**Intermountain** On January 20, 2023, Intermountain entered into a \$125.0 million term loan agreement with a SOFR-based variable interest rate and a maturity date of January 19, 2024. In March, April, and May 2023, Intermountain repaid \$20.0 million, \$30 million, and \$30 million, respectively, of the outstanding balance. On January 19, 2024, Intermountain made the final \$45.0 million repayment on the \$125.0 million term loan agreement.

**WBI Energy Transmission** On April 1, 2024, WBI Energy Transmission entered into a \$60.0 million term loan agreement with an interest rate of 4.52% and a maturity date of April 1, 2039. The agreement contains customary covenants and provisions, including a covenant of WBI Energy Transmission not to permit, at any time, the ratio of total debt to total capitalization to be greater than 65 percent. The covenants also include certain restrictions on the sale of certain assets, loans and investments.

### **Material cash requirements**

There were no material changes in the Company's remaining contractual obligations related to estimated interest payments, asset retirement obligations and uncertain tax positions for 2024 from those reported in the 2023 Annual Report. For more information on the Company's contractual obligations on long-term debt, operating leases and purchase commitments, see Part II, Item 7 in the 2023 Annual Report.

Material short-term cash requirements of the Company include repayment of outstanding borrowings and interest payments on those agreements, payments on operating lease agreements, payment of obligations on purchase commitments and asset retirement obligations.

Material long-term cash requirements of the Company include repayment of outstanding borrowings and interest payments on those agreements, payments on operating lease agreements, payment of obligations on purchase commitments and asset retirement obligations.

### **Defined benefit pension plans**

The Company has noncontributory qualified defined benefit pension plans for certain employees. Various actuarial assumptions are used in calculating the benefit expense (income) and liability (asset) related to these plans, as such costs of providing these benefits bear the risk of changes as they are dependent upon assumptions of future conditions.

There were no other material changes to the Company's noncontributory qualified defined benefit pension plans from those reported in the 2023 Annual Report. As reported in the 2023 Annual Report, the Company expects to contribute the minimum funding requirement of \$3.3 million in 2024. For more information, see Note 16 and Part II, Item 7 in the 2023 Annual Report.

### **New Accounting Standards**

For information regarding new accounting standards, see Note 2, which is incorporated by reference.

### **Critical Accounting Estimates**

The Company's critical accounting estimates include impairment testing of goodwill; regulatory assets expected to be recovered in rates charged to customers; revenue recognized using the cost-to-cost measure of progress for contracts; actuarially determined benefit costs; and tax provisions. There were no material changes in the Company's critical accounting estimates from those reported in the 2023 Annual Report. For more information on critical accounting estimates, see Part II, Item 7 in the 2023 Annual Report.

## **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

The Company is exposed to the impact of market fluctuations associated with interest rates and commodity prices. The Company has policies and procedures to assist in controlling these market risks and from time to time has utilized derivatives to manage a portion of its risk. Market risk sensitive instruments were not entered into for trading purposes.

### **Interest rate risk**

Rising interest rates have resulted in and will likely continue to result in higher borrowing costs on new debt and existing variable interest rate debt. The Company has remained constant in both the amount of variable interest rate debt recorded on the balance sheet and the weighted average interest rates on variable debt from those reported in the 2023 Annual Report. As of March 31, 2024 and December 31, 2023, approximately 19.6 percent and 19.8 percent, respectively, of the outstanding debt recorded on the balance sheet consisted of variable interest rate facilities (which uses SOFR as the benchmark rate). An increase of 1 percent in the interest rate on the Company's outstanding variable interest rate facilities as of March 31, 2024, would cause a \$4.7 million pre-tax annual increase in interest expense.

At March 31, 2024, the Company had no outstanding interest rate hedges.

### **Commodity price risk**

There were no material changes to commodity price risk faced by the Company from those reported in the 2023 Annual Report.

## Item 4. Controls and Procedures

### Evaluation of disclosure controls and procedures

The term "disclosure controls and procedures" is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. The Company's disclosure controls and other procedures are designed to provide reasonable assurance that information required to be disclosed in the reports that the Company files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. The Company's disclosure controls and other procedures are designed to provide reasonable assurance that information required to be disclosed is accumulated and communicated to management, including the Company's chief executive officer and chief financial officer, to allow timely decisions regarding required disclosure. The Company's management, with the participation of the Company's chief executive officer and chief financial officer, has evaluated the effectiveness of the Company's disclosure controls and other procedures as of the end of the period covered by this report. Based upon that evaluation, the chief executive officer and the chief financial officer have concluded that, as of the end of the period covered by this report, such controls and procedures were effective at a reasonable assurance level.

### Changes in internal controls

No change in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the three months ended March 31, 2024, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

## **Part II -- Other Information**

### **Item 1. Legal Proceedings**

There were no material changes to the Company's legal proceedings in Part 1, Item 3 - Legal Proceedings in the 2023 Annual Report.

### **Item 1A. Risk Factors**

Please refer to the Company's risk factors that are disclosed in Part I, Item 1A. Risk Factors in the 2023 Annual Report that could be materially harmful to the Company's business, prospects, financial condition or financial results if they occur. At March 31, 2024, there were no material changes to the Company's risk factors provided in Part I, Item 1A. Risk Factors in the 2023 Annual Report other than as set forth below.

***The Company's insurance has limits and exclusions that may not fully indemnify the Company against certain claims or losses, including claims resulting from wildfires or other natural disasters and an increase in cost, or the unavailability or cancellation of third-party insurance coverages would increase the Company's overall risk exposure and subject the Company to increased liabilities that could negatively affect its business, financial condition, results of operations and cash flows.***

The Company maintains insurance coverages from third party insurers as part of its overall risk management strategy and most of its customer contracts require the Company to maintain specific insurance coverage limits. The Company maintains insurance policies with respect to workers' compensation, auto liability, general liability, excess liability, contractors pollution liability, legal liability, professional liability, directors and officers liability, employment practices liability, cyber policy, terrorism insurance, property insurance and other types of coverages, but these policies are subject to deductibles, and the Company is self-insured up to the amount of those deductibles. Insurance losses are accrued based upon the Company's estimates of the ultimate liability for claims reported and an estimate of claims incurred but not yet reported. Insurance liabilities are difficult to assess and estimate due to unknown factors, including the frequency and severity of injuries, the magnitude of damage to or loss of property or the environment, the determination of the Company's liability in proportion to other parties, estimates of incidents not reported and the effectiveness of the Company's safety programs, and as a result, the Company's actual losses may exceed its estimates. There can be no assurance that the Company's current or past insurance coverages will be sufficient or effective under all circumstances or against all claims and liabilities to which the Company may be subject.

The Company generally renews its insurance policies on an annual basis; therefore, deductibles and levels of insurance coverages may change in future periods. There can be no assurance that any of the Company's existing insurance coverages will be renewed upon the expiration of the coverage period or that future coverage will be available at reasonable and competitive rates or at the required limits. The cost of the Company's insurance has significantly increased over time and may continue to increase in the future. In addition, insurers may fail, cancel the Company's coverage, increase the cost of coverage, determine to exclude certain items from coverage, or otherwise be unable to provide the Company with adequate insurance coverage. The Company may not be able to obtain certain types of insurance or incremental levels of insurance in scope or amount sufficient to cover liabilities it may incur. For example, due to the increase in wildfire losses and related insurance claims, insurers have reduced coverage availability and increased the cost of insurance coverage for such events in recent years, and the Company's current levels of coverage may not be sufficient to cover potential losses. If the Company's risk exposure increases as a result of adverse changes in its insurance coverage, the Company could be subject to increased liabilities that could negatively affect its business, financial condition, results of operations and cash flows.

In addition, the Company performs work in hazardous environments and its employees are exposed to a number of hazards. Incidents can occur, regardless of fault, that may be catastrophic and adversely impact the Company's employees and third parties by causing serious personal injury, loss of life, damage to property or the environment, and interruption of operations. In locations or environments where claims have become more frequent or severe in recent years, insurance may become difficult or impossible to obtain. The Company's contracts may require it to indemnify its customers, project owners and other parties for injury, damage or loss arising out of the Company's presence at its customers' location, or in the performance of the Company's work, in both cases regardless of fault, and provide for warranties for materials and workmanship. The Company may also be required to name the customer and others as an additional insured party under its insurance policies. The Company maintains limited insurance coverage against these and other risks associated with its business. This insurance may not protect the Company against liability for certain events, and the Company cannot guarantee that its insurance will be adequate in risk coverage or policy limits to cover all losses or liabilities that it may incur. Any future damages caused by the Company's services that are not covered by insurance or are in excess of policy limits could negatively affect its business, financial condition, results of operations and cash flows.

## Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

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

### ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs (2)	Maximum Number (or Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs (2)
January 1 through January 31, 2024	— \$ —	—	—	—
February 1 through February 29, 2024	127,180 \$ 20.85		—	—
March 1 through March 31, 2024	— \$ —	—	—	—
<b>Total</b>	<b>127,180 \$ 20.85</b>		<b>—</b>	<b>—</b>

(1) Represents shares of common stock withheld by the Company to pay taxes in connection with the vesting of shares granted pursuant to the Long-Term Performance-Based Incentive Plan.

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

## Item 3. Defaults Upon Senior Securities

None.

## Item 5. Other Information

During the three months ended March 31, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

## Item 6. Exhibits

See the index to exhibits immediately preceding the signature page to this report.

## Exhibits Index

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference					
			Form	Period Ended	Exhibit	Filing Date	File Number	
3(a)	<a href="#">Amended and Restated Certificate of Incorporation of MDU Resources Group, Inc.</a>		8-K		3.2	5/8/19	1-03480	
3(b)	<a href="#">Amended and Restated Bylaws of MDU Resources Group, Inc.</a>		8-K		3.1	2/15/19	1-03480	
4(a)	<a href="#">WBI Energy Transmission, Inc. Term Loan Agreement, dated April 1, 2024, among WBI Energy Transmission, Inc., Various Lenders, and U.S. Bank National Association, as Administrative Agent</a>	X						
+10(a)	<a href="#">MDU Resources Group, Inc. Long-Term Performance-Based Incentive Plan, as amended February 15, 2024</a>		8-K		10.2	2/21/24	1-03480	
+10(b)	<a href="#">MDU Resources Group, Inc. Change in Control Severance Plan</a>		8-K		10.1	2/21/24	1-03480	
+10(c)	<a href="#">A&amp;R Cooperation Agreement, dated as of March 14, 2024, by and among Keith A. Meister, Corvex Management LP and MDU Resources Group, Inc.</a>		8-K		10.1	3/18/24	1-03480	
+10(d)	<a href="#">Ninth Amendment to MDU Resources Group, Inc. 401(k) Retirement Plan, as amended March 28, 2024</a>	X						
+10(e)	<a href="#">Tenth Amendment to MDU Resources Group, Inc. 401(k) Retirement Plan, as amended April 1, 2024</a>	X						
31(a)	<a href="#">Certification of Chief Executive Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>	X						
31(b)	<a href="#">Certification of Chief Financial Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>	X						
32	<a href="#">Certification of Chief Executive Officer and Chief Financial Officer furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>	X						
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document							
101.SCH	XBRL Taxonomy Extension Schema Document							
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document							
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document							
101.LAB	XBRL Taxonomy Extension Label Linkbase Document							
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document							
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)							

+ Management contract, compensatory plan or arrangement.

**Signatures**

Pursuant to the requirements of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MDU RESOURCES GROUP, INC.

DATE: May 2, 2024

BY: /s/ Jason L. Vollmer

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

BY: /s/ Stephanie A. Sievert

Stephanie A. Sievert  
Vice President, Chief Accounting Officer  
and Controller

**TERM LOAN AGREEMENT**

dated as of April 1, 2024 among  
**WBI ENERGY TRANSMISSION, INC.,**  
as the Company,

**CEHI, LLC,**  
as the Parent,

**VARIOUS LENDERS**

and

**U.S. BANK NATIONAL ASSOCIATION,**  
as Administrative Agent

---

**U.S. BANK NATIONAL ASSOCIATION**  
Lead Arranger and Sole Bookrunner

**TABLE OF CONTENTS**  
(continued)

	Page
<b>ARTICLE I</b>	
DEFINITIONS .....	1
<b>1.01</b> Certain Defined Terms.....	1
<b>1.02</b> Other Interpretive Provisions.....	16
<b>1.03</b> Accounting Principle .....	17
<b>1.04</b> Time of Day .....	17
<b>1.05</b> Divisions .....	17
<b>ARTICLE II</b>	
THE FACILITY .....	18
<b>2.01</b> Commitments to Make Loans .....	18
<b>2.02</b> Borrowing Procedures .....	18
<b>2.03</b> Scheduled Principal Payments .....	18
<b>2.04</b> Optional Principal Payments .....	18
<b>2.05</b> Interest Rate .....	19
<b>2.06</b> Interest Payment Dates; Interest Calculations .....	19
<b>2.07</b> Method of Payment .....	20
<b>2.08</b> Evidence of Debt; Telephonic Notices .....	20
<b>2.09</b> Notification of Prepayments .....	20
<b>2.10</b> Lending Installation .....	20
<b>2.11</b> Non-Receipt of Funds by the Administrative Agent .....	20
<b>2.12</b> Replacement of Bank .....	21
<b>ARTICLE III</b>	
YIELD PROTECTION; TAXES .....	21
<b>3.01</b> Commitments to Make Loans .....	21
<b>3.02</b> Changes in Capital Adequacy Regulations.....	22
<b>3.03</b> Taxes .....	22
<b>3.04</b> Mitigation; Bank Statements; Survival of Indemnity .....	26
<b>ARTICLE IV</b>	
CONDITIONS PRECEDENT .....	26
<b>4.01</b> Documents.....	26
<b>4.02</b> Payment of Fees and Expenses .....	28
<b>4.03</b> Representations and Warranties .....	28

<b>4.04</b>	No Default .....	28
<b>4.05</b>	Material Adverse Effect .....	28
<b>4.06</b>	Participations.....	28

ARTICLE V

REPRESENTATIONS AND WARRANTIES .....

<b>5.01</b>	Existence and Power; Standing; Compliance With Laws .....	28
<b>5.02</b>	Authorization; No Contravention or Conflict .....	29
<b>5.03</b>	Governmental Authorization .....	29
<b>5.04</b>	Validity and Binding Effect .....	29
<b>5.05</b>	Litigation; Environmental Claims.....	29
<b>5.06</b>	No Default.....	29
<b>5.07</b>	Solvency.....	29
<b>5.08</b>	Full Disclosure.....	29
<b>5.09</b>	ERISA Compliance.....	30
<b>5.10</b>	Use of Proceeds; Margin Regulations.....	30
<b>5.11</b>	Title to Properties.....	30
<b>5.12</b>	Taxes.....	30
<b>5.13</b>	Financial Condition.....	30
<b>5.14</b>	Environmental Matters.....	31
<b>5.15</b>	Regulated Entities.....	31
<b>5.16</b>	Copyrights, Patents, Trademarks and Licenses, etc.....	31
<b>5.17</b>	Subsidiaries.....	31
<b>5.18</b>	Insurance .....	32
<b>5.19</b>	Senior Debt .....	32
<b>5.20</b>	Sanctions; Anti-Terrorism Laws .....	32
<b>5.21</b>	Anti-Corruption Laws. .....	32
<b>5.22</b>	Plan Assets; Prohibited Transactions. .....	33

ARTICLE VI

AFFIRMATIVE COVENANTS .....

<b>6.01</b>	Financial Statements .....	33
<b>6.02</b>	Other Information .....	35
<b>6.03</b>	Notices .....	35
<b>6.04</b>	Preservation of Existence .....	36
<b>6.05</b>	Maintenance of Property .....	37
<b>6.06</b>	Insurance .....	37

**TABLE OF CONTENTS**  
(continued)

	Page
<b>6.07</b> Payment of Obligations .....	37
<b>6.08</b> Compliance with Laws .....	37
<b>6.09</b> Inspection of Property and Books and Records .....	38
<b>6.10</b> Environmental Laws .....	38
<b>6.11</b> Use of Proceeds .....	38
<b>6.12</b> OFAC, PATRIOT Act Compliance. ....	38
<b>ARTICLE VII</b>	
<b>NEGATIVE COVENANTS</b> .....	39
<b>7.01</b> Limitation on Liens.....	39
<b>7.02</b> Limitation on Indebtedness.....	41
<b>7.03</b> Use of Proceeds.....	41
<b>7.04</b> Disposition of Assets.....	41
<b>7.05</b> Change in Business.....	42
<b>7.06</b> Consolidations and Mergers.....	42
<b>7.07</b> Loans and Investments.....	42
<b>7.08</b> Transactions with Affiliates.....	43
<b>7.09</b> Accounting Changes.....	44
<b>7.10</b> Anti-Money Laundering and Anti-Terrorism Finance Laws; Foreign Corrupt Practices Act.....	44
<b>ARTICLE VIII</b>	
<b>EVENTS OF DEFAULT</b> .....	44
<b>8.01</b> Event of Default .....	44
<b>8.02</b> Remedies .....	46
<b>8.03</b> Application of Funds. ....	47
<b>ARTICLE IX</b>	
<b>THE ADMINISTRATIVE AGENT</b> .....	47
<b>9.01</b> Appointment; Nature of Relationship .....	47
<b>9.02</b> Powers .....	48
<b>9.03</b> General Immunity .....	48
<b>9.04</b> No Responsibility for Loans, Recitals, etc. ....	48
<b>9.05</b> Action on Instructions of Banks .....	48
<b>9.06</b> Employment of Agents and Counsel .....	49
<b>9.07</b> Reliance on Documents; Counsel .....	49
<b>9.08</b> Administrative Agent's Reimbursement and Indemnification .....	49

**TABLE OF CONTENTS**  
(continued)

	Page
<b>9.09</b> Notice of Default .....	50
<b>9.10</b> Rights as a Bank. ....	50
<b>9.11</b> Bank Credit Decision .....	50
<b>9.12</b> Successor Administrative Agent .....	50
<b>9.13</b> Administrative Agent's and Arranger's Fees .....	51
<b>9.14</b> Delegation to Affiliates .....	51
<b>9.15</b> Certain ERISA Matters. ....	51
<b>9.16</b> Erroneous Payments. ....	52
 ARTICLE X	
<b>LOAN GUARANTY</b> .....	54
<b>10.01</b> Guaranty .....	54
<b>10.02</b> Guaranty of Payment .....	54
<b>10.03</b> No Discharge or Diminishment of Loan Guaranty .....	54
<b>10.04</b> Defenses Waived .....	55
<b>10.05</b> Rights of Subrogation .....	55
<b>10.06</b> Reinstatement; Stay of Acceleration .....	55
<b>10.07</b> Information .....	56
<b>10.08</b> Release of Guarantor .....	56
<b>10.09</b> Maximum Liability .....	56
<b>10.10</b> Liability Cumulative .....	56
 ARTICLE XI	
<b>MISCELLANEOUS</b> .....	56
<b>11.01</b> Amendments and Waivers .....	56
<b>11.02</b> Notices Generally .....	57
<b>11.03</b> No Waiver; Cumulative Remedies .....	58
<b>11.04</b> Several Obligations; Benefits of this Agreement .....	58
<b>11.05</b> Expenses; Indemnification .....	58
<b>11.06</b> Marshalling; Payments Set Aside .....	59
<b>11.07</b> Successors and Assigns .....	59
<b>11.08</b> Participations; Assignments, etc. ....	60
<b>11.09</b> Confidentiality .....	62
<b>11.10</b> Set-off; Ratable Payments .....	63
<b>11.11</b> Automatic Debits of Fees. ....	63

**TABLE OF CONTENTS**  
(continued)

	Page
<b>11.12</b> Notification of Addresses, Lending Installations, etc. ....	64
<b>11.13</b> Counterparts .....	64
<b>11.14</b> Severability .....	64
<b>11.15</b> GOVERNING LAW AND JURISDICTION .....	64
<b>11.16</b> WAIVER OF JURY TRIAL .....	65
<b>11.17</b> Entire Agreement .....	65
<b>11.18</b> Survival of Representations .....	65
<b>11.19</b> Governmental Regulation .....	65
<b>11.20</b> Numbers of Documents .....	66
<b>11.21</b> Nonliability of Banks .....	66
<b>11.22</b> No Advisory or Fiduciary Responsibility .....	66
<b>11.23</b> PATRIOT Act Notice .....	66
<b>11.24</b> Acknowledgement and Consent to Bail-In of Affected Financial Institutions .....	67
<b>11.25</b> Acknowledgement Regarding Any Supported QFCs. ....	67
<b>11.26</b> Document Imaging; Telecopy and PDF Signatures; Electronic Signatures. ....	68

**EXHIBITS**

- A Form of Opinion of Cohen Tauber Spievack & Wagner P.C.
- B Form of Opinion of Paul R. Sanderson
- C Form of Note
- D Form of Assignment Agreement
- E Form of Compliance Certificate
- F Form of Money Transfer Instructions
- G-1 to G-4 Form of Tax Compliance Certificates H Form of Borrowing Notice

**SCHEDULES**

- 2.01 Commitments and Pro Rata Shares
- 7.01 Certain Permitted Liens
- 7.02 Existing Indebtedness
- 11.02 Lending Installations; Addresses for Notices

## **TERM LOAN AGREEMENT**

This TERM LOAN AGREEMENT dated as of April 1, 2024 (this "Agreement") is among WBI ENERGY TRANSMISSION, INC., a Delaware corporation (the "Company"), CEHI, LLC, a Delaware limited liability company (the "Parent"), the Banks (as defined below) and U.S. BANK NATIONAL ASSOCIATION ("U.S. Bank"), as administrative agent.

WHEREAS, the Company has requested the Banks provide a term loan facility to the Company in an aggregate principal amount of \$60,000,000; and

WHEREAS, the Banks party hereto have agreed to make the requested term loan facility available to the Company on the terms and conditions hereinafter set forth.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged hereby, the parties hereto agree as follows:

### **ARTICLE I** **DEFINITIONS**

**1.01 Certain Defined Terms.** The following terms have the following meanings: "Acquisition" means any transaction or series of related transactions for the purpose of or

resulting, directly or indirectly, in (a) the acquisition of all or substantially all of the assets of a Person, or of any business or division of a Person, (b) the acquisition of more than 50% of the capital stock, partnership interests, membership interests or equity of any Person, or otherwise causing any Person to become a Subsidiary, or (c) a merger or consolidation or any other combination with another Person (other than a Person that is a Subsidiary) provided that the Company or the Subsidiary is the surviving entity.

"Administrative Agent" means U.S. Bank (together with its branches and affiliates) in its capacity as administrative agent for the Banks pursuant to Article IX, and not in its individual capacity as a Bank, and any successor administrative agent appointed pursuant to Article IX.

"Affected Bank" has the meaning specified in Section 2.12.

"Affected Financial Institution" means (a) any EEA Financial Institution or (b) any UK Financial Institution.

"Affiliate" of any Person means any other Person directly or indirectly controlling, controlled by or under common control with such Person. A Person shall be deemed to control another Person if the controlling Person owns 10% or more of any class of voting securities (or other ownership interests) of the controlled Person or possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of stock or other equity interests, by contract or otherwise.

"Agreement" has the meaning specified in the preamble.

“Anti-Corruption Laws” means the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder, and any other anti-corruption law applicable to the Parent and its Subsidiaries from time to time concerning or relating to bribery or corruption.

“Applicable Rate” means a per annum rate equal to 4.52%.

“Approved Fund” means any Fund that is administered or managed by (a) a Bank, (b) an Affiliate of a Bank or (c) an entity or an Affiliate of an entity that administers or manages a Bank.

“Assignment Agreement” means an assignment agreement, in substantially the form of Exhibit D hereto (or otherwise reasonably acceptable to the Administrative Agent).

“Attorney Costs” means and includes all fees and disbursements of any law firm or other external counsel and, without duplication, the allocated cost of internal legal services and all disbursements of internal counsel.

“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 I of 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 the United States Bankruptcy Code (11 U.S.C. §101, et seq.).

“Banks” means the lending institutions listed on the signature pages of this Agreement and their respective successors and assigns.

“Beneficial Ownership Certification” means a certification regarding beneficial ownership or control as required by the Beneficial Ownership Regulation.

“Beneficial Ownership Regulation” means 31 C.F.R §1010.230.

“BHC Act Affiliate” of a party means an “affiliate” (as such term is defined under, and interpreted in accordance with, 12 U.S.C. § 1841(k)) of such party.

“Borrowing Notice” has the meaning specified in Section 2.02(a).

“Business Day” means a day (other than a Saturday or Sunday) on which banks generally are open in Minneapolis and New York for the conduct of substantially all of their commercial lending activities, interbank wire transfers can be made on the Fedwire system.

"Change in Law" has the meaning specified in Section 3.01.

"Change of Control" means the occurrence of any event whereby (i) MDU Resources Group, Inc. ceases to own direct or indirect sole beneficial ownership (as defined under Rule 13d-3 under the Exchange Act as in effect on the date of this Agreement) of at least 66-2/3% of the combined voting power of the Parent's membership interests which are entitled to vote generally in the election of managers of the Parent or (ii) the Parent ceases to own direct or indirect sole beneficial ownership (as defined under Rule 13d under the Exchange Act as in effect on the date of this Agreement) of at least 66-2/3 % of the combined voting power of the Company's securities which are entitled to vote generally in the election of directors of the Company; provided that, notwithstanding the foregoing, MDU Resources Group, Inc. and its Subsidiaries shall be permitted to consummate the CSG Separation (as defined herein).

"Closing Date" means the date on which the conditions precedent set forth in Article IV have been satisfied (or waived by all Banks).

"Code" means the Internal Revenue Code of 1986, and regulations promulgated thereunder.

"Commitment" means, for each Bank, the obligation of such Bank to make Loans on the Closing Date in an aggregate amount not exceeding the amount set forth in Schedule 2.01.

"Commodity Contract" means any agreement, device or arrangement providing for payments which are related to fluctuations in commodity prices, including commodity swap or forward sale or purchase agreements.

"Company" has the meaning specified in the preamble.

"Compliance Certificate" means a certificate substantially in the form of Exhibit E, properly completed and signed by a Responsible Officer.

"Connection Income Taxes" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"Consolidated Indebtedness" means, at any time, as to any Person, all Indebtedness of such Person and its Subsidiaries, as determined on a consolidated basis in accordance with GAAP.

"Consolidated Net Worth" means, as of any time, as to any Person, stockholders' equity (including Preferred Stock but only if it is not redeemable) as set forth in such Person's consolidated balance sheet, prepared in accordance with GAAP.

"Consolidated Tangible Net Worth" means, as of any time, as to any Person, Consolidated Net Worth of such Person, minus the net book amount of goodwill and other intangible assets of such Person and its Subsidiaries shown on such consolidated balance sheet.

"Consolidated Total Capitalization" means, as of any time, Consolidated Tangible Net Worth plus Consolidated Indebtedness at such time.

“Contingent Obligation” means, as to any Person, any direct or indirect liability of that Person, whether or not contingent, with or without recourse, (a) with respect to any Indebtedness, lease, dividend, letter of credit or other obligation (the “primary obligations”) of another Person (the “primary obligor”), including any obligation of that Person (i) to purchase, repurchase or otherwise acquire such primary obligations or any security therefor, (ii) to advance or provide funds for the payment or discharge of any such primary obligation, or to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency or any balance sheet item, level of income or financial condition of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation, or (iv) otherwise to assure or hold harmless the holder of any such primary obligation against loss in respect thereof (each, a “Guaranty Obligation”); (b) to purchase any materials, supplies or other property from, or to obtain the services of, another Person if the relevant contract or other related document or obligation requires that payment for such materials, supplies or other property, or for such services, shall be made regardless of whether delivery of such materials, supplies or other property is ever made or tendered, or such services are ever performed or tendered, or (c) in respect of any Swap Contract. The amount of any Contingent Obligation shall, in the case of Guaranty Obligations, be deemed equal to the stated or determinable amount of the primary obligation in respect of which such Guaranty Obligation is made or, if not stated or if indeterminable, the maximum reasonably anticipated liability in respect thereof, and in the case of other Contingent Obligations other than in respect of Swap Contracts, shall be equal to the maximum reasonably anticipated liability in respect thereof and, in the case of Contingent Obligations in respect of Swap Contracts, shall be equal to the Swap Termination Value thereof.

“Contractual Obligation” means, as to any Person, any provision of any security issued by such Person or of any agreement, undertaking, contract, indenture, mortgage, deed of trust or other instrument, document or agreement to which such Person is a party or by which it or any of its property is bound.

“Covered Contracts” means all obligations (contingent or otherwise) of the Parent or any Subsidiary existing or arising under Swap Contracts, provided that such obligations are (or were) entered into by such Person in the ordinary course of business for the purpose of directly mitigating interest rate, exchange rate or price risks associated with liabilities, commitments or assets held or reasonably anticipated by such Person and not for the purposes of financing, speculation or taking a “market view.”

“Covered Entity” means any of the following;

- (a) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);
- (b) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or
- (c) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“Covered Party” has the meaning specified in Section 11.25.

“CSG Separation” means any transaction, or series of transactions, and the execution and performance of any agreements, primarily in connection with any separation, sale, restructuring, distribution or other disposal of MDU Construction Services Group, Inc. and the MDU Construction Services Group, Inc. business from MDU Resources Group, Inc. and its Affiliates, however effectuated, including by way of a dividend, merger, stock sale, asset sale, spin-off or other extraordinary transaction, or any combination of the foregoing.

“Default” means any event or circumstance which, with the giving of notice, the lapse of time, or both, would (if not cured or otherwise remedied during such time) constitute an Event of Default.

“Default Right” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“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 EEA Financial Institution.

“Electronic Signature” means an electronic sound, symbol or process attached to, or associated with, a contract or other record and adopted by a Person with the intent to sign, authenticate or accept such contract or record.

“Eligible Assignee” means (a) a Bank, (b) an Affiliate of a Bank, (c) an Approved Fund and (d) any other Person (other than a natural person, or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person) approved by (i) the Administrative Agent and (ii) unless an Event of Default has occurred and is continuing, the Company (each such approval not to be unreasonably delayed, withheld or conditioned); provided that, notwithstanding the foregoing, “Eligible Assignee” shall not include (x) the Parent or any of the Parent’s Affiliates or Subsidiaries.

“Environmental Claims” means all material claims, however asserted, by any Governmental Authority or other Person alleging potential liability or responsibility for violation of any Environmental Law, or for release or injury to the environment.

**Environmental Laws** means all federal, state or local laws, statutes, rules, regulations, ordinances and codes, together with all administrative orders, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authorities, in each case relating to environmental, health, safety and land use matters, including the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Clean Air Act, the Federal Water Pollution Control Act of 1972, the Solid Waste Disposal Act, the Federal Resource Conservation and Recovery Act, the Toxic Substances Control Act, and the Emergency Planning and Community Right-to-Know Act.

**Equity Interests** means all shares, interests, participation or other equivalents, however designated, of or in a corporation or limited liability company, whether or not voting, including common stock, member interests, warrants, preferred stock, convertible debentures, and all agreements, instruments and documents convertible, in whole or in part, into any one or more or all of the foregoing.

**ERISA** means the Employee Retirement Income Security Act of 1974.

**ERISA Affiliate** means any trade or business (whether or not incorporated) under common control with the Parent within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

**ERISA Event** means (a) a Reportable Event with respect to a Pension Plan; (b) a withdrawal by the Parent or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations which is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by the Parent or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization (within the meaning of Section 4241 of ERISA), insolvent (within the meaning of Section 4245 of ERISA) or in "critical" status (within the meaning of Section 432 of the Code or Section 305 of ERISA); (d) the commencement of proceedings by the PBGC to terminate a Pension Plan; (e) a failure by the Parent or any ERISA Affiliate to make required contributions to a Pension Plan or Multiemployer Plan, or the imposition of a lien in favor of a Pension Plan under Section 430(k) of the Code or Section 303(k) of ERISA; (f) an event or condition which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or for the imposition of any liability under Section 4069 or 4212(c) of ERISA; (g) the imposition of any liability under Title IV of ERISA, other than PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Parent or any ERISA Affiliate; (h) an application for a funding waiver pursuant to Section 412 of the Code or Section 302(c) of ERISA with respect to any Plan; or (i) a determination that a Plan is, or is reasonably expected to be, in "at risk" status (within the meaning of Section 430 of the Code or Section 303 of ERISA).

**ERISA Termination Event** means the filing of a notice of intent to terminate a Pension Plan, or the treatment of a plan amendment as the termination of a Pension Plan, under Section 4041 or 4042 of ERISA.

“EU Bail-In Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

“Event of Default” means any of the events or circumstances specified in Section 8.01.

“Exchange Act” means the Securities Exchange Act of 1934.

“Excluded Taxes” means, any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Bank, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Bank, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Bank with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Bank acquires such interest in such Loan or Commitment (other than pursuant to an assignment request by the Company under Section 2.12) or (ii) such Bank changes its lending office, except in each case to the extent that, pursuant to Section 3.03, amounts with respect to such Taxes were payable either to such Bank’s assignor immediately before such Bank became a party hereto or to such Bank immediately before it changed its lending office, (c) Taxes attributable to such Recipient’s failure to comply with Section 3.03(g) and (d) any U.S. federal withholding Taxes imposed under FATCA.

“FATCA” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b)(1) of the Code and any intergovernmental agreement entered into in connection with the implementation of such Sections.

“Federal Funds Effective Rate” means, for any day, the greater of (a) zero percent (0.0%) and (b) the rate per annum calculated by the Federal Reserve Bank of New York based on such day’s federal funds transactions by depository institutions (as determined in such manner as the Federal Reserve Bank of New York shall set forth on its public website from time to time) and published on the next succeeding Business Day by the Federal Reserve Bank of New York as the federal funds effective rate or, if such rate is not so published for any day that is a Business Day, the average of the quotations at approximately 11:00 a.m. (New York time) on such day on such transactions received by the Administrative Agent from three (3) Federal funds brokers of recognized standing selected by the Administrative Agent in its sole discretion.

“Fee Letter” means a letter agreement dated as of April 1, 2024 between the Company and U.S. Bank regarding certain fees payable hereunder.

“Financial Contract” means any agreement, device or arrangement providing for payments related to fluctuations of interest rates, including interest rate swap or exchange agreements, interest rate cap or collar protection agreements and interest rate options.

"Fitch" means Fitch Ratings Inc. and any successor thereto that is a nationally recognized rating agency (or if neither Fitch Ratings Inc. nor any such successor shall be in the business of rating long-term indebtedness, a nationally recognized rating agency in the United States as mutually agreed between the Majority Banks and the Parent).

"Foreign Bank" means a Bank that is not a U.S. Person.

"FRB" means the Board of Governors of the Federal Reserve System, and any Governmental Authority succeeding to any of its principal functions.

"Fund" means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

"GAAP" means generally accepted accounting principles set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the U.S. accounting profession), which are applicable to the circumstances as of the date of determination.

"Governmental Authority" means the government of 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 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) and any group or body charged with setting financial accounting or regulatory capital rules or standards (including the Financial Accounting Standards Board, the Bank for International Settlements or the Basel Committee on Banking Supervision or any successor or similar authority to any of the foregoing).

"Guaranteed Obligations" means the Obligations, and all costs and expenses including, without limitation, all court costs and reasonable attorneys' and paralegals' fees (including allocated costs of in-house counsel and paralegals) and expenses paid or incurred by the Administrative Agent and the Banks in endeavoring to collect all or any part of the Obligations from, or in prosecuting any action against, the Company, the Parent or any other guarantor of all or any part of the Obligations.

"Guaranty Obligation" has the meaning specified in the definition of "Contingent Obligation."

"IFRS" means the body of pronouncements issued by the International Accounting Standards Board (IASB), including International Financial Reporting Standards and interpretations approved by the IASB, International Accounting Standards and Standing Interpretations Committee interpretations approved by the predecessor International Accounting Standards Committee and adapted for use in the European Union.

**Indebtedness** of any Person means, without duplication, (a) all indebtedness for borrowed money; (b) all redemption obligations in respect of Preferred Stock; (c) all obligations issued, undertaken or assumed as the deferred purchase price of property or services (other than trade payables entered into in the ordinary course of business on ordinary terms); (d) all reimbursement or payment obligations (contingent or otherwise) with respect to Surety Instruments; (e) all obligations evidenced by notes, bonds, debentures or similar instruments,

including obligations so evidenced incurred in connection with the acquisition of property, assets or businesses; (f) all indebtedness created or arising under any conditional sale or other title retention agreement, or incurred as financing, in either case with respect to property acquired by the Person (even though the rights and remedies of the seller or bank under such agreement in the event of default are limited to repossession or sale of such property); (g) all liabilities properly appearing on the Person's balance sheet with respect to capital leases; (h) net liabilities under Swap Contracts; (i) all indebtedness referred to in clauses (a) through (h) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien upon or in property (including accounts and contracts rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness; (j) all Securitization Obligations of such Person; and (k) all Guaranty Obligations in respect of indebtedness or obligations of others of the kinds referred to in clauses (a) through (j) above. For all purposes of this Agreement, the Indebtedness of any Person shall include all recourse Indebtedness of any partnership or joint venture or limited liability company in which such Person is a general partner or a joint venturer or a member.

**Indemnified Taxes** means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (b) to the extent not otherwise described in the foregoing clause (a), Other Taxes.

**Insolvency Proceeding** means, with respect to any Person, (a) any case, action or proceeding with respect to such Person before any court or other Governmental Authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors, or (b) any general assignment for the benefit of creditors, composition, marshalling of assets for creditors, or other similar arrangement in respect of its creditors generally or any substantial portion of its creditors undertaken under U.S. Federal, state or foreign law, including the Bankruptcy Code.

**Investment Grade Rating** means a Rating of BBB- (or the equivalent) or higher from Fitch or S&P.

**IRS** means the Internal Revenue Service, and any Governmental Authority succeeding to any of its principal functions.

**Knife River Spin-Off** means all transactions and the execution and performance under all agreements primarily in connection with the separation and distribution of Knife River Corporation and the Knife River Corporation business from MDU Resources Group, Inc. and its Affiliates.

**Lead Arranger** means U.S. Bank National Association in its capacity as sole lead arranger and sole bookrunner for the term loans evidenced hereby.

**Lending Installation** means, with respect to a Bank or the Administrative Agent, any office, branch, subsidiary or affiliate of such Bank or the Administrative Agent.

**Lien** means any security interest, mortgage, deed of trust, pledge, hypothecation, assignment, charge or deposit arrangement, encumbrance, lien (statutory or other) or preferential arrangement of any kind or nature whatsoever in respect of any property (including those created

by, arising under or evidenced by any conditional sale or other title retention agreement, the interest of a lessor under a capital lease, any financing lease having substantially the same economic effect as any of the foregoing, or the filing of any financing statement naming the owner of the asset to which such lien relates as debtor, under the Uniform Commercial Code or any comparable law) and any contingent or other agreement to provide any of the foregoing, but not including the interest of a lessor under an operating lease.

**Loan** has the meaning specified in [Section 2.01](#).

**Loan Documents** means this Agreement, the Notes and the other documents and agreements contemplated hereby.

**Loan Guaranty** has the meaning specified in [Section 10.01](#).

**Loan Parties** means, collectively, the Company and the Parent and their successors and assigns, and the term "Loan Party" shall mean any of them or all of them individually, as the context may require.

**Majority Banks** means Banks having in the aggregate more than 50% of the principal amount of all Loans.

**Make-Whole Amount** has the meaning specified in [Section 2.04\(d\)](#).

**Margin Stock** means "margin stock" as such term is defined in Regulation T, U or X of the FRB.

**Material Adverse Effect** means a material adverse effect on (a) the business, property, condition (financial or otherwise) or results of operations of the Parent and its Subsidiaries taken as a whole, (b) the ability of the any Loan Party to perform its obligations under the Loan Documents or (c) the validity or enforceability of any of the Loan Documents or the rights or remedies of the Administrative Agent or the Banks thereunder.

**Maturity Date** means, the earliest of (a) April 1, 2039, (b) the date on which all Loans, all interest thereon and all other amounts payable in connection therewith have been paid in full and (c) such other date on which the Obligations become due and payable in accordance with [Section 8.01](#).

**Multiemployer Plan** means a "multiemployer plan" (within the meaning of Section 4001(a)(3) of ERISA) to which the Parent or any ERISA Affiliate (a) makes, is making, or is

obligated to make contributions or, (b) has made, or been obligated to make, contributions during the preceding three calendar years.

**Note** means a promissory note, in substantially the form of Exhibit C, duly executed by the Company and payable to the order of the applicable Bank.

**Obligated Party** has the meaning specified in Section 10.02.

**Obligations** means all unpaid principal of and accrued and unpaid interest on the Loans and accrued and unpaid interest thereon, all accrued and unpaid fees and all expenses, reimbursements, indemnities and other obligations of any Loan Party to any Bank, the Administrative Agent or any indemnified party hereunder arising under any Loan Document.

**OFAC** means the U.S. Department of the Treasury's Office of Foreign Assets Control, and any successor thereto.

**Opinions of Counsel** means the written legal opinions of (i) Cohen Tauber Spievack & Wagner P.C., special counsel to the Loan Parties, substantially in the form of Exhibit A, and (ii) Paul R. Sanderson, chief legal officer of the Loan Parties, substantially in the form of Exhibit B; in each case together with copies of all factual certificates upon which such counsel has relied.

**Organization Documents** means, for any corporation or other entity, the certificate or articles of incorporation (or similar formation document), the bylaws (or similar governing document), any certificate of determination or instrument relating to the rights of preferred equityholders of such Person, any equityholder rights agreement, and all applicable resolutions of the board of directors (or similar governing body) (or any committee thereof) of such Person.

**Other Connection Taxes** means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

**Other Taxes** means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 2.12).

**Parent** has the meaning specified in the preamble.

**Participant** has the meaning specified in Section 11.08(a).

**PATRIOT Act** means the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), as amended from time to time, and any successor statute.

**“Payment Date”** means the last Business Day of each March and September.

**“PBGC”** means the Pension Benefit Guaranty Corporation, or any Governmental Authority succeeding to any of its principal functions under ERISA.

**“Pension Plan”** means a pension plan (as defined in Section 3(2) of ERISA) subject to Title IV of ERISA or the minimum funding standards under Section 412 of the Code, which the Parent or any ERISA Affiliate sponsors, maintains, or to which it makes, is making, or is obligated to make contributions, or in the case of a multiple employer plan (as described in Section 4064(a) of ERISA) has made contributions at any time during the immediately preceding five (5) plan years but excluding any Multiemployer Plan.

**“Permitted Business”** has the meaning specified in [Section 7.05](#).

**“Permitted Liens”** has the meaning specified in [Section 7.01](#).

**“Person”** means an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture or Governmental Authority.

**“Plan”** means an employee benefit plan (as defined in Section 3(3) of ERISA) which the Parent or any ERISA Affiliate sponsors or maintains or to which the Parent or any ERISA Affiliate makes, is making, or is obligated to make contributions and includes any Pension Plan but excludes any Multiemployer Plan.

**“Plan Asset Regulations”** means 29 CFR § 2510.3-101 *et seq.*, as modified by Section 3(42) of ERISA, as amended from time to time.

**“Preferred Stock”** means any class of capital stock of a Person that is preferred over any other class of capital stock (or similar equity interests) of such Person as to the payment of dividends or the payment of any amount upon liquidation or dissolution of such Person.

**“Principal Payment Date”** means the last Business Day of each March.

**“Pro Rata Share”** means, as to any Bank at any time, the percentage equivalent (expressed as a decimal, rounded to the ninth decimal place) at such time of the aggregate principal amount of all Loans of such Bank divided by the aggregate principal amount of all Loans of all Banks.

**“Purchasers”** has the meaning specified in [Section 11.08\(d\)](#).

**“QFC”** has the meaning assigned to the term “qualified financial contract” in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

**“QFC Credit Support”** has the meaning specified in [Section 11.25](#).

**“Rating”** means (a) the rating assigned by S&P or Fitch to the outstanding senior unsecured non-credit-enhanced long-term indebtedness of the Parent or (b) if neither S&P nor

Fitch has assigned a rating of the type described in clause (a), the corporate rating assigned to the Parent by S&P or the issuer rating assigned to the Parent by Fitch.

**Ratings Adjustment** means, as of any date of determination, (a) at any time the Parent shall not have an Investment Grade Rating, an amount equal to (i) the cash interest rate payable by an issuer having a Rating equivalent to the Parent's then effective Rating on a corporate issuance of Indebtedness for borrowed money in an aggregate principal amount equal to the then outstanding principal balance of the Loans, and having a maturity on the Maturity Date minus (ii) the cash interest rate payable by an issuer having a Rating of BBB (or the equivalent) from Fitch or S&P on a similar issuance of corporate Indebtedness for borrowed money, in each case as reasonably determined by the Administrative Agent; provided that in no event shall the amount in clause (a) be less than 0%; and (b) at any other time, 0%.

**Recipient** means (a) the Administrative Agent and (b) any Bank, as applicable.

**Reportable Event** means any of the events required to be reported by Section 4043(c) of ERISA or the regulations thereunder, other than any such event for which the 30-day notice requirement under ERISA has been waived in regulations issued by the PBGC.

**Requirement of Law** means, as to any Person, any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or of a Governmental Authority, in each case applicable to or binding upon the Person or any of its property or to which the Person or any of its property is subject.

**Resolution Authority** means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

**Responsible Officer** means, with respect to any Person, the chief executive officer, the president or the general counsel of such Person, or any other officer having substantially the same authority and responsibility; or, with respect to compliance with financial covenants, the chief financial officer, the treasurer or the assistant treasurer of such Person, or any other officer having substantially the same authority and responsibility. Any document or certificate hereunder that is signed or executed by a Responsible Officer of the Company or the Parent, as applicable, shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of the Company or the Parent, as applicable, and such officer shall be conclusively presumed to have acted on behalf of the Company or Parent, as applicable.

**S&P** means Standard & Poor's Financial Services LLC, a subsidiary of The McGraw- Hill Companies Inc., and any successor thereto that is a nationally recognized rating agency (or, if neither such division nor any successor shall be in the business of rating long-term indebtedness, a nationally recognized rating agency in the United States as mutually agreed between the Majority Banks and the Parent).

**Sanctioned Country** means, at any time, a country, region or territory which is itself the subject or target of any Sanctions (at the time of this Agreement, the Crimea Region of Ukraine, the so-called Donetsk People's Republic, Luhansk People's Republic and the Kherson and Zaporizhzhia regions of Ukraine, Cuba, Iran, North Korea and Syria).

**“Sanctioned Person”** means, at any time, an individual or entity that is, or is 50% or more owned (individually or in the aggregate, directly or indirectly) or controlled by, or acting or purporting to act for or on behalf of, individuals or entities (including any agency, political subdivision or instrumentality of any government) that are (i) the target of any Sanctions or (ii) located, organized or resident in any Sanctioned Country.

**“Sanctions”** means sanctions administered or enforced from time to time by the U.S. government, including those administered by OFAC, the U.S. Department of State, the United

Nations Security Council, the European Union, His Majesty’s Treasury, any EU Member State or other relevant sanctions authority.

**“Securitization Obligations”** means, with respect to any Securitization Transaction, the aggregate investment or claim held at any time by all purchasers, assignees or transferees of (or of interests in) or holders of obligations that are supported or secured by accounts receivable, lease receivables and other rights to payment in connection with such Securitization Transaction.

**“Securitization Transaction”** means any sale, assignment or other transfer by a Person of accounts receivable, lease receivables or other payment obligations owing to such Person or such Subsidiary or any interest in any of the foregoing, together in each case with any collections and other proceeds thereof, any collection or deposit accounts related thereto, and any collateral, guaranties or other property or claims in favor of such Person or such Subsidiary supporting or securing payment by the obligor thereon of, or otherwise related to, any such receivables.

**“Solvent”** means, as to any Person at any time, that (a) the fair value of the property of such Person is greater than the amount of such Person’s liabilities (including the probable liability of such Person on disputed, contingent and unliquidated liabilities) as such value is established and liabilities evaluated for purposes of Section 101(32) of the Bankruptcy Code; (b) the present fair saleable value of the property of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured; (c) such Person is able to realize upon its property and pay its debts and other liabilities (including the probable liability of such Person on disputed, contingent and unliquidated liabilities) as they mature in the normal course of business; (d) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person’s ability to pay as such debts and liabilities mature; and (e) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person’s property would constitute unreasonably small capital.

**“Subsidiary”** of a Person means any corporation, association, partnership, limited liability company, joint venture or other business entity of which more than 50% of the voting stock, membership interests or other equity interests (in the case of Persons other than corporations), is owned or controlled directly or indirectly by the Person, or one or more of the Subsidiaries of the Person, or a combination thereof. Unless the context otherwise clearly requires, references herein to a “Subsidiary” refer to a Subsidiary of the Company.

**“Supported QFC”** has the meaning specified in [Section 11.25](#).

**“Surety Instruments”** means all letters of credit (including standby and commercial), banker’s acceptances, bank guaranties, shipside bonds, surety bonds and similar instruments.

**“Swap Contract”** means any swap agreement (as such term is defined in Section 101(53B) of the Bankruptcy Code) and any other agreement, device or arrangement designed to provide protection against fluctuations in interest or currency exchange rates or commodity prices, including any Commodity Contracts and Financial Contract and any other agreement, device or arrangement providing for payments that are related to fluctuations in interest rates (including any interest rate cap, collar or option) or commodity prices (including any forward sale or purchase agreement).

**“Swap Termination Value”** means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a) the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined by the Parent or the Company, as applicable, based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include any Bank).

**“Taxes”** means all present or future taxes, duties, levies, imposts, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

**“Transferee”** has the meaning specified in [Section 11.08\(f\)](#).

**“UK Financial Institution”** means any BRRD 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.

**“Unfunded Pension Liability”** means the excess of a Pension Plan’s benefit liabilities under Section 302(d)(7) of ERISA, over the current value of that Pension Plan’s assets, determined in accordance with the assumptions used for funding the Pension Plan pursuant to Section 412 of the Code for the applicable plan year.

**“United States”** and **“U.S.”** each mean the United States of America.

**“U.S. Bank”** has the meaning specified in the preamble.

**“U.S. Person”** means any Person that is a “United States person” as defined in Section 7701(a)(30) of the Code.

**“U.S. Special Resolution Regimes”** has the meaning specified in [Section 11.25](#).

"U.S. Tax Compliance Certificate" has the meaning assigned to such term in Section 3.03(g)(ii)(B)(3).

"Wholly-Owned Subsidiary" means any entity in which (other than, in the case of a corporation, directors' qualifying shares required by law) 100% of the capital stock or other equity interests of each class, if applicable, having ordinary voting power, and 100% of the capital stock or other equity interests of every other class, if applicable, in each case, at the time as of which any determination is being made, is owned, beneficially and of record, by the Parent, or by one or more of the other Wholly-Owned Subsidiaries, or both.

"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.

**1.02 Other Interpretive Provisions.** (a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

(b) The words "hereof," "herein," "hereunder" and similar words refer to this Agreement as a whole and not to any particular provision of this Agreement; and Section, Schedule, Article and Exhibit references are to this Agreement unless otherwise specified.

(c) (i) The term "documents" includes any and all instruments, documents, agreements, certificates, indentures, notices and other writings, however evidenced.

(ii) The term "including" is not limiting and means "including without limitation."

(iii) 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."

(iv) The term "property" includes any kind of property or asset, real, personal or mixed, tangible or intangible.

(d) Unless otherwise expressly provided herein, (i) references to agreements (including this Agreement) and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent such amendments and other modifications are not prohibited by the terms of any Loan Document, and (ii) references to any statute or regulation are to be construed as including all statutory and

regulatory provisions consolidating, amending, replacing, supplementing or interpreting the statute or regulation.

(e) The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

(f) This Agreement and other Loan Documents may use several different limitations, tests or measurements to regulate the same or similar matters. All such limitations, tests and measurements are cumulative and shall each be performed in accordance with their terms. Unless otherwise expressly provided, any reference to any action of any party by way of consent, approval or waiver shall be deemed modified by the phrase "in its/their sole discretion."

(g) This Agreement and the other Loan Documents are the result of negotiations among and have been reviewed by counsel to the Administrative Agent, the Loan Parties and the other parties, and are the products of all parties. Accordingly, they shall not be construed against the Banks or the Administrative Agent merely because of the Administrative Agent's or Banks' involvement in their preparation.

**1.03 Accounting Principle.** (a) Unless the context otherwise clearly requires, all accounting terms not expressly defined herein shall be construed, and all financial computations required under this Agreement shall be made, in accordance with GAAP, consistently applied. Notwithstanding the foregoing, the Company may notify the Administrative Agent at any time that the Parent or the Company, as applicable, has adopted IFRS in lieu of GAAP and, upon any such notice, references herein to GAAP shall thereafter be construed to mean IFRS as in effect from time to time. If at any time the adoption of IFRS by any Loan Party or any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and the Company, the Administrative Agent or the Majority Banks shall so request, the Administrative Agent, the Banks and the Company shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such adoption of IFRS or change in GAAP (subject to the approval of the Majority Banks); provided that, until so amended, such ratio or requirement shall continue to be computed in accordance with GAAP as in effect and applied immediately before such adoption of IFRS or change in GAAP shall have become effective and the applicable Loan Party shall provide to the Administrative Agent and the Banks reconciliation statements showing the difference in such calculation, together with the delivery of, quarterly and annual financial statements required hereunder. Notwithstanding anything to the contrary contained in this Section 1.03, any change in accounting for leases pursuant to GAAP resulting from the adoption of Financial Accounting Standards Board Accounting Standards Update No. 2016-02, Leases (Topic 842) ("FAS 842"), to the extent such adoption would require treating any lease (or similar arrangement conveying the right to use) as a capital lease where such lease (or similar arrangement) would not have been required to be so treated under GAAP as in effect on December 31, 2015, such lease shall not be considered a capital lease, and all calculations and deliverables under this Agreement or any other Loan Document shall be made or delivered, as applicable, in accordance therewith.

(b) References herein to "fiscal year" and "fiscal quarter" refer to such fiscal periods of the Company or the Parent, as applicable.

**1.04 Time of Day**. Unless otherwise specified, each reference herein to a time of day shall mean such time in Minneapolis, Minnesota.

**1.05 Divisions**. For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws); (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** **THE FACILITY**

**2.01 Commitments to Make Loans**. Each Bank severally agrees, on the terms and conditions set forth herein, to make a term loan (each a "Loan") on the Closing Date in the amount set forth opposite such Bank's name under the heading "Term Loan Amount" on Schedule 2.01. The Commitment of each Bank to make the Loans hereunder shall expire upon the funding of the Loans to the Company on the Closing Date.

**2.02 Borrowing Procedures**.

(a) The Company shall give the Administrative Agent irrevocable notice substantially in the form of Exhibit H (a "Borrowing Notice") of the borrowing of the Loans not later than 11:00 a.m. two (2) Business Days prior to the date of the proposed borrowing of the Loans.

(b) Not later than 12:00 p.m. on the Closing Date, each Bank shall make available its Loan, in funds immediately available in Minneapolis to the Administrative Agent at its address specified pursuant to Section 11.02. The Administrative Agent will make the funds so received from the Banks available to the Company at the Administrative Agent's aforesaid address.

**2.03 Scheduled Principal Payments**. The principal of the Loans shall be repaid in equal annual installments of \$4,000,000 each, payable on each Principal Payment Date, beginning March 2025 and continuing through the Maturity Date. The Company shall repay the entire outstanding principal amount of, and all accrued but unpaid interest on, the Loans on the Maturity Date.

**2.04 Optional Principal Payments**. The Company may from time to time prepay Loans in whole or in part, without penalty, subject to the following:

(a) The Company shall give the Administrative Agent (which shall promptly notify each Bank) not less than five (5) Business Days' notice of any prepayment.

(b) Each partial prepayment shall be in a principal amount of \$500,000 or a higher integral multiple of \$100,000.

(c) Each prepayment shall include accrued and unpaid interest on the principal amount prepaid.

(d) Any prepayment of Loans (including pursuant to Section 8.02 (b)) shall be accompanied by a make-whole amount (the "Make-Whole Amount") equal to the difference, if any, between the sum of the differences between (i) each scheduled interest payment which would have been made on the prepaid amount if such prepayment had not occurred until the Maturity Date and (ii) the corresponding fixed-rate interest payment based on the Market Rate (as defined below) which the Company shall be deemed to have entered into as of the date of such prepayment, discounting such payments of principal and interest from the scheduled payment dates to the date of prepayment at a rate equal to the Market Rate, calculated as of the date of prepayment. In no event shall any Make-Whole Amount be less than zero. "Market Rate" means, as of the date of any prepayment, the daily average yield to maturity, as published in *The Wall Street Journal*, (or, if such publication no longer exists or ceases to publish rates for U.S. Treasury securities, such other publicly available source as may be reasonably selected by the Administrative Agent), for the most recent week prior to such date for recently issued U.S. Treasury securities having a remaining maturity equal to the period of time until the Maturity Date (rounded to the nearest full year); provided that if there is no U.S. Treasury security with a remaining maturity equal to the tenor of the Loans, the U.S. Treasury security with a remaining maturity closest to the tenor of the Loans (rounded to the nearest full year) shall be used for calculating the Make-Whole Amount.

(e) Prepayments shall be applied first to pay accrued interest and second to pay the unpaid principal installments of the Loans pursuant to the foregoing provisions of this Section 2.04, in the inverse order of the maturity of such installments.

**2.05 Interest Rate.** (a) Subject to clause (b) below, the outstanding principal amount of each Loan shall bear interest at a rate per annum equal to (i) the Applicable Rate plus (ii) the Ratings Adjustment.

(b) During the existence of an Event of Default under Section 8.01(a), (f) or (g), and upon notice to the Company from the Majority Banks during the existence of any other Event of Default (which notice may be revoked at the option of the Majority Banks notwithstanding any provision of Section 11.01(a) requiring unanimous consent of the Banks to any reduction in interest rates), the interest rate on all Loans shall increase by 2.0% per annum.

(c) Interest on each Loan shall be due and payable in accordance with Section 2.06 and at such other times as may be specified herein. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any bankruptcy or insolvency law.

## **2.06 Interest Payment Dates; Interest Calculations.**

(a) Interest on the Loans shall be payable on each Payment Date beginning September 30, 2024, upon any prepayment (on the principal amount prepaid) and on the Maturity Date.

(b) Notwithstanding the foregoing provisions of this Section 2.06, interest on any principal that is not paid when due (by acceleration or otherwise) shall be payable on demand.

(c) Interest shall be calculated for actual days elapsed (including the first day, but excluding the last day, of any period) on the basis of a 360-day year. If any payment of principal or interest on any Loan shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day (unless such next succeeding Business Day falls in a new calendar month, in which case such payment shall be made on the immediately preceding Business Day) and, in the case of a principal payment, such extension of time shall be included in computing interest in connection with such payment.

**2.07 Method of Payment.** All payments of the Obligations hereunder shall be made, without set-off, deduction or counterclaim, in immediately available funds, to the Administrative Agent at the Administrative Agent's address specified pursuant to Section 11.02, or at any other Lending Installation of the Administrative Agent specified in writing by the Administrative Agent to the Company, by 12:00 noon at the place of payment on the date when due (and funds received after that time shall be deemed received on the immediately following Business Day) and shall be applied ratably by the Administrative Agent among the Banks to the payment of all Obligations then due and payable, if any, and otherwise to the payment of the remaining Obligations. Each payment delivered to the Administrative Agent for the account of any Bank shall be delivered promptly by the Administrative Agent to such Bank in the same type of funds that the Administrative Agent received at its address specified pursuant to Section 11.02 or at any Lending Installation specified in a notice received by the Administrative Agent from such Bank. The Administrative Agent is hereby authorized to charge an account of the Company maintained with the Administrative Agent (and/or its Affiliates) for each payment of principal, interest and fees as it becomes due hereunder.

**2.08 Evidence of Debt; Telephonic Notices.** The Loan made by each Bank shall be evidenced by one or more accounts or records maintained by such Bank and by the Administrative Agent in the ordinary course of business. The accounts or records maintained by the Administrative Agent and each Bank shall be conclusive absent manifest error of the amount of any Loan of such Bank and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Company to pay any amount owing hereunder. In the event of any conflict between the accounts and records maintained by any Bank and the accounts and records of the Administrative Agent in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error. Upon the request of any Bank made through the Administrative Agent, the Company shall execute and deliver to such Bank (through the Administrative Agent) a Note, which shall evidence such Bank's Loans in addition to such accounts or records. Each Bank may attach schedules to its Note and endorse thereon the date, amount and maturity of its Loan, and payments with respect thereto. The Company agrees to deliver promptly to the Administrative Agent a written confirmation, if such confirmation is requested by the Administrative Agent or any Bank, of each telephonic notice signed by a Responsible Officer. If the written confirmation differs in any material respect from the action taken by the Administrative Agent and the Banks, the records of the Administrative Agent and the Banks shall govern absent manifest error.

**2.09 Notification of Prepayments.** Promptly after receipt thereof, the Administrative Agent will notify each Bank of the contents of any repayment notice received by it hereunder.

**2.10 Lending Installation.** Each Bank may book its Loan at any Lending Installation selected by such Bank and may change its Lending Installation from time to time. All terms of this Agreement shall apply to any such Lending Installation and the Loans shall be deemed held by each Bank for the benefit of such Lending Installation. Each Bank may, by written notice to the Administrative Agent and the Company, designate a Lending Installation through which Loans will be made by it and for whose account Loan payments are to be made.

**2.11 Non-Receipt of Funds by the Administrative Agent.** Unless the Company or a Bank, as the case may be, notifies the Administrative Agent prior to the date on which it is

scheduled to make payment to the Administrative Agent of (a) in the case of a Bank, the proceeds of a Loan or (b) in the case of the Company, a payment of principal, interest or fees to the Administrative Agent for the account of the Banks, that it does not intend to make such payment, the Administrative Agent may assume that such payment has been made. The Administrative Agent may, but shall not be obligated to, make the amount of such payment available to the intended recipient in reliance upon such assumption. If such Bank or the Company, as the case may be, has not in fact made such payment to the Administrative Agent, the recipient of such payment shall, on demand by the Administrative Agent, repay to the Administrative Agent the amount so made available together with interest thereon in respect of each day during the period commencing on the date such amount was so made available by the Administrative Agent until the date the Administrative Agent recovers such amount at a rate per annum equal to (i) in the case of payment by a Bank, the Federal Funds Effective Rate for such day or (ii) in the case of payment by the Company, the interest rate applicable to the relevant Loan.

**2.12 Replacement of Bank.** If the Company is required pursuant to Section 3.01, 3.02 or 3.03 to make any additional payment to any Bank (any Bank so affected, an "Affected Bank"), the Company may elect, if such amounts continue to be charged or such suspension is still effective, to replace such Affected Bank as a Bank party to this Agreement (unless such replacement would not reduce or eliminate such amounts or eliminate such suspension); provided that no Default or Event of Default shall have occurred and be continuing at the time of such replacement and such replacement would not result in the violation of any Requirement of Law by such Affected Bank; and provided, further, that, concurrently with such replacement, (A) another bank or other entity which is reasonably satisfactory to the Company and the Administrative Agent shall agree, as of such date, to purchase for cash the Loan and other Obligations due to such Affected Bank pursuant to an assignment substantially in the form of Exhibit D and to become a Bank for all purposes under this Agreement and to assume all obligations of such Affected Bank to be terminated as of such date and to comply with the requirements of Section 11.08 applicable to assignments (it being understood that such Affected Bank shall not be obligated to pay the processing fee described in Section 11.08(e)(ii) in connection with any such assignment) and (B) the Company shall pay to such Affected Bank in same day funds on the day of such replacement (1) all interest, fees and other amounts then accrued but unpaid to such Affected Bank by the Company hereunder to and including the date of termination, including payments due to such Affected Bank under Sections 3.01, 3.02 and 3.03 and (2) an amount, if any, equal to

the payment which would have been due to such Bank on the day of such replacement under Section 3.04 had the Loans of such Affected Bank been prepaid on such date rather than sold to the replacement Bank.

### **ARTICLE III** **YIELD PROTECTION; TAXES**

**3.01 Increased Costs Generally.** If, on or after the date of this Agreement, there occurs any adoption of or change in any law, governmental or quasi-governmental rule, regulation, policy, guideline, interpretation or directive (whether or not having the force of law), or in the interpretation, promulgation, implementation or administration thereof by any governmental or quasi-governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, including, notwithstanding the foregoing, all requests, rules, guidelines or directives (x) in connection with the Dodd-Frank Wall Street Reform and Consumer Protection Act or (y) promulgated by the Bank for International Settlements, the Basel Committee on Banking Regulations and Supervisory Practices (or any successor or similar authority) or the United States financial regulatory authorities, in each case of clauses (x) and (y), regardless of the date enacted, adopted, issued, promulgated or implemented, or compliance by any Bank or applicable Lending Installation with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency (any of the foregoing, a “Change in Law”) which:

- (a) subjects any Recipient to any Taxes (other than (i) Indemnified Taxes, (ii) Taxes described in clauses (b) through (d) of the definition of “Excluded Taxes” and (ii) Connection Income Taxes) on its loans, loan principal, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or
- (b) imposes or increases or deems applicable any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Bank or any applicable Lending Installation; or
- (c) imposes any other condition (other than Taxes) the result of which is to increase the cost to any Bank or any applicable Lending Installation of funding or maintaining its Loans, or reduces any amount receivable by any Bank or any applicable Lending Installation in connection with its Loans or requires any Bank or any applicable Lending Installation to make any payment calculated by reference to the amount of Loans by an amount deemed material by such Bank as the case may be,

and the result of any of the foregoing is to increase the cost to such Person of making or maintaining its Loans or to reduce the return received by such Person in connection with such Loans, then, within 15 days after demand by such Person, the Company shall pay such Person, as the case may be, such additional amount or amounts as will compensate such Person for such increased cost or reduction in amount received.

**3.02 Changes in Capital Adequacy Regulations.** If any Bank determines that any Change in Law affecting such Bank or any Lending Installation of such Bank or such Bank’s holding company, if any, regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on such Bank’s capital or on the capital of such Bank’s

holding company, if any, as a consequence of this Agreement, the Commitments of such Bank or the Loans made by such Bank, to a level below that which such Bank or such Bank's holding company could have achieved but for such Change in Law (taking into consideration such Bank's policies and the policies of such Bank's holding company with respect to capital adequacy), then within 15 days of demand by such Bank the Company will pay to such Bank such additional amount or amounts as will compensate such Bank or such Bank's holding company for any such reduction suffered.

### **3.03 Taxes.**

- (a) FATCA. For purposes of this Section 3.03, the term "applicable law" includes FATCA.
- (b) Payments Free of Taxes. Any and all payments by or on account of any obligation of any Loan Party 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 (defined below)) 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 applicable Loan Party 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. For the purposes of the foregoing, a "Withholding Agent" means each of the Loan Parties and the Administrative Agent.
- (c) Payment of Other Taxes by the Loan Parties. The Loan Parties shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.
- (d) Indemnification by the Loan Parties. The Loan Parties shall indemnify each Recipient, within 10 days after written demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Loan Party by a Bank (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Bank, shall be conclusive absent manifest error.

(e) Indemnification by the Banks. Each Bank shall severally indemnify the Administrative Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Bank (but only to the extent that the applicable Loan Party has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the

obligation of the applicable Loan Party to do so) and (ii) any Excluded Taxes attributable to such Bank, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Bank by the Administrative Agent shall be conclusive absent manifest error. Each Bank hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Bank under any Loan Document or otherwise payable by the Administrative Agent to such Bank from any other source against any amount due to the Administrative Agent under this clause (e).

(f) Evidence of Payments. As soon as practicable after any payment of Taxes by any Loan Party to a Governmental Authority pursuant to this Section 3.03, such Loan Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(g) Status of Banks.

(i) Any Bank that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Company and the Administrative Agent, at the time or times reasonably requested by the Company or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Company or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Bank, if reasonably requested by the Company or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Company or the Administrative Agent as will enable the Company or the Administrative Agent to determine whether or not such Bank is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 3.03(g)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the applicable Bank's reasonable judgment such completion, execution or submission would subject such Bank to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Bank.

(ii) Without limiting the generality of the foregoing,

(A) any Bank that is a U.S. Person shall deliver to the Company and the Administrative Agent on or prior to the date on which such Bank becomes a Bank under this Agreement (and from time to time thereafter upon the reasonable request of the Company or the Administrative Agent), executed originals of IRS Form W-9 certifying that such Bank is exempt from U.S. federal backup withholding tax;

(B) any Foreign Bank shall, to the extent it is legally entitled to do so, deliver to the Company and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Bank becomes a Bank under this Agreement (and from time to time thereafter upon the

reasonable request of the Company or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Bank claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or IRS Form W- 8BEN-E, as applicable, establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) executed copies of IRS Form W-8ECI;

(3) in the case of a Foreign Bank claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit G-1 to the effect that such Foreign Bank is not a "bank" within the meaning

of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of any Loan Party within the meaning of Section 871(h)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "U.S. Tax Compliance Certificate") and

(y) executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable; or

(4) to the extent a Foreign Bank is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit G-2 or Exhibit G-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Bank is a partnership and one or more direct or indirect partners of such Foreign Bank are claiming the portfolio interest exemption, such Foreign Bank may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit G-4 on behalf of each such direct and indirect partner;

(C) any Foreign Bank shall, to the extent it is legally entitled to do so, deliver to the Company and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Bank becomes a Bank under this Agreement (and from time to time thereafter upon the reasonable request of the Company or the Administrative Agent), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Company or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Bank under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Bank were to fail to

comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Bank shall deliver to the Company and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Company or the Administrative Agent, such documentation prescribed by applicable law (including as prescribed by Section 1471(b) (3)(C)(i) of the Code) and such additional documentation reasonably requested by the Company or the Administrative Agent as may be necessary for the applicable Loan Party and the Administrative Agent to comply with their obligations under FATCA and to determine that such Bank has complied with such Bank's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (g)(ii), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(iii) Each Bank agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Company and the Administrative Agent in writing of its legal inability to do so.

(h) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 3.03 (including by the payment of additional amounts

pursuant to this Section 3.03), 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 3.03 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this clause (h) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this clause (h), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this clause (h) the payment of which would place the indemnified party in a less favorable net after- Tax position than the indemnified party would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This clause shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

**3.04 Mitigation; Bank Statements; Survival of Indemnity.** To the extent reasonably possible, each Bank shall designate an alternate Lending Installation to reduce any liability of the Company to such Bank under Sections 3.01, 3.02 and 3.03, so long as such designation is not, in the judgment of such Bank, disadvantageous to such Bank. The Company hereby agrees to pay all reasonable costs and expenses incurred by any Bank in connection with any such designation or assignment. Each Bank shall deliver a written statement of such Bank to the Company (with a copy to the Administrative Agent) as to the amount due, if any, under Section 3.01, 3.02 and 3.03. Such written statement shall set forth in reasonable detail the calculations upon which such Bank determined such amount and shall be final, conclusive and binding on the Company in the

absence of manifest error. The obligations of the Company under Sections 3.01, 3.02 and 3.03 shall survive payment of the Obligations and termination of this Agreement. Failure or delay on the part of any Bank to demand compensation pursuant to this Section shall not constitute a waiver of such Bank's right to demand such compensation; provided that the Company shall not be required to compensate a Bank pursuant to this Section for any increased costs incurred or reductions suffered more than 180 days prior to the date that such Bank notifies the Company of the Change in Law giving rise to such increased costs or reductions, and of such Bank's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof).

#### **ARTICLE IV** **CONDITIONS PRECEDENT**

The effectiveness of this Agreement, and the obligation of the Banks to make the Loans on the Closing Date, is subject to the following conditions precedent:

**4.01 Documents.** The Administrative Agent shall have received all of the following, each of which shall be originals unless otherwise specified, each properly executed by a Responsible Officer, each dated as of the Closing Date and each in form and substance satisfactory to the Administrative Agent and the Banks (unless otherwise specified or, in the case of the date of any of the following, unless the Administrative Agent otherwise agrees or directs):

- (a) one executed counterpart of this Agreement, together with arrangements satisfactory to Administrative Agent for additional executed counterparts, sufficient in number for distribution to the Banks and the Loan Parties;
- (b) a Note executed by the Company in favor of each Bank requesting a Note;
- (c) copies of the resolutions of the board of directors (or similar governing body) (or any committee thereof) of each of the Loan Parties approving and authorizing the execution, delivery and performance by each such Loan Party of the Loan Documents to which it is a party, certified as of the Closing Date by the Secretary or an Assistant Secretary of the Company or the Parent, as applicable;
- (d) certificates of the Secretary or Assistant Secretary of each of the Loan Parties, certifying the names, titles and true signatures of the Responsible Officers and any other officers of such Loan Party authorized to execute and deliver the Loan Documents to which it is a party, upon which certificate the Administrative Agent and the Banks shall be entitled to rely until informed of any change in writing by such Loan Party;
- (e) copies of the Organization Documents of each of the Loan Parties as in effect on the date of this Agreement certified by the Secretary or an Assistant Secretary of each such Loan Parties;
- (f) a good standing certificate for each of the Loan Parties from the Secretary of State of its respective jurisdiction of organization;

- (g) the Opinions of Counsel;
- (h) certificates signed by a Responsible Officer of each of the Loan Parties, certifying that the conditions specified in Section 4.03 and Section 4.04 applicable to such Loan Party have been satisfied;
- (i) written money transfer instructions, in substantially the form of Exhibit F, addressed to the Administrative Agent and signed by a Responsible Officer of the Company, together with such other related money transfer authorizations as the Administrative Agent may have reasonably requested;
- (j) (i) at least five days prior to the Closing Date, all documentation and other information regarding any Loan Party requested in connection with applicable "know your customer" and anti-money laundering rules and regulations, including the PATRIOT Act, to the extent requested in writing of the Company at least 10 days prior to the Closing Date and (ii) to the extent the Company or the Parent qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, at least five days prior to the Closing Date, any Bank that has requested, in a written notice to the Company at least 10 days prior to the Closing Date, a Beneficial Ownership Certification in relation to the applicable Loan Party shall have received such Beneficial Ownership Certification (provided that, upon the execution and delivery by such Bank of its signature page to this Agreement, the condition set forth in this clause (ii) shall be deemed to be satisfied); and
- (k) such other assurances, certificates, documents, consents or opinions as the Administrative Agent reasonably may require.

**4.02 Payment of Fees and Expenses.** The Company shall have paid (a) all fees required to be paid hereunder and under the Fee Letter on or before the Closing Date; and (b) the Attorney Costs of U.S. Bank to the extent invoiced prior to or on the Closing Date, plus such additional amounts of Attorney Costs as shall constitute U.S. Bank's reasonable estimate of Attorney Costs incurred or to be incurred by it through the closing proceedings (provided that such estimate shall not thereafter preclude final settling of accounts between the Company and U.S. Bank).

**4.03 Representations and Warranties.** The representations and warranties of the Loan Parties contained in Article V shall be true and correct in all material respects on and as of the Closing Date (except to the extent such representations and warranties expressly refer to an earlier date, in which case they shall be true and correct as of such earlier date).

**4.04 No Default.** No Default or Event of Default shall exist or will result from the effectiveness hereof.

**4.05 Material Adverse Effect.** Other than the Knife River Spin-Off, no event or circumstance shall have occurred since December 31, 2022 that has resulted or could reasonably be expected to result in a Material Adverse Effect.

**4.06 Participations.** The Administrative Agent shall have received immediately available funds pursuant to any participation agreement entered into on the Closing Date with respect to the Loans.

## **ARTICLE V** **REPRESENTATIONS AND WARRANTIES**

Each Loan Party, as applicable, represents and warrants to the Administrative Agent and each Bank that:

**5.01 Existence and Power; Standing; Compliance With Laws.** Such Loan Party and each of its Subsidiaries: (i) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization; (ii) has the power and authority and all governmental licenses, authorizations, consents and approvals to (A) own its assets and carry on its business and (B) to execute, deliver, and perform its obligations under the Loan Documents to which it is a party; (iii) is duly qualified as a foreign entity and is licensed and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification or license; and (iv) is in compliance with all Requirements of Law; except, in each case referred to in clauses (i) (other than with respect to such Loan Party), (ii)(A), (iii) and (iv), to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect. Neither Loan Party nor any of its Subsidiaries is an Affected Financial Institution.

**5.02 Authorization; No Contravention or Conflict** The execution, delivery and performance by such Loan Party of this Agreement and each other Loan Document to which it is a party has been duly authorized by all necessary organizational action, and does not and will not:

(i) contravene the terms of any such Loan Party's Organization Documents; (ii) conflict with or result in any breach or contravention of, or the creation of any Lien under, any document evidencing any Contractual Obligation to which such Loan Party is a party or any order, injunction, writ or decree of any Governmental Authority to which such Loan Party or its property are subject to; or (iii) violate any Requirement of Law.

**5.03 Governmental Authorization** No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Loan Party of this Agreement or any other Loan Document to which it is a party.

**5.04 Validity and Binding Effect** This Agreement and each other Loan Document to which the Loan Party is a party constitutes a legal, valid and binding obligation of such Loan Party, enforceable against such Loan Party in accordance with its respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability.

**5.05 Litigation; Environmental Claims** Except as set forth in the Parent's financial statements dated December 31, 2022, there are, as of the Closing Date, no actions, suits, proceedings, claims (including Environmental Claims) or disputes pending, or, to the knowledge of the Loan Party, threatened, at law, in equity, in arbitration or by or before any Governmental

Authority, against such Loan Party, or its Subsidiaries or any of their respective properties which:

(i) purport to affect or pertain to this Agreement or any other Loan Document, or any of the transactions contemplated hereby or thereby; or (b) if determined adversely to the Loan Party or their Subsidiaries, would reasonably be expected to have a Material Adverse Effect. No injunction, writ, temporary restraining order or any order of any nature has been issued by any court or other Governmental Authority purporting to enjoin or restrain the execution, delivery or performance of this Agreement or any other Loan Document, or directing that the transactions provided for herein or therein not be consummated as herein or therein provided.

**5.06 No Default.** No Default or Event of Default exists or would result from the incurring of any Obligations by the Company or the issuance of the Loan Guaranty set forth in Article X by the Parent. As of the Closing Date, neither Loan Party nor any of its Subsidiaries is in default under or with respect to any Contractual Obligation in any respect which, individually or together with all such defaults, could reasonably be expected to have a Material Adverse Effect, or that would, if such default had occurred after the Closing Date, create an Event of Default under Section 8.01(e).

**5.07 Solvency.** Such Loan Party is Solvent, and such Loan Party and its Subsidiaries, taken as a whole, are Solvent.

**5.08 Full Disclosure.** None of the representations or warranties made by such Loan Party in the Loan Documents as of the date such representations and warranties are made or deemed made, and none of the statements contained in any exhibit, report, statement or certificate furnished by or on behalf of such Loan Party or any of its Subsidiaries in connection with the Loan Documents, contains any untrue statement of a material fact or omits any material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they are made, not misleading as of the time when made or delivered. As of the date hereof, the information included in any Beneficial Ownership Certification required to be delivered by such Loan Party hereunder is true and correct in all respects. It is understood that any financial projections contained in any of the aforementioned materials represent projections based on various assumptions that such Loan Party believes in good faith are reasonable in light of the circumstances and that any such projection of future results of operations may or may not occur and no assurance can be given that any such projected results will be achieved).

**5.09 ERISA Compliance.** Such Loan Party and its ERISA Affiliates are in compliance in all material respects with the applicable provisions of ERISA and the Code and published interpretations thereunder, except for any such failure that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect.

**5.10 Use of Proceeds; Margin Regulations** The proceeds of the Loans are to be used solely for the purposes set forth in and permitted by Section 6.11 and Section 7.03. Neither such Loan Party nor any of its Subsidiaries is generally engaged in the business of purchasing or

selling Margin Stock or extending credit for the purpose of purchasing or carrying Margin Stock. Margin Stock constitutes less than 25% of the value of those assets of such Loan Party and its Subsidiaries which are subject to any limitation on sale, pledge or other restriction hereunder.

**5.11 Title to Properties.** To the knowledge of such Loan Party, without having undertaken any search of real property records for this purpose, such Loan Party and its Subsidiaries have good and sufficient title to, or valid leasehold interests in, all real property necessary or used in the ordinary conduct of their respective businesses, and good title to all other property and assets reflected in such Loan Party's most recent consolidated financial statements provided to the Banks as owned by such Loan Party and its Subsidiaries, except for such defects in title as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. As of the Closing Date, the property of the Company and its Subsidiaries is subject to no Liens, other than Permitted Liens.

**5.12 Taxes.** Such Loan Party and its Subsidiaries have filed all federal and other tax returns and reports required to be filed, and have paid all federal and other taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings and for which adequate reserves have been provided in accordance with GAAP and except those the failure to file or pay which would not have a Material Adverse Effect. There is no proposed tax assessment against such Loan Party or any of its Subsidiaries that would, if made, have a Material Adverse Effect.

**5.13 Financial Condition.** The Parent represents and warrants that the audited consolidated and consolidating financial statements of the Parent and its Subsidiaries dated

December 31, 2022 and the unaudited and consolidating financial statements of the Parent and its Subsidiaries dated September 30, 2023, and, in each case, the related consolidated and consolidating statements of income or operations, shareholders' equity and cash flows for the fiscal periods ended on such dates:

- (a) were prepared in accordance with GAAP consistently applied throughout the periods covered thereby, except as otherwise expressly noted therein (and subject, in the case of unaudited statements, to the absence of footnotes and to normal year-end adjustments);
- (b) fairly present the financial condition of the Parent and its Subsidiaries as of the dates thereof and results of operations for the periods covered thereby; and
- (c) show all material indebtedness and other liabilities, direct or contingent, of the Loan Parties and their Subsidiaries as of the dates thereof, including liabilities for taxes, material commitments and Contingent Obligations.

**5.14 Environmental Matters.** Such Loan Party conducts in the ordinary course of business a review of the effect of existing Environmental Laws and existing Environmental Claims on its business, operations and properties, and as a result thereof such Loan Party has reasonably concluded that such Environmental Laws and Environmental Claims could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

**5.15 Regulated Entities.** None of the Loan Parties, any Person controlling any such Loan Party, or any Subsidiary, is required to register as an “investment company” within the meaning of the Investment Company Act of 1940. Such Loan Party is not subject to regulation under the Federal Power Act, the Interstate Commerce Act, any state public utilities code, or any other Federal or state statute or regulation limiting its ability to incur Indebtedness.

**5.16 Copyrights, Patents, Trademarks and Licenses, etc.** The Company and its Subsidiaries own or are licensed or otherwise have the right to use all of the patents, trademarks, service marks, trade names, copyrights, contractual franchises, authorizations and other rights that are reasonably necessary for the operation of their respective businesses, without conflict with the rights of any other Person, except to the extent that noncompliance would not have a Material Adverse Effect. To the knowledge of the Company, no slogan or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed, by the Company or any Subsidiary infringes upon any rights held by any other Person, except to the extent that noncompliance would not have a Material Adverse Effect. No claim or litigation regarding any of the foregoing is pending or threatened, and no patent, invention, device, application, principle or any statute, law, rule, regulation, standard or code is pending or, to the knowledge of such Loan Party, proposed, which, in either case, could reasonably be expected to have a Material Adverse Effect.

**5.17 Subsidiaries.** As of the Closing Date, the Company has no Subsidiaries and has no equity investments in any other corporation or entity.

**5.18 Insurance.** The properties of such Loan Party and its Subsidiaries are insured with financially sound and reputable insurance companies, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where such Loan Party or such Subsidiaries operate, except to the extent that noncompliance would not have a Material Adverse Effect.

**5.19 Senior Debt.** Such Loan Party's Obligations will be at least pari passu with all other senior unsecured debt of such Loan Party.

**5.20 Sanctions; Anti-Terrorism Laws.**

(i) Such Loan Party, its Subsidiaries and their respective officers and employees and to the knowledge of such Loan Party, their directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. Such Loan Party has implemented and maintains in effect for itself and its Subsidiaries policies and procedures to ensure compliance by such Loan Party, its Subsidiaries, and their respective officers, employees, directors, and agents with Anti-Corruption Laws and applicable Sanctions. None of such Loan Party, any of its Subsidiaries or, to the knowledge of such Loan Party, any directors, officer, employee, agent, or affiliate of such Loan Party or any of its Subsidiaries is a Sanctioned Person.

(ii) The Company will not, directly or, to its knowledge, indirectly, use the proceeds of the Loans, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other Person, (a) to fund any activities or business of or with any Sanctioned Person, or in any Sanctioned Country, or (b) in any other

manner that would result in a violation of Sanctions by any Person (including any Person participating in the Loans, whether as underwriter, advisor, investor, agent, Bank, the Administrative Agent or otherwise).

(iii) Neither the making of the Loans hereunder nor the use of the proceeds thereof will violate any anti-money laundering laws, the PATRIOT Act, the Trading with the Enemy Act, or any of the foreign assets control regulations of the United States Treasury Department (31 C.F.R., Subtitle B, Chapter V) or any enabling legislation or executive order relating thereto or successor statute thereto. The Loan Parties and their Subsidiaries are in compliance in all material respects with the PATRIOT Act and the Beneficial Ownership Regulation.

**5.21 Anti-Corruption Laws.** No part of the proceeds of any Loan shall be used, directly or indirectly: (a) to offer or give anything of value to any official or employee of any foreign government department, agency or instrumentality or any foreign government-owned entity, to any foreign political party or party official or political candidate or to any official or employee of a public international organization, or to anyone else acting in an official capacity (collectively, "Foreign Official"), in order to obtain, retain or direct business by (i) influencing any act or decision of such Foreign Official in such Foreign Official's official capacity, (ii) inducing such Foreign Official to do or omit to do any act in violation of the lawful duty of such Foreign Official, (iii) securing any improper advantage or (iv) inducing such Foreign Official to use such Foreign Official's influence with a foreign government or instrumentality to affect or influence any act or decision of such government or instrumentality; (b) in any other manner that would violate the U.S. Foreign Corrupt Practices Act of 1977 (the 'FCPA'); or (c) in any manner that would cause any Bank to violate the FCPA or any anti-money laundering or other anti-corruption law applicable to such Bank.

**5.22 Plan Assets; Prohibited Transactions.** Neither such Loan Party nor any of its Subsidiaries is an entity deemed to hold "plan assets" (within the meaning of the Plan Asset Regulations), and neither the execution, delivery nor performance of the transactions contemplated under this Agreement, including the making of any Loan, will give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code.

## **ARTICLE VI** **AFFIRMATIVE COVENANTS**

So long as any Bank has any Commitment hereunder or any Loan or other Obligation remains unpaid or unsatisfied, unless the Majority Banks waive compliance in writing:

**6.01 Financial Statements.** Each Loan Party, as applicable, shall deliver to the Administrative Agent, in form and detail satisfactory to the Administrative Agent and the Majority Banks, with sufficient copies for each Bank (to be promptly forwarded by the Administrative Agent to each of the Banks upon receipt thereof):

(a) as soon as available, but in no event later than 120 days after the end of each fiscal year (commencing with the fiscal year ending December 31, 2023),

(i) copies of the audited consolidated balance sheet of the Parent and its Subsidiaries as at the end of such year and the related consolidated statements of income of operations, member's equity and cash flows for such year, together with exhibits thereto containing the consolidating balance sheet of the Parent and its Subsidiaries as at the end of such year and the related consolidating statements of income of operations, member's equity and cash flows for such year, setting forth in each case in comparative form the figures for the previous fiscal year, and accompanied by the opinion of a nationally- recognized independent public accounting firm ("Independent Auditor"), which opinion shall (A) state that such financial statements present fairly the financial position and results of operations of the Parent and its Subsidiaries at the time and for the periods indicated in conformity with GAAP consistently applied throughout the periods covered thereby, except as otherwise expressly noted in such financial statements, (B) not be qualified or limited as to going concern or because of a restricted or limited examination by the Independent Auditor of any material portion of the Parent's or any Subsidiary's records and (C) be delivered to the Administrative Agent and

(ii) (ii) copies of the audited consolidated balance sheet of the Company and its Subsidiaries as at the end of such year and the related consolidated statements of income of operations, shareholders' equity and cash flows for such year, together with exhibits thereto containing the consolidating balance sheet of the Company and its Subsidiaries as at the end of such year and the related consolidating statements of income of operations, shareholders' equity and cash flows for such year, setting forth in each case

in comparative form the figures for the previous fiscal year, and accompanied by the opinion of an Independent Auditor, which opinion shall (A) state that such financial statements present fairly the financial position and results of operations of the Company and its Subsidiaries at the time and for the periods indicated in conformity with GAAP consistently applied throughout the periods covered thereby, except as otherwise expressly noted in such financial statements, (B) not be qualified or limited as to going concern or because of a restricted or limited examination by the Independent Auditor of any material portion of the Company's or any Subsidiary's records and (C) be delivered to the Administrative Agent; and

(b) as soon as available, but not later than 90 days after the end of each of the first three fiscal quarters of each fiscal year (commencing with the fiscal quarter ending March 31, 2024),

(i) a copy of the unaudited consolidated and consolidating balance sheet of the Parent and its Subsidiaries as of the end of such quarter, the related consolidated and consolidating statements of income for the period commencing on the first day and ending on the last day of such quarter and the related consolidated and consolidating statements of equity and cash flows for the period commencing on the first day of the fiscal year and ending on the last day of such quarter, certified by a Responsible Officer of the Parent as fairly presenting, in accordance with GAAP (subject to ordinary, good faith year-end audit adjustments and to footnotes provided in year-end financial statements), the financial position and the results of operations of the Parent and its Subsidiaries at the time and for the periods indicated and

(ii) a copy of the unaudited consolidated and consolidating balance sheet of the Company and its Subsidiaries as of the end of such quarter, the related consolidated and consolidating statements of income for the period commencing on the first day and ending on the last day of such quarter and the related consolidated and consolidating statements of equity and cash flows for the period commencing on the first day of the fiscal year and ending on the last day of such quarter, certified by a Responsible Officer of the Company as fairly presenting, in accordance with GAAP (subject to ordinary, good faith year-end audit adjustments and to footnotes provided in year-end financial statements), the financial position and the results of operations of the Company and its Subsidiaries at the time and for the periods indicated.

Documents required to be delivered pursuant to this Section 6.01 may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date on which (i) the Loan Parties as applicable, deliver such documents in accordance with the terms of Section 11.02; or (ii) on which such documents are posted on the Loan Parties' behalf on an Internet or intranet website, if any, to which each Bank and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); provided that: (y) the Loan Parties shall deliver paper copies of such documents to the Administrative Agent or any Bank upon its request to the Loan Parties to deliver such paper copies until a written request to cease delivering paper copies is given by the Administrative Agent or such Bank and (z) the Loan Parties, as applicable, shall notify the Administrative Agent and each Bank (by telecopier or electronic mail) of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions (i.e., soft copies) of such documents. The Administrative Agent shall have no obligation to request the delivery of or to maintain paper copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Loan Parties with any such request by a Bank for delivery, and each Bank shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

Each Loan Party hereby acknowledges that (a) the Administrative Agent and/or the Lead Arranger will make available to the Banks materials and/or information provided by or on behalf of such Loan Party hereunder (collectively, the "Loan Party Materials") by posting the Loan Party Materials on IntraLinks or another similar electronic system (the "Platform") and (b) certain of the Banks (each a Public Bank) may have personnel who do not wish to receive material non-public information with respect to the Loan Parties or their Affiliates, or the respective securities of any of the foregoing, and who may be engaged in investment and other market-related activities with respect to such Persons' securities. Each Loan Party hereby agrees that if it is the issuer of any outstanding debt or equity securities that are registered or issued pursuant to a private offering or is actively contemplating issuing any such securities (w) all Loan Party Materials that are to be made available to Public Banks shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (x) by marking Loan Party Materials "PUBLIC," such Loan Party shall be deemed to have authorized the Administrative Agent and the Banks to treat such Loan Party Materials as not containing any material non-public information with respect to such Loan Party or its securities for purposes of United States federal and state securities laws; (y) all Loan Party Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform

designated as "Public Side Information;" and (z) the Administrative Agent and the Lead Arranger shall be entitled to treat any Loan Party Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform that is not marked as "Public Side Information." Notwithstanding the foregoing, the Loan Parties shall be under no obligation to mark any Loan Party Materials "PUBLIC" and all information shall be deemed to be private unless the Loan Parties specify in writing that it is public.

**6.02 Other Information.** The applicable Loan Party shall promptly furnish (or cause to be furnished) to the Administrative Agent, with sufficient copies for each Bank:

(a) concurrently with the delivery of the financial statements referred to in Sections 6.01(a) and (b), a Compliance Certificate executed by a Responsible Officer of such Loan Party (which Compliance Certificate delivered concurrently with the financial statements referred to in 6.01(a)(i) shall set forth the applicable Rating of the Parent as at the end of the applicable fiscal year); and

(b) such additional information regarding the business, financial or corporate affairs of such Loan Party or any Subsidiary as the Administrative Agent, at the request of any Bank, may from time to time reasonably request.

**6.03 Notices.**

(a) A Loan Party shall, as applicable, promptly upon a Responsible Officer of such Loan Party obtaining knowledge thereof, notify the Administrative Agent and each Bank:

(i) of the occurrence of any Default or Event of Default, and of the occurrence or existence of any event or circumstance known to such Loan Party that will become a Default or Event of Default;

(ii) of any matter that has resulted or would reasonably be expected to result in a Material Adverse Effect, including (x) any breach or non-performance of, or any default under, a Contractual Obligation of the Company or any of its Subsidiaries; (y) any dispute, litigation, investigation, proceeding or suspension between the Company or any of its Subsidiaries and any Governmental Authority; or (z) the commencement of, or any material development in, any litigation or proceeding affecting the Company or any of its Subsidiaries, including pursuant to any applicable Environmental Laws;

(iii) of any of the following events affecting such Loan Party, together with a copy of any notice with respect to such event that may be required to be filed with a Governmental Authority and any notice delivered by a Governmental Authority to such Loan Party with respect to such event: (y) an ERISA Event (together with a written notice specifying the nature thereof, what action the Loan Party has taken, is taking or proposes to take with respect thereto, and, when known, any action taken or threatened by the IRS, the PBGC or the Department of Labor with respect thereto); and (z) the adoption of any Pension Plan, or of any amendment to a Pension Plan if such amendment results in a material increase in contributions or Unfunded Pension Liability;

(iv) of any material change in accounting policies or financial reporting practices by such Loan Party or any of its Subsidiaries;

(v) of any announcement by any rating agency of any change in (including any change in any component of) the Rating of the Parent; and

(vi) to the extent such Bank previously received a Beneficial Ownership Certification (or a certification that the applicable Loan Party 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 applicable Loan Party ceasing to fall within an express exclusion to the definition of "legal entity customer" under the Beneficial Ownership Regulation).

(b) Each notice under Section 6.03 shall be accompanied by a written statement by a Responsible Officer of the Parent or the Company, as applicable, setting forth details of the occurrence referred to therein, and stating what action such Loan Party or any affected Subsidiary proposes to take with respect thereto and at what time. Each notice under Section 6.03 shall describe with particularity any and all clauses or provisions of this Agreement or other Loan Document that such Loan Party believes has been or will be breached or violated.

**6.04 Preservation of Existence.** Subject to transactions permitted by Section 7.04 or Section 7.06, each Loan Party shall, and shall cause each Subsidiary to; (a) preserve and maintain in full force and effect its existence and good standing under the laws of its state or jurisdiction of organization; (b) preserve and maintain in full force and effect all governmental rights, privileges, qualifications, permits, licenses and franchises necessary or desirable in the normal conduct of its business; (c) use reasonable efforts, in the ordinary course of business, to preserve its business organization and goodwill; and (d) preserve or renew all of its registered patents, trademarks, trade names and service marks; except, in each case referred to in clause (a) with respect to any Subsidiary and clauses (b) through (d), to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect; provided that, notwithstanding the foregoing, the Parent and its Subsidiaries shall be permitted to consummate the CSG Separation.

**6.05 Maintenance of Property.** Subject to transactions permitted by Section 7.04 or Section 7.06, each Loan Party shall maintain, and shall cause each Subsidiary to maintain, and preserve all its property which is used or useful in its business in good working order and condition, ordinary wear and tear excepted, except to the extent that noncompliance would not have a Material Adverse Effect.

**6.06 Insurance.** The Company shall maintain, and shall cause each of its Subsidiaries to maintain, with financially sound and reputable independent insurers, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts (including deductibles, co-insurance and self-insurance, if adequate reserves are maintained with respect thereto) as are customarily carried under similar circumstances by such other Persons, except to the extent that noncompliance would not have a Material Adverse Effect, and the Company will furnish (or cause to be furnished) to any Bank, within 15 Business Days after request therefor, full information as to the insurance carried.

**6.07 Payment of Obligations**. Each Loan Party shall, and shall cause each Subsidiary to, pay and discharge as the same shall become payable, all their respective obligations and liabilities, including: (a) all tax liabilities, assessments and governmental charges or levies upon it or its properties or assets, except where (i) the same are being contested in good faith by appropriate proceedings and (ii) unless the Loan Party has received an opinion of independent tax counsel that more likely than not neither the Loan Party nor any of its Subsidiaries is liable for such amounts, adequate reserves to the extent required under GAAP are being maintained by such Loan Party or such Subsidiary; (b) all lawful claims which, if unpaid, would by law become a Lien upon its property, except to the extent such claims may be contested in good faith by appropriate proceedings or as to which a bona fide dispute may exist or with respect to which adequate reserves to the extent required under GAAP have been taken; and (c) all Indebtedness, as and when payable, but subject to any subordination provisions contained in any instrument or agreement evidencing such Indebtedness, except to the extent such claims may be contested in good faith by appropriate proceedings or as to which a bona fide dispute may exist or with respect to which adequate reserves, to the extent required under GAAP, have been taken; except, in each case referred to in clauses (a) through (c), to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

**6.08 Compliance with Laws**. Each Loan Party shall comply, and shall cause each Subsidiary to comply, (a) in all material respect with all Anti-Corruption Laws and applicable Sanctions and (b) in all respects with all other Requirements of Law of any Governmental Authority having jurisdiction over it or its business, except, with respect to this clause (b), such as may be contested in good faith or as to which a bona fide dispute may exist and except to the extent that noncompliance would not reasonably be expected to have a Material Adverse Effect. Each Loan Party shall maintain in effect for itself and its Subsidiaries policies and procedures designed to ensure compliance by such Loan Party, its Subsidiaries, and their respective officers, employees, directors, and agents with Anti-Corruption Laws and applicable Sanctions.

**6.09 Inspection of Property and Books and Records** Each Loan Party shall maintain and shall cause each Subsidiary to maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of such Loan Party and its Subsidiaries. The Company shall permit, and shall cause each Subsidiary to permit, representatives and independent contractors of the Administrative Agent or any Bank (at their own expense), to visit and inspect any of their respective properties, to examine their respective corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss their respective affairs, finances and accounts with their respective directors, officers, and (unless there exists an Event of Default, in the presence of one or more officers of the Company, which persons the Company agrees to make available) independent public accountants, all at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to the Company: provided that if an Event of Default has occurred and is continuing, the Administrative Agent or any Bank may do any of the foregoing at the expense of the Company at any time during normal business hours and without advance notice, and provided further that neither the Administrative Agent nor any Bank shall be entitled to examine, copy or make extracts from, or otherwise obtain information with respect to the Company's or any Subsidiary's records relating to pending or threatened litigation if any such disclosure by the Company would reasonably be expected to give rise to a waiver of any

attorney/client privilege of the Company or any of its Subsidiaries or Affiliates relating to such information.

**6.10 Environmental Laws.** The Company shall, and shall cause each Subsidiary to, conduct its operations and keep and maintain its property in compliance with all Environmental Laws, except to the extent that noncompliance would not reasonably be expected to have a Material Adverse Effect.

**6.11 Use of Proceeds.** The Company shall use the proceeds of the Loans for working capital and other general corporate purposes (including to pay maturing short-term borrowings, fund the construction of a natural gas pipeline and to fund negotiated Acquisitions and other investments otherwise permitted hereunder) not in contravention of any Requirement of Law or of any Loan Document.

**6.12 OFAC, PATRIOT Act Compliance.** Each Loan Party shall, and shall cause each Subsidiary to, (i) refrain from doing business in a Sanctioned Country or with a Sanctioned Person in violation of the economic sanctions of the United States administered by OFAC, and (ii) provide, to the extent commercially reasonable, such information and take such actions as are reasonably requested by the Administrative Agent or any Bank in order to assist the Administrative Agent and the Banks in maintaining compliance with the PATRIOT Act and the Beneficial Ownership Regulation.

## **ARTICLE VII** **NEGATIVE COVENANTS**

So long as any Bank has any Commitment hereunder or any Loan or other Obligation remains unpaid or unsatisfied, unless the Majority Banks waive compliance in writing:

**7.01 Limitation on Liens.** The Company shall not, and shall not suffer or permit any of its Subsidiaries to, directly or indirectly, make, create, incur, assume or suffer to exist any Lien upon or with respect to any part of its property, whether now owned or hereafter acquired, other than the following ("Permitted Liens"):

- (a) any Lien existing on property of the Company or any Subsidiary on the Closing Date and set forth in Schedule 7.01 securing Indebtedness outstanding on such date;
- (b) any Lien created under any Loan Document;
- (c) Liens for taxes, fees, assessments or other governmental charges which are not delinquent or remain payable without penalty, or to the extent that non-payment thereof is permitted by Section 6.07;
- (d) carriers', warehousemen's, mechanics', landlords', materialmen's, repairmen's, operators' (including Liens arising under operating, pooling or unitizing agreements of a scope and nature customary in the oil and gas industry) or other similar Liens arising in the ordinary course of business which secure payment obligations that are not delinquent or remain payable without penalty or which are being contested in good faith and by appropriate proceedings, which proceedings have the effect of preventing the forfeiture or sale of the

property subject thereto, and for which adequate reserves are maintained on the books of such Person;

(e) Liens arising under operating agreements, joint venture agreements, partnership agreements, oil and gas leases, farmout agreements, division orders, contracts for sale, transportation or exchange of crude oil and natural gas, unitization and pooling declarations and agreements, area of mutual interest agreements and other agreements arising in the ordinary course of business of the Company and its Subsidiaries that are customary in the Permitted Business;

(f) Liens (other than any Lien imposed by ERISA) consisting of pledges or deposits required in the ordinary course of business under workers' compensation laws, unemployment insurance and other social security or retirement benefits, or similar legislation;

(g) Liens on the property of the Company or any of its Subsidiaries securing

(i) the non-delinquent performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, (ii) contingent obligations on surety, reclamation and appeal bonds, and (iii) other non-delinquent obligations of a like nature, in each case, incurred in the ordinary course of business, provided all such Liens in the aggregate would not (even if enforced) cause a Material Adverse Effect;

(h) Liens consisting of judgment or judicial attachment Liens, provided that the enforcement of such Liens is effectively stayed and the aggregate amount of the obligations

secured by all such Liens for the Company and its Subsidiaries does not exceed \$50,000,000 at any time;

(i) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business which, in the aggregate, are not substantial in amount, and which do not in any case materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the businesses of the Company and its Subsidiaries;

(j) Liens on assets of Persons which become Subsidiaries after the Closing Date or liens existing on any property acquired by the Company or any Subsidiary thereof at the time such property is acquired, provided that (i) such Liens existed at the time the respective Persons became Subsidiaries or at the time such property was acquired, as applicable, and were not created in anticipation thereof and (ii) such Liens shall extend solely to the property so acquired and to identifiable proceeds thereof, and shall not attach to any other property of the Company or its Subsidiaries;

(k) purchase money security interests on any real or personal property acquired or held by the Company or any of its Subsidiaries in the ordinary course of business, securing Indebtedness incurred or assumed for the purpose of financing all or any part of the cost of acquiring, leasing, improving, constructing, repairing or adding to such property in the ordinary course of business; provided that (i) any such Lien attaches to such property concurrently with or within 20 days after the acquisition thereof, (ii) such Lien attaches solely to the property so acquired in such transaction and (iii) the principal amount of the debt secured thereby does not exceed 100% of the cost of such property;

- (l) any interest or title of a lessor to the property subject to a capital lease obligation or operating lease;
- (m) Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution; *provided* that (i) such deposit account is not a dedicated cash collateral account and is not subject to restrictions against access by the Company in excess of those set forth by regulations promulgated by the FRB, and (ii) such deposit account is not intended by the Company or any Subsidiary to provide collateral to the depository institution;
- (n) Liens on pipelines or other facilities or equipment that arise by operation of law;
- (o) Liens securing Indebtedness of a Subsidiary owed to the Company;
- (p) any Lien renewing, extending or refunding any Lien permitted by clauses (a) through (o) of this Section 7.01; provided that (i) the principal amount of the Indebtedness secured by the subject Liens is not increased over the amount of the Indebtedness secured thereby immediately prior to such extension, renewal or refunding, except by an amount equal to a reasonable premium or other reasonable amount paid, and fees and expenses reasonably incurred in connection therewith, (ii) such Lien is not extended to any other property (other than improvements thereof, accessions thereto and proceeds thereof) and (iii) immediately after such extension, renewal or refunding, no Default or Event of Default would exist; and
- (q) other Liens securing Indebtedness otherwise permitted herein not exceeding \$25,000,000 in the aggregate.

**7.02 Limitation on Indebtedness.** The Company shall not at any time permit the aggregate principal amount of (i) all Indebtedness of the Company and its Subsidiaries determined on a consolidated basis (excluding (a) Indebtedness under Covered Contracts and (b) 80% of the amount of all contingent reimbursement or payment obligations with respect to unsecured surety bonds incurred in the ordinary course of business includable in the computation of "Indebtedness" pursuant to clause (d) of the definition thereof) to exceed 65% of (ii) Consolidated Total Capitalization of the Company.

**7.03 Use of Proceeds.** The Company shall not, and shall not suffer or permit any Subsidiary of the Parent to, use any portion of the Loan proceeds, directly or indirectly, (a) to purchase or carry Margin Stock, (b) to repay or otherwise refinance Indebtedness of any Loan Party or others incurred to purchase or carry Margin Stock, (c) to extend credit for the purpose of purchasing or carrying any Margin Stock, or (d) to make any Acquisition that is opposed by either the board of directors or similar governing body, or by stockholders or other equity holders possessing a majority of the voting power of the outstanding voting stock or other equity interests, as the case may be, of the entity that is subject to, or whose assets are the subject of, such Acquisition.

**7.04 Disposition of Assets.** The Company shall not, nor shall the Company suffer or permit any of its Subsidiaries to, directly or indirectly, sell, assign, lease, convey, transfer or

otherwise dispose of (whether in one or a series of transactions) any assets (including accounts and notes receivable, with or without recourse, and including any interest in any Subsidiary) or enter into any agreement to do any of the foregoing, except:

(i) dispositions of inventory (including inventory comprised of gas, oil and other materials and products manufactured, produced, or purchased for sale, distribution or use in the ordinary course of business), or used, worn-out, damaged or surplus equipment, all in the ordinary course of business;

(ii) the sale of equipment to the extent that such equipment is exchanged for credit against the purchase price of similar replacement equipment, or the proceeds of such sale are reasonably promptly applied to the purchase price of such replacement equipment;

(iii) dispositions of assets by the Company or any Subsidiary to the Company or any Subsidiary pursuant to reasonable business requirements; or

(iv) exchanges of property on which recognition of gain or loss would be exempted from recognition pursuant to section 1031 of the Code;

provided that dispositions not prohibited by other provisions of this Agreement and not otherwise permitted by the foregoing which are made for fair market value are permitted so long as (x) at the time of any disposition, no Default or Event of Default shall exist or shall result from such disposition, (y) the aggregate sales price from such disposition shall be paid (1) in cash, (2) in marketable securities that are the subject of widely or regularly distributed standard price quotations, and/or (3) through the issuance of indebtedness by the buyer of such assets; provided that the aggregate outstanding principal amount of all such indebtedness shall not at any time exceed \$25,000,000, (z) the aggregate value of all assets so sold by the Company and its Subsidiaries pursuant to clauses (i) through (iv), together, shall not exceed in any fiscal year 20% of total consolidated assets (as determined in accordance with GAAP) of the Company and its Subsidiaries, based upon the most recent annual audited financial statements delivered to the Administrative Agent under Section 6.01(a).

**7.05 Change in Business.** The Company shall not, nor shall the Company suffer or permit any of its Subsidiaries to, engage in any material line of business substantially different from those lines of business carried on by the Company and its Subsidiaries on the date hereof (such business, "Permitted Business").

**7.06 Consolidations and Mergers.** Neither the Company nor any of its Subsidiaries shall merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of, any Person, except:

(a) any Subsidiary of the Company may merge or consolidate with or into (i) the Company provided that the Company shall be the continuing or surviving entity, or (ii) any one or more Subsidiaries; provided that if any transaction shall be between a Subsidiary and a Wholly-Owned Subsidiary, the Wholly-Owned Subsidiary shall be the continuing or surviving entity;

(b) the Company and any Subsidiary may convey, transfer, lease or otherwise dispose of all or substantially all of its assets in compliance with the provisions of Section 7.04;

(c) any Subsidiary of the Company may convey, transfer, lease or otherwise dispose of all or substantially all of its assets (upon voluntary liquidation or otherwise) to the Company or another Wholly-Owned Subsidiary; and

(d) any Subsidiary of the Company may merge, consolidate or combine with or into any other Person; provided that the successor formed by such consolidation or combination or the survivor of such merger is a Subsidiary of the Company and the Company directly or indirectly through Wholly-Owned Subsidiaries owns at least the same percentage of outstanding stock or other equity interests of the successor or survivor Subsidiary as the Subsidiary involved in the consolidation, combination or merger; and provided, further, that the prior, effective written consent or approval to such consolidation, combination or merger of the board of directors or equivalent governing body of the other party is obtained.

**7.07 Loans and Investments.** The Company shall not purchase or acquire, or suffer or permit any Subsidiary to purchase or acquire, or make any legally binding commitment therefor, any capital stock or other equity interests, or any obligations or other securities of, or any interest in, any Person, or make, or make any legally binding commitment to make, any Acquisitions, or

make, or make any legally binding commitment to make, any advance, loan, extension of credit or capital contribution to or any other investment in, any Person, including any Affiliate of the Company, except for:

(a) investments in cash equivalents and short-term marketable securities pursuant to and in accordance with the terms of the Company's then-current investment policy duly adopted by the board of directors of the Company (the "Investment Policy");

(b) investments in capital stock, equity or long-term fixed income securities of any Subsidiary that is not a Wholly-Owned Subsidiary, or otherwise undertaken in accordance with the Investment Policy, which do not in the aggregate exceed \$100,000,000 in value at any time (value for this purpose being defined as the greatest of face value, market value or original cost to the Company or any Subsidiary);

(c) extensions of credit in the nature of accounts receivable or notes receivable arising from the sale or lease of goods or services in the ordinary course of business;

(d) subject to Section 7.02, advances, loans and other extensions of credit by the Company to any of its Wholly-Owned Subsidiaries or by any of its Wholly-Owned Subsidiaries to another of its Wholly-Owned Subsidiaries;

(e) equity investments in or capital contributions to any Wholly-Owned Subsidiary by the Company or any of its Wholly-Owned Subsidiaries;

(f) investments incurred in order to consummate Acquisitions; provided that such Acquisitions are undertaken in accordance with all material applicable Requirements of Law and the prior, effective written consent or approval to such Acquisition of the board of directors or equivalent governing body of the acquiree is obtained;

(g) investments in the MDU Resources Group, Inc. Benefits Protection Trust in accordance with past practice of the Company;

(h) other investments; provided that the value of the aggregate amount of investments permitted by this clause (h) shall not exceed 20% of Consolidated Net Worth of the Company at any time.

Nothing contained in this Section 7.07 shall prohibit the Company or any Subsidiary from incurring Guaranty Obligations to the extent permitted by Section 7.02.

**7.08 Transactions with Affiliates.** The Company shall not enter into any material transaction or arrangement or series of related transactions or arrangements that in the aggregate would be material with any Affiliate of the Company, and the Company shall not suffer or permit any Subsidiary to enter into any material transaction or arrangement or series of related transactions or arrangements that in the aggregate would be material with any Affiliate of the Company other than another Subsidiary of the Company that is a Wholly-Owned Subsidiary, except (i) upon fair and reasonable terms no less favorable to the Company or such Subsidiary than would be obtained, taking into account all facts and circumstances, in a comparable arm's-

length transaction with a Person not an Affiliate of the Company or such Subsidiary or (ii) intercompany cash pooling arrangements consistent with past practices.

**7.09 Accounting Changes.** No Loan Party shall, nor shall any Loan Party suffer or permit any Subsidiary to, make any significant change in accounting treatment or reporting practices, except as required or permitted by GAAP (or, if applicable, IFRS), or change the fiscal year of any Loan Party.

**7.10 Anti-Money Laundering and Anti-Terrorism Finance Laws; Foreign Corrupt Practices Act.** The Loan Parties shall not, and shall not permit any Subsidiary to, (a) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or otherwise violates any Anti-Corruption Law, (b) directly or, to its knowledge, indirectly, use the proceeds of the Loans, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person, (i) in furtherance of any 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 (ii) to fund any activities or business of or with any Sanctioned Person, or in any Sanctioned Country, or (iii) in any other manner that would result in a violation of Sanctions by any Person (including any Person participating in the Loans, whether as Administrative Agent, Arranger, Bank, underwriter, advisor, investor, or otherwise), (c) cause or permit any of the funds that are used to repay the Obligations to be derived from any unlawful activity with the result that the Administrative Agent, any Bank or any Loan Party would be in violation of any Requirement of Law or (d) use any part of the proceeds of any Loan, directly or indirectly, for any conduct that would cause the representations and warranties in Sections 5.20 and 5.21 to be untrue as if made on the date any such conduct occurs.

## **ARTICLE VIII** **EVENTS OF DEFAULT**

**8.01 Event of Default.** Any of the following shall constitute an "Event of Default":

(a) Non-Payment. The Company fails to pay (i) within two Business Days after the same becomes due, any amount of principal of any Loan, (ii) within five Business Days after the same becomes due, any interest or fee hereunder, or (iii) within five Business Days after the same becomes due pursuant to delivery of a written demand therefor by the Administrative Agent or any Bank, any other amount payable hereunder or under any other Loan Document; or

(b) Representation or Warranty. Any representation or warranty by the Loan Parties made or deemed made herein or in any other Loan Document, or which is contained in any certificate, document or financial or other statement by the Loan Parties or by any Responsible Officer thereof, furnished at any time under this Agreement, or in or under any other Loan Document, is incorrect in any material respect on or as of the date made or deemed made; or

(c) Specific Default. (i) The Loan Parties fail to perform or observe any term, covenant or agreement contained in Article VII; or (ii) the Loan Parties, as applicable, fail to perform or observe any term, covenant or agreement contained in any of Section 6.01, 6.02, 6.03,

6.04(a) (with respect to any Loan Party), 6.09, 6.11 or 6.12 and such failure continues for a period of three days after the date such performance or observance is first required; or

(d) Other Defaults. The Loan Parties or any Subsidiary fail to perform or observe any other term or covenant contained, or incorporated by reference, in this Agreement or any other Loan Document, and such default shall continue unremedied for a period of 30 days after the earlier of (i) the date upon which a Responsible Officer of any Loan Party knew or reasonably should have known of such failure or (ii) the date upon which written notice thereof is given to any Loan Party by the Administrative Agent or any Bank; or

(e) Cross-Default. Any Loan Party or any of its Subsidiaries (i) fails to make any payment in respect of any Indebtedness or Contingent Obligation having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than \$25,000,000 in respect of the Company or any Subsidiary thereof, or \$35,000,000 in the case of the Parent or any Subsidiary thereof, when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure continues after the applicable grace or notice period, if any, specified in the relevant document on the date of such failure; or

(ii) fails to perform or observe any other condition or covenant, or any other event shall occur or condition shall exist, under any agreement or instrument relating to any such Indebtedness or Contingent Obligation of such Loan Party or such Subsidiary and such failure continues after the applicable grace or notice period, if any, specified in the relevant document on the date of such failure if the effect of such failure, event or condition is to cause, or to permit the holder or holders of such Indebtedness or beneficiary or beneficiaries of such Indebtedness (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, such Indebtedness to be declared to be due and payable prior to its stated maturity, or such Contingent Obligation to become payable or cash collateral in respect thereof to be demanded; provided,

however, that no Event of Default shall be deemed to have occurred under this paragraph as a result of or in relation to any default in any Indebtedness of the Parent arising as the result of the occurrence of the CSG Separation, to the extent such Indebtedness to which such default relates is intended to be repaid in connection with (and is actually repaid by a date no later than 30 days following the consummation of) the CSG Separation; or

(f) Insolvency: Voluntary Proceedings. Any Loan Party or any Subsidiary thereof (i) ceases or fails to be Solvent, or generally fails to pay, or admits in writing its inability to pay, its debts as they become due, subject to applicable grace periods, if any, whether at stated maturity or otherwise; (ii) voluntarily ceases to conduct its business in the ordinary course; (iii) commences any Insolvency Proceeding with respect to itself; or (iv) takes any action to effectuate or authorize any of the foregoing; or

(g) Involuntary Proceedings. (i) Any involuntary Insolvency Proceeding is commenced or filed against any Loan Party or any Subsidiary thereof or any writ, judgment, warrant of attachment, execution or similar process is issued or levied against a substantial part of any Loan Party's or any such Subsidiary's properties, and any such proceeding or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be released, vacated or fully bonded within 60 days after commencement, filing or levy; (ii) any Loan Party or any Subsidiary thereof admits the material allegations of a petition against it in any

Insolvency Proceeding, or an order for relief (or similar order under non-U.S. law) is ordered in any Insolvency Proceeding; or (iii) any Loan Party or any Subsidiary thereof acquiesces in the appointment of a receiver, trustee, custodian, conservator, liquidator, mortgagee in possession (or agent therefor), or other similar Person for itself or a substantial portion of its property or business; or

(h) ERISA. (i) An ERISA Event with respect to a Pension Plan or Multiemployer Plan, or an ERISA Termination Event with respect to a Pension Plan, shall occur which has resulted or would reasonably be expected to result in liability of either Loan Party under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of 10% of Consolidated Net Worth; (ii) the commencement or increase of contributions to, or the adoption of or the amendment of, a Pension Plan by the Parent or an ERISA Affiliate which has resulted or could reasonably be expected to result in an increase in Unfunded Pension Liability among all Pension Plans in an aggregate amount in excess of 10% of Consolidated Net Worth; or (iii) the Parent or an ERISA Affiliate shall fail to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan which has resulted or could reasonably be expected to result in a Material Adverse Effect; or

(i) Judgments. (i) One or more non-interlocutory judgments, non- interlocutory orders, decrees or arbitration awards is entered against the Company or any Subsidiary thereof involving in the aggregate a liability (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage) of \$50,000,000 or more; or (ii) any non-monetary final judgment is entered against any Loan Party or any Subsidiary thereof that has, or could reasonably be expected to have, a Material Adverse Effect; and in either case, the

same shall remain unsatisfied, unvacated, unstayed pending appeal, unbonded or discharged for a period of 60 days after the entry thereof; or

(j) Change of Control. There occurs any Change of Control; or

(k) Invalidity of Loan Documents. Any Loan Document ceases to be in full force and effect or any Loan Party contests in any manner the validity or enforceability thereof.

**8.02 Remedies.** If any Event of Default occurs and for so long as it is continuing, the Administrative Agent shall, at the request of, or may, with the consent of, the Majority Banks, take any or all of the following actions:

(a) declare the Commitment of each Bank to make Loans to be suspended or terminated, whereupon such Commitment shall be suspended or terminated, as applicable;

(b) declare all or any part of the Obligations to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Loan Parties; and/or

(c) exercise on behalf of itself and the Banks all rights and remedies available to it and the Banks under the Loan Documents or applicable law; provided that upon the occurrence of any event specified inclause (f) or (g) of Section 8.01 (in the case ofclause (i) of clause (g) upon the expiration of the 60-day period mentioned therein), the obligation of each Bank to make Loans shall automatically terminate and the Obligations shall automatically become due and payable without further act of the Administrative Agent or any Bank; provided, further, that if, within 30 days after acceleration of the Obligations or termination of the obligations of the Banks to make Loans as a result of any Event of Default (other than any Event of Default as described in clause (f) or (g) of Section 8.01 with respect to any Loan Party) and before any judgment or decree for the payment of the Obligations due shall have been obtained or entered, the Majority Banks (in their sole discretion) shall so direct, the Administrative Agent shall, by notice to the Company, rescind and annul such acceleration and/or termination.

**8.03 Application of Funds.** After the exercise of remedies provided for inSection 8.02 (or after the Obligations under this Agreement and the other Loan Documents have become immediately due and payable as set forth in Section 8.02(b)), the Administrative Agent shall apply any amounts it receives on account of the Obligations in the following order:

(a) first, to payment of fees, indemnities, expenses and other amounts (including fees, charges and disbursements of counsel to the Administrative Agent and amounts payable under Article III) payable to the Administrative Agent in its capacity as such;

(b) second, to payment of fees, indemnities and other reimbursable expenses (other than principal and interest) payable to the Banks (including fees, charges and disbursements of counsel to the Banks as required by Section 11.05 and amounts payable under Article III);

(c) third, to payment of accrued and unpaid interest on the Loans, ratably among the Banks in proportion to the amounts described in this Section 8.03(c) payable to them;

(d) fourth, to payment of that portion of the Obligations constituting unpaid principal of the Loans, ratably among the Banks in proportion to the respective amounts described in this Section 8.03(d) payable to them;

(e) fifth, to payment of all other Obligations ratably among the Administrative Agent and the Banks based upon the respective aggregate amounts of all such Obligations owing to them in accordance with the respective amounts thereof then due and payable; and

(f) last, the balance, if any, to the Company or as otherwise required by law.

## **ARTICLE IX** **THE ADMINISTRATIVE AGENT**

**9.01 Appointment; Nature of Relationship.** U.S. Bank is hereby appointed by each of the Banks as its contractual representative (herein referred to as the "Administrative Agent") hereunder and under each other Loan Document, and each of the Banks irrevocably authorizes the Administrative Agent to act as the contractual representative of such Bank with the rights and duties expressly set forth herein and in the other Loan Documents. The Administrative Agent agrees to act as such contractual representative upon the express conditions contained in this Article IX. Notwithstanding the use of the defined term "Administrative Agent," it is expressly understood and agreed that the Administrative Agent shall not have any fiduciary responsibilities

to any Bank by reason of this Agreement or any other Loan Document and that the Administrative Agent is merely acting as the contractual representative of the Banks with only those duties as are expressly set forth in this Agreement and the other Loan Documents. In its capacity as the Banks' contractual representative, the Administrative Agent (a) does not hereby assume any fiduciary duties to any of the Banks, (b) is a "representative" of the Banks within the meaning of Section 9- 102 of the Uniform Commercial Code and (c) is acting as an independent contractor, the rights and duties of which are limited to those expressly set forth in this Agreement and the other Loan Documents. Each of the Banks hereby agrees to assert no claim against the Administrative Agent on any agency theory or any other theory of liability for breach of fiduciary duty, all of which claims each Bank hereby waives.

**9.02 Powers.** The Administrative Agent shall have and may exercise such powers under the Loan Documents as are specifically delegated to the Administrative Agent by the terms of each thereof, together with such powers as are reasonably incidental thereto. The Administrative Agent shall have (a) no implied duties to the Banks under any Loan Document and (b) no obligation to the Banks to take any action under any Loan Document except any action specifically provided by such Loan Document to be taken by the Administrative Agent.

**9.03 General Immunity.** Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be liable to any Loan Party or any Bank for any action taken or omitted to be taken by it or them hereunder or under any other Loan Document or in connection herewith or therewith except to the extent such action or inaction is determined in a final non-appealable judgment by a court of competent jurisdiction to have arisen from the gross negligence or willful misconduct of such Person.

**9.04 No Responsibility for Loans, Recitals, etc.** Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be responsible for or have any duty to

ascertain, inquire into, or verify (a) any statement, warranty or representation made in connection with any Loan Document or any borrowing hereunder; (b) the performance or observance of any of the covenants or agreements of any obligor under any Loan Document, including any agreement by an obligor to furnish information directly to each Bank; (c) the satisfaction of any condition specified in Article IV, except receipt of items required to be delivered solely to the Administrative Agent; (d) the existence or possible existence of any Default or Event of Default; (e) the validity, enforceability, effectiveness, sufficiency or genuineness of any Loan Document or any other instrument or writing furnished in connection therewith; (f) the value, sufficiency, creation, perfection or priority of any Lien in any collateral security; or (g) the financial condition of the Parent, the Company or any guarantor of any of the Obligations or of any of the Parent's, the Company's or any such other guarantor's respective Subsidiaries. The Administrative Agent shall have no duty to disclose to the Banks information that is not required to be furnished by any Loan Party to the Administrative Agent at such time, but is voluntarily furnished by a Loan Party to the Administrative Agent (either in its capacity as Administrative Agent or in its individual capacity).

**9.05 Action on Instructions of Banks.** The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder and under any other Loan Document in accordance with written instructions signed by the Majority Banks, and such instructions and any action taken or failure to act pursuant thereto shall be binding on all of the Banks. The Banks hereby acknowledge that the Administrative Agent shall be under no duty to

take any discretionary action permitted to be taken by it pursuant to the provisions of this Agreement or any other Loan Document unless it shall be requested in writing to do so by the Majority Banks. The Administrative Agent shall be fully justified in failing or refusing to take any action hereunder and under any other Loan Document unless it shall first be indemnified to its satisfaction by the Banks pro rata against any and all liability, cost and expense that it may incur by reason of taking or continuing to take any such action.

**9.06 Employment of Agents and Counsel.** The Administrative Agent may execute any of its duties as Administrative Agent hereunder and under any other Loan Document by or through employees, agents and attorneys-in-fact and shall not be answerable to the Banks, except as to money or securities received by it or its authorized agents, for the default or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care. The Administrative Agent shall be entitled to advice of counsel concerning the contractual arrangement between the Administrative Agent and the Banks and all matters pertaining to the Administrative Agent's duties hereunder and under any other Loan Document.

**9.07 Reliance on Documents; Counsel.** The Administrative Agent shall be entitled to rely upon any Note, notice, consent, certificate, affidavit, letter, telegram, statement, paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons, and, in respect to legal matters, upon the opinion of counsel selected by the Administrative Agent, which counsel may be employees of the Administrative Agent. For purposes of determining compliance with the conditions specified in Section 4.01, each Bank that has executed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter either sent by the Administrative Agent to such Bank for consent, approval, acceptance or satisfaction, or required thereunder to be consented to or approved by or acceptable or satisfactory to such Bank.

**9.08 Administrative Agent's Reimbursement and Indemnification.** The Banks agree to reimburse and indemnify the Administrative Agent ratably in proportion to their respective Pro Rata Shares (i) for any amounts not reimbursed by the Company for which the Administrative Agent is entitled to reimbursement by the Loan Parties under the Loan Documents, (ii) for any other expenses incurred by the Administrative Agent on behalf of the Banks, in connection with the preparation, execution, delivery, administration and enforcement of the Loan Documents (including for any expenses incurred by the Administrative Agent in connection with any dispute between the Administrative Agent and any Bank or between two or more of the Banks) and (iii) for any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Administrative Agent in any way relating to or arising out of the Loan Documents or any other document delivered in connection therewith or the transactions contemplated thereby (including for any such amounts incurred by or asserted against the Administrative Agent in connection with any dispute between the Administrative Agent and any Bank or between two or more of the Banks), or the enforcement of any of the terms of the Loan Documents or of any such other documents; provided that (i) no Bank shall be liable for any of the foregoing to the extent any of the foregoing is found in a final non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the Administrative Agent and (ii) any indemnification required pursuant to Section 3.03(e) shall, notwithstanding the provisions of Section 9.08, be paid by the relevant Bank in accordance with the provisions thereof. The obligations of the Banks under this Section 9.08 shall survive payment of the Obligations and termination of this Agreement.

**9.09 Notice of Default.** The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder, except with respect to a Default or Event of Default arising from the non-payment of principal, interest or fees required to be paid to the Administrative Agent for the account of the Banks, unless the Administrative Agent has received written notice from a Bank or a Loan Party referring to this Agreement describing such Default or Event of Default and stating that such notice is a "notice of default." If the Administrative Agent receives such a notice, the Administrative Agent shall give prompt notice thereof to the Banks.

**9.10 Rights as a Bank.** If the Administrative Agent is a Bank, the Administrative Agent shall have the same rights and powers hereunder and under any other Loan Document with respect to its Loan as any Bank and may exercise the same as though it were not the Administrative Agent, and the term "Bank" or "Banks" shall, at any time when the Administrative Agent is a Bank, unless the context otherwise indicates, include the Administrative Agent in its individual capacity. The Administrative Agent and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of trust, debt, equity or other transaction, in addition to those contemplated by this Agreement or any other Loan Document, with any Loan Party or any of its respective Affiliates in which any Loan Party or such Affiliate is not restricted hereby from engaging with any other Person. The Administrative Agent, in its individual capacity, is not obligated to remain a Bank.

**9.11 Bank Credit Decision.** Each Bank acknowledges that it has, independently and without reliance upon the Administrative Agent, the Lead Arranger or any other Bank and based

on the financial statements prepared by the Loan Parties and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and the other Loan Documents. Each Bank also acknowledges that it will, independently and without reliance upon the Administrative Agent, the Lead Arranger or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Loan Documents.

**9.12 Successor Administrative Agent.** The Administrative Agent may resign at any time by giving written notice thereof to the Banks and the Loan Parties, such resignation to be effective upon the appointment of a successor Administrative Agent or, if no successor Administrative Agent has been appointed, 45 days after the retiring Administrative Agent gives notice of its intention to resign. The Administrative Agent may be removed at any time with or without cause by written notice received by the Administrative Agent from the Majority Banks, such removal to be effective on the date specified by the Majority Banks. Upon any such resignation or removal, the Majority Banks shall have the right to appoint, on behalf of the Loan Parties and the Banks, a successor Administrative Agent. If no successor Administrative Agent shall have been so appointed by the Majority Banks within 30 days after the resigning Administrative Agent's giving notice of its intention to resign, then the resigning Administrative Agent may appoint, on behalf of the Loan Parties and the Banks, a successor Administrative Agent. Notwithstanding the previous sentence, the Administrative Agent may at any time without the consent of any Loan Party or any Bank, appoint any of its Affiliates which is a commercial bank as a successor Administrative Agent hereunder. If the Administrative Agent has resigned or been removed and no successor Administrative Agent has been appointed, the Banks may perform all the duties of the Administrative Agent hereunder and the Loan Parties shall make all payments in respect of the Obligations to the applicable Bank and for all other purposes shall deal directly with the Banks. No successor Administrative Agent shall be deemed to be appointed hereunder until such successor Administrative Agent has accepted the appointment. Any such successor Administrative Agent shall be a commercial bank having capital and retained earnings of at least \$100,000,000. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the resigning or removed Administrative Agent. Upon the effectiveness of the resignation or removal of the Administrative Agent, the resigning or removed Administrative Agent shall be discharged from its duties and obligations hereunder and under the Loan Documents. After the effectiveness of the resignation or removal of an Administrative Agent, the provisions of this Article IX shall continue in effect for the benefit of such Administrative Agent in respect of any actions taken or omitted to be taken by it while it was acting as the Administrative Agent hereunder and under the other Loan Documents.

**9.13 Administrative Agent's and Arranger's Fees.** The Company agrees to pay to the Administrative Agent and to the Lead Arranger, for their respective accounts, the fees agreed to by the Company, the Administrative Agent and the Lead Arranger pursuant to the Fee Letter or as otherwise agreed from time to time

**9.14 Delegation to Affiliates.** The Loan Parties and the Banks agree that the Administrative Agent may delegate any of its duties under this Agreement to any of its Affiliates. Any such Affiliate (and such Affiliate's directors, officers, agents and employees) which performs duties in connection with this Agreement shall be entitled to the same benefits of the indemnification, waiver and other protective provisions to which the Administrative Agent is entitled under Articles VIII and IX.

**9.15 Certain ERISA Matters.**

(a) Each Bank (x) represents and warrants, as of the date such Person became a Bank party hereto, and (y) covenants, from the date such Person became a Bank party hereto to the date such Person ceases being a Bank party hereto, for the benefit of the Administrative Agent and not, for the avoidance of doubt, to or for the benefit of any Loan Party, that at least one of the following is and will be true:

(i) such Bank is not using "plan assets" (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Plans with respect to such Bank's entrance into, participation in, administration of and performance of the Loans, the Commitments or this Agreement;

(ii) the transaction exemption set forth in one or more prohibited transaction exemptions issued by the Department of Labor (each, a "PTE"), such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96- 23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Bank's entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement;

(iii) (A) such Bank is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Bank to enter into, participate in, administer and perform the Loans, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement satisfies the requirements of subsections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Bank, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Bank's entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement; or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Bank.

(b) In addition, unless either (1) subclause (i) in the immediately preceding clause (a) is true with respect to a Bank or (2) a Bank has provided another representation, warranty and covenant in accordance with subclause (iv) in the immediately preceding clause

(a), such Bank further (x) represents and warrants, as of the date such Person became a Bank party hereto, to, and (y) covenants, from the date such Person became a Bank party hereto to the date such Person ceases being a Bank party hereto, for the benefit of, the Administrative Agent and not, for the avoidance of doubt, to or for the benefit of any Loan Party, that the Administrative Agent is not a fiduciary with respect to the assets of such Bank involved in such Bank's entrance into, participation in, administration of and performance of the Loans, the 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).

#### **9.16 Erroneous Payments.**

(a) If the Administrative Agent notifies a Bank or other holder of any Obligations (each, a Bank Party"), or any Person who has received funds on behalf of a Bank Party (any such Bank Party or other recipient, a Payment Recipient"), that the Administrative Agent has determined in its sole discretion (whether or not after receipt of any notice under Section 9.16(b)) that any funds received by such Payment Recipient from the Administrative Agent or any of its Affiliates were erroneously transmitted to, or otherwise erroneously received by, such Payment Recipient (whether or not such error is known to any Payment Recipient) (any such funds, whether received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise, individually and collectively, an Erroneous Payment") and demands the return of such Erroneous Payment (or a portion thereof), 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 such Payment Recipient shall

promptly, but in no event later than one Business Day 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 (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 in same day funds at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation from time to time in effect. A notice of the Administrative Agent to any Payment Recipient under this clause (a) shall be conclusive, absent manifest error.

(b) Without limiting Section 9.16(a), if any Payment Recipient receives a payment, prepayment or repayment (whether received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise) from the Administrative Agent (or any of its Affiliates) that (x) 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, (y) was not preceded or accompanied by a notice of payment, prepayment or repayment sent by the Administrative Agent (or any of its Affiliates), or (z) such Payment Recipient otherwise becomes aware was transmitted, or received, in error (in whole or in part):

(i) (A) in the case of immediately precedingclause (x) or (y), an error shall be presumed to have been made (absent written confirmation from the Administrative Agent to the contrary) or (B) in the case of immediately preceding clause (z), an error has been made, in each case, with respect to such payment, prepayment or repayment; and

(ii) such Payment Recipient shall promptly (and, in all events, within one Business Day of its knowledge of such error) notify the Administrative Agent of its receipt of such payment, prepayment or repayment, the details thereof (in reasonable detail) and that it is so notifying the Administrative Agent pursuant to this Section 9.16(b).

(c) Each Bank Party hereby authorizes the Administrative Agent to set off, net and apply any and all amounts at any time owing to such Bank Party under any Loan Document, against any amount due to the Administrative Agent under Section 9.16(a) or under the indemnification provisions of this Agreement.

(d) An Erroneous Payment shall not pay, prepay, repay, discharge or otherwise satisfy any Obligations, except to the extent such Erroneous Payment comprises funds received by the Administrative Agent from the Parent or a Subsidiary for the purpose of making such Erroneous Payment.

(e) To the extent permitted by applicable law, each Payment Recipient hereby agrees not to assert any right or claim to an Erroneous Payment, and hereby waives, and is deemed to waive, any claim, counterclaim, defense or right of set-off or recoupment, including without limitation any defense based on "discharge for value" or any similar doctrine, with respect to any demand, claim or counterclaim by the Administrative Agent for the return of any Erroneous Payment.

(f) Each party's agreements under this Section 9.16 shall survive the resignation or replacement of the Administrative Agent, any transfer of rights or obligations by, or the replacement of, a Bank, the termination of the Commitments, or the repayment, satisfaction or discharge of any or all Obligations.

## ARTICLE X LOAN GUARANTY

**10.01 Guaranty.** The Parent hereby agrees that it is jointly and severally liable for, and, as a primary obligor and not merely as surety, absolutely, unconditionally and irrevocably guarantees, the prompt payment when due, whether at stated maturity, upon acceleration or otherwise, and at all times thereafter, of the Guaranteed Obligations of the Parent (the "Loan Guaranty"). The Parent further agrees that the Guaranteed Obligations may be extended or renewed in whole or in part without notice to or further assent from it, and that it remains bound upon its guarantee notwithstanding any such extension or renewal. All terms of this Loan Guaranty apply to and may be enforced by or on behalf of any domestic or foreign branch or Affiliate of any Bank that extended any portion of the Guaranteed Obligations.

**10.02 Guaranty of Payment.** This Loan Guaranty is a guaranty of payment and not of collection. The Parent waives any right to require the Administrative Agent or any Bank to sue

the Company, the Parent, any other guarantor of, or any other Person obligated for all or any part of the Guaranteed Obligations (each, an "Obligated Party"), or otherwise to enforce its payment against any collateral securing all or any part of the Guaranteed Obligations.

#### **10.03 No Discharge or Diminishment of Loan Guaranty**

(a) Except as otherwise provided for herein, the obligations of the Parent hereunder are unconditional and absolute and not subject to any reduction, limitation, impairment or termination for any reason (other than the payment in full of the Guaranteed Obligations), including: (i) any claim of waiver, release, extension, renewal, settlement, surrender, alteration, or compromise of any of the Guaranteed Obligations, by operation of law or otherwise; (ii) any change in the existence, structure or ownership of the Company or any other Obligated Party liable for any of the Guaranteed Obligations; (iii) any insolvency, bankruptcy, reorganization or other similar proceeding affecting any Obligated Party, or their assets or any resulting release or discharge of any obligation of any Obligated Party; or (iv) the existence of any claim, set-off or other rights which the Parent may have at any time against any Obligated Party, the Administrative Agent, any Bank, or any other Person, whether in connection herewith or in any unrelated transactions.

(b) The obligations of the Parent hereunder are not subject to any defense or set-off, counterclaim, recoupment, or termination whatsoever by reason of the invalidity, illegality, or unenforceability of any of the Guaranteed Obligations or otherwise, or any provision of applicable law or regulation purporting to prohibit payment by any Obligated Party, of the Guaranteed Obligations or any part thereof.

(c) Further, the obligations of the Parent hereunder are not discharged or impaired or otherwise affected by: (i) the failure of the Administrative Agent or any Bank to assert any claim or demand or to enforce any remedy with respect to all or any part of the Guaranteed Obligations; (ii) any waiver or modification of or supplement to any provision of any agreement relating to the Guaranteed Obligations; (iii) any release, non-perfection, or invalidity of any indirect or direct security for the obligations of the Company for all or any part of the Guaranteed Obligations or any obligations of any other Obligated Party liable for any of the Guaranteed Obligations; (iv) any action or failure to act by the Administrative Agent or any Bank with respect to any collateral securing any part of the Guaranteed Obligations; or (v) any default, failure or delay, willful or otherwise, in the payment or performance of any of the Guaranteed Obligations, or any other circumstance, act, omission or delay that might in any manner or to any extent vary the risk of the Parent or that would otherwise operate as a discharge of the Parent as a matter of law or equity (other than the payment in full of the Guaranteed Obligations).

**10.04 Defenses Waived.** To the fullest extent permitted by applicable law, the Parent hereby waives any defense based on or arising out of any defense of the Company or the Parent or the unenforceability of all or any part of the Guaranteed Obligations from any cause, or the cessation from any cause of the liability of the Company, the Parent or any other Obligated Party, other than the payment in full of the Guaranteed Obligations. Without limiting the generality of the foregoing, the Parent irrevocably waives acceptance hereof, presentment,

demand, protest and, to the fullest extent permitted by law, any notice not provided for herein, as well as any requirement that at any time any action be taken by any Person against any Obligated Party, or any other Person. The Parent confirms that it is not a surety under any state law and shall not raise any such law as a defense to its obligations hereunder. The Administrative Agent may, at its election, foreclose on any collateral held by it by one or more judicial or nonjudicial sales, accept an assignment of any such collateral in lieu of foreclosure or otherwise act or fail to act with respect to any collateral securing all or a part of the Guaranteed Obligations, compromise or adjust any part of the Guaranteed Obligations, make any other accommodation with any Obligated Party or exercise any other right or remedy available to it against any Obligated Party, without affecting or impairing in any way the liability of the Parent under this Loan Guaranty, except to the extent the Guaranteed Obligations have been paid in full. To the fullest extent permitted by applicable law, the Parent waives any defense arising out of any such election even though that election may operate, pursuant to applicable law, to impair or extinguish any right of reimbursement or subrogation or other right or remedy of the Parent against any Obligated Party or any security.

**10.05 Rights of Subrogation.** The Parent will not assert any right, claim or cause of action, including, without limitation, a claim of subrogation, contribution or indemnification that it has against any Obligated Party, or any collateral, until the Loan Parties and the Parent have fully performed all their obligations to the Administrative Agent and the Banks.

**10.06 Reinstatement; Stay of Acceleration.** If at any time any payment of any portion of the Guaranteed Obligations (including a payment effected through exercise of a right of set-off) is rescinded, or must otherwise be restored or returned upon the insolvency, bankruptcy or reorganization of the Company or otherwise, the Parent's obligations under this Loan Guaranty with respect to that payment shall be reinstated at such time as though the payment had not been made and whether or not the Administrative Agent and the Banks are in possession of this Loan Guaranty. If acceleration of the time for payment of any of the Guaranteed Obligations is stayed upon the insolvency, bankruptcy or reorganization of the Company, all such amounts otherwise subject to acceleration under the terms of any agreement relating to the Guaranteed Obligations shall nonetheless be payable by the Parent forthwith on demand by the Administrative Agent.

**10.07 Information.** The Parent assumes all responsibility for being and keeping itself informed of the Company's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations and the nature, scope and extent of the risks that the Parent assumes and incurs under this Loan Guaranty, and agrees that none of the Administrative Agent or any Bank shall have any duty to advise the Parent of information known to it regarding those circumstances or risks.

**10.08 Release of Guarantor.** Upon payment in full of all Obligations, the Loan Guaranty and all obligations (other than those expressly stated to survive such termination) of the Parent thereunder shall automatically terminate, all without delivery of any instrument or performance of any act by any Person.

**10.09 Maximum Liability.** Notwithstanding any other provision of this Loan Guaranty, the amount guaranteed by the Parent hereunder shall be limited to the extent, if any, required so that its obligations hereunder shall not be subject to avoidance under Section 548 of the

Bankruptcy Code or under any applicable state Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act, Uniform Voidable Transactions Act or similar statute or common law. In determining the limitations, if any, on the amount of the Parent's obligations hereunder pursuant to the preceding sentence, it is the intention of the parties hereto that any rights of subrogation, indemnification or contribution which the Parent may have under the Loan Guaranty, any other agreement or applicable law shall be taken into account.

**10.10 Liability Cumulative.** The liability of the Parent under this Article X is in addition to and shall be cumulative with all liabilities of each Loan Party to the Administrative Agent and the Banks under this Agreement and the other Loan Documents to which such Loan Party is a party or in respect of any obligations or liabilities of the other Loan Parties, without any limitation as to amount, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

## **ARTICLE XI** **MISCELLANEOUS**

**11.01 Amendments and Waivers.** No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent with respect to any departure by any Loan Party therefrom, shall be effective unless the same shall be in writing and signed by the Majority Banks (or by the Administrative Agent at the written request of the Majority Banks) and the Loan Parties and acknowledged by the Administrative Agent, and then any such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided that no such waiver, amendment, or consent shall:

- (a) without the written approval of each Bank directly affected thereby,
  - (i) increase, reinstate or extend the Commitment, or amend or modify the Pro Rata Share, of any Bank or amend Section 8.03;
  - (ii) postpone or delay any date fixed by this Agreement or any other Loan Document for any payment of principal, interest, fees or other amounts due to the Banks (or any of them) hereunder or under any other Loan Document; or
  - (iii) reduce the principal of, or the rate of interest specified herein on, any Loan, or any fees or other amounts payable hereunder or under any other Loan Document; and
- (b) without the consent of each Bank, (i) change the aggregate unpaid principal amount of the Loans which is required for the Banks or any of them to take any action hereunder;
- (ii) amend this Section, the definition of "Majority Banks," Section 11.10, Article IV, Article IX or any provision herein providing for consent or other action by all Banks,
- (iii) subordinate, or have the effect of subordinating, the Obligations hereunder to any other Indebtedness or other obligation or
- (iv) release the Parent under the guaranty provisions of Article X; and provided, further, that (x) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Majority Banks or all the Banks, as the case may be, affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document, and (y) the Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed by the respective parties thereto.

## **11.02 Notices Generally.**

(a) Except as otherwise permitted by Section 2.08 with respect to certain notices, all notices, requests and other communications to any party hereunder shall be in writing (including electronic transmission or similar writing) and shall be given to such party: (x) in the case of any Loan Party, any Bank or the Administrative Agent, at its address or email address set forth in Schedule 11.02 or (y) in the case of any other party, at such other address, facsimile number or email address as such party may hereafter specify for the purpose by notice to the Administrative Agent and the Loan Parties. Each such notice, request or other communication shall be effective (i) if given by facsimile transmission, when transmitted to the facsimile number specified pursuant to this Section and confirmation of receipt is received, (ii) if given by mail, 72 hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid, or (iii) if given by any other means, when delivered (or, in the case of electronic transmission, as provided by Section 11.02(b)) at the address specified in this Section; provided that notices to the Administrative Agent under Article II shall not be effective until received.

(b) Notices and other communications to the Banks hereunder may be delivered or furnished by electronic communication (including email and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Bank pursuant to Article II if such Bank, as applicable, has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or any Loan Party 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 email 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 email 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 email address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

(c) Change of Address, etc. The Loan Parties, the Administrative Agent and any Bank may each change the address or facsimile number for service of notice and other communications by a notice in writing to the other parties hereto.

(d) The Company hereby authorizes the Administrative Agent to extend Loans and to transfer funds based on oral or written requests via telephone. The Administrative Agent may rely upon, and shall incur no liability for relying upon, any oral or written requests that the Administrative Agent believes to be genuine and to have been signed, sent or made by an

authorized person. Upon request by the Administrative Agent, the Company shall promptly confirm each oral notice in writing (which may include email), authenticated by a Responsible Officer of the Company. If the written confirmation differs in any material respect from the action taken by the Administrative Agent, the records of the Administrative Agent shall govern absent manifest error.

**11.03 No Waiver; Cumulative Remedies.** The rights, powers, privileges and remedies of the Administrative Agent and the Banks provided herein or in any other Loan Document are cumulative and not exclusive of any right, power, privilege or remedy provided by law or equity or under any other instrument, document or agreement now existing or hereafter arising. No failure to exercise and no delay in exercising, on the part of the Administrative Agent or any Bank, any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

**11.04 Several Obligations; Benefits of this Agreement.** The respective obligations of the Banks hereunder are several and not joint and no Bank shall be the partner or agent of any other (except to the extent to which the Administrative Agent is authorized to act as such). The failure of any Bank to perform any of its obligations hereunder shall not relieve any other Bank from any of its obligations hereunder. This Agreement shall not be construed so as to confer any right or benefit upon any Person other than the parties to this Agreement and their respective successors and assigns; provided that the parties hereto expressly agree that the Lead Arranger shall enjoy the benefits of the provisions of Sections 9.11, 11.05 and 11.21 to the extent specifically set forth therein and shall have the right to enforce such provisions on its own behalf and in its own name to the same extent as if it were a party to this Agreement.

**11.05 Expenses; Indemnification.** (a) The Company shall reimburse the Administrative Agent and the Lead Arranger for any reasonable costs, internal charges and out-of-pocket expenses (including attorneys' fees and time charges of attorneys for the Administrative Agent, which attorneys may be employees of the Administrative Agent) paid or incurred by the Administrative Agent or the Lead Arranger in connection with the preparation, negotiation, execution, delivery, syndication, distribution (including via the internet), review, amendment, modification and administration of the Loan Documents. The Company also agrees to reimburse the Administrative Agent, the Lead Arranger and each Bank for any costs, internal charges and out-of-pocket expenses (including attorneys' fees and time charges of attorneys for the Administrative Agent, the Lead Arranger or such Bank) paid or incurred by the Administrative Agent, the Lead Arranger, or such Bank in connection with the collection and enforcement of the Loan Documents.

(b) The Company hereby further agrees to indemnify the Administrative Agent, the Lead Arranger, each Bank, their respective Affiliates, and each of their directors, officers, agents and employees against all losses, claims, damages, penalties, judgments, liabilities and expenses (including all expenses of litigation or preparation therefor whether or not the Administrative Agent, the Lead Arranger, any Bank or any Affiliate is a party thereto) which any of them may pay or incur arising out of or relating to this Agreement, the other Loan Documents, the transactions contemplated hereby or the direct or indirect application or proposed application

of the proceeds of any Loan hereunder, whether based in contract, tort or any other theory, whether brought by a third party or by the Company or any of its Affiliates or creditors, and regardless of whether the party seeking indemnification is a party thereto, except to the extent that they are determined in a final non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the party, or the party's Affiliates, seeking indemnification. The obligations of the Company under this Section 11.05 shall survive the termination of this Agreement.

**11.06 Marshalling; Payments Set Aside.** None of the Administrative Agent nor the Banks shall be under any obligation to marshall any assets in favor of any Loan Party or any other Person or against or in payment of any or all of the Obligations. To the extent that any Loan Party makes a payment to the Administrative Agent or the Banks, or the Administrative Agent or the Banks exercise their right of set-off, and such payment or the proceeds of such set-off or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent or such Bank in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any Insolvency Proceeding or otherwise, then (a) to the extent of such recovery the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such set-off had not occurred, and (b) each Bank severally agrees to pay to the Administrative Agent upon demand its Pro Rata Share of any amount so recovered from or repaid by the Administrative Agent.

#### **11.07 Successors and Assigns**

The terms and provisions of the Loan Documents shall be binding upon and inure to the benefit of the Administrative Agent, the Loan Parties and the Banks and their respective successors and assigns, except that (i) no Loan Party shall have any right to assign its rights or obligations under the Loan Documents and (ii) any assignment by any Bank must be made in compliance with Section 11.08. The parties to this Agreement acknowledge that clause (ii) of the foregoing sentence relates only to absolute assignments and does not prohibit assignments creating security interests, including (x) any pledge or assignment by any Bank of all or any portion of its rights under this Agreement and any Note to secure obligations of such Bank, including without limitation any pledge or assignment to secure obligations to a Federal Reserve Bank or any other central banking authority, or (y) in the case of a Bank which is a fund, any pledge or assignment of all or any portion of its rights under this Agreement and any Note to its trustee in support of its obligations to its trustee; provided that no such pledge or assignment creating a security interest shall release the transferor Bank from its obligations hereunder unless and until the parties thereto have complied with the provisions of Section 11.08. The Administrative Agent may treat the Person which made any Loan or which holds any Note as the owner thereof for all purposes hereof unless and until such Person complies with Section 11.08; provided that the Administrative Agent may in its discretion (but shall not be required to) follow instructions from the Person which made any Loan or which holds any Note to direct payments relating to such Loan or Note to another Person. Any assignee of the rights to any Loan or any Note agrees by acceptance of such assignment to be bound by all the terms and provisions of the Loan Documents. Any request, authority or consent of any Person, who at the time of making such request or giving such authority or consent is the owner of the rights to any Loan (whether

or not a Note has been issued in evidence thereof), shall be conclusive and binding on any subsequent holder or assignee of the rights to such Loan.

**11.08 Participations; Assignments, etc.. Permitted Participants; Effect.**

(a) Any Bank may, in the ordinary course of its business and in accordance with applicable law, at any time sell to one or more banks or other Persons (other than a natural Person, or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of a natural Person or the Parent or any of the Parent's Affiliates or Subsidiaries) ("Participants") participating interests in any Loan owing to such Bank, any Note held by such Bank or any other interest of such Bank under the Loan Documents. Upon any such sale by a Bank of participating interests to a Participant, such Bank's obligations under the Loan Documents shall remain unchanged, such Bank shall remain solely responsible to the other parties hereto for the performance of such obligations, such Bank shall remain the owner of its Loan and the holder of any Note issued to it in evidence thereof for all purposes under the Loan Documents, all amounts payable by the Loan Parties under this Agreement shall be determined as if such Bank had not sold such participating interests, and the Company and the Administrative Agent shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under the Loan Documents: provided that if the Company consents to the sale of participating interests to a Participant, such Participant shall be entitled to the benefits of, and be subject to Sections 3.02 and 3.03 of this Agreement as if it were a Purchaser (except that any payments made on behalf of or by the Company or the Participant shall be made to such Bank for the benefit of the Company or the Participant, as applicable).

(b) Voting Rights. Each Bank shall retain the sole right to approve, without the consent of any Participant, any amendment, modification or waiver of any provision of the Loan Documents other than any amendment, modification or waiver which requires the unanimous consent of all Banks under Section 11.01.

(c) Benefit of Set-off. The Loan Parties agree that each Participant shall be deemed to have the right of set-off provided in Section 11.10 in respect of its participating interest in amounts owing under the Loan Documents to the same extent as if the amount of its participating interest were owing directly to it as a Bank under the Loan Documents; provided that each Bank shall retain the right of set-off provided in Section 11.10 with respect to the amount of participating interests sold to each Participant. The Banks agree to share with each Participant, and each Participant, by exercising the right of set-off provided in Section 11.10, agrees to share with each Bank, any amount received pursuant to the exercise of its right of set-off, such amounts to be shared in accordance with Section 11.10 as if each Participant were a Bank.

(d) Permitted Assignments. Any Bank may, in the ordinary course of its business and in accordance with applicable law, at any time assign to one or more Eligible Assignees ("Purchasers") all or any part of its rights and obligations under the Loan Documents. Any assignment shall be made pursuant to a document substantially in the form of Exhibit D or in such other form as may be agreed to by the parties thereto. The consent of the Company and the Administrative Agent shall be required prior to an assignment becoming effective with respect to a Purchaser that is not a Bank or an Affiliate thereof; provided that (i) if a Default or

an Event of Default has occurred and is continuing, the consent of the Company shall not be required and (ii) the Company shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within five (5) Business Days after having received notice thereof. Such consent shall not be unreasonably withheld or delayed. Each such assignment with respect to a Purchaser that is not a Bank or an Affiliate thereof shall (unless each of the Company and the Administrative Agent otherwise consents) be in an amount not less than the lesser of (i) \$2,500,000 or (ii) the remaining amount of the assigning Bank's outstanding Loans as at the date of such assignment.

(e) Effect: Effective Date. Upon (i) delivery to the Administrative Agent of an Assignment Agreement, together with any consents required by Section 11.08(d), and (ii) payment by the assigning Bank of a \$4,000 fee to the Administrative Agent for processing such assignment, such assignment shall become effective on the effective date specified in such Assignment Agreement. The Assignment Agreement shall contain a representation by the Purchaser to the effect that none of the consideration used to make the purchase of the Loans under the applicable assignment agreement constitutes "plan assets" as defined under ERISA and that the rights and interests of the Purchaser in and under the Loan Documents will not be "plan assets" under ERISA. On and after the effective date of such assignment, such Purchaser shall for all purposes be a Bank party to this Agreement and any other Loan Document executed by or on behalf of the Banks and shall have all the rights and obligations of a Bank under the Loan Documents, to the same extent as if it were an original party hereto, and no further consent or action by any Loan Party, the Banks or the Administrative Agent shall be required to release the transferor Bank with respect to the percentage of the applicable Loan assigned to such Purchaser. Upon the consummation of any assignment to a Purchaser pursuant to this Section 11.08(e), the transferor Bank, the Administrative Agent and the Company shall, if the transferor Bank or the Purchaser desires that its Loan be evidenced by a Note, make appropriate arrangements so that a new Note or, as appropriate, a replacement Note is issued to such transferor Bank and a new Note or, as appropriate, a replacement Note, is issued to such Purchaser, in each case in principal amount reflecting its then applicable Loans, as adjusted pursuant to such assignment.

(f) Dissemination of Information. Each Loan Party authorizes each Bank to disclose to any Participant or Purchaser or any other Person acquiring an interest in the Loan Documents by operation of law (each a "Transferee") and any prospective Transferee any and all information in such Bank's possession concerning the creditworthiness of the Parent and its Subsidiaries; provided that each Transferee and prospective Transferee agrees to be bound by Section 11.09 of this Agreement.

(g) Tax Treatment. If any interest in any Loan Document is transferred to any Transferee which is organized under the laws of any jurisdiction other than the United States or any State thereof, the transferor Bank shall cause such Transferee, concurrently with the effectiveness of such transfer, to comply with the provisions of Section 3.03(g).

(h) Register. The Administrative Agent, acting solely for this purpose as a non-fiduciary agent of the Loan Parties, shall maintain at the Administrative Agent's office specified for payments pursuant to Section 2.08, a copy of each Assignment Agreement delivered to it and a register for the recordation of the names and addresses of the Banks and principal amounts (and stated interest) of the Loans owing to, each Bank pursuant to the terms hereof from time to time

(the “Register”). The entries in the Register shall be conclusive absent manifest error, and the Loan Parties, the Administrative Agent and the Banks shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Bank hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Company or any Bank at any reasonable time and from time to time upon reasonable prior notice. Upon its receipt of a duly completed Assignment Agreement executed by an assigning Bank and an assignee and the recordation fee referred to in clause (e) of this Section and any written consent to such assignment required by clause (d) of this Section, the Administrative Agent shall accept such Assignment Agreement and record the information contained therein in the Register; provided that, if either the assigning Bank or the assignee shall have failed to make any payment required to be made by it pursuant to this Agreement, the Administrative Agent shall have no obligation to accept such Assignment Agreement and record the information therein in the Register unless and until such payment shall have been made in full, together with all accrued interest thereon. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

**11.09 Confidentiality.** Each Bank agrees to take and to cause its Affiliates to take normal and reasonable precautions and exercise due care to maintain the confidentiality of all information identified as “confidential” or “secret” by any Loan Party and provided to it by a Loan Party or any Affiliate, or by the Administrative Agent on any Loan Party’s or such Affiliate’s behalf, under this Agreement or any other Loan Document, and neither it nor any of its Affiliates shall use any such information other than in connection with or in enforcement of this Agreement and the other Loan Documents or in connection with other business now or hereafter existing or contemplated with the Parent or any of its respective Subsidiaries; except to the extent such information (i) was or becomes generally available to the public other than as a result of disclosure by such Bank or (ii) was or becomes available on a non-confidential basis from a source other than a Loan Party or any Affiliate so long as such source is not bound by a confidentiality agreement with a Loan Party or any Affiliate known to such Bank; provided that any Bank may disclose such information (A) at the request or pursuant to any requirement of any Governmental Authority to which such Bank is subject or in connection with an examination of such Bank by any such authority; (B) pursuant to subpoena or other court process; (C) when required to do so in accordance with the provisions of any applicable Requirement of Law; (D) to the extent reasonably required in connection with any litigation or proceeding to which the Administrative Agent, any Bank or their respective Affiliates may be party; (E) to the extent reasonably required in connection with the exercise of any remedy hereunder or under any other Loan Document; (F) to such Bank’s independent auditors and other professional advisors; (G) to any Participant or Purchaser, actual or potential, provided that such Person agrees in writing to keep such information confidential to the same extent required of the Banks hereunder; (H) as to any Bank or its Affiliate, as expressly permitted under the terms of any other document or agreement regarding confidentiality to which the Parent or any of its Subsidiaries is party or is deemed party with such Bank or such Affiliate; (I) to its Affiliates and to the partners, directors, officers, employees, agents, trustees, administrators, managers, such Affiliates’ independent auditors and other professional advisors and representatives of such Bank and of such Bank’s Affiliates who are advised of the confidential nature of such information; (J) to the National Association of Insurance Commissioners or any similar organization or any

nationally recognized rating agency that requires access to information about such Bank's investment portfolio in connection with ratings issued with respect to such Bank; (K) to market data collectors, similar service providers to the lending industry (including league table providers that serve the lending industry) and service providers in connection with the administration of this Agreement and (L) to any direct or indirect contractual counterparty to any swap or derivative transaction relating to the Company and its obligations, provided that such Person agrees in writing to keep such information confidential to the same extent required of the Banks hereunder. Notwithstanding anything herein to the contrary, the Administrative Agent and each Bank may disclose to any Person, without limitation of any kind, the U.S. tax treatment and tax structure of the transactions contemplated hereby and all materials of any kind (including opinions or other tax analyses) that are provided to the Administrative Agent or any Bank relating to such U.S. tax treatment and tax structure.

**11.10 Set-off; Ratable Payments.** In addition to, and without limitation of, any rights of the Banks under applicable law, if any Event of Default occurs and is continuing, upon the written consent of the Administrative Agent, any and all deposits (including all account balances, whether provisional or final and whether or not collected or available) and any other Indebtedness at any time held or owing by any Bank or any Affiliate of any Bank to or for the credit or account of any Loan Party may be offset and applied toward the payment of the Obligations owing to such Bank, whether or not the Obligations, or any part hereof, shall then be due. If any Bank, whether by set-off or otherwise, has payment made to it upon its Loan (other than payments received pursuant to Section 3.01, 3.02 or 3.03) in a greater proportion than that received by any other Bank, such Bank agrees, promptly upon demand, to purchase a portion of the outstanding Loans held by the other Banks so that after such purchase each Bank will hold its Pro Rata Share of the aggregate outstanding principal of all Loans. If any Bank, whether in connection with set-off or amounts which might be subject to set-off or otherwise, receives collateral or other protection for its Obligations or such amounts which may be subject to set-off, such Bank agrees, promptly upon demand, to take such action necessary such that all Banks share in the benefits of such collateral ratably in accordance with their respective Pro Rata Shares. In case any such payment is disturbed by legal process, or otherwise, appropriate further adjustments shall be made.

**11.11 Automatic Debits of Fees.** With respect to any upfront fee, agency fee, arrangement fee or other fee, or any other cost or expense (including Attorney Costs) due and payable to the Administrative Agent, U.S. Bank or the Lead Arranger under the Loan Documents, each Loan Party hereby irrevocably authorizes the Administrative Agent and/or U.S. Bank to debit any deposit account of such Loan Party with the Administrative Agent and/or U.S. Bank in an amount such that the aggregate amount debited from all such deposit accounts does not exceed such fee or other reasonable cost or expense. If there are insufficient funds in such deposit accounts to cover the amount of the fee or other cost or expense then due, such debits will be reversed (in whole or in part, in the Administrative Agent's and/or U.S. Bank's sole discretion) and such

amount not debited shall be deemed to be unpaid. No such debit under this Section shall be deemed a set-off.

**11.12 Notification of Addresses, Lending Installations, etc.** Each Bank shall promptly notify the Administrative Agent in writing of any changes in the address to which notices to such Bank should be directed, of addresses of any Lending Installation, of payment instructions in respect of all payments to be made to it hereunder and of such other administrative information as the Administrative Agent shall reasonably request.

**11.13 Counterparts.** This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, the other Loan Documents and any separate letter agreements with respect to fees payable to the Administrative Agent 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 4.01, 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 which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

**11.14 Severability.** The illegality or unenforceability of any provision of this Agreement or any instrument or agreement required hereunder shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Agreement or any instrument or agreement required hereunder.

**11.15 GOVERNING LAW AND JURISDICTION.** (a) THE LOAN DOCUMENTS (OTHER THAN THOSE CONTAINING A CONTRARY EXPRESS CHOICE OF LAW PROVISION) SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW (OTHER THAN TITLE 14 OF ARTICLE 5 OF THE NEW YORK GENERAL OBLIGATIONS LAW); PROVIDED THAT EACH OF THE LOAN PARTIES, THE ADMINISTRATIVE AGENT AND THE BANKS SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE LOAN PARTIES, THE ADMINISTRATIVE AGENT AND EACH BANK CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH OF THE LOAN PARTIES, THE ADMINISTRATIVE AGENT AND EACH BANK IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR ANY DOCUMENT RELATED HERETO. THE

LOAN PARTIES, THE ADMINISTRATIVE AGENT AND THE BANKS EACH WAIVE PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH MAY BE MADE BY ANY OTHER MEANS PERMITTED BY NEW YORK LAW.

(c) NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE ADMINISTRATIVE AGENT OR ANY BANK TO BRING PROCEEDINGS AGAINST ANY LOAN PARTY IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY ANY LOAN PARTY AGAINST THE ADMINISTRATIVE AGENT OR ANY BANK OR ANY AFFILIATE OF THE ADMINISTRATIVE AGENT OR ANY BANK INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT SHALL BE BROUGHT ONLY IN A COURT IN NEW YORK, NEW YORK.

**11.16 WAIVER OF JURY TRIAL.** EACH LOAN PARTY, THE BANKS AND THE ADMINISTRATIVE AGENT EACH WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY, ANY AFFILIATE OF THE ADMINISTRATIVE AGENT, ANY PARTICIPANT OR ANY ASSIGNEE, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. EACH LOAN PARTY, THE BANKS AND THE ADMINISTRATIVE AGENT EACH AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY ARE WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

**11.17 Entire Agreement.** This Agreement, together with the other Loan Documents, embodies the entire agreement and understanding among the Loan Parties, the Banks and the Administrative Agent, and supersedes all prior or contemporaneous agreements and understandings of such Persons, verbal or written, relating to the subject matter hereof and thereof (other than the Fee Letter).

**11.18 Survival of Representations.** All representations and warranties of the Loan Parties contained in this Agreement, expressly or incorporated by reference, shall survive the making of the Loans herein contemplated.

**11.19 Governmental Regulation.** Anything contained in this Agreement to the contrary notwithstanding, no Bank shall be obligated to extend credit to the Company in violation of any limitation or prohibition provided by any applicable statute or regulation.

**11.20 Numbers of Documents.** All statements, notices, closing documents, and requests hereunder shall be furnished to the Administrative Agent with sufficient counterparts so that the Administrative Agent may furnish one to each of the Banks.

**11.21 Nonliability of Banks.** The Loan Parties agree that none of the Administrative Agent, the Lead Arranger or any Bank shall have liability to any Loan Party (whether sounding in tort, contract or otherwise) for losses suffered by any Loan Party in connection with, arising out of, or in any way related to, the transactions contemplated and the relationship established by the Loan Documents, or any act, omission or event occurring in connection therewith, unless it is determined in a final non-appealable judgment by a court of competent jurisdiction that such losses resulted from the gross negligence or willful misconduct of the party from which recovery is sought. None of the Administrative Agent, the Lead Arranger or any Bank, nor any of their respective Affiliates, or any director, officer, agent or employee of any of the foregoing shall have any liability with respect to, and the Loan Parties hereby waive, release and agree not to sue for, any special, indirect consequential or punitive damages suffered by any Loan Party in connection with, arising out of, or in any way related to the Loan Documents or the transactions contemplated thereby.

**11.22 No Advisory or Fiduciary Responsibility.** In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), each Loan Party acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (a)(i) the arranging and other services regarding this Agreement provided by the Administrative Agent and the Lead Arranger are arm's-length commercial transactions between the Loan Parties and their Affiliates, on the one hand, and the Administrative Agent and the Lead Arranger, on the other hand, (ii) each Loan Party has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate and (iii) each Loan Party is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (b)(i) the Administrative Agent and the Lead Arranger each is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for any Loan Party or any of its Affiliates, or any other Person and (ii) neither the Administrative Agent nor the Lead Arranger has any obligation to any Loan Party or any of its Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (c) the Administrative Agent and the Lead Arranger and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Loan Parties and their Affiliates, and neither the Administrative Agent nor the Lead Arranger has any obligation to disclose any of such interests to any Loan Party or its Affiliates. To the fullest extent permitted by law, each Loan Party hereby waives and releases any claims that it may have against the Administrative Agent and the Lead Arrangers with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

**11.23 PATRIOT Act Notice.** Each Bank that is subject to the PATRIOT Act and the Administrative Agent (for itself and not on behalf of any Bank) hereby notifies the Loan Parties that pursuant to the requirements of the PATRIOT Act, it is required to obtain, verify and record information that identifies the Loan Parties, which information includes the names and addresses

of the Loan Parties and other information that will allow such Bank or the Administrative Agent, as applicable, to identify the Loan Parties in accordance with the PATRIOT Act.

**11.24 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 that 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.

**11.25 Acknowledgement Regarding Any Supported QFCs.** To the extent that the Loan Documents provide support, through a guarantee or otherwise, for hedging agreements or any other agreement or instrument that is a QFC (such support “QFC Credit Support” and each such QFC a “Supported QFC”), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the “U.S. Special Resolution Regimes”) in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

In the event a Covered Entity that is party to a Supported QFC (each, a Covered Party) becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if

the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States.

#### **11.26 Document Imaging; Telecopy and PDF Signatures; Electronic Signatures.**

(a) Delivery of an executed counterpart of a signature page of (x) this Agreement, (y) any other Loan Document (including, for the avoidance of doubt, any Assignment Agreement) and/or (z) any document, amendment, approval, consent, information, notice (including, for the avoidance of doubt, any notice delivered pursuant to Section 11.02), certificate, request, statement, disclosure or authorization related to this Agreement, any other Loan Document and/or the transactions contemplated hereby and/or thereby (each an “Ancillary Document”) transmitted by telecopy, emailed .pdf or any other electronic means that reproduces an image of an actual executed signature page shall be effective as delivery of a manually executed counterpart of this Agreement, such other Loan Document or such Ancillary Document, as applicable. The words “execution,” “signed,” “signature,” “delivery,” and words of like import in or relating to this Agreement, any other Loan Document and/or any Ancillary Document shall be deemed to include Electronic Signatures, 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, physical delivery thereof 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; provided that nothing herein shall require the Administrative Agent to accept Electronic Signatures in any form or format without its prior written consent and pursuant to procedures approved by it. To the extent the Administrative Agent has agreed to accept any Electronic Signature, the Administrative Agent and each of the Banks shall be entitled to rely on such Electronic Signature purportedly given by or on behalf of the Parent or its Subsidiaries without further verification thereof and without any obligation to review the appearance or form of any such Electronic Signature. Upon the request of any Loan Party, the Administrative Agent or any Bank, any Electronic Signature shall be promptly followed by a manually executed counterpart.

(b) Without notice to or consent of any other party, each party may create electronic images of any Loan Documents and destroy paper originals of any such imaged documents. Such images have the same legal force and effect as the paper originals and are enforceable against any party thereto. The Administrative Agent may convert any Loan Document into a “transferrable record” as such term is defined under, and to the extent permitted by, the Uniform Electronic Transactions Act, with the image of such instrument in the Administrative Agent’s possession constituting an “authoritative copy” under the Uniform Electronic Transactions Act.

**【SIGNATURES BEGIN ON THE FOLLOWING PAGE】**

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

WBI ENERGY TRANSMISSION, INC., as  
Company

By: \_\_\_\_\_

Name: Rob L. Johnson  
Title: President

CEHI, LLC, as Parent

By: \_\_\_\_\_

Name: Jason L. Vollmer  
Title: Vice President and Treasurer

[This is a signature page to the WBI  
Energy Transmission, Inc.

## Term Loan Agreement]

si

U.S. BANK NATIONAL ASSOCIATION,  
as Administrative Agent

By: \_\_\_\_\_  
Name: James O'Shaughnessy Title: Senior Vice President

[This is a signature page to the WBI  
Energy Transmission, Inc.

Term Loan Agreement]  
S2

---

**SCHEDULE 2.01 COMMITMENTS AND PRO RATA SHARES**

	<b>Term Loan Amount</b>	<b>Term Loan Pro Rata Share</b>
U.S. Bank National Association	<b>\$60,000,000</b>	<b>100%</b>
<b>TOTAL</b>	<b>\$60,000,000</b>	<b>100%</b>

Schedule 2.01 – Page 1

---

**SCHEDULE 7.01 CERTAIN PERMITTED LIENS**

None

Schedule 7.01 – Page 1

---

**SCHEDULE 7.02**  
**EXISTING INDEBTEDNESS**

1. Master Shelf	\$ 195,000,000
2. Other Senior Notes	\$ 50,000,000
3. Commercial Paper and unamortized debt issuance costs (as of March 20, 2024)	\$ 40,865,000

Schedule 7.12 – Page 1

---

**SCHEDULE 11.02**  
**LENDING INSTALLATIONS; ADDRESSES FOR NOTICES WBI ENERGY TRANSMISSION,**  
**INC.**

WBI Energy Transmission, Inc. 1250 West Century Avenue  
Bismarck, ND 58503  
PO Box 5601  
Attention: Jason Vollmer Telephone: (701) 530-1501  
Email: [TreasuryServices@MDUResources.com](mailto:TreasuryServices@MDUResources.com)

**CEHI, LLC**

CEHI, LLC  
1200 West Century Avenue Bismarck, ND 58503 Attention:  
Jason L. Vollmer Telephone: (701) 530-1755  
Email: [TreasuryServices@MDUResources.com](mailto:TreasuryServices@MDUResources.com)

**U.S. Bank National Association, as Administrative Agent**

Credit/Legal  
U.S. Bank National Association Power & Utilities Division  
214 N. Tryon Street - 35th Floor Charlotte, NC 28202  
Attention: James O'Shaughnessy Telephone: (704) 335-6828  
Email: [james.oshaugnessy@usbank.com](mailto:james.oshaugnessy@usbank.com)

Agency Service  
U.S. Bank National Association Agency Services  
800 Nicollet Mall, 3rd Floor Minneapolis, MN 55402  
Email: [agencyerviceslcmshared@usbank.com](mailto:agencyserviceslcmshared@usbank.com)

【LETTERHEAD OF COHEN TAUBER SPIEVACK & WAGNER P.C.】

April 1, 2024

U.S. Bank National Association, as Administrative Agent  
and the Banks listed  
on Schedule 1 attached hereto

We have acted as special counsel for WBI Energy Transmission, Inc., a Delaware corporation (the “**Company**”), and CEHI, LLC, a Delaware limited liability company (the “**Parent**”; collectively, the Company and the Parent are referred to herein as the “**Loan Parties**” and individually as a “**Loan Party**”), in connection with (a) the negotiation, preparation, execution and delivery of the Term Loan Agreement dated as of April 1, 2024 (the “**Agreement**”) among the Loan Parties, various lenders (the “**Banks**”) and U.S. Bank National Association, as Administrative Agent, and (b) the negotiation, preparation, execution and delivery of the other Loan Documents listed on Schedule 2 attached hereto (together with the Agreement, the “**Loan Documents**”). This opinion is furnished to you pursuant to Section 4.01(g) of the Agreement and at the instruction of the Company. All capitalized terms used but not otherwise defined herein have the meanings assigned to them in the Agreement.

For the purpose of rendering the opinions contained herein, we have examined and reviewed the Loan Documents. We have also examined the originals, or copies certified to our satisfaction, of the Certificate of Incorporation and Bylaws of the Company, the Certificate of Formation and Limited Liability Company Agreement of the Parent, resolutions adopted by the board of directors (or similar governing body) of each Loan Party authorizing the execution, delivery and performance by such Loan Party of the Loan Documents, and such other corporate records of each Loan Party and agreements, instruments and other documents as we have deemed necessary as a basis for the opinions expressed below. In our examination, we have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all documents submitted to us as originals and the conformity with original documents of all documents submitted to us as certified or photostatic copies. We have also assumed, with your consent, the due execution and delivery, pursuant to due authorization, of the Agreement by all parties thereto other than the Loan Parties and the validity and binding effect of the Agreement upon such parties. As to any facts that we did not independently establish or verify, we have relied without independent investigation upon statements, representations, and certificates of officers of each Loan Party and as to the matters addressed therein, upon certificates or communications from public officials.

Further, for the purposes of rendering the opinion expressed in numbered paragraph 9 below, we have relied on the representations and warranties of each Loan Party contained in Section 5.10 of the Agreement and have assumed compliance by the Loan Parties with the covenants of the Loan Parties contained in Sections 6.11 and 7.03 of the Agreement.

Exhibit A – Page 1  
Form of Opinion of Cohen Tauber Spievack & Wagner P.C.

---

Based on and subject to the foregoing and upon such investigation as we have deemed necessary, and subject to the qualifications set forth below, it is our opinion that:

1. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. The Parent is a limited liability company, duly formed, validly existing and in good standing under the laws of the State of Delaware.
2. Each Loan Party has the corporate or limited liability company power and authority to execute, deliver and perform its obligations under the Loan Documents to which it is a party.
3. The execution, delivery and performance by each Loan Party of the Loan Documents to which it is a party have been duly authorized by all necessary organizational action, and each of the Loan Documents has been duly executed and delivered by such Loan Party party thereto.
4. The execution, delivery and performance by each Loan Party of the Loan Documents to which it is a party do not and will not (a) breach or constitute a default under its Certificate of Incorporation or Bylaws, in the case of the Company, or Certificate of Formation or Limited Liability Company Agreement, in the case of the Parent, each as amended to date, or (b) violate any Requirement of Law.
5. All consents, approvals, exemptions, waivers, licenses, authorizations and other actions by or filings with any Governmental Authority on the part of each Loan Party have been obtained or made in connection with the due execution, delivery and performance by such Loan Party of the Loan Documents to which it is a party.
6. Each of the Loan Documents constitutes a legal, valid and binding obligation of each Loan Party party thereto enforceable in accordance with its respective terms, subject to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and of general principles of equity (regardless of whether applied in a proceeding in equity or at law), except that we express no opinion as to (a) Section 11.10 of the Agreement, (b) the enforceability of rights to indemnity under federal or state securities laws, (c) the enforceability of waivers by parties of their respective rights and remedies under law, or (d) the enforceability of any provision of any Loan Document incorporating the Bail-In Legislation or authorizing any Bail-In Action.
7. Neither the consent of the stockholders of the Company nor the consent of the members of the Parent is, or will be, required as a condition to the validity or enforceability of the Loan Documents or any of the transactions contemplated in the Agreement.
8. The transactions contemplated by the Loan Documents are not usurious under applicable law.
9. The consummation of the transactions contemplated by the Loan Documents will not violate Regulation T, U or X of the Board of Governors of the Federal Reserve System.

Exhibit A – Page 2  
Form of Opinion of Cohen Tauber Spievack & Wagner P.C.

---

10. The choice of law provision set forth in the Loan Documents wherein the parties agree that the laws of the State of New York shall govern and control the terms of the Loan

Documents is a valid, effective and enforceable choice of law under the laws of the State of New York and would be upheld and enforced by courts of the State of New York and by the federal courts sitting and applying the laws of the State of New York.

11. Neither Loan Party is an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended. Neither Loan Party is subject to regulation under the Interstate Commerce Act or any other federal statute or regulation limiting its ability to incur indebtedness.

This opinion is limited to the laws of the State of New York, the General Corporation Law and the Limited Liability Company Act of the State of Delaware, and the federal laws of the United States of America. We express no opinion as to the laws of any other jurisdiction.

This opinion is intended solely for your use and the use of your counsel, and is rendered solely in connection with the Loan Documents, and without our written consent may not be

(a) relied upon by you for any other purpose, or (b) relied upon by any other person or entity for any purpose, except that Paul R. Sanderson may rely on the opinions expressed herein in rendering to you his opinion of even date herewith.

The opinions expressed above are limited to the law and facts in effect on the date hereof. We disclaim any obligation to advise you of facts, circumstances, events, or developments which hereafter may be brought to our attention and which might alter, affect, or modify the opinions expressed herein.

We hereby consent to reliance on the opinions expressed herein by [(a)] the Administrative Agent and the Banks now or hereafter parties to the Agreement [and (b) the Bank of North Dakota as a Participant].

Very truly yours,

Cohen Tauber Spievack & Wagner P.C.

Exhibit A – Page 3  
Form of Opinion of Cohen Tauber Spievack & Wagner P.C.

---

Schedule 1

- U.S. Bank National Association

---

Exhibit A – Page 4  
Form of Opinion of Cohen Tauber Spievack & Wagner P.C.

Schedule 2

Note, dated April 1, 2024, issued to U.S. Bank National Association in the aggregate principal amount of \$60,000,000.

Exhibit A – Page 5  
Form of Opinion of Cohen Tauber Spievack & Wagner P.C.

---

【LETTERHEAD OF WBI ENERGY TRANSMISSION, INC.】

April 1, 2024

U.S. Bank National Association as Administrative Agent,  
and the Banks listed

on Schedule 1 attached hereto Ladies and Gentlemen:

I am Chief Legal Officer for WBI Energy Transmission, Inc., a Delaware corporation (the "Company"), and Secretary of CEHI, LLC, a Delaware limited liability company (the "Parent"; collectively, the Company and the Parent are referred to herein as the "Loan Parties" and individually as a "Loan Party") and in such capacity I am familiar with (a) the negotiation, preparation, execution and delivery of the Term Loan Agreement dated as of April 1, 2024 (the "Agreement") among the Loan Parties, various lenders (the "Banks") and U.S. Bank National Association, as Administrative Agent, and (b) the negotiation, preparation, execution and delivery of the other Loan Documents listed on Schedule 2 attached hereto (together with the Agreement, (the "Loan Documents"). This opinion is furnished to you pursuant to Section 4.01(g) of the Agreement and at the instruction of the Loan Parties. All capitalized terms used but not otherwise defined herein have the respective meanings assigned to them in the Agreement.

For the purpose of rendering the opinions contained herein, I have examined and reviewed the Loan Documents. I have also examined the originals, or copies certified to my satisfaction, of the Certificate of Incorporation and Bylaws of the Company and the Certificate of Formation and the Limited Liability Company Agreement of the Parent, resolutions adopted by the board of directors (or similar governing body) of each Loan Party authorizing the execution, delivery and performance by each Loan Party of the Loan Documents, and such other organizational records of each Loan Party and agreements, instruments and other documents as I have deemed necessary as a basis for the opinions expressed below. In my examination, I have assumed the genuineness of all signatures, other than the signatures of each Loan Party on the Loan Documents, the legal capacity of natural persons, the authenticity of all documents submitted to me as originals and the conformity with original documents of all documents submitted to me as certified or photostatic copies. I have also assumed, with your consent, the due execution and delivery, pursuant to due authorization, of the Agreement by all parties thereto other than the Loan Parties and the validity and binding effect of the Agreement upon such parties.

As to any facts that I did not independently establish or verify, I have relied without independent investigation upon statements, representations and certificates of officers of each Loan Party and, as to the matters addressed therein, upon certificates or communications from public officials. As used herein, the phrase "to my knowledge" with respect to the existence or absence of facts is intended to signify that, while I have made no specific inquiry or other

Exhibit B - Page 1  
Form of Opinion of Paul R. Sanderson

---

independent examination to determine the existence or absence of such facts, no factual information has come to my attention which causes me to believe that such facts are not accurate.

Based on and subject to the foregoing and upon such investigation as I have deemed necessary, and subject to the qualifications set forth below, it is my opinion that:

1. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. The Parent is a limited liability company duly formed, validly existing and in good standing under the laws of the State of Delaware.

2. Each Loan Party has the corporate or limited liability company power and authority to execute, deliver and perform its obligations under the Loan Documents to which it is a party, and has all requisite power and authority, licenses and permits to own its assets and to carry on its business as currently conducted and as contemplated to be conducted by the Agreement.

3. The execution, delivery and performance by each Loan Party of the Loan Documents to which it is a party have been duly authorized by all necessary corporate or limited liability company action, and each of the Loan Documents has been duly executed and delivered by each Loan Party party thereto.

4. The execution, delivery and performance by each Loan Party of the Loan Documents to which it is a party do not and will not (a) breach or constitute a default under (i) its Certificate of Incorporation or Bylaws, in the case of the Company, or its Certificate of Formation or Limited Liability Company Agreement, in the case of the Parent, each as amended to date, (ii) to my knowledge, any decree, injunction, order, writ, or other action of any Governmental Authority applicable to it or its assets, or (iii) to my knowledge, any other Contractual Obligation to which it is a party or by which any of its properties may be bound, (b) to my knowledge, result in or require the creation of any Lien (other than for the benefit of the Banks) upon or with respect to any of its assets, or (c) violate any Requirement of Law.

5. All consents, approvals, exemptions, waivers, licenses, authorizations and other actions by or filings with any Governmental Authority on the part of each Loan Party have been obtained or made in connection with the execution and delivery and performance by such Loan Party of the Loan Documents to which it is a party.

6. There is no pending or, to my knowledge, threatened or contemplated action, suit, claim, dispute or proceeding in arbitration or before any court or Governmental Authority against any Loan Party or any of its assets, or with respect to any Plan, (a) which purports to affect or pertain to the Loan Documents, or any of the transactions contemplated thereby, or (b) if determined adversely such Loan Party, would reasonably be expected to have a Material Adverse Effect.

7. Neither the consent of the stockholders of the Company or the members of the Parent, nor the consent of any holder of any Indebtedness of any Loan Party, is or will be required as a condition to the validity or enforceability of the Loan Documents to which it is a party or any of the transactions contemplated in the Agreement.

Exhibit B - Page 2  
Form of Opinion of Paul R. Sanderson

---

8. The choice of law provision set forth in the Loan Documents wherein the parties agree that the laws of the State of New York shall govern and control the terms of the Loan Documents is a valid, effective and enforceable choice of law under the laws of the State of North Dakota and would be upheld and enforced by courts of the State of North Dakota and by the federal courts sitting and applying the laws of the State of North Dakota, at least to the extent that New York law on the particular issue is not found to be contrary to North Dakota public policy.

9. If, notwithstanding the provisions of Section 11.15 of the Agreement, North Dakota law were held to be applicable to the other Loan Documents, each such document will constitute the legal, valid and binding obligation of each Loan Party party thereto enforceable in accordance with its respective terms, subject to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and of general principles of equity (regardless of whether applied in a proceeding in equity or at law), except that I express no opinion as to (a) Section 11.10 of the Agreement, (b) the enforceability of rights to indemnity under federal or state securities laws, (c) the enforceability of waivers by parties of their respective rights and remedies under law, or (d) the enforceability of any provision of any Loan Document incorporating the Bail-In Legislation or authorizing any Bail-In Action.

10. No Loan Party is subject to regulation under any state public utilities code or any other state statute or regulation limiting its ability to incur indebtedness.

The opinions expressed herein are limited to the laws of the State of North Dakota and the General Corporation Law and the Limited Liability Company Act of the State of Delaware. I express no opinion as to any law, rule, regulation, ordinance, code or similar provision of law of any county, municipality or similar political subdivision of the State of North Dakota or any agency or instrumentality thereof. I am a member of the North Dakota Bar and do not hold myself out as an expert on the laws of any other jurisdiction. Insofar as the opinions expressed herein relate to the laws of the State of New York, the General Corporation Law and the Limited Liability Company Act of the State of Delaware, or the federal laws of the United States of America, I have relied with your consent on the opinion, of even date herewith, of Cohen Tauber Spievack & Wagner P.C.

This opinion is intended solely for your use and the use of your counsel, and is rendered solely in connection with the Loan Documents, and without my written consent may not be

(a) relied upon by you for any other purpose, or (b) relied upon by any other person or entity for any purpose. The opinions expressed above are limited to the law and facts in effect on the date hereof. I disclaim any obligation to advise you of facts, circumstances, events or developments which hereafter may be brought to my attention and which might alter, affect or modify the opinions expressed herein.

Exhibit B - Page 3  
Form of Opinion of Paul R. Sanderson

---

I hereby consent to reliance on the opinions expressed herein by [(a)]the Administrative Agent and the Banks now or hereafter parties to the Agreement [and (b) the Bank of North Dakota as a Participant].

Very truly yours,

Paul R. Sanderson

Chief Legal Officer and Secretary of WBI Energy Transmission, Inc.

Secretary of CEHI, LLC

Exhibit B - Page 4  
Form of Opinion of Paul R. Sanderson

---

Schedule 1

- U.S. Bank National Association

---

Exhibit B - Page 5  
Form of Opinion of Paul R. Sanderson

Schedule 2

Note, dated April 1, 2024, issued to U.S. Bank National Association in the aggregate principal amount of \$60,000,000.

Exhibit B - Page 6  
Form of Opinion of Paul R. Sanderson

---

**FORM OF NOTE**

\_\_\_\_, •20\_\_\_\_

WBI Energy Transmission, Inc., a Delaware corporation (the “**Company**”), promises to pay to the order of [•] (the “**Bank**”) in immediately available funds at the main office of U.S. Bank National Association, as Administrative Agent, the aggregate unpaid principal amount of all Loans made by the Bank to the Company pursuant to the Agreement referred to below, together with interest on the unpaid principal amount hereof from time to time outstanding, in each case at the rates and on the dates set forth in the Agreement.

This Note is issued pursuant to, and is entitled to the benefits of, the Term Loan Agreement dated as of April 1, 2024 among the Company, CEHI, LLC, as the Parent, the various lenders party thereto, and U.S. Bank National Association, individually and as Administrative Agent (as amended or otherwise modified from time to time, the “**Agreement**”). Reference is hereby made to the Agreement for a statement of the terms and conditions under which this Note may be prepaid or its maturity date accelerated. Capitalized terms used but not otherwise defined herein have the respective meanings attributed to them in the Agreement.

WBI ENERGY TRANSMISSION, INC.

By: \_\_\_\_ Name: \_\_\_\_ Title: \_\_\_\_

Exhibit C – Page 1 Form  
of Note

---

**FORM OF ASSIGNMENT AGREEMENT**

This Assignment Agreement (this "Assignment") is dated as of the Effective Date set forth below and is entered into by and between [Insert name of Assignor] (the "Assignor") and [Insert name of Assignee] (the "Assignee"). Capitalized terms used but not defined herein shall have the respective meanings given to them in the Term Loan Agreement identified below (the "Agreement"), receipt of a copy of which is hereby acknowledged by the 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 as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the 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 Bank under the 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 Loans identified below (including without limitation any guarantees included in such Loans); 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 Bank) against any Person, whether known or unknown, arising under or in connection with the Agreement, any other document or instrument 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 pursuant to clause (i) and (ii) above being referred to herein collectively as the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment, without representation or warranty by the Assignor.

1. Assignor: \_\_
2. Assignee: \_\_  
[and is an Affiliate/Approved Fund of [Identify Bank]]
3. The Company: WBI Energy Transmission, Inc.
4. Administrative Agent: U.S. Bank National Association, as administrative agent under the Agreement
5. Loan Agreement: The Term Loan Agreement dated as of April 1, 2024 among WBI Energy Transmission, Inc., as the Company, CEHI, LLC, as Parent, the Banks that are parties thereto and U.S. Bank National Association, as Administrative Agent
6. Assigned Interest:

Exhibit D – Page 1 Assignment  
Agreement

---

Loan to be Assigned	Aggregate Amount of Loan Outstanding	Amount of Loan Assigned	Percentage of Loan Assigned
	\$	\$	%
	\$	\$	%
	\$	\$	%

7. Effective Date: \_\_\_\_, 20\_\_ **【TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.】**

Exhibit D – Page 2 Assignment  
Agreement

---

The terms set forth in this Assignment are hereby agreed to:

ASSIGNOR  
[NAME OF ASSIGNOR]

By: \_\_ Title:

ASSIGNEE  
[NAME OF ASSIGNEE]

By: \_\_ Title:

[Consented to and] Accepted:

U.S. BANK NATIONAL ASSOCIATION, as Administrative Agent

By: \_\_ Title:

[Consented to:]

WBI ENERGY TRANSMISSION, INC.

By \_\_ Title:

Exhibit D – Page 3 Assignment  
Agreement

---

## ANNEX 1

### STANDARD TERMS AND CONDITIONS FOR ASSIGNMENT AGREEMENT

#### 1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the 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 any Loan Party or any other Person obligated in respect of any Loan Document, or (iv) the performance or observance by any Loan Party or any other Person of any of their respective obligations under any Loan Document.

1.2 Assignee. The 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 to consummate the transactions contemplated hereby and to become a Bank under the Agreement, (ii) it meets all requirements of an Eligible Assignee under the Agreement (subject to such consents, if any, as may be required under the Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Agreement as a Bank thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Bank 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 Assigned Interest, is experienced in acquiring assets of such type, (v) it has received a copy of the Agreement, and has received or has been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to Section 6.01 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 to purchase the Assigned Interest, (vi) it has, independently and without reliance upon the Administrative Agent or any other Bank 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 to purchase the Assigned Interest, (vii) attached to the Assignment is any documentation required to be delivered by it pursuant to the terms of the Agreement, duly completed and executed by the Assignee and (viii) none of the consideration used to make the purchase of the Loans under this Assignment constitutes "plan assets" as defined under ERISA and that the rights and interests of the Assignee in and under the Loan Documents will not be "plan assets" under ERISA; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under 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 Bank.

Exhibit D – Page 4 Assignment  
Agreement

---

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date. Notwithstanding the foregoing, the Administrative Agent shall make all payments of interest, fees or other amounts paid or payable in kind from and after the Effective Date to the Assignee.

3. General Provisions. This Assignment shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and permitted assigns. This Assignment 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 by facsimile or electronic mail shall be effective as delivery of a manually executed counterpart of this Assignment. This Assignment shall be governed by, and construed in accordance with, the law of the State of New York.

---

Exhibit D – Page 5 Assignment  
Agreement

**FORM OF COMPLIANCE CERTIFICATE**

To: The Administrative Agent and the Lenders that are parties to the Loan Agreement described below

This Compliance Certificate is furnished pursuant to the Term Loan Agreement dated as of April 1, 2024 (as amended or otherwise modified from time to time, the "Loan Agreement"), among WBI Energy Transmission, Inc. (the "Company"), CEHI, LLC (the "Parent"), several financial institutions from time to time party thereto and U.S. Bank National Association, as administrative agent (the "Administrative Agent"). Unless otherwise defined herein, capitalized terms used in this Compliance Certificate have the meanings ascribed thereto in the Loan Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am the duly elected    of the [Company][Parent];
2. I have reviewed the terms of the Loan Agreement and I have made, or have caused to be made under my supervision, a detailed review of the transactions and conditions of the [Company][Parent] and its Subsidiaries during the accounting period covered by the attached financial statements;
3. The examinations described in paragraph 2 did not disclose, and I have no knowledge of, the existence of any condition or event that constitutes a Default or Event of Default during or at the end of the accounting period covered by the attached financial statements or as of the date of this Compliance Certificate, except as set forth below; and

[4. Schedule I attached hereto sets forth financial data and computations evidencing the Company's compliance with Section 7.02 of the Loan Agreement, all of which data and computations are true, complete and correct.]<sup>1</sup>

Described below are the exceptions, if any, to paragraph 3 listing, in detail, the nature of the condition or event, the period during which it has existed and the action that the [Company][Parent] has taken, is taking, or proposes to take with respect to each such condition or event:

---

---

---

---

---

<sup>1</sup> To be included in a Company Compliance Certificate

The foregoing certifications[, together with the computations set forth inSchedule I hereto] and the financial statements delivered with this Compliance Certificate in support hereof, are made and delivered on \_\_, 20\_\_.

---

Exhibit E – Page 2  
Form of Compliance Certificate

---

SCHEDULE I TO COMPLIANCE CERTIFICATE

Compliance as of \_\_, 20\_\_

**Section 7.02 – Limitation on Indebtedness**

- A. Consolidated Indebtedness \$\_\_
- B. Consolidated Indebtedness under Covered Contracts \$\_\_
- C. 80% of obligations for unsecured surety bonds \$\_\_
- D. Consolidated Total Capitalization \$\_\_
- E. Capitalization Ratio ((Item A – Item B – Item C)/Item D) \_\_
- F. Maximum Capitalization Ratio permitted 65%

Exhibit E – Page 3  
Form of Compliance Certificate

---

## FORM OF MONEY TRANSFER INSTRUCTIONS

To: U.S. Bank National Association, as administrative agent (the "Administrative Agent") under the Loan Agreement described below.

Re: Term Loan Agreement dated as of April 1, 2024 (as amended or otherwise modified from time to time, the “Loan Agreement”), among WBI Energy Transmission, Inc. (the “Company”), CEHI, LLC (the “Parent”), several financial institutions from time to time party thereto and the Administrative Agent. Capitalized terms used but not defined herein have the meanings assigned to them in the Loan Agreement.

The Administrative Agent is specifically authorized and directed to act upon the following standing money transfer instructions with respect to the proceeds of Loans or other extensions of credit from time to time until receipt by the Administrative Agent of a specific written revocation of such instructions by the Company; provided, however, that the Administrative Agent may otherwise transfer funds as hereafter directed in writing by the Company in accordance with Section 11.02 of the Loan Agreement or based on any telephonic notice made in accordance with Section 11.02(d) of the Loan Agreement.

Customer/Account Name WBI Energy Transmission, Inc. Transfer Funds To U.S. Bank National Association  
\_\_\_\_ For Account No. \_\_\_\_\_ Reference/Attention To \_\_\_\_\_ Responsible Officer (Customer  
Representative) Date \_\_\_\_\_

(Please Print)      Signature

Bank Officer Name      Date \_\_\_\_\_

(Please Print)      Signature

(Deliver Completed Form to Credit Support Staff for Immediate Processing)

Exhibit F - Page 1  
Form of Money Transfer Instructions

**FORM OF 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 Term Loan Agreement dated as of April 1, 2024 (as amended or otherwise modified from time to time, the "Loan Agreement"), among WBI Energy Transmission, Inc. (the "Company"), CEHI, LLC (the "Parent"), several financial institutions from time to time party thereto and U.S. Bank National Association, as administrative agent (the "Administrative Agent").

Pursuant to the provisions of Section 3.03 of the Loan Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loans (as well as any Note evidencing such Loans) in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Company within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a controlled foreign corporation related to the Company as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Company with a certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable. By executing this certificate, the undersigned agrees that (i) if the information provided on this certificate changes, the undersigned shall promptly so inform the Company and the Administrative Agent, and (ii) the undersigned shall have at all times furnished the Company 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 calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Loan Agreement and used herein shall have the meanings given to them in the Loan Agreement.

【NAME OF LENDER】

By: \_\_\_\_\_ Name:  
Title:

Date: \_\_\_, 20【】

---

**FORM OF 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 Term Loan Agreement dated as of April 1, 2024 (as amended or otherwise modified from time to time, the “Loan Agreement”), among WBI Energy Transmission, Inc. (the “Company”), CEHI, LLC (the “Parent”), several financial institutions from time to time party thereto and U.S. Bank National Association, as administrative agent (the “Administrative Agent”).

Pursuant to the provisions of Section 3.03 of the Loan Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Company within the meaning of Section 871(h)(3)(B) of the Code, and (iv) it is not a controlled foreign corporation related to the Company 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 or IRS Form W-8BEN-E, as applicable. 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 in writing; 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 calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Loan Agreement and used herein shall have the meanings given to them in the Loan Agreement.

【NAME OF PARTICIPANT】

By: \_\_\_\_\_ Name:  
Title:

Date: \_\_\_, 20【】

Exhibit G - Page 2  
Form of U.S Tax Compliance Certificate

---

**FORM OF U.S. TAX COMPLIANCE CERTIFICATE**

(For Foreign Participants That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Term Loan Agreement dated as of April 1, 2024 (as amended or otherwise modified from time to time, the "Loan Agreement"), among WBI Energy Transmission, Inc. (the "Company"), CEHI, LLC (the "Parent"), several financial institutions from time to time party thereto and U.S. Bank National Association, as administrative agent (the "Administrative Agent").

Pursuant to the provisions of Section 3.03 of the Loan Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such participation, (iii) 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, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the Company within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the Company 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: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable 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 (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender and (2) 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 calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Loan Agreement and used herein shall have the meanings given to them in the Loan Agreement.

**【NAME OF PARTICIPANT】**

By: \_\_\_\_\_ Name:

Title:

Date: \_\_\_, 20【】

**FORM OF U.S. TAX COMPLIANCE CERTIFICATE**

(For Foreign Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Term Loan Agreement dated as of April 1, 2024 (as amended or otherwise modified from time to time, the "Loan Agreement"), among WBI Energy Transmission, Inc. (the "Company"), CEHI, LLC (the "Parent"), several financial institutions from time to time party thereto and U.S. Bank National Association, as administrative agent (the "Administrative Agent").

Pursuant to the provisions of Section 3.03 of the Loan Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loans (as well as any Note evidencing such Loans) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such Loans (as well as any Note evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to the Loan 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, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the Company within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the Company as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Company 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: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable 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 (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Company and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Company 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 calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Loan Agreement and used herein shall have the meanings given to them in the Loan Agreement.

**[NAME OF LENDER]**

By: \_\_\_\_\_ Name:

Title:

Date: \_\_\_, 20<sup>\_\_\_\_\_</sup>

Exhibit G - Page 4  
Form of U.S Tax Compliance Certificate

---

*EXHIBIT H*  
FORM OF BORROWING NOTICE

\_\_\_\_, 20\_\_\_\_

To: U.S. Bank National Association, as administrative agent

Re: Term Loan Agreement dated as of April 1, 2024 (as amended or otherwise modified from time to time, the "Loan Agreement"), among WBI Energy Transmission, Inc. (the "Company"), CEHI, LLC (the "Parent"), several financial institutions from time to time party thereto and U.S. Bank National Association, as administrative agent

Pursuant to Section 2.02(a) of the Agreement, the Company gives you irrevocable notice of the Loan specified below:

the borrowing date of such Loan shall be\_\_\_\_, 20\_\_\_\_; and the aggregate amount of such Loan shall equal \$\_\_\_\_.

The Company certifies that the following statements are true on the date hereof, and will be true on the date of the proposed Loan, before and after giving effect thereto and to the application of the proceeds therefrom:

- (a) the representations and warranties of the Company contained in Article V of the Loan Agreement are true and correct in all material respects as though made on and as of the date of such Loan (except to the extent such representations and warranties expressly refer to an earlier date, in which case they are true and correct as of such earlier date); and
- (b) no Default or Event of Default exists or would result from such Loan.

Exhibit H - Page 1  
Form of Notice of Authorized Borrowers

---

WBI ENERGY TRANSMISSION, INC.

By: \_\_\_\_ Name: \_\_\_\_ Title: \_\_\_\_

Exhibit H - Page 2  
Form of Notice of Authorized Borrowers

**NINTH AMENDMENT TO  
MDU RESOURCES GROUP, INC.  
401(k) RETIREMENT PLAN**

The MDU Resources Group, Inc. 401(k) Retirement Plan (the "Plan"), as most recently amended and restated effective April 1, 2020, is hereby amended by this Ninth Amendment effective as of the dates or periods specified below. All terms defined in the Plan shall have the same meanings when used herein.

1. Effective January 1, 2022, to August 22, 2023, Section 3.1(e) shall be amended to provide as follows:

A Participant's deemed election under Section 3.1(d) shall be automatically increased by 1% as of the January 1 following the Participant's initial deferral contribution (or as soon as administratively feasible thereafter) and each subsequent January 1 (or as soon as administratively feasible thereafter) until the Participant's deferral rate equals 15% of Compensation or the Participant makes an affirmative election regarding deferral contributions, if earlier.

2. Effective with respect to the 2017 through 2021 Plan Years, Schedule A of the Plan shall be amended by adding the following new Section A-14:

**A-14 Additional Matching Contributions (VCP).** Notwithstanding Section 3.4, the preceding provisions of this Schedule A, or any other Plan provision regarding matching contributions (including as in effect prior to April 1, 2020), this Section A-14 shall apply to the extent described below and supersede any inconsistent Plan provisions.

- (a) **2018 Plan Year.** Section 3.3(b) of the Plan as amended effective January 1, 2018 (providing additional matching contributions for 23 named Participants) shall be effective with respect to only the 2018 Plan Year regardless of the language in such Section 3.3(b) stating that it will be effective "through the period required pursuant to such Treasury Regulation [§1.401(a)(4)-11(g)]."
- (b) **2017, 2019, 2020, and 2021 Plan Years.** With respect to each of the 2017, 2019, 2020, and 2021 Plan Years, the Employer shall make additional matching contributions on behalf of certain Participants so that each such Participant shall receive matching contributions for the Plan Year equal to 50% of his or her deferral contributions limited to 15% of Compensation for the Plan Year (the "50% of 15% match rate"), including matching contributions he or she has already received for the Plan Year.

The Participants who shall receive additional matching contributions for each such Plan Year shall be selected using criteria in the following order: (1) was employed by OEG, Inc. during the Plan Year; (2) was a non-bargaining unit Employee for the Plan Year; (3) was not an HCE for the Plan Year; (4) had a deferral rate of greater than 4% for the Plan Year; (5) is employed by OEG, Inc. (or an Affiliate) on the date the IRS issues a compliance statement with respect to the Plan's Voluntary Correction Program submission dated November 18, 2022; and (6) is in the group of Participants with the lowest Compensation for the Plan Year limited to the number of Participants needed for the 50% of 15% match rate to pass the current availability test for the Plan Year (21 Participants needed for 2017, 13 Participants needed for 2019, 20 Participants needed for 2020, and 34 Participants needed for 2021).

The additional matching contributions for each Plan Year shall be adjusted for earnings from October 15 of the following Plan Year (10/15/2018 for 2017, 10/15/2020 for 2019, 10/15/2021 for 2020, and 10/15/2022 for 2021) to the date the additional matching contributions will be contributed to the Participants' Matching Contribution Accounts, which shall be as soon as administratively feasible after the Plan Sponsor receives the IRS compliance statement (described in the paragraph above) and by no later than the deadline specified in the IRS compliance statement. Earnings shall be calculated using the Department of Labor's VFCP Online Calculator.

\* \* \*

The Plan is amended effective as of the dates specifically set forth above and executed by a duly authorized individual on the date set forth below.

**MDU RESOURCES GROUP, INC. EMPLOYEE BENEFITS COMMITTEE**

Date: March 28, 2024

By: /s/ Jason L. Vollmer

Jason L. Vollmer, Chair

**TENTH AMENDMENT TO  
MDU RESOURCES GROUP, INC.  
401(k) RETIREMENT PLAN**

The MDU Resources Group, Inc. 401(k) Retirement Plan (the "Plan"), as most recently amended and restated effective April 1, 2020, is hereby amended by this Tenth Amendment effective April 1, 2024. All terms defined in the Plan shall have the same meanings when used herein.

1. Section 4.6(b) shall be amended by striking "\$5,000" in each instance where it appears and inserting "\$7,000" in place thereof.

\* \* \*

The Plan is amended effective as of the date specifically set forth above and executed by a duly authorized individual on the date set forth below.

**MDU RESOURCES GROUP, INC. EMPLOYEE BENEFITS COMMITTEE**

Date: February 9, 2024

By: /s/ Jason L. Vollmer  
Jason L. Vollmer, Chair

CERTIFICATION

I, Nicole A. Kivisto, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MDU Resources Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2024

/s/ Nicole A. Kivisto

Nicole A. Kivisto

President and Chief Executive Officer

CERTIFICATION

I, Jason L. Vollmer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MDU Resources Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2024

/s/ Jason L. Vollmer

Jason L. Vollmer

Vice President, Chief Financial Officer and Treasurer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002**

Each of the undersigned, Nicole A. Kivisto, the President and Chief Executive Officer, and Jason L. Vollmer, the Vice President, Chief Financial Officer and Treasurer of MDU Resources Group, Inc. (the "Company"), DOES HEREBY CERTIFY that:

1. The Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 (the "Report"), fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHERE OF, each of the undersigned has executed this statement this 2nd day of May, 2024.

/s/ Nicole A. Kivisto  
Nicole A. Kivisto  
President and Chief Executive Officer

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

A signed original of this written statement required by Section 906 has been provided to MDU Resources Group, Inc. and will be retained by MDU Resources Group, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.