As filed with the Securities and Exchange Commission on April 28, 2023.

File No. 001-

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

Amendment No. 2

to

FORM 10

GENERAL FORM FOR REGISTRATION OF SECURITIES
Pursuant to Section 12(b) or (g) of the Securities Exchange Act of 1934

Knife River Holding Company*

(Exact name of Registrant as specified in its charter)

Delaware	**92-1008893**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
1150 West Century Avenue, Bismarck, ND	**58503**
(Address of principal executive offices)	(Zip Code)

(701) 530-1400
(Registrant's telephone number, including area code)

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

Title of each class to be so registered	**Name of exchange on which each class is to be registered**
Common Stock, $0.01 par value	New York Stock Exchange

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

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

Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☒ (Do not check if a smaller reporting company)	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. ☐

* In connection with the issuance of common stock registered on the Form 10, Knife River Holding Company intends to change its name from Knife River Holding Company to Knife River Corporation.

KNIFE RIVER HOLDING COMPANY

INFORMATION REQUIRED IN REGISTRATION STATEMENT
CROSS-REFERENCE SHEET BETWEEN INFORMATION STATEMENT
AND ITEMS OF FORM 10

Certain information required to be included herein is incorporated by reference to specifically identified portions of the body of the information statement filed herewith as Exhibit 99.1. None of the information contained in the information statement shall be incorporated by reference herein or deemed to be a part hereof unless such information is specifically incorporated by reference.

Item 1. ***Business.***

The information required by this item is contained under the sections of the information statement entitled "Information Statement Summary," "Risk Factors," "Cautionary Statement Concerning Forward-Looking Statements," "The Separation and Distribution," "Business," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Certain Relationships and Related Person Transactions" and "Where You Can Find More Information." Those sections are incorporated herein by reference.

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

The information required by this item is contained under the section of the information statement entitled "Risk Factors." That section is incorporated herein by reference.

Item 2. ***Financial Information.***

The information required by this item is contained under the sections of the information statement entitled "Capitalization," "Selected Historical Consolidated Financial Data," "Unaudited Pro Forma Consolidated Financial Statements," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Index to Financial Statements" and the financial statements referenced therein. Those sections and such financial statements are incorporated herein by reference.

Item 3. ***Properties***.

The information required by this item is contained under the section of the information statement entitled "Business." That section is incorporated herein by reference.

Item 4. ***Security Ownership of Certain Beneficial Owners and Management.***

The information required by this item is contained under the section of the information statement entitled "Security Ownership of Certain Beneficial Owners and Management." That section is incorporated herein by reference.

Item 5. ***Directors and Executive Officers.***

The information required by this item is contained under the sections of the information statement entitled "Management" and "Board of Directors and Corporate Governance." Those sections are incorporated herein by reference.

Item 6. ***Executive Compensation.***

The information required by this item is contained under the section of the information statement entitled "Executive Compensation." That section is incorporated herein by reference.

Item 7. ***Certain Relationships and Related Transactions.***

The information required by this item is contained under the sections of the information statement entitled "Management" and "Certain Relationships and Related Person Transactions." Those sections are incorporated herein by reference.

Item 8. ***Legal Proceedings.***

The information required by this item is contained under the section of the information statement entitled "Business—Legal Proceedings." That section is incorporated herein by reference.

Item 9. ***Market Price of, and Dividends on, the Registrant's Common Equity and Related Stockholder Matters.***

The information required by this item is contained under the sections of the information statement entitled "The Separation and Distribution," "Dividend Policy," "Capitalization," and "Description of Knife River Holding Company's Capital Stock." Those sections are incorporated herein by reference.

Item 10. ***Recent Sales of Unregistered Securities.***

The information required by this item is contained under the sections of the information statement entitled "Description of Material Indebtedness" and "Description of Knife River Holding Company's Capital Stock—Sale of Unregistered Securities." These sections are incorporated herein by reference.

Item 11. ***Description of Registrant's Securities to be Registered.***

The information required by this item is contained under the sections of the information statement entitled "The Separation and Distribution," "Dividend Policy," and "Description of Knife River Holding Company's Capital Stock." Those sections are incorporated herein by reference.

Item 12. ***Indemnification of Directors and Officers.***

The information required by this item is contained under the section of the information statement entitled "Description of Knife River Holding Company's Capital Stock—Limitations on Liability, Indemnification of Officers and Directors and Insurance." That section is incorporated herein by reference.

Item 13. ***Financial Statements and Supplementary Data.***

The information required by this item is contained under the section of the information statement entitled "Index to Financial Statements" and the financial statements referenced therein. That section and such financial statements are incorporated herein by reference.

Item 14. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.***

None.

Item 15. ***Financial Statements and Exhibits.***

(a) Financial Statements

The information required by this item is contained under the sections of the information statement entitled "Selected Historical Consolidated Financial Statements," "Unaudited Pro Forma Consolidated Financial Statements," and "Index to Financial Statements" and the financial statements referenced therein. Those sections and such financial statements are incorporated herein by reference.

(b) Exhibits

The following documents are filed as exhibits hereto:

Exhibit Number	Exhibit Description
2.1	Form of Separation and Distribution Agreement by and between MDU Resources Group, Inc. and Knife River Holding Company
2.2	Form of Transition Services Agreement by and between MDU Resources Group, Inc. and Knife River Holding Company**
2.3	Form of Tax Matters Agreement by and between MDU Resources Group, Inc. and Knife River Holding Company
2.4	Form of Employee Matters Agreement by and between MDU Resources Group, Inc. and Knife River Holding Company
3.1	Form of Amended and Restated Certificate of Incorporation of Knife River Holding Company**
3.2	Form of Amended and Restated Bylaws of Knife River Holding Company**
4.1	Form of Stockholder and Registration Rights Agreement by and between MDU Resources Group, Inc. and Knife River Holding Company**
4.2	Indenture, dated as of April 25, 2023, among Knife River Holding Company, as issuer, and U.S. Bank Trust Company, National Association, as trustee
10.1	Form of Knife River Corporation Long-Term Performance-Based Incentive Plan**
10.2	Form of Knife River Corporation Executive Incentive Compensation Plan, including Rules and Regulations**
10.3	Form of Knife River Corporation Director Compensation Policy
10.4	Form of Knife River Corporation Deferred Compensation Plan for Directors
10.5	Form of Knife River Corporation Deferred Compensation Plan - Plan Document and Adoption Agreement
10.6	Form of Knife River Corporation Supplemental Income Security Plan
10.7	Form of Knife River Corporation Nonqualified Defined Contribution Plan
10.8	Promotion Letter with John Quade dated as of January 31, 2023
10.9	Promotion Letter with Nathan Ring dated as of March 15, 2023
10.10	Promotion Letter with Marney Kadrmas dated as of March 15, 2023
10.11	Promotion Letter with Glenn Pladsen dated as of March 15, 2023
10.12	Promotion Letter with Nancy Christenson dated as of March 15, 2023
10.13	Promotion Letter with Karl Liepitz dated as of March 15, 2023
10.14	Promotion Letter with Trevor Hastings dated as of March 15, 2023
10.15	Promotion Letter with Brian R. Gray dated as of March 27, 2023
10.16	Form of Knife River Corporation Director and/or Executive Officer Indemnification Agreement
21.1	List of Subsidiaries**
99.1	Information Statement of Knife River Holding Company, preliminary and subject to completion, dated April 28, 2023
99.2	Form of Notice of Internet Availability of Information Statement Materials**

** Previously filed.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

Knife River Holding Company

By: /s/ Brian R. Gray

Name: Brian R. Gray

Title: President and Chief Executive Officer

Date: April 28, 2023

Exhibit 2.1

SEPARATION AND DISTRIBUTION AGREEMENT

BY AND BETWEEN

MDU RESOURCES GROUP, INC.

AND

KNIFE RIVER HOLDING COMPANY

DATED AS OF [ ], 2023

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SCHEDULES

EXHIBITS

SEPARATION AND DISTRIBUTION AGREEMENT

This SEPARATION AND DISTRIBUTION AGREEMENT, dated as of [ ], 2023 (this "Agreement"), is by and between MDU Resources Group, Inc., a Delaware corporation ("Parent"), and Knife River Holding Company, a Delaware corporation ("SpinCo"). Capitalized terms used herein and not otherwise defined shall have the respective meanings assigned to them in Article I.

R E C I T A L S

WHEREAS, the board of directors of Parent (the "Parent Board") has determined that it is in the best interests of Parent and its stockholders to create a new publicly traded company that shall operate the SpinCo Business;

WHEREAS, in furtherance of the foregoing, the Parent Board has determined that it is appropriate and desirable to separate the SpinCo Business from the Parent Business (the "Separation") and, following the Separation, make a distribution, on a pro rata basis, to holders of Parent Shares on the Record Date of approximately ninety percent (90%) of the outstanding SpinCo Shares (the "Distribution");

WHEREAS, SpinCo has been incorporated solely for these purposes and has not engaged in activities, except in connection with the Separation and the Distribution;

WHEREAS, Parent plans to dispose of the SpinCo Shares that it holds following the Distribution, which Parent expects will include dispositions through one or more exchanges for debt and may include dispositions through one or more pro rata distributions to holders of Parent Shares, exchanges for equity or a sale of shares for cash;

WHEREAS, for U.S. federal income tax purposes, the Contribution and the Distribution (and the Clean-Up Distribution and Debt-for-Equity Exchange, if any, and the Hook Stock Distribution), taken together, are intended to qualify as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code, and this Agreement is intended to be, and is hereby adopted as, a "plan of reorganization" within the meaning of Treasury Regulations Section 1.368-2(g);

WHEREAS, Parent has received a private letter ruling from the IRS in connection with the transactions contemplated by this Agreement (the "IRS Ruling");

WHEREAS, Parent expects to receive one or more U.S. federal income tax opinions of its tax advisors in connection with the transactions contemplated by this Agreement;

WHEREAS, SpinCo and Parent have prepared, and SpinCo has filed with the SEC, the Form 10, which includes the Information Statement, and which sets forth disclosures concerning SpinCo, the Separation and the Distribution;

WHEREAS, each of Parent and SpinCo has determined that it is appropriate and desirable to set forth the principal corporate transactions required to effect the Separation and the Distribution and certain other agreements that will govern certain matters relating to the Separation and the Distribution and the relationship of Parent, SpinCo and the members of their respective Groups following the Distribution; and

WHEREAS, the Parties acknowledge that this Agreement and the Ancillary Agreements represent the integrated agreement of Parent and SpinCo relating to the Separation and the Distribution, are being entered into together, and would not have been entered into independently.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I
DEFINITIONS

1.1 Definitions. For the purpose of this Agreement, the following terms shall have the following meanings:

"Action" shall mean any demand, action, claim, dispute, suit, countersuit, arbitration, inquiry, subpoena, proceeding or investigation of any nature (whether criminal, civil, legislative, administrative, regulatory, prosecutorial or otherwise) by or before any federal, state, local, foreign or international Governmental Authority or any arbitration or mediation tribunal.

"Affiliate" shall mean, when used with respect to a specified Person, a Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified Person. For the purpose of this definition, "control" (including, with correlative meanings, "controlled by" and "under common control with"), when used with respect to any specified Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other interests, by contract, agreement, obligation, indenture, instrument, lease, promise, arrangement, release, warranty, commitment, undertaking or otherwise. It is expressly agreed that, prior to, at and after the Effective Time, solely for purposes of this Agreement and the Ancillary Agreements, (a) no member of the SpinCo Group shall be deemed to be an Affiliate of any member of the Parent Group and (b) no member of the Parent Group shall be deemed to be an Affiliate of any member of the SpinCo Group.

"Agreement" shall have the meaning set forth in the Preamble.

"Ancillary Agreements" shall mean all agreements (other than this Agreement) entered into by the Parties or the members of their respective Groups (but only agreements as to which no Third Party is a party) in connection with the Separation, the Distribution or the other transactions contemplated by this Agreement, including the Transition Services Agreement, the Tax Matters Agreement, the Employee Matters Agreement and the Transfer Documents and any other agreement that by its express terms provides that it shall be an Ancillary Agreement for purposes of this Agreement.

"Approvals or Notifications" shall mean any consents, waivers, approvals, permits or authorizations to be obtained from, notices, registrations or reports to be submitted to, or other filings to be made with, any Third Party, including any Governmental Authority.

"Arbitration Procedure" shall have the meaning set forth in Section 7.3(a).

"Arbitration Request" shall have the meaning set forth in Section 7.3(a).

"Assets" shall mean, with respect to any Person, the assets, properties, claims and rights (including goodwill) of such Person, wherever located (including in the possession of vendors or other Third Parties or elsewhere), of every kind, character and description, whether real, personal or mixed, tangible, intangible or contingent, in each case whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of such Person, including rights and benefits pursuant to any contract, license, Permit, indenture, note, bond, mortgage, agreement, concession, franchise, instrument, undertaking, commitment, understanding or other arrangement.

"Cash Transfer" shall have the meaning set forth in Section 2.12(a).

"Clean-Up Distribution" shall mean any disposition of SpinCo Shares that Parent holds following the Distribution through one or more pro rata distributions to holders of Parent Shares or exchanges for Parent Shares.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Contribution" shall have the meaning set forth in the Tax Matters Agreement.

"Covered Policies" shall have the meaning set forth in Section 5.1(b).

"COVID-19" shall mean SARS-CoV-2 or COVID-19, and any evolutions, variants, mutations or worsening thereof or related or associated epidemics, pandemics or disease outbreaks (including any subsequent waves).

"CPR" shall have the meaning set forth in Section 7.2.

"Customer Information" shall mean, with respect to any business, all information relating to customers of such business, including names, addresses and transaction data (including merchandise or service purchased, purchase price paid, purchase location (such as particular branch or online), date and time of day of purchase, adjustments and related information and means of payment).

"Debt-for-Equity Exchange" shall have the meaning set forth in the Tax Matters Agreement.

"Delayed Parent Asset" shall have the meaning set forth in Section 2.4(i).

"Delayed Parent Liability" shall have the meaning set forth in Section 2.4(i).

"Delayed SpinCo Asset" shall have the meaning set forth in Section 2.4(c).

"Delayed SpinCo Liability" shall have the meaning set forth in Section 2.4(c).

"Disclosure Document" shall mean any registration statement (including the Form 10) filed with the SEC by or on behalf of any Party or any member of its Group, and any information statement (including the Information Statement), prospectus, offering memorandum, offering circular, periodic report or similar disclosure document, whether or not filed with the SEC or any other Governmental Authority, in each case that describes the Separation or the Distribution or the SpinCo Group or primarily relates to the transactions contemplated hereby.

"Dispute" shall have the meaning set forth in Section 7.1.

"Distribution" shall have the meaning set forth in the Recitals.

"Distribution Agent" shall mean the trust company or bank duly appointed by Parent to act as distribution agent, transfer agent and registrar for the SpinCo Shares in connection with the Distribution.

"Distribution Date" shall mean the date of the consummation of the Distribution, which shall be determined by the Parent Board in its sole and absolute discretion.

"Distribution Ratio" shall mean a number equal to [ ].

"e-mail" shall have the meaning set forth in Section 10.5.

"Effective Time" shall mean [11:59 p.m.], Bismarck, North Dakota time, on the Distribution Date.

"Employee Matters Agreement" shall mean the Employee Matters Agreement to be entered into by and between Parent and SpinCo or the members of their respective Groups in connection with the Separation, the Distribution or the other transactions contemplated by this Agreement, as it may be amended from time to time.

"Environmental Law" shall mean any Law (including common law) relating to the pollution, protection or restoration of or prevention of harm to the environment or natural resources (including air, surface water, groundwater, land surface or subsurface land), or human health or safety (as such matters relate to Hazardous Materials), including Laws relating to the use, handling, presence, transportation, treatment, storage, disposal, Release or discharge of Hazardous Materials or the protection of or prevention of harm to human health and safety.

"Environmental Liabilities" shall mean all Liabilities relating to, arising out of or resulting from any Hazardous Materials, Environmental Law or contract or agreement relating to environmental, health or safety matters (including all removal, remediation or cleanup costs, investigatory costs, response costs, natural resources damages, property damages, personal injury damages, costs of compliance with any product take-back requirements or with any settlement, judgment or other determination of Liability and indemnity, contribution or similar obligations) and all costs and expenses, interest, fines, penalties or other monetary sanctions in connection therewith.

"Exchange Act" shall mean the U.S. Securities Exchange Act of 1934, as amended, together with the rules and regulations promulgated thereunder.

"Force Majeure" shall mean, with respect to a Party, an event beyond the reasonable control of such Party (or any Person acting on its behalf), which event (a) does not arise or result from the fault or negligence of such Party (or any Person acting on its behalf) and (b) by its nature would not reasonably have been foreseen by such Party (or such Person), or, if it would reasonably have been foreseen, was unavoidable, and includes acts of God, acts of civil or military authority, acts of terrorism, cyberattacks, embargoes, epidemics, pandemics (including COVID-19 and Pandemic Measures), war, riots, insurrections, fires, explosions, earthquakes, floods, unusually severe weather conditions, labor problems or unavailability of parts, or, in the case of computer systems, any significant and prolonged failure in electrical or air conditioning equipment. Notwithstanding the foregoing, the receipt by a Party of an unsolicited takeover offer or other acquisition proposal, even if unforeseen or unavoidable, and such Party's response thereto shall not be deemed an event of Force Majeure.

"Form 10" shall mean the registration statement on Form 10 filed by SpinCo with the SEC to effect the registration of SpinCo Shares pursuant to the Exchange Act in connection with the Distribution, as such registration statement may be amended or supplemented from time to time prior to the Distribution.

"Governmental Approvals" shall mean any Approvals or Notifications to be made to, or obtained from, any Governmental Authority.

"Governmental Authority" shall mean any nation or government, any state, municipality or other political subdivision thereof, and any entity, body, agency, commission, department, board, bureau, court, tribunal or other instrumentality, whether federal, state, local, domestic, foreign or multinational, exercising executive, legislative, judicial, regulatory, administrative or other similar functions of, or pertaining to, a government and any executive official thereof.

"Group" shall mean either the SpinCo Group or the Parent Group, as the context requires.

"Hazardous Materials" shall mean (a) those substances listed in, defined in or regulated under any Environmental Law, including the following federal statutes and their state counterparts, as each may be amended from time to time, and all regulations thereunder: the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act, the Toxic Substances Control Act, the Clean Water Act, the Safe Drinking Water Act, the Atomic Energy Act and the Clean Air Act, (b) petroleum and petroleum products, including crude oil and any fractions thereof and (c) polychlorinated biphenyls, per- and polyfluoroalkyl substances, mold, methane, asbestos and radon.

"Hook Stock Distribution" shall mean the distribution, at or prior to the time of the Distribution, by Parent of SpinCo Shares in exchange for the Parent Shares held by Knife River Corporation – Northwest, an Oregon corporation, before the Distribution.

"Indemnifying Party" shall have the meaning set forth in Section 4.4(a).

"Indemnitee" shall have the meaning set forth in Section 4.4(a).

"Indemnity Payment" shall have the meaning set forth in Section 4.4(a).

"Information" shall mean information, whether or not patentable or copyrightable, in written, oral, electronic or other tangible or intangible forms, stored in any medium, including studies, reports, records, books, contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, artwork, design, research and development files, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, Customer Information, cost information, sales and pricing data, customer prospect lists, supplier records and vendor data, correspondence and lists, product literature, communications by or to attorneys (including attorney-client privileged communications), memoranda and other materials prepared by attorneys or under their direction (including attorney work product), and other technical, financial, employee or business information or data; provided that "Information" shall not include Registrable IP.

"Information Statement" shall mean the information statement to be made available to the holders of Parent Shares in connection with the Distribution, as such information statement may be amended or supplemented from time to time prior to the Distribution, and which Information Statement shall be an exhibit to the Form 10.

"Insurance Proceeds" shall mean those monies:

(a) received by an insured from an insurance carrier; or

(b) paid by an insurance carrier on behalf of the insured;

in any such case net of any premium adjustments (including reserves and retrospectively rated premium adjustments) resulting directly from the applicable claim and net of any costs or expenses incurred in the collection thereof.

"Intellectual Property" shall mean all of the following whether arising under the Laws of the United States or of any foreign or multinational jurisdiction: (a) patents, patent applications (including patents issued thereon) and statutory invention registrations, including reissues, divisions, continuations, continuations in part, substitutions, renewals, extensions and reexaminations of any of the foregoing, and all rights in any of the foregoing provided by international treaties or conventions, (b) trademarks, service marks, trade names, service names, trade dress, logos and other source or business identifiers, including all goodwill associated with any of the foregoing, and any and all common law rights in and to any of the foregoing, registrations and applications for registration of any of the foregoing, all rights in and to any of the foregoing provided by international treaties or conventions, and all reissues, extensions and renewals of any of the foregoing, (c) Internet domain names, accounts or "handles" with Facebook, LinkedIn, Twitter and similar social media platforms, registrations and related rights, (d) copyrightable works, copyrights, moral rights, mask work rights, database rights and design rights, whether or not registered, and all registrations and applications for registration of any of the foregoing, and all rights in and to any of the foregoing provided by international treaties or conventions, (e) confidential and proprietary information, including trade secrets, invention disclosures, processes and know-how, and (f) any other intellectual property rights, in each case other than Software.

"IRS" shall mean the U.S. Internal Revenue Service.

"IRS Ruling" shall have the meaning set forth in the Recitals.

"Law" shall mean any national, supranational, federal, state, territorial, provincial, local or similar law (including common law), statute, code, order, ordinance, rule, regulation, treaty (including any income tax treaty), license, permit, authorization, approval, consent, decree, injunction, binding judicial or administrative interpretation or other requirement, in each case enacted, promulgated, issued or entered by a Governmental Authority.

"Liabilities" shall mean all debts, guarantees, assurances, commitments, liabilities, responsibilities, Losses, remediation, deficiencies, damages, fines, penalties, settlements, sanctions, costs, expenses, interest and obligations of any nature or kind, whether accrued or fixed, absolute or contingent, matured or unmatured, accrued or not accrued, asserted or unasserted, liquidated or unliquidated, foreseen or unforeseen, known or unknown, reserved or unreserved, or determined or determinable, including those arising under any Law, claim (including any Third-Party Claim), demand, Action, or order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority or arbitration tribunal, and those arising under any contract, agreement, obligation, indenture, instrument, lease, promise, arrangement, release, warranty, commitment or undertaking, or any fines, damages or equitable relief that is imposed, in each case, including all costs and expenses relating thereto.

"Losses" shall mean actual losses (including any diminution in value), costs, damages, penalties and expenses (including legal and accounting fees and expenses and costs of investigation and litigation), whether or not involving a Third-Party Claim.

"MDU Name and MDU Marks" means the names, marks, trade dress, logos, monograms, domain names, accounts or "handles" with Facebook, LinkedIn, Twitter and other similar social media platforms, and other source or business identifiers of either Party or any member of its Group using or containing "MDU Resources" or "Building a Strong America," either alone or in combination with other words or elements, and all names, marks, trade dress, logos, monograms, domain names and other source or business identifiers confusingly similar to or embodying any of the foregoing either alone or in combination with other words or elements, together with the goodwill associated with any of the foregoing.

"Mediation Procedure" shall have the meaning set forth in Section 7.2.

"Mediation Request" shall have the meaning set forth in Section 7.2.

"Negotiation Request" shall have the meaning set forth in Section 7.1.

"NYSE" shall mean the New York Stock Exchange.

"Pandemic Measures" shall mean any quarantine, "shelter in place," "stay at home," workforce reduction, social distancing, shut down, closure, sequester, immunization requirement, safety or similar Law, directive, guidelines or recommendations promulgated by any Governmental Authority, including the Centers for Disease Control and Prevention and the World Health Organization, in each case, in connection with or in response to a pandemic, including COVID-19.

"Parent" shall have the meaning set forth in the Preamble.

"Parent Accounts" shall have the meaning set forth in Section 2.9(a).

"Parent Assets" shall have the meaning set forth in Section 2.2(b).

"Parent Board" shall have the meaning set forth in the Recitals.

"Parent Business" shall mean all businesses, operations and activities (whether or not such businesses, operations or activities are or have been terminated, divested or discontinued) conducted at any time prior to the Effective Time by either Party or any member of its Group, other than the SpinCo Business.

"Parent Group" shall mean Parent and each Person that is a Subsidiary of Parent (other than SpinCo and any other member of the SpinCo Group).

"Parent Indemnitees" shall have the meaning set forth in Section 4.2.

"Parent Liabilities" shall have the meaning set forth in Section 2.3(b).

"Parent Shares" shall mean the shares of common stock, par value $1.00 per share, of Parent.

"Parties" shall mean the parties to this Agreement.

"Permits" shall mean permits, approvals, authorizations, consents, licenses or certificates issued by any Governmental Authority.

"Person" shall mean an individual, a general or limited partnership, a corporation, a trust, a joint venture, an unincorporated organization, a limited liability entity, any other entity and any Governmental Authority.

"Plan of Reorganization" shall mean the plan and structure set forth on Schedule 2.1(a).

"Policies" shall mean insurance policies, reinsurance policies and insurance contracts of any kind, including property, excess and umbrella, commercial general liability, director and officer liability, fiduciary liability, cyber technology, professional liability, libel liability, employment practices liability, automobile, aircraft, marine, workers' compensation and employers' liability, employee dishonesty/crime/fidelity, foreign, bonds and self-insurance and captive insurance company arrangements, together with the rights, benefits, privileges and obligations thereunder.

"Prime Rate" shall mean the rate as published in *The Wall Street Journal* (or if not reported therein, as reported in another authoritative source reasonably selected by Parent).

"Privileged Information" shall mean any Information, including any communications by or to attorneys (including attorney-client privileged communications), memoranda and other materials prepared by attorneys or under their direction (including attorney work product), as to which a Party or any member of its Group would be entitled to assert or have asserted a privilege or other protection, including the attorney-client and attorney work product privileges.

"Record Date" shall mean the close of business on [ ], 2023, which is the date to be determined by the Parent Board as the record date for determining holders of Parent Shares entitled to receive SpinCo Shares pursuant to the Distribution.

"Record Holders" shall mean the holders of record of Parent Shares as of the Record Date.

"Registrable IP" shall mean means all patents, patent applications, statutory invention registrations, registered trademarks, registered service marks, registered Internet domain names and copyright registrations.

"Release" shall mean any release, spill, emission, discharge, leaking, pumping, pouring, dumping, injection, deposit, disposal, dispersal, leaching or migration of Hazardous Materials into the environment (including ambient air, surface water, groundwater and surface or subsurface strata).

"Representatives" shall mean, with respect to any Person, any of such Person's directors, officers, employees, agents, consultants, advisors, accountants, attorneys or other representatives.

"SEC" shall mean the U.S. Securities and Exchange Commission.

"Security Interest" shall mean any mortgage, security interest, pledge, lien, charge, claim, option, right to acquire, voting or other restriction, right-of-way, covenant, condition, easement, encroachment, restriction on transfer, or other encumbrance of any nature whatsoever.

"Separation" shall have the meaning set forth in the Recitals.

"Shared Contract" shall have the meaning set forth in Section 2.8(a).

"Software" shall mean any and all (a) computer programs, including any and all software implementation of algorithms, models and methodologies, whether in source code, object code, human readable form or other form, (b) databases and compilations, including any and all data and collections of data, whether machine readable or otherwise, (c) descriptions, flow charts and other work products used to design, plan, organize and develop any of the foregoing, (d) screens, user interfaces, report formats, firmware, development tools, templates, menus, buttons and icons and (e) documentation, including user manuals and other training documentation, relating to any of the foregoing.

"Specified Ancillary Agreement" shall have the meaning set forth in Section 10.18(b).

"SpinCo" shall have the meaning set forth in the Preamble.

"SpinCo Accounts" shall have the meaning set forth in Section 2.9(a).

"SpinCo Assets" shall have the meaning set forth in Section 2.2(a).

"SpinCo Balance Sheet" shall mean the pro forma consolidated balance sheet of Knife River Holding Company, including any notes and subledgers thereto, as of December 31, 2022, as presented in the Information Statement made available to the Record Holders.

"SpinCo Business" shall mean the business, operations and activities of the Knife River Corporation, a Delaware corporation, and its Subsidiaries conducted at any time prior to the Effective Time, excluding the business, operations and activities primarily related to the Parent Assets.

"SpinCo Bylaws" shall mean the Amended and Restated Bylaws of SpinCo, substantially in the form of Exhibit B.

"SpinCo Certificate of Incorporation" shall mean the Amended and Restated Certificate of Incorporation of SpinCo, substantially in the form of Exhibit A.

"SpinCo Contracts" shall mean the following contracts and agreements to which either Party or any member of its Group is a party or by which it or any member of its Group or any of their respective Assets is bound, whether or not in writing (provided that SpinCo Contracts shall not include (x) any contract or agreement that is contemplated to be retained by Parent or any member of the Parent Group from and after the Effective Time pursuant to any provision of this Agreement or any Ancillary Agreement or (y) any contract or agreement that would constitute SpinCo Software or SpinCo Technology) or (z) any contract or agreement set forth on Schedule 1.1:

(a) (i) any customer, distribution, supply or vendor contract or agreement with a Third Party entered into prior to the Effective Time primarily related to the SpinCo Business and (ii) with respect to any customer, distribution, supply or vendor contract or agreement with a Third Party entered into prior to the Effective Time that relates to the SpinCo Business but is not primarily related to the SpinCo Business, that portion of any such customer, distribution, supply or vendor contract or agreement that relates to the SpinCo Business;

(b) (i) any license agreement entered into prior to the Effective Time primarily related to the SpinCo Business and (ii) with respect to any license agreement entered into prior to the Effective Time that relates to the SpinCo Business but is not primarily related to the SpinCo Business, that portion of any such license agreement that relates to the SpinCo Business;

(c) any guarantee, indemnity, representation, covenant, warranty or other Liability of either Party or any member of its Group in respect of any other SpinCo Contract, any SpinCo Liability or the SpinCo Business;

(d) any contract or agreement that is entered into pursuant to this Agreement or any of the Ancillary Agreements to be assigned to SpinCo or any member of the SpinCo Group;

(e) any interest rate, currency, commodity or other swap, collar, cap or other hedging or similar agreements or arrangements primarily related to the SpinCo Business;

(f) any credit agreement, indenture, note or other financing agreement or instrument entered into by SpinCo and/or any member of the SpinCo Group in connection with the Separation, including any SpinCo Financing Arrangements;

(g) any contract or agreement entered into in the name of, or expressly on behalf of, any division, business unit or member of the SpinCo Group;

(h) any other contract or agreement not otherwise set forth herein and primarily related to the SpinCo Business or SpinCo Assets; and

(i) any contracts, agreements or settlements set forth on Schedule 1.2, including the right to recover any amounts under such contracts, agreements or settlements.

"SpinCo Debt" shall have the meaning set forth in Section 2.12(a).

"SpinCo Designees" shall mean any and all entities (including corporations, general or limited partnerships, trusts, joint ventures, unincorporated organizations, limited liability entities or other entities) designated by Parent that will be members of the SpinCo Group as of immediately prior to the Effective Time.

"SpinCo Financing Arrangements" shall have the meaning set forth in Section 2.12(a).

"SpinCo Group" shall mean (a) prior to the Effective Time, SpinCo and each Person that will be a Subsidiary of SpinCo as of immediately after the Effective Time, including the Transferred Entities, even if, prior to the Effective Time, such Person is not a Subsidiary of SpinCo; and (b) on and after the Effective Time, SpinCo and each Person that is a Subsidiary of SpinCo.

"SpinCo Indemnitees" shall have the meaning set forth in Section 4.3.

"SpinCo Intellectual Property" shall mean all Intellectual Property owned by, licensed by or to, or sublicensed by or to either Party or any member of its Group as of the Effective Time primarily used or primarily held for use in the SpinCo Business, and all Intellectual Property set forth on Schedule 1.3.

"SpinCo IP/IT" shall have the meaning set forth in Section 2.2(a)(vi).

"SpinCo Liabilities" shall have the meaning set forth in Section 2.3(a).

"SpinCo Permits" shall mean all Permits owned or licensed by either Party or any member of its Group primarily used or primarily held for use in the SpinCo Business as of the Effective Time.

"SpinCo Shares" shall mean the shares of common stock, par value $0.01 per share, of SpinCo.

"SpinCo Software" shall mean all Software owned or licensed by either Party or member of its Group primarily used or primarily held for use in the SpinCo Business as of the Effective Time, including Software set forth on Schedule 1.4, but excluding Software set forth on Schedule 1.5.

"SpinCo Technology" shall mean all Technology owned or licensed by either Party or any member of its Group primarily used or primarily held for use in the SpinCo Business as of the Effective Time, including Technology set forth on Schedule 1.6, but excluding Technology set forth on Schedule 1.7.

"Straddle Period" shall have the meaning set forth in Section 2.13.

"Subsidiary" shall mean, with respect to any Person, any corporation, limited liability company, joint venture or partnership of which such Person (a) beneficially owns, either directly or indirectly, fifty percent (50%) or more of (i) the total combined voting power of all classes of voting securities, (ii) the total combined equity interests or (iii) the capital or profit interests, in the case of a partnership, or (b) otherwise has the power to vote, either directly or indirectly, sufficient securities to elect a majority of the board of directors or similar governing body.

"Tangible Information" shall mean Information that is contained in written, electronic or other tangible forms.

"Tax" shall have the meaning set forth in the Tax Matters Agreement.

"Tax Matters Agreement" shall mean the Tax Matters Agreement to be entered into by and between Parent and SpinCo or any members of their respective Groups in connection with the Separation, the Distribution or the other transactions contemplated by this Agreement, as it may be amended from time to time.

"Tax Return" shall have the meaning set forth in the Tax Matters Agreement.

"Technology" shall mean all technology, hardware, computers, servers, workstations, routers, hubs, switches, data communication lines, network and telecommunications equipment, Internet-related information technology infrastructure, and other information technology equipment, in each case, other than Software.

"Third Party" shall mean any Person other than the Parties or any members of their respective Groups.

"Third-Party Claim" shall have the meaning set forth in Section 4.5(a).

"Transfer Documents" shall have the meaning set forth in Section 2.1(b).

"Transferred Entities" shall mean the entities set forth on Schedule 1.8.

"Transition Period" shall have the meaning set forth in Section 8.2.

"Transition Services Agreement" shall mean the Transition Services Agreement to be entered into by and between Parent and SpinCo or any members of their respective Groups in connection with the Separation, the Distribution or the other transactions contemplated by this Agreement, as it may be amended from time to time.

"Tunnel" shall have the meaning set forth in Section 5.5.

"Unreleased Parent Liability" shall have the meaning set forth in Section 2.5(b)(ii).

"Unreleased SpinCo Liability" shall have the meaning set forth in Section 2.5(a)(ii).

ARTICLE II
THE SEPARATION

2.1 Transfer of Assets and Assumption of Liabilities.

(a) On or prior to the Effective Time, but in any case prior to the Distribution, in accordance with the Plan of Reorganization:

(i) *Transfer and Assignment of SpinCo Assets*. Parent shall, and shall cause the applicable members of its Group to, contribute, assign, transfer, convey and deliver to SpinCo, or the applicable SpinCo Designees, and SpinCo or such SpinCo Designees shall accept from Parent and the applicable members of the Parent Group, all of Parent's and such Parent Group member's respective direct or indirect right, title and interest in and to all of the SpinCo Assets (it being understood that if any SpinCo Asset shall be held by a Transferred Entity or a wholly owned Subsidiary of a Transferred Entity, such SpinCo Asset shall be deemed assigned, transferred, conveyed and delivered to SpinCo as a result of the transfer of all of the equity interests in such Transferred Entity from Parent or the applicable members of the Parent Group to SpinCo or the applicable SpinCo Designee);

(ii) *Acceptance and Assumption of SpinCo Liabilities*. SpinCo and the applicable SpinCo Designees shall accept, assume and agree faithfully to perform, discharge and fulfill all the SpinCo Liabilities in accordance with their respective terms. SpinCo and such SpinCo Designees shall be responsible for all SpinCo Liabilities, regardless of when or where such SpinCo Liabilities arose or arise, or whether the facts on which they are based occurred prior to or subsequent to the Effective Time, regardless of where or against whom such SpinCo Liabilities are asserted or determined (including any SpinCo Liabilities arising out of claims made by Parent's or SpinCo's respective directors, officers, employees, agents, Subsidiaries or Affiliates against any member of the Parent Group or the SpinCo Group) or whether asserted or determined prior to the date hereof, and regardless of whether arising from or alleged to arise from negligence, recklessness, violation of Law, fraud or misrepresentation by any member of the Parent Group or the SpinCo Group, or any of their respective directors, officers, employees, agents, Subsidiaries or Affiliates;

(iii) *Transfer and Assignment of Parent Assets*. Parent and SpinCo shall cause SpinCo and the SpinCo Designees to contribute, assign, transfer, convey and deliver to Parent or certain members of the Parent Group designated by Parent, and Parent or such other members of the Parent Group shall accept from SpinCo and the SpinCo Designees, all of SpinCo's and such SpinCo Designees' respective direct or indirect right, title and interest in and to all Parent Assets held by SpinCo or a SpinCo Designee; and

(iv) *Acceptance and Assumption of Parent Liabilities*. Parent and certain members of the Parent Group designated by Parent shall accept and assume and agree faithfully to perform, discharge and fulfill all of the Parent Liabilities held by SpinCo or any SpinCo Designee and Parent and the applicable members of the Parent Group shall be responsible for all Parent Liabilities in accordance with their respective terms, regardless of when or where such Parent Liabilities arose or arise, or whether the facts on which they are based occurred prior to or subsequent to the Effective Time, regardless of where or against whom such Parent Liabilities are asserted or determined (including any such Parent Liabilities arising out of claims made by Parent's or SpinCo's respective directors, officers, employees, agents, Subsidiaries or Affiliates against any member of the Parent Group or the SpinCo Group) or whether asserted or determined prior to the date hereof, and regardless of whether arising from or alleged to arise from negligence, recklessness, violation of Law, fraud or misrepresentation by any member of the Parent Group or the SpinCo Group, or any of their respective directors, officers, employees, agents, Subsidiaries or Affiliates.

(b) *Transfer Documents*. In furtherance of the contribution, assignment, transfer, conveyance and delivery of the Assets and the assumption of the Liabilities in accordance with Section 2.1(a), and without prejudice to any actions taken to implement, or documents entered into between or among any of the Parties or members of their respective Groups to implement, or in furtherance of, the Plan of Reorganization prior to the date hereof, (i) each Party shall execute and deliver, and shall cause the applicable members of its Group to execute and deliver, to the other Party, such bills of sale, quitclaim deeds, stock powers, certificates of title, assignments of contracts and other instruments of transfer, conveyance and assignment as and to the extent necessary to evidence the transfer, conveyance and assignment of all of such Party's and the applicable members of its Group's right, title and interest in and to such Assets to the other Party and the applicable members of its Group in accordance with Section 2.1(a), and (ii) each Party shall execute and deliver, and shall cause the applicable members of its Group to execute and deliver, to the other Party, such assumptions of contracts and other instruments of assumption as and to the extent necessary to evidence the valid and effective assumption of the Liabilities by such Party and the applicable members of its Group in accordance with Section 2.1(a). All of the foregoing documents contemplated by this Section 2.1(b) (including any documents entered into between or among any of the Parties or members of their respective Groups to implement or in furtherance of the Plan of Reorganization prior to the date hereof) shall be referred to collectively herein as the "Transfer Documents."

(c) *Misallocations*. In the event that at any time or from time to time (whether prior to, at or after the Effective Time), one Party (or any member of such Party's Group) shall receive or otherwise possess any Asset that is allocated to the other Party (or any member of such Party's Group) pursuant to this Agreement or any Ancillary Agreement, such Party shall promptly transfer, or cause to be transferred, such Asset to the Party so entitled thereto (or to any member of such Party's Group), and such Party (or member of such Party's Group) so entitled thereto shall accept such Asset. Prior to any such transfer, the Person receiving or possessing such Asset shall hold such Asset in trust for such other Person. In the event that at any time or from time to time (whether prior to, at or after the Effective Time), one Party hereto (or any member of such Party's Group) shall receive or otherwise assume any Liability that is allocated to the other Party (or any member of such Party's Group) pursuant to this Agreement or any Ancillary Agreement, such other Party shall promptly transfer, or cause to be transferred, such Liability to the Party responsible therefor (or to any member of such Party's Group), and such Party (or member of such Party's Group) shall accept, assume and agree to faithfully perform such Liability in accordance with this Agreement.

(d) *Waiver of Bulk-Sale and Bulk-Transfer Laws*. To the extent permissible under applicable Law, SpinCo hereby waives compliance by each and every member of the Parent Group with the requirements and provisions of any "bulk-sale" or "bulk-transfer" Laws of any jurisdiction that may otherwise be applicable with respect to the transfer or sale of any or all of the SpinCo Assets to any member of the SpinCo Group. To the extent permissible under applicable Law, Parent hereby waives compliance by each and every member of the SpinCo Group with the requirements and provisions of any "bulk-sale" or "bulk-transfer" Laws of any jurisdiction that may otherwise be applicable with respect to the transfer or sale of any or all of the Parent Assets to any member of the Parent Group.

2.2 SpinCo Assets; Parent Assets.

(a) *SpinCo Assets*. For purposes of this Agreement, "SpinCo Assets" shall mean:

(i) all issued and outstanding capital stock or other equity interests of the Transferred Entities and other members of the SpinCo Group that are owned by either Party or any members of its Group as of the Effective Time;

(ii) all Assets of either Party or any members of its Group included or reflected as assets of the SpinCo Group on the SpinCo Balance Sheet, subject to any dispositions of such Assets subsequent to the date of the SpinCo Balance Sheet; provided that the amounts set forth on the SpinCo Balance Sheet with respect to any Assets shall not be treated as minimum amounts or limitations on the amount of such Assets that are included in the definition of SpinCo Assets pursuant to this clause (ii);

(iii) all Assets of either Party or any of the members of its Group as of the Effective Time that are of a nature or type that would have resulted in such Assets being included as Assets of SpinCo or members of the SpinCo Group on a pro forma consolidated balance sheet of the SpinCo Group or any notes or subledgers thereto as of the Effective Time (were such balance sheet, notes and subledgers to be prepared on a basis consistent with the determination of the Assets included on the SpinCo Balance Sheet), it being understood that (x) the SpinCo Balance Sheet shall be used to determine the types of, and methodologies used to determine, those Assets that are included in the definition of SpinCo Assets pursuant to this clause (iii); and (y) the amounts set forth on the SpinCo Balance Sheet with respect to any Assets shall not be treated as minimum amounts or limitations on the amount of such Assets that are included in the definition of SpinCo Assets pursuant to this clause (iii);

(iv) all Assets of either Party or any of the members of its Group as of the Effective Time that are expressly provided by this Agreement or any Ancillary Agreement as Assets to be transferred to SpinCo or any other member of the SpinCo Group;

(v) all SpinCo Contracts as of the Effective Time and all rights, interests or claims of either Party or any of the members of its Group thereunder as of the Effective Time;

(vi) all SpinCo Intellectual Property, SpinCo Software and SpinCo Technology as of the Effective Time and all rights, interests or claims of either Party or any of the members of its Group thereunder as of the Effective Time (collectively, the "SpinCo IP/IT");

(vii) all SpinCo Permits as of the Effective Time and all rights, interests or claims of either Party or any of the members of its Group thereunder as of the Effective Time;

(viii) all Assets of either Party or any of the members of its Group as of the Effective Time that are primarily related to the SpinCo Business to the extent not already included in subsections (i)-(vii) and (ix)-(x) of this subsection;

(ix) all rights, interests and claims of either Party or any of the members of its Group as of the Effective Time with respect to Information that is primarily related to the SpinCo Assets, the SpinCo Liabilities, the SpinCo Business or the Transferred Entities and, subject to the provisions of the applicable Ancillary Agreements, a non-exclusive right to all Information that is related to, but not primarily related to, the SpinCo Assets, the SpinCo Liabilities, the SpinCo Business or the Transferred Entities; and

(x) any and all Assets set forth on Schedule 2.2(a)(x).

Notwithstanding the foregoing, the SpinCo Assets shall not in any event include any Asset referred to in clauses (i) through (vi) of Section 2.2(b).

(b) *Parent Assets*. For the purposes of this Agreement, "Parent Assets" shall mean all Assets of either Party or the members of its Group as of the Effective Time, other than the SpinCo Assets, it being understood that, notwithstanding anything herein to the contrary, the Parent Assets shall include:

(i) all Assets that are contemplated by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Assets to be retained by Parent or any other member of the Parent Group;

(ii) all contracts and agreements of either Party or any of the members of its Group as of the Effective Time (other than the SpinCo Contracts);

(iii) (x) the MDU Name and MDU Marks and Intellectual Property set forth on Schedule 2.2(b)(iii), and (y) all Intellectual Property, Software and Technology of either Party or any of the members of its Group as of the Effective Time (other than, in the case of this clause (y), the SpinCo IP/IT);

(iv) all Permits of either Party or any of the members of its Group as of the Effective Time (other than the SpinCo Permits);

(v) all cash and cash equivalents of either Party or any of the members of its Group as of the Effective Time; and

(vi) any and all Assets set forth on Schedule 2.2(b)(vi).

2.3 SpinCo Liabilities; Parent Liabilities.

(a) *SpinCo Liabilities*. For the purposes of this Agreement, "SpinCo Liabilities" shall mean the following Liabilities of either Party or any of the members of its Group:

(i) all Liabilities included or reflected as liabilities or obligations of SpinCo or the members of the SpinCo Group on the SpinCo Balance Sheet, subject to any discharge of such Liabilities subsequent to the date of the SpinCo Balance Sheet; provided that the amounts set forth on the SpinCo Balance Sheet with respect to any Liabilities shall not be treated as minimum amounts or limitations on the amount of such Liabilities that are included in the definition of SpinCo Liabilities pursuant to this clause (i);

(ii) all Liabilities as of the Effective Time that are of a nature or type that would have resulted in such Liabilities being included or reflected as liabilities or obligations of SpinCo or the members of the SpinCo Group on a pro forma consolidated balance sheet of the SpinCo Group or any notes or subledgers thereto as of the Effective Time (were such balance sheet, notes and subledgers to be prepared on a basis consistent with the determination of the Liabilities included on the SpinCo Balance Sheet), it being understood that (x) the SpinCo Balance Sheet shall be used to determine the types of, and methodologies used to determine, those Liabilities that are included in the definition of SpinCo Liabilities pursuant to this clause (ii); and (y) the amounts set forth on the SpinCo Balance Sheet with respect to any Liabilities shall not be treated as minimum amounts or limitations on the amount of such Liabilities that are included in the definition of SpinCo Liabilities pursuant to this clause (ii);

(iii) all Liabilities, including any Environmental Liabilities, relating to, arising out of or resulting from the actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the Effective Time (whether or not such Liabilities cease being contingent, mature, become known, are asserted or foreseen, or accrue, in each case before, at or after the Effective Time), in each case to the extent that such Liabilities relate to, arise out of or result from the SpinCo Business or a SpinCo Asset;

(iv) any and all Liabilities that are expressly provided by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Liabilities to be assumed by SpinCo or any other member of the SpinCo Group, and all agreements, obligations and Liabilities of any member of the SpinCo Group under this Agreement or any of the Ancillary Agreements;

(v) all Liabilities relating to, arising out of or resulting from the SpinCo Contracts, the SpinCo Intellectual Property, the SpinCo Software, the SpinCo Technology, the SpinCo Permits or the SpinCo Financing Arrangements;

(vi) any and all Liabilities set forth on Schedule 2.3(a); and

(vii) all Liabilities arising out of claims made by any Third Party (including Parent's or SpinCo's respective directors, officers, stockholders, employees and agents) against any member of the Parent Group or the SpinCo Group to the extent relating to, arising out of or resulting from the SpinCo Business or the SpinCo Assets or the other business, operations, activities or Liabilities of SpinCo referred to in clauses (i) through (vi) above;

provided that, notwithstanding the foregoing, the Parties agree that the Liabilities set forth on Schedule 2.3(b) and any Liabilities of any member of the Parent Group pursuant to the Ancillary Agreements shall not be SpinCo Liabilities but instead shall be Parent Liabilities.

(b) *Parent Liabilities*. For the purposes of this Agreement, "Parent Liabilities" shall mean (i) all Liabilities relating to, arising out of or resulting from actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the Effective Time (whether or not such Liabilities cease being contingent, mature, become known, are asserted or foreseen, or accrue, in each case before, at or after the Effective Time) of any member of the Parent Group and, prior to the Effective Time, any member of the SpinCo Group, in each case that are not SpinCo Liabilities, including any and all Liabilities set forth on Schedule 2.3(b); and (ii) all Liabilities arising out of claims made by any Third Party (including Parent's or SpinCo's respective directors, officers, stockholders, employees and agents) against any member of the Parent Group or the SpinCo Group to the extent relating to, arising out of or resulting from the Parent Business or the Parent Assets.

2.4 Approvals and Notifications.

(a) *Approvals and Notifications for SpinCo Assets and Liabilities*. To the extent that the transfer or assignment of any SpinCo Asset, the assumption of any SpinCo Liability, the Separation, or the Distribution requires any Approvals or Notifications, the Parties shall use their commercially reasonable efforts to obtain or make such Approvals or Notifications as soon as reasonably practicable; provided, however, that, except to the extent expressly provided in this Agreement or any of the Ancillary Agreements or as otherwise agreed between Parent and SpinCo, neither Parent nor SpinCo shall be obligated to contribute capital or pay any consideration in any form (including providing any letter of credit, guaranty or other financial accommodation) to any Person in order to obtain or make such Approvals or Notifications.

(b) *Delayed SpinCo Transfers*. If and to the extent that the valid, complete and perfected transfer or assignment to the SpinCo Group of any SpinCo Asset or assumption by the SpinCo Group of any SpinCo Liability in connection with the Separation or the Distribution would be a violation of applicable Law or require any Approval or Notification that has not been obtained or made by the Effective Time then, unless the Parties shall otherwise mutually determine, the transfer or assignment to the SpinCo Group of such SpinCo Assets or the assumption by the SpinCo Group of such SpinCo Liabilities, as the case may be, shall be automatically deemed deferred and any such purported transfer, assignment or assumption shall be null and void until such time as all legal impediments are removed or such Approval or Notification has been obtained or made. Notwithstanding the foregoing, any such SpinCo Assets or SpinCo Liabilities shall continue to constitute SpinCo Assets and SpinCo Liabilities for all other purposes of this Agreement.

(c) *Treatment of Delayed SpinCo Assets and Delayed SpinCo Liabilities*. If any transfer or assignment of any SpinCo Asset (or a portion thereof) or any assumption of any SpinCo Liability (or a portion thereof) intended to be transferred, assigned or assumed hereunder, as the case may be, is not consummated on or prior to the Effective Time, whether as a result of the provisions of Section 2.4(b) or for any other reason (any such SpinCo Asset (or a portion thereof), a "Delayed SpinCo Asset" and any such SpinCo Liability (or a portion thereof), a "Delayed SpinCo Liability"), then, insofar as reasonably possible and subject to applicable Law, the member of the Parent Group retaining such Delayed SpinCo Asset or such Delayed SpinCo Liability, as the case may be, shall thereafter hold such Delayed SpinCo Asset or Delayed SpinCo Liability, as the case may be, for the use and benefit of the member of the SpinCo Group entitled thereto (at the expense of the member of the SpinCo Group entitled thereto). In addition, the member of the Parent Group retaining such Delayed SpinCo Asset or such Delayed SpinCo Liability shall, insofar as reasonably possible and to the extent permitted by applicable Law, treat such Delayed SpinCo Asset or Delayed SpinCo Liability in the ordinary course of business in accordance with SpinCo Group past practice and take such other actions as may be reasonably requested by the member of the SpinCo Group to whom such Delayed SpinCo Asset is to be transferred or assigned, or which will assume such Delayed SpinCo Liability, as the case may be, in order to place such member of the SpinCo Group in a substantially similar position as if such Delayed SpinCo Asset or Delayed SpinCo Liability had been transferred, assigned or assumed as contemplated hereby and so that all the benefits and burdens relating to such Delayed SpinCo Asset or Delayed SpinCo Liability, as the case may be, including use, risk of loss, potential for gain, and dominion, control and command over such Delayed SpinCo Asset or Delayed SpinCo Liability, as the case may be, and all costs and expenses related thereto, shall inure from and after the Effective Time (and from any earlier time provided for in a Transfer Document until the Effective Time) to the SpinCo Group.

(d) *Transfer of Delayed SpinCo Assets and Delayed SpinCo Liabilities*. If and when the Approvals or Notifications, the absence of which caused the deferral of transfer or assignment of any Delayed SpinCo Asset or the deferral of assumption of any Delayed SpinCo Liability pursuant to Section 2.4(b), are obtained or made, and, if and when any other legal impediments to the transfer or assignment of any Delayed SpinCo Asset or the assumption of any Delayed SpinCo Liability have been removed, the transfer or assignment of the applicable Delayed SpinCo Asset or the assumption of the applicable Delayed SpinCo Liability, as the case may be, shall be effected in accordance with the terms of this Agreement and/or the applicable Ancillary Agreement.

(e) *Costs for Delayed SpinCo Assets and Delayed SpinCo Liabilities*. Any member of the Parent Group retaining a Delayed SpinCo Asset or Delayed SpinCo Liability due to the deferral of the transfer or assignment of such Delayed SpinCo Asset or the deferral of the assumption of such Delayed SpinCo Liability, as the case may be, shall not be obligated, in connection with the foregoing, to expend any money, unless the necessary funds are advanced (or otherwise made available) by SpinCo or the member of the SpinCo Group entitled to the Delayed SpinCo Asset or Delayed SpinCo Liability, other than reasonable out-of-pocket expenses, attorneys' fees and recording or similar fees, all of which shall be promptly reimbursed by SpinCo or the member of the SpinCo Group entitled to such Delayed SpinCo Asset or Delayed SpinCo Liability; provided, however, that the Parent Group shall not knowingly allow the loss or diminution of value of any Delayed SpinCo Asset without first providing the SpinCo Group commercially reasonable notice of such potential loss or diminution in value and affording the SpinCo Group a commercially reasonable opportunity to take action to prevent such loss or diminution in value.

(f) Parent and SpinCo shall, and shall cause their Affiliates to, (i) for all U.S. federal (and applicable state, local and foreign) income Tax purposes, treat any SpinCo Asset, SpinCo Liability, Delayed SpinCo Asset, Delayed SpinCo Liability, Delayed Parent Asset or Delayed Parent Liability transferred, assigned or assumed after the Effective Time as having been so transferred, assigned or assumed at the time at which it was intended to have been so transferred, assigned or assumed as reflected in this Agreement (including the Plan of Reorganization); and (ii) file all Tax Returns in a manner consistent with such treatment and not take any Tax position inconsistent therewith, except to the extent otherwise required pursuant to Law, as determined by Parent in its reasonable discretion.

(g) *Approvals and Notifications for Parent Assets*. To the extent that the transfer or assignment of any Parent Asset, the assumption of any Parent Liability, the Separation or the Distribution requires any Approvals or Notifications, the Parties shall use their commercially reasonable efforts to obtain or make such Approvals or Notifications as soon as reasonably practicable; provided, however, that, except to the extent expressly provided in this Agreement or any of the Ancillary Agreements or as otherwise agreed between Parent and SpinCo, neither Parent nor SpinCo shall be obligated to contribute capital or pay any consideration in any form (including providing any letter of credit, guaranty or other financial accommodation) to any Person in order to obtain or make such Approvals or Notifications.

(h) *Delayed Parent Transfers*. If and to the extent that the valid, complete and perfected transfer or assignment to the Parent Group of any Parent Asset or assumption by the Parent Group of any Parent Liability in connection with the Separation or the Distribution would be a violation of applicable Law or require any Approval or Notification that has not been obtained or made by the Effective Time then, unless the Parties shall otherwise mutually determine, the transfer or assignment to the Parent Group of such Parent Assets or the assumption by the Parent Group of such Parent Liabilities, as the case may be, shall be automatically deemed deferred and any such purported transfer, assignment or assumption shall be null and void until such time as all legal impediments are removed or such Approval or Notification has been obtained or made. Notwithstanding the foregoing, any such Parent Assets or Parent Liabilities shall continue to constitute Parent Assets and Parent Liabilities for all other purposes of this Agreement.

(i) *Treatment of Delayed Parent Assets and Delayed Parent Liabilities*. If any transfer or assignment of any Parent Asset (or a portion thereof) or any assumption of any Parent Liability (or a portion thereof) intended to be transferred, assigned or assumed hereunder, as the case may be, is not consummated on or prior to the Effective Time whether as a result of the provisions of Section 2.4(h) or for any other reason (any such Parent Asset (or a portion thereof), a "Delayed Parent Asset" and any such Parent Liability (or a portion thereof), a "Delayed Parent Liability"), then, insofar as reasonably possible and subject to applicable Law, the member of the SpinCo Group retaining such Delayed Parent Asset or such Delayed Parent Liability, as the case may be, shall thereafter hold such Delayed Parent Asset or Delayed Parent Liability, as the case may be, for the use and benefit of the member of the Parent Group entitled thereto (at the expense of the member of the Parent Group entitled thereto). In addition, the member of the SpinCo Group retaining such Delayed Parent Asset or such Delayed Parent Liability shall, insofar as reasonably possible and to the extent permitted by applicable Law, treat such Delayed Parent Asset or Delayed Parent Liability in the ordinary course of business in accordance with Parent Group past practice and take such other actions as may be reasonably requested by the member of the Parent Group to which such Delayed Parent Asset is to be transferred or assigned, or which will assume such Delayed Parent Liability, as the case may be, in order to place such member of the Parent Group in a substantially similar position as if such Delayed Parent Asset or Delayed Parent Liability had been transferred, assigned or assumed as contemplated hereby and so that all the benefits and burdens relating to such Delayed Parent Asset or Delayed Parent Liability, as the case may be, including use, risk of loss, potential for gain, and dominion, control and command over such Delayed Parent Asset or Delayed Parent Liability, as the case may be, and all costs and expenses related thereto, shall inure from and after the Effective Time (and from any earlier time provided for in a Transfer Document until the Effective Time) to the Parent Group.

(j) *Transfer of Delayed Parent Assets and Delayed Parent Liabilities*. If and when the Approvals or Notifications, the absence of which caused the deferral of transfer or assignment of any Delayed Parent Asset or the deferral of assumption of any Delayed Parent Liability pursuant to Section 2.4(g), are obtained or made, and, if and when any other legal impediments to the transfer or assignment of any Delayed Parent Asset or the assumption of any Delayed Parent Liability have been removed, the transfer or assignment of the applicable Delayed Parent Asset or the assumption of the applicable Delayed Parent Liability, as the case may be, shall be effected in accordance with the terms of this Agreement and/or the applicable Ancillary Agreement.

(k) *Costs for Delayed Parent Assets and Delayed Parent Liabilities*. Any member of the SpinCo Group retaining a Delayed Parent Asset or Delayed Parent Liability due to the deferral of the transfer or assignment of such Delayed Parent Asset or the deferral of the assumption of such Delayed Parent Liability, as the case may be, shall not be obligated, in connection with the foregoing, to expend any money, unless the necessary funds are advanced (or otherwise made available) by Parent or the member of the Parent Group entitled to the Delayed Parent Asset or Delayed Parent Liability, other than reasonable out-of-pocket expenses, attorneys' fees and recording or similar fees, all of which shall be promptly reimbursed by Parent or the member of the Parent Group entitled to such Delayed Parent Asset or Delayed Parent Liability; provided, however, that the SpinCo Group shall not knowingly allow the loss or diminution in value of any Delayed Parent Asset without first providing the Parent Group commercially reasonable notice of such potential loss or diminution in value and affording the Parent Group commercially reasonable opportunity to take action to prevent such loss or diminution in value.

2.5 Novation of Liabilities.

(a) *Novation of SpinCo Liabilities*.

(i) Except as set forth in Schedule 2.5(a), each of Parent and SpinCo, at the request of the other, shall use its commercially reasonable efforts to obtain, or to cause to be obtained, as soon as reasonably practicable, any consent, substitution, approval or amendment required to novate or assign all SpinCo Liabilities and obtain in writing the unconditional release of each member of the Parent Group that is a party to any such arrangements, so that, in any such case, the members of the SpinCo Group shall be solely responsible for such SpinCo Liabilities; provided, however, that, except as otherwise expressly provided in this Agreement or any of the Ancillary Agreements, neither Parent nor SpinCo shall be obligated to contribute any capital or pay any consideration in any form (including providing any letter of credit, guaranty or other financial accommodation) to any Third Party from whom any such consent, substitution, approval, amendment or release is requested.

(ii) If Parent or SpinCo is unable to obtain, or to cause to be obtained, any such required consent, substitution, approval, amendment or release and the applicable member of the Parent Group continues to be bound by such agreement, lease, license or other obligation or Liability (each, an "Unreleased SpinCo Liability"), SpinCo shall, to the extent not prohibited by Law, as indemnitor, guarantor, agent or subcontractor for such member of the Parent Group, as the case may be, (x) pay, perform and discharge fully all the obligations or other Liabilities of such member of the Parent Group that constitute Unreleased SpinCo Liabilities from and after the Effective Time and (y) use its commercially reasonable efforts to effect such payment, performance or discharge prior to any demand for such payment, performance or discharge is permitted to be made by the obligee thereunder on any member of the Parent Group. If and when any such consent, substitution, approval, amendment or release shall be obtained or the Unreleased SpinCo Liabilities shall otherwise become assignable or able to be novated, Parent shall promptly assign, or cause to be assigned, and SpinCo or the applicable SpinCo Group member shall assume, such Unreleased SpinCo Liabilities without exchange of further consideration.

(b) *Novation of Parent Liabilities.*

(i) Each of Parent and SpinCo, at the request of the other, shall use its commercially reasonable efforts to obtain, or to cause to be obtained, as soon as reasonably practicable, any consent, substitution, approval or amendment required to novate or assign all Parent Liabilities and obtain in writing the unconditional release of each member of the SpinCo Group that is a party to any such arrangements, so that, in any such case, the members of the Parent Group shall be solely responsible for such Parent Liabilities; provided, however, that, except as otherwise expressly provided in this Agreement or any of the Ancillary Agreements, neither Parent nor SpinCo shall be obligated to contribute any capital or pay any consideration in any form (including providing any letter of credit, guaranty or other financial accommodation) to any Third Party from whom any such consent, substitution, approval, amendment or release is requested.

(ii) If Parent or SpinCo is unable to obtain, or to cause to be obtained, any such required consent, substitution, approval, amendment or release and the applicable member of the SpinCo Group continues to be bound by such agreement, lease, license or other obligation or Liability (each, an "Unreleased Parent Liability"), Parent shall, to the extent not prohibited by Law, as indemnitor, guarantor, agent or subcontractor for such member of the SpinCo Group, as the case may be, (x) pay, perform and discharge fully all the obligations or other Liabilities of such member of the SpinCo Group that constitute Unreleased Parent Liabilities from and after the Effective Time and (y) use its commercially reasonable efforts to effect such payment, performance or discharge prior to any demand for such payment, performance or discharge is permitted to be made by the obligee thereunder on any member of the SpinCo Group. If and when any such consent, substitution, approval, amendment or release shall be obtained or the Unreleased Parent Liabilities shall otherwise become assignable or able to be novated, SpinCo shall promptly assign, or cause to be assigned, and Parent or the applicable Parent Group member shall assume, such Unreleased Parent Liabilities without exchange of further consideration.

2.6 Release of Guarantees. In furtherance of, and not in limitation of, the obligations set forth in Section 2.5:

(a) On or prior to the Effective Time or as soon as practicable thereafter, each of Parent and SpinCo shall, at the request of the other Party and with the reasonable cooperation of such other Party and the applicable member(s) of such other Party's Group, use commercially reasonable efforts to (i) have any member(s) of the Parent Group removed as guarantor of or obligor for any SpinCo Liability to the extent that such guarantee or obligation relates to SpinCo Liabilities, including the removal of any Security Interest on or in any Parent Asset that may serve as collateral or security for any such SpinCo Liability; and (ii) have any member(s) of the SpinCo Group removed as guarantor of or obligor for any Parent Liability to the extent that such guarantee or obligation relates to Parent Liabilities, including the removal of any Security Interest on or in any SpinCo Asset that may serve as collateral or security for any such Parent Liability.

(b) To the extent required to obtain a release from a guarantee of:

(i) any member of the Parent Group, SpinCo shall (or shall cause a member of the SpinCo Group to) execute a guarantee agreement in the form of the existing guarantee or such other form as is agreed to by the relevant parties to such guarantee agreement, which agreement shall include the removal of any Security Interest on or in any Parent Asset that may serve as collateral or security for any SpinCo Liability, except to the extent that such existing guarantee contains representations, covenants or other terms or provisions either (x) with which SpinCo (or any member of the SpinCo Group) would be reasonably unable to comply or (y) which SpinCo (or any member of the SpinCo Group) would not reasonably be able to avoid breaching; and

(ii) any member of the SpinCo Group, Parent shall (or shall cause a member of the Parent Group to) execute a guarantee agreement in the form of the existing guarantee or such other form as is agreed to by the relevant parties to such guarantee agreement, which agreement shall include the removal of any Security Interest on or in any SpinCo Asset that may serve as collateral or security for any Parent Liability, except to the extent that such existing guarantee contains representations, covenants or other terms or provisions either (x) with which Parent (or any member of the Parent Group) would be reasonably unable to comply or (y) which Parent (or any member of the Parent Group) would not reasonably be able to avoid breaching.

(c) If Parent or SpinCo is unable to obtain, or to cause to be obtained, any such required removal or release as set forth in clauses (a) and (b) of this Section 2.6, (i) the Party or the relevant member of its Group that has assumed the Liability with respect to such guarantee shall indemnify, defend and hold harmless the guarantor or obligor against or from any Liability arising from or relating thereto in accordance with the provisions of Article IV and shall, as agent or subcontractor for such guarantor or obligor, pay, perform and discharge fully all the obligations or other Liabilities of such guarantor or obligor thereunder; and (ii) each of Parent and SpinCo, on behalf of itself and the other members of their respective Group, agrees not to renew or extend the term of, increase any obligations under, or transfer to a Third Party, any loan, guarantee, lease, contract or other obligation for which the other Party or a member of its Group is or may be liable, unless all obligations of such other Party and the members of such other Party's Group with respect thereto are thereupon terminated by documentation satisfactory in form and substance to such other Party.

2.7 Termination of Agreements.

(a) Except as set forth in Section 2.7(b), in furtherance of the releases and other provisions of Section 4.1, SpinCo and each member of the SpinCo Group, on the one hand, and Parent and each member of the Parent Group, on the other hand, hereby terminate any and all agreements, arrangements, commitments or understandings, whether or not in writing, between or among SpinCo and/or any member of the SpinCo Group, on the one hand, and Parent and/or any member of the Parent Group, on the other hand, effective as of the Effective Time. No such terminated agreement, arrangement, commitment or understanding (including any provision thereof which purports to survive termination) shall be of any further force or effect after the Effective Time. Each Party shall, at the reasonable request of the other Party, take, or cause to be taken, such other actions as may be necessary to effect the foregoing.

(b) The provisions of Section 2.7(a) shall not apply to any of the following agreements, arrangements, commitments or understandings (or to any of the provisions thereof): (i) this Agreement and the Ancillary Agreements (and each other agreement or instrument expressly contemplated by this Agreement or any Ancillary Agreement to be entered into by any of the Parties or any of the members of their respective Groups or to be continued from and after the Effective Time); (ii) any agreements, arrangements, commitments or understandings listed or described on Schedule 2.7(b)(ii); (iii) any agreements, arrangements, commitments or understandings to which any Third Party is a party thereto; (iv) any intercompany accounts payable or accounts receivable accrued as of the Effective Time that are reflected in the books and records of the Parties or otherwise documented in writing in accordance with past practices, which shall be settled in the manner contemplated by Section 2.7(c); (v) any agreements, arrangements, commitments or understandings to which any non-wholly owned Subsidiary of Parent or SpinCo, as the case may be, is a party (it being understood that directors' qualifying shares or similar interests shall be disregarded for purposes of determining whether a Subsidiary is wholly owned); and (vi) any Shared Contracts.

(c) All of the intercompany accounts receivable and accounts payable (except for intercompany accounts arising under the Ancillary Agreements) between any member of the Parent Group, on the one hand, and any member of the SpinCo Group, on the other hand, shall, prior to the Effective Time, be repaid, settled or otherwise eliminated by means of cash payments, a dividend, capital contribution, a combination of the foregoing, or otherwise as determined by Parent in its sole and absolute discretion. Any such intercompany accounts that are settled after the Effective Time, but in connection with the Separation and the Distribution shall be deemed for purposes of this Agreement to have been settled as of immediately prior to the Effective Time.

2.8 Treatment of Shared Contracts.

(a) Subject to applicable Law and without limiting the generality of the obligations set forth in Section 2.1, unless the Parties otherwise agree or the benefits of any contract, agreement, arrangement, commitment or understanding described in this Section 2.8 are expressly conveyed to the applicable Party pursuant to this Agreement or an Ancillary Agreement, any contract or agreement, a portion of which is a SpinCo Contract, but the remainder of which is a Parent Asset (any such contract or agreement, a "Shared Contract"), shall be assigned in relevant part to the applicable member(s) of the applicable Group, if so assignable, or appropriately amended prior to, on or after the Effective Time, so that each Party or the member of its Group shall, as of the Effective Time, be entitled to the rights and benefits, and shall assume the related portion of any Liabilities, inuring to its respective businesses; provided, however, that (i) in no event shall any member of any Group be required to assign (or amend) any Shared Contract in its entirety or to assign a portion of any Shared Contract which is not assignable (or cannot be amended) by its terms (including any terms imposing consents or conditions on an assignment where such consents or conditions have not been obtained or fulfilled) and (ii) if any Shared Contract cannot be so partially assigned by its terms or otherwise, or cannot be amended or if such assignment or amendment would impair the benefit the parties thereto derive from such Shared Contract, then the Parties shall, and shall cause each of the members of their respective Groups to, take such other reasonable and permissible actions (including by providing prompt notice to the other Party with respect to any relevant claim of Liability or other relevant matters arising in connection with a Shared Contract so as to allow such other Party the ability to exercise any applicable rights under such Shared Contract) to cause a member of the SpinCo Group or the Parent Group, as the case may be, to receive the rights and benefits of that portion of each Shared Contract that relates to the SpinCo Business or the Parent Business, as the case may be (in each case, to the extent so related), as if such Shared Contract had been assigned to a member of the applicable Group (or amended to allow a member of the applicable Group to exercise applicable rights under such Shared Contract) pursuant to this Section 2.8, and to bear the burden of the corresponding Liabilities (including any Liabilities that may arise by reason of such arrangement), as if such Liabilities had been assumed by a member of the applicable Group pursuant to this Section 2.8.

(b) Except as otherwise required by applicable Law, as determined by Parent in its reasonable discretion, each of Parent and SpinCo shall, and shall cause the members of its Group to, (i) treat for all Tax purposes the portion of each Shared Contract inuring to its respective businesses as an Asset owned by, and/or a Liability of, as applicable, such Party, or the members of its Group, as applicable, not later than the Effective Time (or such earlier time as provided under a Transfer Document), and (ii) neither report nor take any Tax position (on a Tax Return or otherwise) inconsistent with such treatment.

(c) Nothing in this Section 2.8 shall require any member of any Group to make any non-*de minimis* payment (except to the extent advanced, assumed or agreed in advance to be reimbursed by any member of the other Group), incur any non-*de minimis* obligation or grant any non-*de minimis* concession for the benefit of any member of any other Group in order to effect any transaction contemplated by this Section 2.8.

2.9 Bank Accounts; Cash Balances.

(a) Each Party agrees to take, or cause the members of its Group to take, at the Effective Time (or such earlier time as the Parties may agree), all actions necessary to amend all contracts or agreements governing each bank and brokerage account owned by SpinCo or any other member of the SpinCo Group (collectively, the "SpinCo Accounts") and all contracts or agreements governing each bank or brokerage account owned by Parent or any other member of the Parent Group (collectively, the "Parent Accounts") so that each such SpinCo Account and Parent Account, if currently linked (whether by automatic withdrawal, automatic deposit or any other authorization to transfer funds from or to) to any Parent Account or SpinCo Account, respectively, is de-linked from such Parent Account or SpinCo Account, respectively.

(b) It is intended that, following consummation of the actions contemplated by Section 2.9(a), there will be in place a cash management process pursuant to which the SpinCo Accounts will be managed and funds collected will be transferred into one (1) or more accounts maintained by SpinCo or a member of the SpinCo Group.

(c) It is intended that, following consummation of the actions contemplated by Section 2.9(a), there will continue to be in place a cash management process pursuant to which the Parent Accounts will be managed and funds collected will be transferred into one (1) or more accounts maintained by Parent or a member of the Parent Group.

(d) With respect to any outstanding checks issued or payments initiated by Parent, SpinCo, or any of the members of their respective Groups prior to the Effective Time, such outstanding checks and payments shall be honored following the Effective Time by the Person or Group owning the account on which the check is drawn or from which the payment was initiated, respectively.

(e) As between Parent and SpinCo (and the members of their respective Groups), all payments made and reimbursements, credits, returns or rebates received after the Effective Time by either Party (or member of its Group) that relate to a business, Asset or Liability of the other Party (or member of its Group), shall be held by such Party in trust for the use and benefit of the Party entitled thereto and, promptly following receipt by such Party of any such payment or reimbursement, credit, return or rebate such Party shall pay over, or shall cause the applicable member of its Group to pay over to the other Party, the amount of such payment or reimbursement, credit, return or rebate without right of set-off.

2.10 Ancillary Agreements. Effective on or prior to the Effective Time, each of Parent and SpinCo will, or will cause the applicable members of their Groups to, execute and deliver all Ancillary Agreements to which it is a party.

2.11 Disclaimer of Representations and Warranties. EACH OF PARENT (ON BEHALF OF ITSELF AND EACH MEMBER OF THE PARENT GROUP) AND SPINCO (ON BEHALF OF ITSELF AND EACH MEMBER OF THE SPINCO GROUP) UNDERSTANDS AND AGREES THAT, EXCEPT AS EXPRESSLY SET FORTH HEREIN OR IN ANY ANCILLARY AGREEMENT, NO PARTY TO THIS AGREEMENT, ANY ANCILLARY AGREEMENT OR ANY OTHER AGREEMENT OR DOCUMENT CONTEMPLATED BY THIS AGREEMENT, ANY ANCILLARY AGREEMENT OR OTHERWISE, IS REPRESENTING OR WARRANTING IN ANY WAY AS TO: (A) THE ASSETS, BUSINESSES OR LIABILITIES TRANSFERRED OR ASSUMED AS CONTEMPLATED HEREBY OR THEREBY, (B) ANY CONSENTS OR APPROVALS REQUIRED IN CONNECTION THEREWITH, (C) THE VALUE OR FREEDOM FROM ANY SECURITY INTERESTS OF, OR ANY OTHER MATTER CONCERNING, ANY ASSETS OF SUCH PARTY, (D) THE ABSENCE OF ANY DEFENSES OR RIGHT OF SETOFF OR FREEDOM FROM COUNTERCLAIM WITH RESPECT TO ANY CLAIM OR OTHER ASSET, INCLUDING ANY ACCOUNTS RECEIVABLE, OF ANY PARTY, OR (E) THE LEGAL SUFFICIENCY OF ANY ASSIGNMENT, DOCUMENT OR INSTRUMENT DELIVERED HEREUNDER TO CONVEY TITLE TO ANY ASSET OR THING OF VALUE UPON THE EXECUTION, DELIVERY AND FILING HEREOF OR THEREOF. EXCEPT AS MAY EXPRESSLY BE SET FORTH HEREIN OR IN ANY ANCILLARY AGREEMENT, ALL SUCH ASSETS ARE BEING TRANSFERRED ON AN "AS IS," "WHERE IS" BASIS (AND, IN THE CASE OF ANY REAL PROPERTY, BY MEANS OF A QUITCLAIM OR SIMILAR FORM OF DEED OR CONVEYANCE) AND THE RESPECTIVE TRANSFEREES SHALL BEAR THE ECONOMIC AND LEGAL RISKS THAT (I) ANY CONVEYANCE WILL PROVE TO BE INSUFFICIENT TO VEST IN THE TRANSFEREE GOOD AND MARKETABLE TITLE, FREE AND CLEAR OF ANY SECURITY INTEREST, AND (II) ANY NECESSARY APPROVALS OR NOTIFICATIONS ARE NOT OBTAINED OR MADE OR THAT ANY REQUIREMENTS OF LAWS OR JUDGMENTS ARE NOT COMPLIED WITH.

2.12 SpinCo Financing Arrangements; SpinCo Debt Incurrence.

(a) Prior to the Effective Time, and in accordance with the Plan of Reorganization, (i) SpinCo and/or other members of the SpinCo Group will enter into one or more financing arrangements and agreements (the "SpinCo Financing Arrangements"), pursuant to which it shall borrow prior to the Effective Time a principal amount of not less than $[890] million (the "SpinCo Debt") and (ii) the proceeds of the SpinCo Debt shall be transferred as provided in the Plan of Reorganization ("Cash Transfer"). Parent and SpinCo agree to take, and shall cause the respective members of their Group to take, all necessary actions to assure the full release and discharge of Parent and the other members of the Parent Group from all liabilities and other obligations pursuant to the SpinCo Financing Arrangements as of no later than the Effective Time. The Parties agree that SpinCo or another member of the SpinCo Group, as the case may be, and not Parent or any member of the Parent Group, are and shall be responsible for all costs and expenses incurred in connection with the SpinCo Financing Arrangements.

(b) Prior to the Effective Time, Parent and SpinCo shall cooperate in the preparation of all materials as may be necessary or advisable to execute the SpinCo Financing Arrangements.

2.13 Financial Information Certifications. Parent's disclosure controls and procedures and internal control over financial reporting (as each is contemplated by the Exchange Act) are currently applicable to SpinCo as its Subsidiary. In order to enable the principal executive officer and principal financial officer of SpinCo to make the certifications required of them under Section 302 of the Sarbanes-Oxley Act of 2002 following the Distribution in respect of any quarterly or annual fiscal period of SpinCo that begins on or prior to the Distribution Date in respect of which financial statements are not included in the Form 10 (a "Straddle Period"), Parent, on or before the date that is ten (10) days prior to the latest date on which SpinCo may file the periodic report pursuant to Section 13 of the Exchange Act for any such Straddle Period (not taking into account any possible extensions), shall provide SpinCo with one (1) or more certifications with respect to such disclosure controls and procedures and the effectiveness thereof and whether there were any changes in the internal controls over financial reporting that have materially affected or are reasonably likely to materially affect the internal control over financial reporting, which certification(s) shall (x) be with respect to the applicable Straddle Period (it being understood that no certification need be provided with respect to any period or portion of any period after the Distribution Date) and (y) be in substantially the same form as those that had been provided by officers or employees of Parent in similar certifications delivered prior to the Distribution Date, with such changes thereto as Parent may reasonably determine. Such certification(s) shall be provided by Parent (and not by any officer or employee in their individual capacity).

ARTICLE III
THE DISTRIBUTION

3.1 Sole and Absolute Discretion; Cooperation.

(a) Parent shall, in its sole and absolute discretion, determine the terms of the Distribution, including the form, structure and terms of any transaction(s) and/or offering(s) to effect the Distribution and the timing and conditions to the consummation of the Distribution. In addition, Parent may, at any time and from time to time until the consummation of the Distribution, modify or change the terms of the Distribution, including by accelerating or delaying the timing of the consummation of all or part of the Distribution. Nothing shall in any way limit Parent's right to terminate this Agreement or the Distribution as set forth in Article IX or alter the consequences of any such termination from those specified in Article IX.

(b) SpinCo shall cooperate with Parent to accomplish the Distribution and shall, at Parent's direction, promptly take any and all actions necessary or desirable to effect the Distribution, including in respect of the registration under the Exchange Act of SpinCo Shares on the Form 10. Parent shall select any investment bank or manager in connection with the Distribution, as well as any financial printer, solicitation and/or exchange agent and financial, legal, accounting and other advisors for Parent. SpinCo and Parent, as the case may be, will provide to the Distribution Agent any information required in order to complete the Distribution.

3.2 Actions Prior to the Distribution. Prior to the Effective Time and subject to the terms and conditions set forth herein, the Parties shall take, or cause to be taken, the following actions in connection with the Distribution:

(a) *Notice to NYSE*. Parent shall, to the extent possible, give the NYSE not less than ten (10) days' advance notice of the Record Date in compliance with Rule 10b-17 under the Exchange Act.

(b) *SpinCo Certificate of Incorporation and SpinCo Bylaws*. On or prior to the Distribution Date, Parent and SpinCo shall take all necessary actions so that, as of the Effective Time, the SpinCo Certificate of Incorporation and the SpinCo Bylaws shall become the certificate of incorporation and bylaws of SpinCo, respectively.

(c) *SpinCo Directors and Officers*. On or prior to the Distribution Date, Parent and SpinCo shall take all necessary actions so that as of the Effective Time: (i) the directors and executive officers of SpinCo shall be those set forth in the Information Statement made available to the Record Holders prior to the Distribution Date, unless otherwise agreed by the Parties; (ii) each individual referred to in clause (i) shall have resigned from his or her position, if any, as a member of the Parent Board and/or as an executive officer of Parent, other than any such individuals who shall have been determined to remain members of the Parent Board; and (iii) SpinCo shall have such other officers as SpinCo shall appoint.

(d) *NYSE Listing*. SpinCo shall prepare and file, and shall use its reasonable best efforts to have approved, an application for the listing of the SpinCo Shares to be distributed in the Distribution on the NYSE, subject to official notice of distribution.

(e) *Securities Law Matters*. SpinCo shall file any amendments or supplements to the Form 10 as may be necessary or advisable in order to cause the Form 10 to become and remain effective as required by the SEC or federal, state or other applicable securities Laws. Parent and SpinCo shall cooperate in preparing, filing with the SEC and causing to become effective registration statements or amendments thereof that are required to reflect the establishment of, or amendments to, any employee benefit and other plans necessary or advisable in connection with the transactions contemplated by this Agreement and the Ancillary Agreements. Parent and SpinCo will prepare, and SpinCo will, to the extent required under applicable Law, file with the SEC any such documentation and any requisite no-action letters that Parent determines are necessary or desirable to effectuate the Distribution, and Parent and SpinCo shall each use its reasonable best efforts to obtain all necessary approvals from the SEC with respect thereto as soon as practicable. Parent and SpinCo shall take all such action as may be necessary or appropriate under the securities or blue sky Laws of the United States (and any comparable Laws under any foreign jurisdiction) in connection with the Distribution.

(f) *Availability of Information Statement*. Parent shall, as soon as is reasonably practicable after the Form 10 is declared effective under the Exchange Act and the Parent Board has approved the Distribution, cause the Information Statement to be made available to the Record Holders.

(g) *The Distribution Agent*. Parent shall enter into a distribution agent agreement with the Distribution Agent or otherwise provide instructions to the Distribution Agent regarding the Distribution.

(h) *Stock-Based Employee Benefit Plans*. Parent and SpinCo shall take all actions as may be necessary to approve the grants of adjusted equity awards by Parent (in respect of Parent Shares) and SpinCo (in respect of SpinCo Shares) in connection with the Distribution in order to satisfy the requirements of Rule 16b-3 under the Exchange Act.

(i) *Name Change*. SpinCo shall take all actions necessary such that following the Distribution, SpinCo will change its name to Knife River Corporation.

3.3 Conditions to the Distribution.

(a) The consummation of the Distribution will be subject to the satisfaction, or waiver by Parent in its sole and absolute discretion, of the following conditions:

(i) The SEC shall have declared effective the Form 10; no order suspending the effectiveness of the Form 10 shall be in effect; and no proceedings for such purposes shall have been instituted or threatened by the SEC;

(ii) The Information Statement shall have been made available to the Record Holders;

(iii) Parent shall have received the IRS Ruling, satisfactory to the Parent Board, regarding certain U.S. federal income tax matters, and such IRS Ruling shall not have been revoked or modified in any material respect;

(iv) Parent shall have received one or more opinions from its tax advisors in connection with the transactions contemplated by this Agreement, in each case satisfactory to the Parent Board, regarding certain U.S. federal income tax matters;

(v) An independent appraisal firm acceptable to Parent shall have delivered one (1) or more opinions to the Parent Board confirming the solvency and financial viability of Parent prior to the Distribution and of Parent and SpinCo after consummation of the Distribution, and such opinions shall be acceptable to Parent in form and substance in Parent's sole discretion and such opinions shall not have been withdrawn or rescinded;

(vi) The transfer of the SpinCo Assets (other than any Delayed SpinCo Asset) and SpinCo Liabilities (other than any Delayed SpinCo Liability) contemplated to be transferred from Parent (or the applicable members of its Group) to SpinCo on or prior to the Distribution shall have occurred as contemplated by Section 2.1, and the transfer of the Parent Assets (other than any Delayed Parent Asset) and Parent Liabilities (other than any Delayed Parent Liability) contemplated to be transferred from SpinCo to Parent (or the applicable members of its Group) on or prior to the Distribution Date shall have occurred as contemplated by Section 2.1, in each case pursuant to the Plan of Reorganization;

(vii) The actions and filings necessary or appropriate under applicable U.S. federal, U.S. state or other securities Laws or blue sky Laws and the rules and regulations thereunder shall have been taken or made, and, where applicable, have become effective or been accepted by the applicable Governmental Authority;

(viii) The actions and filings necessary or appropriate with respect to applicable state insurance and residential service contract regulators, shall have been taken or made, and, where applicable, have become effective or been accepted by the applicable Governmental Authority;

(ix) Each of the Ancillary Agreements shall have been duly executed and delivered by the applicable parties thereto;

(x) No order, injunction or decree issued by any Governmental Authority of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Separation, the Distribution or any of the transactions related thereto shall be pending or in effect;

(xi) The SpinCo Shares to be distributed to the Parent stockholders in the Distribution shall have been accepted for listing on the NYSE, subject to official notice of distribution;

(xii) One or more members of the Parent Group shall have received the proceeds from the Cash Transfer. Parent shall be satisfied in its sole and absolute discretion that, as of the Effective Time, it shall have no Liability whatsoever under the SpinCo Financing Arrangements; and

(xiii) No other events or developments shall exist or shall have occurred that, in the judgment of the Parent Board, in its sole and absolute discretion, makes it inadvisable to effect the Separation, the Distribution or the transactions contemplated by this Agreement or any Ancillary Agreement.

(b) The foregoing conditions are for the sole benefit of Parent and shall not give rise to or create any duty on the part of Parent or the Parent Board to waive or not waive any such condition or in any way limit Parent's right to terminate this Agreement as set forth in Article IX or alter the consequences of any such termination from those specified in Article IX. Any determination made by the Parent Board prior to the Distribution concerning the satisfaction or waiver of any or all of the conditions set forth in Section 3.3(a) shall be conclusive and binding on the Parties. If Parent waives any material condition, it shall promptly issue a press release disclosing such fact and file a Current Report on Form 8-K with the SEC describing such waiver.

3.4 The Distribution.

(a) Subject to Section 3.3, on or prior to the Effective Time, SpinCo shall deliver to the Distribution Agent, for the benefit of the Record Holders, book-entry transfer authorizations for such number of the outstanding SpinCo Shares as is necessary to effect the Distribution, and shall cause the transfer agent for the Parent Shares to instruct the Distribution Agent to distribute at the Effective Time the appropriate number of SpinCo Shares to each such holder or designated transferee or transferees of such holder by way of direct registration in book-entry form. SpinCo will not issue paper stock certificates in respect of the SpinCo Shares. The Distribution shall be effective at the Effective Time.

(b) Subject to Sections 3.3 and 3.4(c), each Record Holder shall be entitled to receive in the Distribution a number of whole SpinCo Shares equal to the number of Parent Shares held by such Record Holder on the Record Date multiplied by the Distribution Ratio, rounded down to the nearest whole number.

(c) No fractional shares shall be distributed or credited to book-entry accounts in connection with the Distribution, and any such fractional share interests to which a Record Holder would otherwise be entitled shall not entitle such Record Holder to vote or to any other rights as a stockholder of SpinCo. In lieu of retaining any such fractional shares, each Record Holder who, but for the provisions of this Section 3.4(c), would be entitled to a fractional share interest of a SpinCo Share pursuant to the Distribution, shall be paid cash, without any interest thereon, as hereinafter provided. As soon as practicable after the Effective Time, Parent shall direct the Distribution Agent to determine the number of whole and fractional SpinCo Shares allocable to each Record Holder, to aggregate all such fractional shares into whole shares, and to sell the whole shares obtained thereby in the open market at the then-prevailing prices on behalf of each Record Holder who otherwise would be entitled to fractional share interests (with the Distribution Agent, in its sole and absolute discretion, determining when, how and through which broker-dealer and at what price to make such sales), and to cause to be distributed to each such Record Holder, in lieu of any fractional share, such Record Holder's or owner's ratable share of the total proceeds of such sale, after deducting any Taxes required to be withheld and applicable transfer Taxes, and after deducting the costs and expenses of such sale and distribution, including brokers fees and commissions. None of Parent, SpinCo or the Distribution Agent will be required to guarantee any minimum sale price for the fractional SpinCo Shares sold in accordance with this Section 3.4(c). Neither Parent nor SpinCo will be required to pay any interest on the proceeds from the sale of fractional shares. Neither the Distribution Agent nor the broker-dealers through which the aggregated fractional shares are sold shall be Affiliates of Parent or SpinCo. Solely for purposes of computing fractional share interests pursuant to this Section 3.4(c) and Section 3.4(d), the beneficial owner of Parent Shares held of record in the name of a nominee in any nominee account shall be treated as the Record Holder with respect to such shares.

(d) Any SpinCo Shares or cash in lieu of fractional shares with respect to SpinCo Shares that remain unclaimed by any Record Holder one hundred eighty (180) days after the Distribution Date shall be delivered to SpinCo, and SpinCo or its transfer agent on its behalf shall hold such SpinCo Shares and cash for the account of such Record Holder, and the Parties agree that all obligations to provide such SpinCo Shares and cash, if any, in lieu of fractional share interests shall be obligations of SpinCo, subject in each case to applicable escheat or other abandoned property Laws, and Parent shall have no Liability with respect thereto.

(e) Until the SpinCo Shares are duly transferred in accordance with this Section 3.4 and applicable Law, from and after the Effective Time, SpinCo will regard the Persons entitled to receive such SpinCo Shares as record holders of SpinCo Shares in accordance with the terms of the Distribution without requiring any action on the part of such Persons. SpinCo agrees that, subject to any transfers of such shares, from and after the Effective Time, (i) each such holder shall be entitled to receive all dividends, if any, payable on, and exercise voting rights and all other rights and privileges with respect to, the SpinCo Shares then held by such holder, and (ii) each such holder shall be entitled, without any action on the part of such holder, to receive evidence of ownership of the SpinCo Shares then held by such holder.

ARTICLE IV
MUTUAL RELEASES; INDEMNIFICATION

4.1 Release of Pre-Distribution Claims.

(a) *SpinCo Release of Parent.* Except as provided in Sections 4.1(c) and 4.1(d), effective as of the Effective Time, SpinCo does hereby, for itself and each other member of the SpinCo Group, and their respective successors and assigns, and, to the extent permitted by Law, all Persons who at any time prior to the Effective Time have been stockholders, directors, officers, agents or employees of any member of the SpinCo Group (in each case, in their respective capacities as such), remise, release and forever discharge (i) Parent and the members of the Parent Group, and their respective successors and assigns, (ii) all Persons who at any time prior to the Effective Time have been stockholders, directors, officers, agents or employees of any member of the Parent Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, and (iii) all Persons who at any time prior to the Effective Time are or have been stockholders, directors, officers, agents or employees of any member of the SpinCo Group and who are not, as of immediately following the Effective Time, directors, officers or employees of SpinCo or a member of the SpinCo Group, in each case from: (A) all SpinCo Liabilities, (B) all Liabilities arising from or in connection with the transactions and all other activities to implement the Separation and the Distribution and (C) all Liabilities arising from or in connection with actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the Effective Time (whether or not such Liabilities cease being contingent, mature, become known, are asserted or foreseen, or accrue, in each case before, at or after the Effective Time), in each case to the extent relating to, arising out of or resulting from the SpinCo Business, the SpinCo Assets or the SpinCo Liabilities.

(b) *Parent Release of SpinCo.* Except as provided in Sections 4.1(c) and 4.1(d), effective as of the Effective Time, Parent does hereby, for itself and each other member of the Parent Group, and their respective successors and assigns, and, to the extent permitted by Law, all Persons who at any time prior to the Effective Time have been stockholders, directors, officers, agents or employees of any member of the Parent Group (in each case, in their respective capacities as such), remise, release and forever discharge (i) SpinCo and the members of the SpinCo Group and their respective successors and assigns, and (ii) all Persons who at any time prior to the Effective Time have been stockholders, directors, officers, agents or employees of any member of the SpinCo Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, in each case from: (A) all Parent Liabilities, (B) all Liabilities arising from or in connection with the transactions and all other activities to implement the Separation and the Distribution and (C) all Liabilities arising from or in connection with actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the Effective Time (whether or not such Liabilities cease being contingent, mature, become known, are asserted or foreseen, or accrue, in each case before, at or after the Effective Time), in each case to the extent relating to, arising out of or resulting from the Parent Business, the Parent Assets or the Parent Liabilities.

(c) *Obligations Not Affected.* Nothing contained in Section 4.1(a) or 4.1(b) shall impair any right of any Person to enforce this Agreement, any Ancillary Agreement or any agreements, arrangements, commitments or understandings that are specified in Section 2.7(b) or the applicable Schedules thereto as not to terminate as of the Effective Time, in each case in accordance with its terms. Nothing contained in Section 4.1(a) or 4.1(b) shall release any Person from:

(i) any Liability provided in or resulting from any agreement among any members of the Parent Group or any members of the SpinCo Group that is specified in Section 2.7(b) or the applicable Schedules thereto as not to terminate as of the Effective Time, or any other Liability specified in Section 2.7(b) as not to terminate as of the Effective Time;

(ii) any Liability, contingent or otherwise, assumed, transferred, assigned or allocated to the Group of which such Person is a member in accordance with, or any other Liability of any member of any Group under, this Agreement or any Ancillary Agreement;

(iii) any Liability for the sale, lease, construction or receipt of goods, property or services purchased, obtained or used in the ordinary course of business by a member of one Group from a member of the other Group prior to the Effective Time;

(iv) any Liability that the Parties may have with respect to indemnification or contribution or other obligation pursuant to this Agreement, any Ancillary Agreement or otherwise for claims brought against the Parties by Third Parties, which Liability shall be governed by the provisions of this Article IV and Article V and, if applicable, the appropriate provisions of the Ancillary Agreements; or

(v) any Liability the release of which would result in the release of any Person other than a Person released pursuant to this Section 4.1.

In addition, nothing contained in Section 4.1(a) shall release any member of the Parent Group from honoring its existing obligations to indemnify any director, officer or employee of SpinCo who was a director, officer or employee of any member of the Parent Group on or prior to the Effective Time, to the extent such director, officer or employee becomes a named defendant in any Action with respect to which such director, officer or employee was entitled to such indemnification pursuant to such existing obligations; it being understood that, if the underlying obligation giving rise to such Action is a SpinCo Liability, SpinCo shall indemnify Parent for such Liability (including Parent's costs to indemnify the director, officer or employee) in accordance with the provisions set forth in this Article IV.

(d) *No Claims.* SpinCo shall not make, and shall not permit any other member of the SpinCo Group to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against Parent or any other member of the Parent Group, or any other Person released pursuant to Section 4.1(a), with respect to any Liabilities released pursuant to Section 4.1(a). Parent shall not make, and shall not permit any other member of the Parent Group to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against SpinCo or any other member of the SpinCo Group, or any other Person released pursuant to Section 4.1(b), with respect to any Liabilities released pursuant to Section 4.1(b).

(e) *Execution of Further Releases.* At any time at or after the Effective Time, at the request of either Party, the other Party shall cause each member of its respective Group to execute and deliver releases reflecting the provisions of this Section 4.1.

4.2 Indemnification by SpinCo. Except as otherwise specifically set forth in this Agreement or in any Ancillary Agreement, to the fullest extent permitted by Law, SpinCo shall, and shall cause the other members of the SpinCo Group to, indemnify, defend and hold harmless Parent, each member of the Parent Group and each of their respective past, present and future directors, officers, employees and agents, in each case in their respective capacities as such, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "Parent Indemnitees"), from and against any and all Liabilities of the Parent Indemnitees relating to, arising out of or resulting from, directly or indirectly, any of the following items (without duplication):

(a) any SpinCo Liability;

(b) any failure of SpinCo, any other member of the SpinCo Group or any other Person to pay, perform or otherwise promptly discharge any SpinCo Liabilities in accordance with their terms, whether prior to, on or after the Effective Time;

(c) any breach by SpinCo or any other member of the SpinCo Group of this Agreement or any of the Ancillary Agreements;

(d) except to the extent it relates to a Parent Liability, any guarantee, indemnification or contribution obligation, surety bond or other credit support agreement, arrangement, commitment or understanding for the benefit of any member of the SpinCo Group by any member of the Parent Group that survives following the Distribution; and

(e) any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to all information contained in the Form 10, the Information Statement (as amended or supplemented if SpinCo shall have furnished any amendments or supplements thereto) or any other Disclosure Document, other than the matters described in clause (e) of Section 4.3.

4.3 Indemnification by Parent. Except as otherwise specifically set forth in this Agreement or in any Ancillary Agreement, to the fullest extent permitted by Law, Parent shall, and shall cause the other members of the Parent Group to, indemnify, defend and hold harmless SpinCo, each member of the SpinCo Group and each of their respective past, present and future directors, officers, employees or agents, in each case in their respective capacities as such, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "SpinCo Indemnitees"), from and against any and all Liabilities of the SpinCo Indemnitees relating to, arising out of or resulting from, directly or indirectly, any of the following items (without duplication):

(a) any Parent Liability;

(b) any failure of Parent, any other member of the Parent Group or any other Person to pay, perform or otherwise promptly discharge any Parent Liabilities in accordance with their terms, whether prior to, on or after the Effective Time;

(c) any breach by Parent or any other member of the Parent Group of this Agreement or any of the Ancillary Agreements;

(d) except to the extent it relates to a SpinCo Liability, any guarantee, indemnification or contribution obligation, surety bond or other credit support agreement, arrangement, commitment or understanding for the benefit of any member of the Parent Group by any member of the SpinCo Group that survives following the Distribution; and

(e) any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to statements made explicitly in Parent's name in the Form 10, the Information Statement (as amended or supplemented if SpinCo shall have furnished any amendments or supplements thereto) or any other Disclosure Document; it being agreed that the statements set forth on Schedule 4.3(e) shall be the only statements made explicitly in Parent's name in the Form 10, the Information Statement or any other Disclosure Document, and all other information contained in the Form 10, the Information Statement or any other Disclosure Document shall be deemed to be information supplied by SpinCo.

4.4 Indemnification Obligations Net of Insurance Proceeds and Other Amounts.

(a) The Parties intend that any Liability subject to indemnification, contribution or reimbursement pursuant to this Article IV or Article V shall be net of Insurance Proceeds or other amounts actually recovered (net of any out-of-pocket costs or expenses incurred in the collection thereof) from any Person by or on behalf of the Indemnitee in respect of any indemnifiable Liability. Accordingly, the amount which either Party (an "Indemnifying Party") is required to pay to any Person entitled to indemnification or contribution hereunder (an "Indemnitee") shall be reduced by any Insurance Proceeds or other amounts actually recovered (net of any out-of-pocket costs or expenses incurred in the collection thereof) from any Person by or on behalf of the Indemnitee in respect of the related Liability. If an Indemnitee receives a payment (an "Indemnity Payment") required by this Agreement from an Indemnifying Party in respect of any Liability and subsequently receives Insurance Proceeds or any other amounts in respect of such Liability, then within ten (10) calendar days of receipt of such Insurance Proceeds, the Indemnitee will pay to the Indemnifying Party an amount equal to the excess of the Indemnity Payment received over the amount of the Indemnity Payment that would have been due if the Insurance Proceeds or such other amounts (net of any out-of-pocket costs or expenses incurred in the collection thereof) had been received, realized or recovered before the Indemnity Payment was made.

(b) The Parties agree that an insurer that would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto or, solely by virtue of any provision contained in this Agreement or any Ancillary Agreement, have any subrogation rights with respect thereto, it being understood that no insurer or any other Third Party shall be entitled to a "windfall" (*i.e.*, a benefit they would not be entitled to receive in the absence of the indemnification provisions) by virtue of the indemnification and contribution provisions hereof. Each Party shall, and shall cause the members of its Group to, use commercially reasonable efforts (taking into account the probability of success on the merits and the cost of expending such efforts, including attorneys' fees and expenses) to collect or recover any Insurance Proceeds that may be collectible or recoverable respecting the Liabilities for which indemnification or contribution may be available under this Article IV. Notwithstanding the foregoing, an Indemnifying Party may not delay making any indemnification payment required under the terms of this Agreement, or otherwise satisfying any indemnification obligation, pending the outcome of any Action to collect or recover Insurance Proceeds, and an Indemnitee need not attempt to collect any Insurance Proceeds prior to making a claim for indemnification or contribution or receiving any Indemnity Payment otherwise owed to it under this Agreement or any Ancillary Agreement.

4.5 Procedures for Indemnification of Third-Party Claims.

(a) *Notice of Claims.* If, at or following the Effective Time, an Indemnitee shall receive notice or otherwise learn of the assertion by a Person (including any Governmental Authority) who is not a member of the Parent Group or the SpinCo Group of any claim or of the commencement by any such Person of any Action (collectively, a "Third-Party Claim") with respect to which an Indemnifying Party may be obligated to provide indemnification to such Indemnitee pursuant to Section 4.2 or 4.3, or any other Section of this Agreement or any Ancillary Agreement, such Indemnitee shall give such Indemnifying Party written notice thereof as soon as practicable, but in any event within fourteen (14) days (or sooner if the nature of the Third-Party Claim so requires) after becoming aware of such Third-Party Claim. Any such notice shall describe the Third-Party Claim in reasonable detail, including the facts and circumstances giving rise to such claim for indemnification, and include copies of all notices and documents (including court papers) received by the Indemnitee relating to the Third-Party Claim. Notwithstanding the foregoing, the failure of an Indemnitee to provide notice in accordance with this Section 4.5(a) shall not relieve an Indemnifying Party of its indemnification obligations under this Agreement, except to the extent to which the Indemnifying Party is actually prejudiced by the Indemnitee's failure to provide notice in accordance with this Section 4.5(a).

(b) *Control of Defense.* An Indemnifying Party may elect to defend (and seek to settle or compromise), at its own expense and with its own counsel, any Third-Party Claim; provided that, prior to the Indemnifying Party assuming and controlling the defense of such Third-Party Claim, it shall first confirm to the Indemnitee in writing that, assuming the facts presented to the Indemnifying Party by the Indemnitee are true, the Indemnifying Party shall indemnify the Indemnitee for any such damages to the extent resulting from, or arising out of, such Third-Party Claim. Notwithstanding the foregoing, if the Indemnifying Party assumes such defense and, in the course of defending such Third-Party Claim, (i) the Indemnifying Party discovers that the facts presented at the time the Indemnifying Party acknowledged its indemnification obligation in respect of such Third-Party Claim were not true in all material respects and (ii) such untruth provides a reasonable basis for asserting that the Indemnifying Party does not have an indemnification obligation in respect of such Third-Party Claim, then (A) the Indemnifying Party shall not be bound by such acknowledgment, (B) the Indemnifying Party shall promptly thereafter provide the Indemnitee written notice of its assertion that it does not have an indemnification obligation in respect of such Third-Party Claim and (C) the Indemnitee shall have the right to assume the defense of such Third-Party Claim. Within thirty (30) days after the receipt of a notice from an Indemnitee in accordance with Section 4.5(a) (or sooner, if the nature of the Third-Party Claim so requires), the Indemnifying Party shall provide written notice to the Indemnitee indicating whether the Indemnifying Party shall assume responsibility for defending the Third-Party Claim and specifying any reservations or exceptions to its defense. If an Indemnifying Party elects not to assume responsibility for defending any Third-Party Claim or fails to notify an Indemnitee of its election within thirty (30) days after receipt of the notice from an Indemnitee as provided in Section 4.5(a), then the Indemnitee that is the subject of such Third-Party Claim shall be entitled to continue to conduct and control the defense of such Third-Party Claim.

(c) *Allocation of Defense Costs*. If an Indemnifying Party has elected to assume the defense of a Third-Party Claim, then such Indemnifying Party shall be solely liable for all fees and expenses incurred by it in connection with the defense of such Third-Party Claim and shall not be entitled to seek any indemnification or reimbursement from the Indemnitee for any such fees or expenses incurred by the Indemnifying Party during the course of the defense of such Third-Party Claim by such Indemnifying Party, regardless of any subsequent decision by the Indemnifying Party to reject or otherwise abandon its assumption of such defense. If an Indemnifying Party elects not to assume responsibility for defending any Third-Party Claim or fails to notify an Indemnitee of its election within thirty (30) days after receipt of a notice from an Indemnitee as provided in Section 4.5(a), and the Indemnitee conducts and controls the defense of such Third-Party Claim and the Indemnifying Party has an indemnification obligation with respect to such Third-Party Claim, then the Indemnifying Party shall be liable for all reasonable and documented fees and expenses incurred by the Indemnitee in connection with the defense of such Third-Party Claim.

(d) *Right to Monitor and Participate.* An Indemnitee that does not conduct and control the defense of any Third-Party Claim, or an Indemnifying Party that does not elect to defend any Third-Party Claim as contemplated hereby, nevertheless shall have the right to employ separate counsel (including local counsel as necessary) of its own choosing to monitor and participate in (but not control) the defense of any Third-Party Claim for which it is a potential Indemnitee or Indemnifying Party, but the fees and expenses of such counsel shall be at the expense of such Indemnitee or Indemnifying Party, as the case may be, and the provisions of Section 4.5(c) shall not apply to such fees and expenses. Notwithstanding the foregoing, but subject to Sections 6.7 and 6.8, such Party shall cooperate with the Party entitled to conduct and control the defense of such Third-Party Claim in such defense and make available to the controlling Party, at the non-controlling Party's expense, all witnesses, information and materials in such Party's possession or under such Party's control relating thereto as are reasonably required by the controlling Party. In addition to the foregoing, if outside legal counsel to the Indemnitee reasonably determines in good faith that such Indemnitee and the Indemnifying Party have actual or potential differing defenses or conflicts of interest between them that make joint representation inappropriate, then the Indemnitee shall have the right to employ separate counsel (including local counsel as necessary) and to participate in (but not control) the defense, compromise, or settlement thereof, and in such case the Indemnifying Party shall bear the reasonable and documented fees and expenses of such counsel for all Indemnitees.

(e) *No Settlement.* Neither Party may settle or compromise any Third-Party Claim for which either Party is seeking to be indemnified hereunder without the prior written consent of the other Party, which consent may not be unreasonably withheld, unless such settlement or compromise is solely for monetary damages that are fully payable by the settling or compromising Party, does not involve any admission, finding or determination of wrongdoing or violation of Law by the other Party and provides for a full, unconditional and irrevocable release of the other Party from all Liability in connection with the Third-Party Claim. The Parties hereby agree that if a Party delivers the other Party a written notice containing a proposal to settle or compromise a Third-Party Claim for which either Party is seeking to be indemnified hereunder and the Party receiving such proposal does not respond in any manner to the Party presenting such proposal within ten (10) business days (or within any such shorter time period that may be required by applicable Law or court order) of receipt of such proposal, then the Party receiving such proposal shall be deemed to have consented to the terms of such proposal.

4.6 Additional Matters.

(a) *Timing of Payments.* Indemnification or contribution payments in respect of any Liabilities for which an Indemnitee is entitled to indemnification or contribution under this Article IV shall be paid reasonably promptly (but in any event within thirty (30) days of the final determination of the amount that the Indemnitee is entitled to indemnification or contribution under this Article IV) by the Indemnifying Party to the Indemnitee as such Liabilities are incurred upon demand by the Indemnitee, including reasonably satisfactory documentation setting forth the basis for the amount of such indemnification or contribution payment, including documentation with respect to calculations made and consideration of any Insurance Proceeds that actually reduce the amount of such Liabilities. The indemnity and contribution provisions contained in this Article IV shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of any Indemnitee and (ii) the knowledge by the Indemnitee of Liabilities for which it might be entitled to indemnification hereunder.

(b) *Notice of Direct Claims.* Any claim for indemnification or contribution under this Agreement or any Ancillary Agreement that does not result from a Third-Party Claim shall be asserted by written notice given by the Indemnitee to the applicable Indemnifying Party; provided that the failure by an Indemnitee to so assert any such claim shall not prejudice the ability of the Indemnitee to do so at a later time, except to the extent (if any) that the Indemnifying Party is actually prejudiced thereby. Such Indemnifying Party shall have a period of thirty (30) days after the receipt of such notice within which to respond thereto. If such Indemnifying Party does not respond within such thirty (30)-day period, such specified claim shall be conclusively deemed a Liability of the Indemnifying Party under this Section 4.6(b) or, in the case of any written notice in which the amount of the claim (or any portion thereof) is estimated, on such later date when the amount of the claim (or such portion thereof) becomes finally determined. If such Indemnifying Party does not respond within such thirty (30)-day period or rejects such claim in whole or in part, such Indemnitee shall, subject to the provisions of Article VII, be free to pursue such remedies as may be available to such party as contemplated by this Agreement and the Ancillary Agreements, as applicable, without prejudice to its continuing rights to pursue indemnification or contribution hereunder.

(c) *Pursuit of Claims Against Third Parties.* If (i) a Party incurs any Liability arising out of this Agreement or any Ancillary Agreement; (ii) an adequate legal or equitable remedy is not available for any reason against the other Party to satisfy the Liability incurred by the incurring Party; and (iii) a legal or equitable remedy may be available to the other Party against a Third Party for such Liability, then the other Party shall use its commercially reasonable efforts to cooperate with the incurring Party, at the incurring Party's expense, to permit the incurring Party to obtain the benefits of such legal or equitable remedy against the Third Party.

(d) *Subrogation.* In the event of payment by or on behalf of any Indemnifying Party to any Indemnitee in connection with any Third-Party Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnitee as to any events or circumstances in respect of which such Indemnitee may have any right, defense or claim relating to such Third-Party Claim against any claimant or plaintiff asserting such Third-Party Claim or against any other Person. Such Indemnitee shall cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right, defense or claim.

(e) *Substitution.* In the event of an Action in which the Indemnifying Party is not a named defendant, if either the Indemnitee or Indemnifying Party shall so request, the Parties shall endeavor to substitute the Indemnifying Party for the named defendant. If such substitution or addition cannot be achieved for any reason or is not requested, the named defendant shall allow the Indemnifying Party to manage the Action as set forth in Section 4.5 and this Section 4.6, and the Indemnifying Party shall fully indemnify the named defendant against all reasonable costs of defending the Action (including court costs, sanctions imposed by a court, attorneys' fees, experts fees and all other external expenses), the costs of any judgment or settlement and the cost of any interest or penalties relating to any judgment or settlement.

4.7 Right of Contribution.

(a) *Contribution.* If any right of indemnification contained in Section 4.2 or Section 4.3 is held unenforceable or is unavailable for any reason, or is insufficient to hold harmless an Indemnitee in respect of any Liability for which such Indemnitee is entitled to indemnification hereunder, then the Indemnifying Party shall contribute to the amounts paid or payable by the Indemnitees as a result of such Liability (or actions in respect thereof) in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and the members of its Group, on the one hand, and the Indemnitees entitled to contribution, on the other hand, as well as any other relevant equitable considerations.

(b) *Allocation of Relative Fault.* Solely for purposes of determining relative fault pursuant to this Section 4.7: (i) any fault associated with the business conducted with the Delayed SpinCo Assets or Delayed SpinCo Liabilities (except for the gross negligence or intentional misconduct of a member of the Parent Group) or with the ownership, operation or activities of the SpinCo Business prior to the Effective Time shall be deemed to be the fault of SpinCo and the other members of the SpinCo Group, and no such fault shall be deemed to be the fault of Parent or any other member of the Parent Group; (ii) any fault associated with the business conducted with Delayed Parent Assets or Delayed Parent Liabilities (except for the gross negligence or intentional misconduct of a member of the SpinCo Group) shall be deemed to be the fault of Parent and the other members of the Parent Group, and no such fault shall be deemed to be the fault of SpinCo or any other member of the SpinCo Group; and (iii) any fault associated with the ownership, operation or activities of the Parent Business prior to the Effective Time shall be deemed to be the fault of Parent and the other members of the Parent Group, and no such fault shall be deemed to be the fault of SpinCo or any other member of the SpinCo Group.

4.8 Covenant Not to Sue. Each Party hereby covenants and agrees that none of it, the members of such Party's Group or any Person claiming through it shall bring suit or otherwise assert any claim against any Indemnitee, or assert a defense against any claim asserted by any Indemnitee, before any court, arbitrator, mediator or administrative agency anywhere in the world, alleging that: (a) the assumption of any SpinCo Liabilities by SpinCo or a member of the SpinCo Group on the terms and conditions set forth in this Agreement and the Ancillary Agreements is void or unenforceable for any reason; (b) the retention of any Parent Liabilities by Parent or a member of the Parent Group on the terms and conditions set forth in this Agreement and the Ancillary Agreements is void or unenforceable for any reason; or (c) the provisions of this Article IV are void or unenforceable for any reason.

4.9 Remedies Cumulative. The remedies provided in this Article IV shall be cumulative and, subject to the provisions of Article VIII, shall not preclude assertion by any Indemnitee of any other rights or the seeking of any and all other remedies against any Indemnifying Party.

4.10 Survival of Indemnities. The rights and obligations of each of Parent and SpinCo and their respective Indemnitees under this Article IV shall survive (a) the sale or other transfer by either Party or any member of its Group of any assets or businesses or the assignment by it of any Liabilities; or (b) any merger, consolidation, business combination, sale of all or substantially all of its Assets, restructuring, recapitalization, reorganization or similar transaction involving either Party or any of the members of its Group.

4.11 Tax Matters Agreement Coordination. The above provisions of Section 4.2 through Section 4.10 shall not apply to Taxes. It is understood and agreed that Taxes and Tax matters, including the control of Tax-related proceedings, shall be governed by the Tax Matters Agreement. In the case of any conflict or inconsistency between this Agreement and the Tax Matters Agreement in relation to any matters addressed by the Tax Matters Agreement, the Tax Matters Agreement shall prevail.

ARTICLE V
CERTAIN OTHER MATTERS

5.1 Insurance Matters.

(a) Parent and SpinCo agree to cooperate in good faith to provide for an orderly transition of insurance coverage from the date hereof through the Effective Time. In no event shall Parent, any other member of the Parent Group or any Parent Indemnitee have Liability or obligation whatsoever to any member of the SpinCo Group in the event that any (i) insurance policy or insurance policy related contract shall be terminated or otherwise cease to be in effect for any reason, shall be unavailable or inadequate to cover any Liability of any member of the SpinCo Group for any reason whatsoever or shall be cancelled, not renewed or not extended beyond the current expiration date or (ii) any insurer declines, denies, delays or obstructs any claim payment.

(b) Except with respect to the policies provided on Schedule 5.1(b) (collectively, the "Covered Policies"), from and after the Effective Time, SpinCo, any member of the SpinCo Group or any of their respective employees (including former or inactive employees) shall cease to be insured by, shall have no access or availability to or under, shall not be entitled to make claims on or under and shall not be entitled to claim benefits from or seek coverage under, and shall not have any rights to or under, any of Parent's or any member of the Parent Group's insurance policies or any of their respective self-insured programs in place immediately prior to the Effective Time. Solely with respect to the Covered Policies, from and after the Effective Time, with respect to any losses, damages and Liability incurred by any member of the SpinCo Group prior to the Effective Time, Parent will provide SpinCo with access to, and SpinCo may make claims under, the Covered Policies in place immediately prior to the Effective Time, but solely to the extent that such policies provided coverage for members of the SpinCo Group or the SpinCo Business prior to the Effective Time; provided that such access to, and the right to make claims under, such insurance policies, shall be subject to the terms, conditions and exclusions of such insurance policies, including any limits on coverage or scope, any deductibles, self-insured retentions and other fees and expenses, and shall be subject to the following additional conditions:

(i) SpinCo shall notify Parent, as promptly as practicable, of any incident, circumstance or occurrence that may lead to a claim made by SpinCo pursuant to this Section 5.1(b);

(ii) SpinCo shall reimburse Parent and the members of the Parent Group for all claim-related payments made by Parent or any member of the Parent Group on or after the Effective Time that arise from claims made by SpinCo, any member of the SpinCo Group, any of their respective employees or any Third Party under Parent's or any member of the Parent Group's self-insured, large deductible, or fronted insurance programs for occurrences prior to the Effective Time, including reasonable overhead, claim handling and administrative costs, taxes, surcharges, state assessments and other related costs. SpinCo and the members of the SpinCo Group shall indemnify, hold harmless and reimburse Parent and the members of the Parent Group for any deductibles, self-insured retention, retrospective premium payments, fees, indemnity payments, settlements, judgments, legal fees, allocated claims expenses and claim handling fees and other expenses incurred by Parent or any member of the Parent Group to the extent resulting from any access to, or any claims made by SpinCo or any other members of the SpinCo Group under, any of Parent's or a member of the Parent Group's insurance policies provided pursuant to this Section 5.1(b), whether such claims are made by SpinCo, its employees or Third Parties;

(iii) SpinCo shall, and shall cause the other members of the SpinCo Group to, cooperate with and assist Parent and the members of the Parent Group and share such Information as is reasonably necessary in order to permit Parent and the members of the Parent Group to manage and conduct the insurance matters contemplated by this Section 5.1; and

(iv) SpinCo shall exclusively bear (and neither Parent nor any members of the Parent Group shall have any obligation to repay or reimburse SpinCo or any member of the SpinCo Group for) and shall be liable for all excluded, uninsured, uncovered, unavailable or uncollectible amounts (including where any insurer declines, denies, delays or obstructs any claim payment) of all such claims made for the benefit of SpinCo or any member of the SpinCo Group under the policies as provided for in this Section 5.1(b). Where a policy includes a reinstatement of limits, in the event an insurance policy aggregate is exhausted, or believed likely to be exhausted, due to noticed claims, the SpinCo Group, on the one hand, and the Parent Group, on the other hand, shall be responsible for their pro rata portion of the reinstatement premium, if any, based upon the losses of such Group submitted to Parent's insurance carrier(s) (including any submissions prior to the Effective Time). To the extent that the Parent Group or the SpinCo Group is allocated more than its pro rata portion of such premium due to the timing of losses submitted to Parent's insurance carrier(s), the other party shall promptly pay the first party an amount so that each Group has been properly allocated its pro rata portion of the reinstatement premium. Subject to the following sentence, a Party may elect not to reinstate the policy aggregate even if available. In the event that a Party elects not to reinstate the policy aggregate, it shall provide prompt written notice to the other Party and shall have no rights to claim against or have any benefit from the reinstated limits. A Party which elects to reinstate the policy aggregate shall be responsible for all reinstatement premiums and other costs associated with such reinstatement to the extent such Party has received notice from the other Party that such other Party does not elect to reinstate the limits.

In the event that any member of the Parent Group incurs any losses, damages or Liability prior to or in respect of the period prior to the Effective Time for which such member of the Parent Group is entitled to coverage under SpinCo's third-party insurance policies, the same process pursuant to this Section 5.1(b) shall apply, substituting "Parent" for "SpinCo" and "SpinCo" for "Parent," including for purposes of the first sentence of Section 5.1(e).

(c) At the Effective Time, SpinCo shall have in effect all insurance programs required to comply with SpinCo's contractual obligations and such other Policies required by Law or as reasonably necessary or appropriate for companies operating a business similar to SpinCo's.

(d) Neither SpinCo nor any member of the SpinCo Group, in connection with making a claim under any insurance policy of Parent or any member of the Parent Group pursuant to this Section 5.1, shall take any action that would be reasonably likely to (i) have a materially adverse impact on the then-current relationship between Parent or any member of the Parent Group, on the one hand, and the applicable insurance company, on the other hand; (ii) result in the applicable insurance company terminating or materially reducing coverage, or materially increasing the amount of any premium owed by Parent or any member of the Parent Group under the applicable insurance policy; or (iii) otherwise compromise, jeopardize or interfere in any material respect with the rights of Parent or any member of the Parent Group under the applicable insurance policy; provided that SpinCo's, any member of the SpinCo Group's, any of their respective employees' or any Third Party's making of a claim pursuant to Section 5.1(b)(ii) shall not be deemed to be an action that triggers the foregoing clauses (i), (ii) or (iii).

(e) Any payments, costs, adjustments or reimbursements to be paid by SpinCo pursuant to this Section 5.1 shall be billed quarterly and payable within thirty (30) days from receipt of an invoice from Parent. Parent shall retain the exclusive right to control its insurance policies and programs, including the right to exhaust, settle, release, commute, buy-back or otherwise resolve disputes with respect to any of its insurance policies and programs and to amend, modify or waive any rights under any such insurance policies and programs, notwithstanding whether any such policies or programs apply to any SpinCo Liabilities and/or claims SpinCo has made or could make in the future, and no member of the SpinCo Group shall erode, exhaust, settle, release, commute, buy-back or otherwise resolve disputes with Parent's insurers with respect to any of Parent's insurance policies and programs, or amend, modify or waive any rights under any such insurance policies and programs. SpinCo shall cooperate with Parent and share such information as is reasonably necessary in order to permit Parent to manage and conduct its insurance matters as Parent deems appropriate. Each Party and any member of its applicable Group has the sole right to settle or otherwise resolve third-party claims made against it or any member of its applicable Group covered under an applicable insurance policy.

(f) This Agreement shall not be considered as an attempted assignment of any policy of insurance or as a contract of insurance and shall not be construed to waive any right or remedy of any member of the Parent Group in respect of any insurance policy or any other contract or policy of insurance.

(g) SpinCo does hereby, for itself and each other member of the SpinCo Group, agree that no member of the Parent Group shall have any Liability whatsoever as a result of the insurance policies and practices of Parent and the members of the Parent Group as in effect at any time, including as a result of the level or scope of any such insurance, the creditworthiness of any insurance carrier, the terms and conditions of any policy, or the adequacy or timeliness of any notice to any insurance carrier with respect to any claim or potential claim or otherwise.

5.2 Late Payments. Except as expressly provided to the contrary in this Agreement or in any Ancillary Agreement, any amount not paid when due pursuant to this Agreement or any Ancillary Agreement (and any amounts billed or otherwise invoiced or demanded and properly payable that are not paid within forty-five (45) days of such bill, invoice or other demand) shall accrue interest at a rate per annum equal to the Prime Rate plus two percent (2%).

5.3 Inducement. SpinCo acknowledges and agrees that Parent's willingness to cause, effect and consummate the Separation and the Distribution has been conditioned upon and induced by SpinCo's covenants and agreements in this Agreement and the Ancillary Agreements, including SpinCo's assumption of the SpinCo Liabilities pursuant to the Separation and the provisions of this Agreement and SpinCo's covenants and agreements contained in Article IV.

5.4 Post-Effective Time Conduct. The Parties acknowledge that, after the Effective Time, each Party shall be independent of the other Party, with responsibility for its own actions and inactions and its own Liabilities relating to, arising out of or resulting from the conduct of its business, operations and activities following the Effective Time, except as may otherwise be provided in any Ancillary Agreement, and each Party shall (except as otherwise provided in Article IV) use commercially reasonable efforts to prevent such Liabilities from being inappropriately borne by the other Party.

5.5 Treatment of Tunnel Space. Each of Parent and SpinCo, on behalf of itself and each member of its Group, hereby agrees to cooperate with the other Party, and each member of its Group, as applicable, in connection with the maintenance of and access to the underground tunnel (the "Tunnel") located underneath the properties located at 1200 W. Century Avenue and 1150 W. Century Avenue, Bismarck, ND 58503, in each case, in accordance with the principles set forth in Schedule 5.5.

ARTICLE VI
EXCHANGE OF INFORMATION; CONFIDENTIALITY

6.1 Agreement for Exchange of Information.

(a) Subject to Section 6.9 and any other applicable confidentiality obligations, each of Parent and SpinCo, on behalf of itself and each member of its Group, agrees to use commercially reasonable efforts to provide or make available, or cause to be provided or made available, to the other Party and the members of such other Party's Group, at any time before, on or after the Effective Time, as soon as reasonably practicable after written request therefor, any information (or a copy thereof) in the possession or under the control of such Party or its Group which the requesting Party or its Group requests to the extent that (i) such information relates to the SpinCo Business, or any SpinCo Asset or SpinCo Liability, if SpinCo is the requesting Party, or to the Parent Business, or any Parent Asset or Parent Liability, if Parent is the requesting Party; (ii) such information is required by the requesting Party to comply with its obligations under this Agreement or any Ancillary Agreement; or (iii) such information is required by the requesting Party to comply with any obligation imposed by any Governmental Authority; provided, however, that, in the event that the Party to whom the request has been made determines that any such provision of information could be detrimental to the Party providing the information, violate any Law or agreement, or waive any privilege available under applicable Law, including any attorney-client privilege, then the Parties shall use commercially reasonable efforts to permit compliance with such obligations to the extent and in a manner that avoids any such harm or consequence. The Party providing information pursuant to this Section 6.1 shall only be obligated to provide such information in the form, condition and format in which it then exists, and in no event shall such Party be required to perform any improvement, modification, conversion, updating or reformatting of any such information, and nothing in this Section 6.1 shall expand the obligations of either Party under Section 6.4.

(b) Without limiting the generality of the foregoing, until the end of SpinCo's fiscal year during which the Distribution Date occurs (and for a reasonable period of time afterwards as required for each Party to prepare consolidated financial statements or complete a financial statement audit for the fiscal year during which the Distribution Date occurs), each Party shall use its commercially reasonable efforts to cooperate with the other Party's information requests to enable (i) the other Party to meet its timetable for dissemination of its earnings releases, financial statements and management's assessment of the effectiveness of its disclosure controls and procedures and its internal control over financial reporting in accordance with Items 307 and 308, respectively, of Regulation S-K promulgated under the Exchange Act; and (ii) the other Party's accountants to timely complete their review of the quarterly financial statements and audit of the annual financial statements, including, to the extent applicable to such Party, its auditor's audit of its internal control over financial reporting and management's assessment thereof in accordance with Section 404 of the Sarbanes-Oxley Act of 2002, the SEC's and Public Company Accounting Oversight Board's rules and auditing standards thereunder and any other applicable Laws.

6.2 Ownership of Information. The provision of any information pursuant to Section 6.1 or Section 6.7 shall not affect the ownership of such information (which shall be determined solely in accordance with the terms of this Agreement and the Ancillary Agreements), or constitute a grant of rights in or to any such information.

6.3 Compensation for Providing Information. The Party requesting information agrees to reimburse the other Party for the reasonable costs, if any, of creating, gathering, copying, transporting and otherwise complying with the request with respect to such information (including any reasonable costs and expenses incurred in any review of information for purposes of protecting the Privileged Information of the providing Party or in connection with the restoration of backup media for purposes of providing the requested information). Except as may be otherwise specifically provided elsewhere in this Agreement, any Ancillary Agreement or any other agreement between the Parties, such costs shall be computed in accordance with the providing Party's standard methodology and procedures.

6.4 Record Retention. To facilitate the possible exchange of information pursuant to this Article VI and other provisions of this Agreement after the Effective Time, the Parties agree to use their commercially reasonable efforts, which shall be no less rigorous than those used for retention of such Party's own information, to retain all information in their respective possession or control at the Effective Time in substantial accordance with the policies of Parent as in effect at the Effective Time or such other policies as may be adopted by Parent after the Effective Time (provided that Parent notifies SpinCo in writing of any such change). Notwithstanding the foregoing, the Tax Matters Agreement will exclusively govern the retention of Tax-related records and the exchange of Tax-related information.

6.5 Limitations of Liability. Neither Party shall have any Liability to the other Party in the event that any information exchanged or provided pursuant to this Agreement is found to be inaccurate in the absence of gross negligence, bad faith, fraud or willful misconduct by the Party providing such information. Neither Party shall have any Liability to any other Party if any information is destroyed after commercially reasonable efforts by such Party to comply with the provisions of Section 6.4.

6.6 Other Agreements Providing for Exchange of Information.

(a) The rights and obligations granted under this Article VI are subject to any specific limitations, qualifications or additional provisions on the sharing, exchange, retention or confidential treatment of information set forth in any Ancillary Agreement.

(b) Any party that receives, pursuant to a request for information in accordance with this Article VI, Tangible Information that is not relevant to its request shall, at the request of the providing Party, (i) return it to the providing Party or, at the providing Party's request, destroy such Tangible Information; and (ii) deliver to the providing Party written confirmation that such Tangible Information was returned or destroyed, as the case may be, which confirmation shall be signed by an authorized representative of the requesting Party.

6.7 Production of Witnesses; Records; Cooperation.

(a) After the Effective Time, except in the case of a Dispute between Parent and SpinCo, or any members of their respective Groups, each Party shall use its commercially reasonable efforts to make available to the other Party, upon written request, the former, current and future directors, officers, employees, other personnel and agents of the members of its respective Group as witnesses and any books, records or other documents within its control or which it otherwise has the ability to make available without undue burden, to the extent that any such person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with any Action in which the requesting Party (or member of its Group) may from time to time be involved, regardless of whether such Action is a matter with respect to which indemnification may be sought hereunder. The requesting Party shall bear all costs and expenses in connection therewith.

(b) If an Indemnifying Party chooses to defend or to seek to compromise or settle any Third-Party Claim, the other Party shall make available to such Indemnifying Party, upon written request, the former, current and future directors, officers, employees, other personnel and agents of the members of its respective Group as witnesses and any books, records or other documents within its control or which it otherwise has the ability to make available without undue burden, to the extent that any such person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with such defense, settlement or compromise, or such prosecution, evaluation or pursuit, as the case may be, and shall otherwise cooperate in such defense, settlement or compromise, or such prosecution, evaluation or pursuit, as the case may be.

(c) Without limiting the foregoing, the Parties shall cooperate and consult to the extent reasonably necessary with respect to any Actions.

(d) Without limiting any provision of this Section 6.7, each of the Parties agrees to cooperate, and to cause each member of its respective Group to cooperate, with each other in the defense of any infringement or similar claim with respect to any Intellectual Property and shall not claim to acknowledge, or permit any member of its respective Group to claim to acknowledge, the validity or infringing use of any Intellectual Property of a Third Party in a manner that would hamper or undermine the defense of such infringement or similar claim.

(e) The obligation of the Parties to provide witnesses pursuant to this Section 6.7 is intended to be interpreted in a manner so as to facilitate cooperation and shall include the obligation to provide as witnesses directors, officers, employees, other personnel and agents without regard to whether such person or the employer of such person could assert a possible business conflict (subject to the exception set forth in the first sentence of Section 6.7(a)).

6.8 Privileged Matters.

(a) The Parties recognize that legal and other professional services that have been and will be provided prior to the Effective Time have been and will be rendered for the collective benefit of each of the members of the Parent Group and the SpinCo Group, and that each of the members of the Parent Group and the SpinCo Group should be deemed to be the client with respect to such services for the purposes of asserting all privileges which may be asserted under applicable Law in connection therewith. The Parties recognize that legal and other professional services will be provided following the Effective Time, which services will be rendered solely for the benefit of the Parent Group or the SpinCo Group, as the case may be. In furtherance of the foregoing, each Party shall authorize the delivery to and/or retention by the other Party of materials existing as of the Effective Time that are necessary for such other Party to receive such services.

(b) The Parties agree as follows:

(i) Parent shall be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that relates solely to the Parent Business and not to the SpinCo Business, whether or not the Privileged Information is in the possession or under the control of any member of the Parent Group or any member of the SpinCo Group. Parent shall also be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that relates solely to any Parent Liabilities resulting from any Actions that are now pending or may be asserted in the future, whether or not the Privileged Information is in the possession or under the control of any member of the Parent Group or any member of the SpinCo Group;

(ii) SpinCo shall be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that relates solely to the SpinCo Business and not to the Parent Business, whether or not the Privileged Information is in the possession or under the control of any member of the SpinCo Group or any member of the Parent Group. SpinCo shall also be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that relates solely to any SpinCo Liabilities resulting from any Actions that are now pending or may be asserted in the future, whether or not the Privileged Information is in the possession or under the control of any member of the SpinCo Group or any member of the Parent Group; and

(iii) If the Parties do not agree as to whether certain information is Privileged Information, then such information shall be treated as Privileged Information, and the Party that believes that such information is Privileged Information shall be entitled to control the assertion or waiver of all privileges and immunities in connection with any such information, unless the Parties otherwise agree. The Parties shall use the procedures set forth in Article VII to resolve any disputes as to whether any information relates solely to the Parent Business, solely to the SpinCo Business, or to both the Parent Business and the SpinCo Business.

(c) Subject to the remaining provisions of this Section 6.8, the Parties agree that they shall have a shared privilege or immunity with respect to all privileges and immunities not allocated pursuant to Section 6.8(b) and all privileges and immunities relating to any Actions or other matters that involve both Parties (or one (1) or more members of their respective Groups) and in respect of which both Parties have Liabilities under this Agreement, and that no such shared privilege or immunity may be waived by either Party without the consent of the other Party.

(d) If any Dispute arises between the Parties or any members of their respective Groups regarding whether a privilege or immunity should be waived to protect or advance the interests of either Party and/or any member of their respective Groups, each Party agrees that it shall (i) negotiate with the other Party in good faith; (ii) endeavor to minimize any prejudice to the rights of the other Party; and (iii) not unreasonably withhold consent to any request for waiver by the other Party. Further, each Party specifically agrees that it shall not withhold its consent to the waiver of a privilege or immunity for any purpose, except in good faith to protect its own legitimate interests.

(e) In the event of any Dispute between Parent and SpinCo, or any members of their respective Groups, either Party may waive a privilege in which the other Party or member of such other Party's Group has a shared privilege, without obtaining consent pursuant to Section 6.8(c); provided that the Parties intend such waiver of a shared privilege to be effective only as to the use of information with respect to the Action between the Parties and/or the applicable members of their respective Groups, and is not intended to operate as a waiver of the shared privilege with respect to any Third Party.

(f) Upon receipt by either Party, or by any member of its respective Group, of any subpoena, discovery or other request that may reasonably be expected to result in the production or disclosure of Privileged Information subject to a shared privilege or immunity or as to which another Party has the sole right hereunder to assert a privilege or immunity, or if either Party obtains knowledge that any of its, or any member of its respective Group's, current or former directors, officers, agents or employees have received any subpoena, discovery or other requests that may reasonably be expected to result in the production or disclosure of such Privileged Information, such Party shall promptly notify the other Party of the existence of the request (which notice shall be delivered to such other Party no later than five (5) business days following the receipt of any such subpoena, discovery or other request) and shall provide the other Party a reasonable opportunity to review the Privileged Information and to assert any rights it or they may have under this Section 6.8 or otherwise, to prevent the production or disclosure of such Privileged Information.

(g) Any furnishing of, or access or transfer of, any information pursuant to this Agreement is made in reliance on the agreement of Parent and SpinCo set forth in this Section 6.8 and in Section 6.9 to maintain the confidentiality of Privileged Information and to assert and maintain all applicable privileges and immunities. The Parties agree that their respective rights to any access to information, witnesses and other Persons, the furnishing of notices and documents and other cooperative efforts between the Parties contemplated by this Agreement, and the transfer of Privileged Information between the Parties and members of their respective Groups as needed pursuant to this Agreement, shall not be deemed a waiver of any privilege that has been or may be asserted under this Agreement or otherwise.

(h) In connection with any matter contemplated by Section 6.7 or this Section 6.8, the Parties agree to, and to cause the applicable members of their Group to, use commercially reasonable efforts to maintain their respective separate and joint privileges and immunities, including by executing joint defense and/or common interest agreements where necessary or useful for this purpose.

6.9 Confidentiality.

(a) *Confidentiality.* Subject to Section 6.10, and without prejudice to any longer period that may be provided for in any of the Ancillary Agreements from and after the Effective Time until the three (3)-year anniversary of the Effective Time, each of Parent and SpinCo, on behalf of itself and each member of its respective Group, agrees to hold, and to cause its respective Representatives to hold, in strict confidence, with at least the same degree of care that applies to Parent's confidential and proprietary information pursuant to policies in effect as of the Effective Time, all confidential and proprietary information concerning the other Party or any member of the other Party's Group or their respective businesses that is either in its possession (including confidential and proprietary information in its possession prior to the date hereof) or furnished by any such other Party or any member of such Party's Group or their respective Representatives at any time pursuant to this Agreement, any Ancillary Agreement or otherwise, and shall not use any such confidential and proprietary information other than for such purposes as shall be expressly permitted hereunder or thereunder, except, in each case, to the extent that such confidential and proprietary information has been (i) in the public domain or generally available to the public, other than as a result of a disclosure by such Party or any member of such Party's Group or any of their respective Representatives in violation of this Agreement, (ii) later lawfully acquired from other sources by such Party (or any member of such Party's Group), which sources are not themselves known by such Party (or any member of such Party's Group) to be bound by a confidentiality obligation or other contractual, legal or fiduciary obligation of confidentiality with respect to such confidential and proprietary information or (iii) independently developed or generated without reference to or use of any proprietary or confidential information of the other Party or any member of such Party's Group. Notwithstanding the foregoing three (3)-year period, Parent's and SpinCo's obligations with respect to confidential and proprietary information that constitutes trade secrets shall survive and continue for so long as such confidential and proprietary information retains its status as a trade secret. If any confidential and proprietary information of one Party or any member of its Group is disclosed to the other Party or any member of such other Party's Group in connection with providing services to such first Party or any member of such first Party's Group under this Agreement or any Ancillary Agreement, then such disclosed confidential and proprietary information shall be used only as required to perform such services.

(b) *No Release; Return or Destruction.* Each Party agrees not to release or disclose, or permit to be released or disclosed, any information addressed in Section 6.9(a) to any other Person, except its Representatives who need to know such information in their capacities as such (who shall be advised of their obligations hereunder with respect to such information), and except in compliance with Section 6.10. Without limiting the foregoing, when any such information is no longer needed for the purposes contemplated by this Agreement or any Ancillary Agreement, and is no longer subject to any legal hold or other document preservation obligation, each Party will promptly after request of the other Party either return to the other Party all such information in a tangible form (including all copies thereof and all notes, extracts or summaries based thereon) or notify the other Party in writing that it has destroyed such information (and such copies thereof and such notes, extracts or summaries based thereon); provided that the Parties may retain electronic backup versions of such information maintained on routine computer system backup tapes, disks or other backup storage devices; provided, further, that any such information so retained shall remain subject to the confidentiality provisions of this Agreement or any Ancillary Agreement.

(c) *Third-Party Information; Privacy or Data Protection Laws.* Each Party acknowledges that it and members of its Group may presently have and, following the Effective Time, may gain access to or possession of confidential or proprietary information of, or legally protected personal information (including personal health information) relating to, Third Parties (i) that was received under privacy policies or notices and/or confidentiality or non-disclosure agreements entered into between such Third Parties, on the one hand, and the other Party or members of such other Party's Group, on the other hand, prior to the Effective Time; or (ii) that, as between the two (2) Parties, was originally collected by the other Party or members of such other Party's Group and that may be subject to and protected by privacy policies or notices, as well as applicable data privacy Laws. Each Party agrees that it shall hold, protect and use, and shall cause the members of its Group and its and their respective Representatives to hold, protect and use, in strict confidence the confidential and proprietary information of, or legally protected personal information (including personal health information) relating to, Third Parties in accordance with privacy policies or notices, as well as data privacy Laws and the terms of any agreements that were either entered into before the Effective Time or affirmative commitments or representations that were made before the Effective Time by, between or among the other Party or members of the other Party's Group, on the one hand, and such Third Parties, on the other hand.

6.10 Protective Arrangements. In the event that a Party or any member of its Group either determines on the advice of its counsel that it is required to disclose any information pursuant to applicable Law or receives any request or demand under lawful process or from any Governmental Authority to disclose or provide information of the other Party (or any member of the other Party's Group) that is subject to the confidentiality provisions hereof, such Party shall notify the other Party (to the extent legally permitted) as promptly as practicable under the circumstances prior to disclosing or providing such information and shall cooperate, at the expense of the other Party, in seeking any appropriate protective order requested by the other Party. In the event that such other Party fails to receive such appropriate protective order in a timely manner and the Party receiving the request or demand reasonably determines that its failure to disclose or provide such information shall actually prejudice the Party receiving the request or demand, then the Party that received such request or demand may thereafter disclose or provide information to the extent required by such Law (as so advised by its counsel) or by lawful process or such Governmental Authority, and the disclosing Party shall promptly provide the other Party with a copy of the information so disclosed, in the same form and format so disclosed, together with a list of all Persons to whom such information was disclosed, in each case to the extent legally permitted.

ARTICLE VII
DISPUTE RESOLUTION

7.1 Good Faith Officer Negotiation. Subject to Section 7.4, either Party seeking resolution of any dispute, controversy or claim arising out of or relating to this Agreement or any Ancillary Agreement (including regarding whether any Assets are SpinCo Assets, any Liabilities are SpinCo Liabilities or the validity, interpretation, breach or termination of this Agreement or any Ancillary Agreement) (a "Dispute"), shall provide written notice thereof to the other Party (the "Negotiation Request"). As soon as reasonably practicable following receipt of a Negotiation Request, the Parties shall begin conducting good faith negotiations with respect to such Dispute. All such negotiations shall be confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence. If the Parties are unable for any reason to resolve a Dispute within thirty (30) days of receipt of the Negotiation Request, and such thirty (30)-day period is not extended by mutual written consent of the Parties, the Dispute shall be submitted to mediation in accordance with Section 7.2.

7.2 Mediation. Any Dispute that is not resolved pursuant to Section 7.1 shall, at the written request of a Party (a "Mediation Request"), be submitted to nonbinding mediation in accordance with the then current mediation procedure (the "Mediation Procedure") of the International Institute for Conflict Prevention and Resolution (the "CPR"), except as modified herein. The mediation shall be held in Bismarck, North Dakota or such other place as the Parties may mutually agree in writing. The Parties shall have twenty (20) days from receipt by a Party of a Mediation Request to agree on a mediator. If no mediator has been agreed upon by the Parties within twenty (20) days of receipt by a party of a Mediation Request, then a Party may request (on written notice to the other Party), that CPR appoint a mediator in accordance with the Mediation Procedure. All mediation pursuant to this clause shall be confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence, and no oral or documentary representations made by the Parties during such mediation shall be admissible for any purpose in any subsequent proceedings. No Party shall disclose or permit the disclosure of any information about the evidence adduced or the documents produced by the other Party in the mediation proceedings or about the existence, contents or results of the mediation without the prior written consent of such other Party, except in the course of a judicial or regulatory proceeding or as may be required by Law or requested by a Governmental Authority or securities exchange. Before making any disclosure permitted by the preceding sentence, the Party intending to make such disclosure shall, to the extent reasonably practicable, give the other Party reasonable written notice of the intended disclosure and afford the other Party a reasonable opportunity to protect its interests. If the Dispute has not been resolved within sixty (60) days of the appointment of a mediator, or within ninety (90) days after receipt by a Party of a Mediation Request (whichever occurs sooner), or within such longer period as the Parties may agree to in writing, then the Dispute shall be submitted to binding arbitration in accordance with Section 7.3.

7.3 Arbitration.

(a) In the event that a Dispute has not been resolved within thirty (30) days of the appointment of a mediator in accordance with Section 7.2, or within ninety (90) days after receipt by a Party of a Mediation Request (whichever occurs sooner), or within such longer period as the Parties may agree to in writing, then such Dispute shall, upon the written request of a Party (the "Arbitration Request") be submitted to be finally resolved by binding arbitration in accordance with the then current CPR arbitration procedure (the "Arbitration Procedure"), except as modified herein. The arbitration shall be held in (i) Bismarck, North Dakota or (ii) such other place as the Parties may mutually agree in writing. Unless otherwise agreed by the Parties in writing, any Dispute to be decided pursuant to this Section 7.3 will be decided (x) before a sole arbitrator if the amount in dispute, inclusive of all claims and counterclaims, totals less than $10 million; or (y) by a panel of three (3) arbitrators if the amount in dispute, inclusive of all claims and counterclaims, totals $10 million or more.

(b) The panel of three (3) arbitrators shall be chosen as follows: (i) within fifteen (15) days from the date of the receipt of the Arbitration Request, each Party shall name an arbitrator; and (ii) the two (2) Party-appointed arbitrators shall thereafter, within thirty (30) days from the date on which the second (2nd) of the two (2) arbitrators was named, name a third (3rd), independent arbitrator who shall act as chairperson of the arbitral tribunal. In the event that either Party fails to name an arbitrator within fifteen (15) days from the date of receipt of the Arbitration Request, then upon written application by either Party, that arbitrator shall be appointed pursuant to the Arbitration Procedure. In the event that the two (2) Party-appointed arbitrators fail to appoint the third (3rd), then the third (3rd) independent arbitrator shall be appointed pursuant to the Arbitration Procedure. If the arbitration shall be before a sole independent arbitrator, then the sole independent arbitrator shall be appointed by agreement of the Parties within fifteen (15) days of the date of receipt of the Arbitration Request. If the Parties cannot agree to a sole independent arbitrator during such fifteen (15)-day period, then upon written application by either party, the sole independent arbitrator shall be appointed pursuant to the Arbitration Procedure.

(c) The arbitrator(s) shall have the right to award, on an interim basis, or include in the final award, any relief that it deems proper in the circumstances, including money damages (with interest on unpaid amounts from the due date), injunctive relief (including specific performance) and attorneys' fees and costs; provided that the arbitrator(s) shall not award any relief not specifically requested by the Parties and, in any event, shall not award any indirect, punitive, exemplary, remote, speculative or similar damages in excess of compensatory damages of the other arising in connection with the transactions contemplated hereby (other than any such Liability with respect to a Third-Party Claim). Upon selection of the arbitrator(s) following any grant of interim relief by a special arbitrator or court pursuant to Section 7.4, the arbitrator(s) may affirm or disaffirm that relief, and the Parties shall seek modification or rescission of the order entered by the court as necessary to accord with the decision of the arbitrator(s). The award of the arbitrator(s) shall be final and binding on the Parties, and may be enforced in any court of competent jurisdiction. The initiation of arbitration pursuant to this Article VII shall toll the applicable statute of limitations for the duration of any such proceedings. Notwithstanding applicable state law, the arbitration and this agreement to arbitrate shall be governed by the Federal Arbitration Act, 9 U.S.C. § 1, *et seq*.

7.4 Litigation and Unilateral Commencement of Arbitration. Notwithstanding the foregoing provisions of this Article VII, (a) a Party may seek preliminary provisional or injunctive judicial relief with respect to a Dispute without first complying with the procedures set forth in Section 7.1, Section 7.2, and Section 7.3 if such action is reasonably necessary to avoid irreparable damage and (b) either Party may initiate arbitration before the expiration of the periods specified in Section 7.1, Section 7.2, and Section 7.3 if such Party has submitted a Mediation Request or an Arbitration Request, as applicable, and the other Party has failed, within the applicable periods set forth in Section 7.2 to agree upon a date for the first mediation session to take place within thirty (30) days after the appointment of such mediator or such longer period as the Parties may agree to in writing or (b) such Party has failed to comply with Section 7.3 in good faith with respect to the commencement and engagement in arbitration. In such event, the other Party may commence and prosecute such arbitration unilaterally in accordance with the Arbitration Procedure. In such event, the other Party may commence and prosecute such arbitration unilaterally in accordance with the Arbitration Procedure.

7.5 Conduct During Dispute Resolution Process. Unless otherwise agreed in writing, the Parties shall, and shall cause the respective members of their Groups to, continue to honor all commitments under this Agreement and each Ancillary Agreement to the extent required by such agreements during the course of dispute resolution pursuant to the provisions of this Article VII, unless such commitments are the specific subject of the Dispute at issue.

ARTICLE VIII
FURTHER ASSURANCES AND ADDITIONAL COVENANTS

8.1 Further Assurances.

(a) In addition to the actions specifically provided for elsewhere in this Agreement, each of the Parties shall use its reasonable best efforts, prior to, on and after the Effective Time, to take, or cause to be taken, all actions, and to do, or cause to be done, all things, reasonably necessary, proper or advisable under applicable Laws, regulations and agreements to consummate and make effective the transactions contemplated by this Agreement and the Ancillary Agreements.

(b) Without limiting the foregoing, prior to, on and after the Effective Time, each Party hereto shall cooperate with the other Party, and without any further consideration, but at the expense of the requesting Party, to execute and deliver, or use its reasonable best efforts to cause to be executed and delivered, all instruments, including instruments of conveyance, assignment and transfer, and to make all filings with, and to obtain all Approvals or Notifications of, any Governmental Authority or any other Person under any permit, license, agreement, indenture or other instrument (including any consents or Governmental Approvals), and to take all such other actions as such Party may reasonably be requested to take by the other Party from time to time, consistent with the terms of this Agreement and the Ancillary Agreements, in order to effectuate the provisions and purposes of this Agreement and the Ancillary Agreements and the transfers of the SpinCo Assets and the Parent Assets and the assignment and assumption of the SpinCo Liabilities and the Parent Liabilities and the other transactions contemplated hereby and thereby. Without limiting the foregoing, each Party will, at the reasonable request, cost and expense of the requesting Party, take such other actions as may be reasonably necessary to vest in such other Party good and marketable title to the Assets allocated to such Party under this Agreement or any of the Ancillary Agreements, free and clear of any Security Interest, if and to the extent it is practicable to do so.

(c) On or prior to the Effective Time, Parent and SpinCo in their respective capacities as direct and indirect stockholders of the members of their Groups, shall each ratify any actions which are reasonably necessary or desirable to be taken by Parent, SpinCo or any of the members of their respective Groups, as the case may be, to effectuate the transactions contemplated by this Agreement and the Ancillary Agreements.

(d) Parent and SpinCo, and each of the members of their respective Groups, waive (and agree not to assert against any of the others) any claim or demand that any of them may have against any of the others for any Liabilities or other claims relating to or arising out of: (i) the failure of SpinCo or any other member of the SpinCo Group, on the one hand, or of Parent or any other member of the Parent Group, on the other hand, to provide any notification or disclosure required under any state Environmental Law in connection with the Separation or the other transactions contemplated by this Agreement, including the transfer by any member of any Group to any member of the other Group of ownership or operational control of any Assets not previously owned or operated by such transferee; or (ii) any inadequate, incorrect or incomplete notification or disclosure under any such state Environmental Law by the applicable transferor. To the extent any Liability to any Governmental Authority or any Third Party arises out of any action or inaction described in clause (i) or (ii) above, the transferee of the applicable Asset hereby assumes and agrees to pay any such Liability.

8.2 Use of the MDU Name and MDU Marks. SpinCo undertakes to (and to cause the members of the SpinCo Group to) discontinue the use of the names “MDU Resources,” and “Building a Strong America” and the related trademark symbols as soon as reasonably practicable after the Effective Time, but in any case not longer than a two (2)-year period commencing on the Distribution Date; provided that the applicable two (2)-year period shall be extended if required by applicable regulatory requirements, but for no longer than the minimum period required by such regulatory requirements (the “Transition Period”). Notwithstanding the foregoing, effective as of the Effective Time, Parent, on behalf of itself and its Affiliates, hereby grants to the members of the SpinCo Group a non-exclusive, sublicenseable, worldwide and royalty-free license to use and have used the name “MDU Resources” and “Building a Strong America” and the related trademark symbols in legal entity names, for the sale of inventory (including both finished and unfinished inventory) containing such name or trademark applied to such products created and for the related regulatory registrations for such inventory: (a) prior to the Effective Time and (b) during the Transition Period; provided that SpinCo shall (and shall cause the members of the SpinCo Group and its sublicensees to) use such names or trademarks at a level of quality equivalent to that in effect as of the Effective Time.

ARTICLE IX
TERMINATION

9.1 Termination. This Agreement and all Ancillary Agreements may be terminated and the Distribution may be amended, modified or abandoned at any time prior to the Effective Time by Parent, in its sole and absolute discretion, without the approval or consent of any other Person, including SpinCo. After the Effective Time, this Agreement may not be terminated, except by an agreement in writing signed by a duly authorized officer of each of the Parties.

9.2 Effect of Termination. In the event of any termination of this Agreement prior to the Effective Time, no Party (nor any of its directors, officers or employees) shall have any Liability or further obligation to the other Party by reason of this Agreement.

ARTICLE X
MISCELLANEOUS

10.1 Counterparts; Entire Agreement; Corporate Power.

(a) This Agreement and each Ancillary Agreement may be executed in one (1) or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one (1) or more counterparts have been signed by each of the Parties and delivered to the other Party.

(b) This Agreement, the Ancillary Agreements and the Exhibits, Schedules and appendices hereto and thereto contain the entire agreement between the Parties with respect to the subject matter hereof, supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter, and there are no agreements or understandings between the Parties other than those set forth or referred to herein or therein. This Agreement and the Ancillary Agreements together govern the arrangements in connection with the Separation and the Distribution and would not have been entered into independently.

(c) Parent represents on behalf of itself and each other member of the Parent Group, and SpinCo represents on behalf of itself and each other member of the SpinCo Group, as follows:

(i) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and each Ancillary Agreement to which it is a party and to consummate the transactions contemplated hereby and thereby; and

(ii) this Agreement and each Ancillary Agreement to which it is a party has been duly executed and delivered by it and constitutes a valid and binding agreement of it enforceable in accordance with the terms thereof.

(d) Each Party acknowledges that it and each other Party is executing certain of the Ancillary Agreements by facsimile, stamp or mechanical signature, and that delivery of an executed counterpart of a signature page to this Agreement or any Ancillary Agreement (whether executed by manual, stamp or mechanical signature) by facsimile or by e-mail in portable document format (.pdf) shall be effective as delivery of such executed counterpart of this Agreement or any Ancillary Agreement. Each Party expressly adopts and confirms each such facsimile, stamp or mechanical signature (regardless of whether delivered in person, by mail, by courier, by facsimile or by e-mail in portable document format (.pdf)) made in its respective name as if it were a manual signature delivered in person, agrees that it will not assert that any such signature or delivery is not adequate to bind such Party to the same extent as if it were signed manually and delivered in person and agrees that, at the reasonable request of the other Party at any time, it will as promptly as reasonably practicable cause each such Ancillary Agreement to be manually executed (any such execution to be as of the date of the initial date thereof) and delivered in person, by mail or by courier.

10.2 Governing Law. This Agreement and, unless expressly provided therein, each Ancillary Agreement (and any claims or disputes arising out of or related hereto or thereto or to the transactions contemplated hereby and thereby or to the inducement of any party to enter herein and therein, whether for breach of contract, tortious conduct or otherwise and whether predicated on common law, statute or otherwise) shall be governed by and construed and interpreted in accordance with the Laws of the State of Delaware irrespective of the choice of laws principles of the State of Delaware, including all matters of validity, construction, effect, enforceability, performance and remedies.

10.3 Assignability. Except as set forth in any Ancillary Agreement, this Agreement and each Ancillary Agreement shall be binding upon and inure to the benefit of the Parties and the parties thereto, respectively, and their respective successors and permitted assigns; provided that neither Party nor any such party thereto may assign its rights or delegate its obligations under this Agreement or any Ancillary Agreement without the express prior written consent of the other Party hereto or other parties thereto, as applicable. Notwithstanding the foregoing, no such consent shall be required for the assignment of a Party's rights and obligations under this Agreement and the Ancillary Agreements (except as may be otherwise provided in any such Ancillary Agreement) in whole (*i.e.*, the assignment of a Party's rights and obligations under this Agreement and all Ancillary Agreements at the same time) in connection with a change of control of a Party so long as the resulting, surviving or transferee Person assumes all the obligations of the relevant party thereto by operation of Law or pursuant to an agreement in form and substance reasonably satisfactory to the other Party.

10.4 Third-Party Beneficiaries. Except for the indemnification rights under this Agreement and each Ancillary Agreement of any Parent Indemnitee or SpinCo Indemnitee in their respective capacities as such, (a) the provisions of this Agreement and each Ancillary Agreement are solely for the benefit of the Parties and are not intended to confer upon any Person except the Parties any rights or remedies hereunder, and (b) there are no third-party beneficiaries of this Agreement or any Ancillary Agreement and neither this Agreement nor any Ancillary Agreement shall provide any Third Party with any remedy, claim, Liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement or any Ancillary Agreement.

10.5 Notices. All notices, requests, claims, demands or other communications under this Agreement and, to the extent applicable and unless otherwise provided therein, under each of the Ancillary Agreements, shall be in writing and shall be given or made (and except as provided herein, shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by certified mail, return receipt requested, or by electronic mail ("e-mail"), so long as confirmation of receipt of such e-mail is requested and received, to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 10.5):

If to Parent, to:

MDU Resources Group, Inc.
1200 West Century Avenue
P.O. Box 5650
Bismarck, North Dakota 58506
Attention: [ ]
E-mail: [ ]

with a copy (which shall not constitute notice), to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Attention: Andrew R. Brownstein
John L. Robinson
E-mail: ARBrownstein@wlrk.com
JLRobinson@wlrk.com

If to SpinCo (prior to the Effective Time), to:

Knife River Holding Company
1150 West Century Avenue
P.O. Box 5568
Bismarck, North Dakota 58503
Attention: Karl A. Liepitz, General Counsel & Corporate Secretary
E-mail: karl.liepitz@mduresources.com

with a copy (which shall not constitute notice), to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Attention: Andrew R. Brownstein
John L. Robinson
E-mail: ARBrownstein@wlrk.com
JLRobinson@wlrk.com

If to SpinCo (from and after the Effective Time), to:

Knife River Holding Company
1150 West Century Avenue
P.O. Box 5568
Bismarck, North Dakota 58503
Attention: Karl A. Liepitz, Chief Legal Counsel
E-mail: karl.liepitz@kniferiver.com

with a copy (which shall not constitute notice), to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Attention: Andrew R. Brownstein
John L. Robinson
E-mail: ARBrownstein@wlrk.com
John L. Robinson

A Party may, by notice to the other Party, change the address to which such notices are to be given or made.

10.6 Severability. If any provision of this Agreement or any Ancillary Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof or thereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties.

10.7 Force Majeure. No Party shall be deemed in default of this Agreement or, unless otherwise expressly provided therein, any Ancillary Agreement for any delay or failure to fulfill any obligation (other than a payment obligation) hereunder or thereunder so long as and to the extent to which any delay or failure in the fulfillment of such obligation is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. In the event of any such excused delay, the time for performance of such obligations (other than a payment obligation) shall be extended for a period equal to the time lost by reason of the delay. A Party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such event, (a) provide written notice to the other Party of the nature and extent of any such Force Majeure condition; and (b) use commercially reasonable efforts to remove any such causes and resume performance under this Agreement and the Ancillary Agreements, as applicable, as soon as reasonably practicable.

10.8 No Set-Off. Except as expressly set forth in any Ancillary Agreement or as otherwise mutually agreed to in writing by the Parties, neither Party nor any member of such Party's Group shall have any right of set-off or other similar rights with respect to (a) any amounts received pursuant to this Agreement or any Ancillary Agreement; or (b) any other amounts claimed to be owed to the other Party or any member of its Group arising out of this Agreement or any Ancillary Agreement.

10.9 Expenses. Except as otherwise expressly set forth in this Agreement or any Ancillary Agreement, or as otherwise agreed to in writing by the Parties, all fees, costs and expenses incurred on or prior to the Effective Time in connection with the preparation, execution, delivery and implementation of this Agreement, including the Separation and the Distribution, and any Ancillary Agreement, the Separation, the Form 10, the Information Statement, the Plan of Reorganization and the consummation of the transactions contemplated hereby and thereby will be borne by the Party or its applicable Subsidiary incurring such fees, costs or expenses. The Parties agree that certain specified costs and expenses shall be allocated between the Parties as set forth on Schedule 10.9.

10.10 Headings. The article, section and paragraph headings contained in this Agreement and in the Ancillary Agreements are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement or any Ancillary Agreement.

10.11 Survival of Covenants. Except as expressly set forth in this Agreement or any Ancillary Agreement, the covenants, representations and warranties contained in this Agreement and each Ancillary Agreement, and Liability for the breach of any obligations contained herein, shall survive the Separation and the Distribution and shall remain in full force and effect.

10.12 Waivers of Default. Waiver by a Party of any default by the other Party of any provision of this Agreement or any Ancillary Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default, nor shall it prejudice the rights of the other Party. No failure or delay by a Party in exercising any right, power or privilege under this Agreement or any Ancillary Agreement shall operate as a waiver thereof, nor shall a single or partial exercise thereof prejudice any other or further exercise thereof or the exercise of any other right, power or privilege.

10.13 Specific Performance. Subject to the provisions of Article VII, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement or any Ancillary Agreement, the Party or Parties who are, or are to be, thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief in respect of its or their rights under this Agreement or such Ancillary Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that the remedies at law for any breach or threatened breach, including monetary damages, are inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are waived by each of the Parties.

10.14 Amendments. No provisions of this Agreement or any Ancillary Agreement shall be deemed waived, amended, supplemented or modified by a Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such waiver, amendment, supplement or modification.

10.15 Interpretation. In this Agreement and any Ancillary Agreement, (a) words in the singular shall be deemed to include the plural and vice versa and words of one gender shall be deemed to include the other genders as the context requires; (b) the terms "hereof," "herein," and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement (or the applicable Ancillary Agreement) as a whole (including all of the Schedules, Exhibits and Appendices hereto and thereto) and not to any particular provision of this Agreement (or such Ancillary Agreement); (c) Article, Section, Schedule, Exhibit and Appendix references are to the Articles, Sections, Schedules, Exhibits and Appendices to this Agreement (or the applicable Ancillary Agreement), unless otherwise specified; (d) unless otherwise stated, all references to any agreement (including this Agreement and each Ancillary Agreement) shall be deemed to include the exhibits, schedules and annexes (including all Schedules, Exhibits and Appendices) to such agreement; (e) the word "including" and words of similar import when used in this Agreement (or the applicable Ancillary Agreement) shall mean "including, without limitation," unless otherwise specified; (f) the word "or" shall not be exclusive; (g) the word "extent" in the phrase "to the extent" shall mean the degree to which a subject or other thing extends, and such phrase shall not mean simply "if"; (h) unless otherwise specified in a particular case, the word "days" refers to calendar days; (i) references to "business day" shall mean any day other than a Saturday, a Sunday or a day on which banking institutions are generally authorized or required by law to close in the United States or Bismarck, North Dakota; (j) references herein to this Agreement or any other agreement contemplated herein shall be deemed to refer to this Agreement or such other agreement as of the date on which it is executed and as it may be amended, modified or supplemented thereafter, unless otherwise specified; and (k) unless expressly stated to the contrary in this Agreement or in any Ancillary Agreement, all references to "the date hereof," "the date of this Agreement," "hereby" and "hereupon" and words of similar import shall all be references to [ ], 2023.

10.16 Limitations of Liability. Notwithstanding anything in this Agreement to the contrary, neither SpinCo or any member of the SpinCo Group, on the one hand, nor Parent or any member of the Parent Group, on the other hand, shall be liable under this Agreement to the other for any indirect, incidental, punitive, exemplary, remote, speculative or similar damages in excess of compensatory damages of the other arising in connection with the transactions contemplated hereby (other than any such Liability with respect to a Third-Party Claim).

10.17 Performance. Parent will cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement or in any Ancillary Agreement to be performed by any member of the Parent Group. SpinCo will cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement or in any Ancillary Agreement to be performed by any member of the SpinCo Group. Each Party (including its permitted successors and assigns) further agrees that it will (a) give timely notice of the terms, conditions and continuing obligations contained in this Agreement and any applicable Ancillary Agreement to all of the other members of its Group and (b) cause all of the other members of its Group not to take any action or fail to take any such action inconsistent with such Party's obligations under this Agreement, any Ancillary Agreement or the transactions contemplated hereby or thereby.

10.18 Mutual Drafting.

(a) This Agreement and the Ancillary Agreements shall be deemed to be the joint work product of the Parties and any rule of construction that a document shall be interpreted or construed against a drafter of such document shall not be applicable.

(b) In the event of any conflict or inconsistency between, on the one hand, the terms of this Agreement and, on the other hand, the terms of the Ancillary Agreements (other than the Transfer Documents) (each, a "Specified Ancillary Agreement"), the terms of the applicable Specified Ancillary Agreement shall control with respect to the subject matter addressed by such Specified Ancillary Agreement to the extent of such conflict or inconsistency. In the event of any conflict or inconsistency between the terms of this Agreement and the terms of the Transfer Documents, the terms of this Agreement shall control to the extent of such conflict or inconsistency. In the event of any conflict or inconsistency between the terms of this Agreement or any Specified Ancillary Agreement, on the one hand, and any Transfer Document, on the other hand, including with respect to the allocation of Assets and Liabilities as among the Parties or the members of their respective Groups, this Agreement or such Specified Ancillary Agreement shall control.

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, the Parties have caused this Separation and Distribution Agreement to be executed by their duly authorized representatives as of the date first written above.

MDU RESOURCES GROUP, INC.

By: _____

Name: David L. Goodin
Title: President and Chief Executive Officer

[Signature Page to Separation and Distribution Agreement]

IN WITNESS WHEREOF, the Parties have caused this Separation and Distribution Agreement to be executed by their duly authorized representatives as of the date first written above.

KNIFE RIVER HOLDING COMPANY

By: _____

Name: Brian R. Gray
Title: President and Chief Executive Officer

[Signature Page to Separation and Distribution Agreement]

EXHIBIT A

Amended and Restated Certificate of Incorporation
of Knife River Holding Company

[*Attached*]

EXHIBIT B

Amended and Restated Bylaws
of Knife River Holding Company

[*Attached*]

Exhibit 2.3

TAX MATTERS AGREEMENT

DATED AS OF [ ]

BY AND BETWEEN

MDU RESOURCES GROUP, INC.

AND

KNIFE RIVER HOLDING COMPANY

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TAX MATTERS AGREEMENT

This TAX MATTERS AGREEMENT (this "**Agreement**") is entered into as of [ ], by and between MDU Resources Group, Inc., a Delaware corporation ("**Parent**") and Knife River Holding Company, a Delaware corporation and a wholly owned subsidiary of Parent ("**SpinCo**") (Parent and SpinCo sometimes collectively referred to herein as the "**Companies**" and, as the context requires, individually referred to herein as a "**Company**").

RECITALS

WHEREAS, the board of directors of Parent has determined that it is in the best interests of Parent and its stockholders to create a new publicly traded company that shall operate the SpinCo Business;

WHEREAS, in furtherance of the foregoing, the board of directors of Parent has determined that it is appropriate and desirable to separate the SpinCo Business from the Parent Business (the "**Separation**") and, following the Separation, make a distribution, on a pro rata basis, to holders of Parent Shares on the Record Date of approximately 90 percent (90%) of the outstanding SpinCo Shares (the "**Distribution**");

WHEREAS, SpinCo has been incorporated solely for these purposes and has not engaged in activities, except in connection with the Separation and the Distribution;

WHEREAS, for U.S. federal income tax purposes, the Contribution and the Distribution (and the Clean-Up Distribution and Debt-for-Equity Exchange, if any, and the Hook Stock Distribution), taken together, are intended to qualify as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code;

WHEREAS, in connection with the Separation, and in accordance with the Plan of Reorganization, Centennial Energy Holdings, Inc. (a Delaware corporation and a wholly owned subsidiary of Parent, "**Centennial**") has merged or will merge, prior to the Contribution and Distribution, with and into [•] (a Delaware limited liability company disregarded as separate from Parent for U.S. federal income tax purposes) ("**New Centennial**") with New Centennial surviving (the "**Merger**"), and New Centennial has distributed or will distribute, prior to the Contribution and Distribution, the stock of Knife River Corporation (a Delaware corporation and a wholly owned subsidiary of Centennial, "**Knife River**") and any other assets related to the SpinCo Business to Parent;

WHEREAS, in order to effectuate the Separation and the Distribution, Parent and SpinCo have entered into that certain Separation and Distribution Agreement, dated as of [ ] (together with the Schedules, Exhibits and Appendices thereto, the "**Separation and Distribution Agreement**");

WHEREAS, as of the date hereof, Parent is the common parent of an affiliated group of corporations, including SpinCo, which affiliated group has elected to file consolidated U.S. federal income tax returns;

WHEREAS, pursuant to the Separation and Distribution Agreement, Parent and SpinCo have agreed to separate the SpinCo Business from Parent by means of, among other actions, (i) the Contribution and (ii) the Distribution;

WHEREAS, following the Distribution, Parent expects to undertake the Debt-for-Equity Exchange;

WHEREAS, as a result of the Distribution, SpinCo and its subsidiaries will cease to be members of the affiliated group (as that term is defined in Section 1504 of the Code) of which Parent is the common parent;

WHEREAS, the parties desire to provide for and agree upon the allocation between the Companies of liabilities for Taxes arising prior to, as a result of, and subsequent to the Distribution, and to provide for and agree upon other matters relating to Taxes; and

WHEREAS, the Companies acknowledge that this Agreement, the Separation and Distribution Agreement and the other Ancillary Agreements represent the integrated agreement of Parent and SpinCo relating to the Separation and the Distribution, are being entered into together, and would not have been entered into independently.

NOW THEREFORE, in consideration of the mutual agreements contained herein, the parties hereby agree as follows:

Section 1. Definition of Terms. For purposes of this Agreement (including the Recitals hereof), the following terms have the following meanings, and capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Separation and Distribution Agreement:

"**1993 Tax Allocation Agreement**" means the Consolidated Return and Income Tax Allocation Agreement, first effective as of January 1, 1993 (or such other date as is stated therein), between Parent and its Subsidiaries, and as amended effective as of June 1, 2007.

"**2019 Tax Allocation Agreement**" means the Consolidated Return and Tax Allocation Agreement, effective for the consolidated Return taxable year ending December 31, 2019 and subsequent years, between Parent and its Subsidiaries.

"**Accounting Cutoff Date**" means, with respect to SpinCo and any member of the SpinCo Group the Tax Items of which are included in the Parent Federal Consolidated Income Tax Return, any date as of the end of which there is a closing of the financial accounting records for such entity.

"**Active Trade or Business**" means the active conduct (as defined in Section 355(b)(2) of the Code and the regulations thereunder) by SpinCo and its "separate affiliated group" (as defined in Section 355(b)(3)(B) of the Code) of the Construction Materials and Contracting Business.

"**Adjustment Request**" means any formal or informal claim or request filed with any Tax Authority, or with any administrative agency or court, for the adjustment, refund, or credit of Taxes, including (a) any amended Tax Return claiming adjustment to the Taxes as reported on the Tax Return or, if applicable, as previously adjusted, (b) any claim for equitable recoupment or other offset, and (c) any claim for refund or credit of Taxes previously paid.

"**Affiliate**" means any entity that is directly or indirectly "controlled" by either the person in question or an Affiliate of such person. "Control," for purposes of the definition of Affiliate, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through ownership of voting securities, by contract or otherwise. The term Affiliate shall refer to Affiliates of a person as determined immediately after the Distribution.

"**Agreement**" means this Tax Matters Agreement.

"**Board Certificate**" shall have the meaning set forth in Section 7.02(e).

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions are generally authorized or required by law to close in the United States or Bismarck, North Dakota.

"**Centennial**" shall have the meaning set forth in the Recitals.

"**Code**" means the U.S. Internal Revenue Code of 1986, as amended.

"**Companies**" and "**Company**" shall have the meaning provided in the first sentence of this Agreement.

"**Consolidated State Income Tax Benefit**" shall have the meaning set forth in Section 2.03(a)(iii).

"**Construction Materials and Contracting Business**" means the business, operations and activities of mining, processing, and selling construction aggregates and the production and sale of asphalt and ready-mix concrete, as conducted by Knife River and its subsidiaries.

"**Contribution**" means the transfer by Parent (or an entity disregarded as separate from Parent for U.S. federal income tax purposes) directly to SpinCo, pursuant to the Separation and Distribution Agreement, of certain SpinCo Assets in actual or constructive exchange for (i) the issuance by SpinCo to Parent (or such disregarded entity) of SpinCo Shares and (ii) the assumption by SpinCo of certain SpinCo Liabilities.

"**Controlling Party**" shall have the meaning set forth in Section 10.02(e)(i).

"**Debt-for-Equity Exchange**" means the transfer within 12 months of the Distribution of all or a portion of the Remaining Shares by Parent or an entity disregarded as separate from Parent for U.S. federal income tax purposes to its creditors in exchange for outstanding debt obligations of Parent or an entity disregarded as separate from Parent for U.S. federal income tax purposes.

"**Deconsolidation Date**" means the last date on which SpinCo qualifies as a member of the affiliated group (as defined in Section 1504 of the Code) of which Parent is the common parent.

"**Distribution**" shall have the meaning set forth in the Recitals.

"**Due Date**" means with respect to a Tax Return, the date (taking into account all valid extensions) on which such Tax Return is required to be filed under applicable Law.

"**Effective Time**" has the meaning set forth in the Separation and Distribution Agreement.

"**Employee Matters Agreement**" has the meaning set forth in the Separation and Distribution Agreement.

"**Estimated SpinCo Allocated Federal Income Tax Benefit**" means, with respect to any required installment of estimated Taxes relating to a Parent Federal Consolidated Income Tax Return for any Pre-Deconsolidation Period, the absolute value of the sum of the estimated amounts allocable to the members of the SpinCo Group under Section 2.02(a)(ii) and Section 2.02(a)(iv) if such sum is zero or a negative number; otherwise zero.

"**Estimated SpinCo Allocated Federal Income Tax Liability**" means, with respect to any required installment of estimated Taxes relating to a Parent Federal Consolidated Income Tax Return for any Pre-Deconsolidation Period, the sum of the estimated amounts allocable to the members of the SpinCo Group under Section 2.02(a)(ii) and Section 2.02(a)(iv) if such sum is zero or a positive number; otherwise zero.

"**Estimated SpinCo Allocated Income Tax Benefit**" means the Estimated SpinCo Allocated Federal Income Tax Benefit or the Estimated SpinCo Allocated State Combined Income Tax Benefit, as applicable.

"**Estimated SpinCo Allocated Income Tax Liability**" means the Estimated SpinCo Allocated Federal Income Tax Liability or the Estimated SpinCo Allocated State Combined Income Tax Liability, as applicable.

"**Estimated SpinCo Allocated State Combined Income Tax Benefit**" means, with respect to any required installment of estimated Taxes relating to a Parent State Combined Income Tax Return for any Pre-Deconsolidation Period, the absolute value of the sum of the estimated amounts allocable to the members of the SpinCo Group under Section 2.03(a)(ii) and Section 2.03(a)(iii) if such sum is zero or a negative number; otherwise zero.

"**Estimated SpinCo Allocated State Combined Income Tax Liability**" means, with respect to any required installment of estimated Taxes relating to a Parent State Combined Income Tax Return for any Pre-Deconsolidation Period, the sum of the estimated amounts allocable to the members of the SpinCo Group under Section 2.03(a)(ii) and Section 2.03(a)(iii) if such sum is zero or a positive number; otherwise zero.

"**Federal Income Tax**" means any Tax imposed by Subtitle A of the Code, and any interest, penalties, additions to tax, or additional amounts in respect of the foregoing.

"**Federal Other Tax**" means any Tax imposed by the federal government of the United States of America (other than any Federal Income Taxes), and any interest, penalties, additions to tax, or additional amounts in respect of the foregoing.

"**Fifty-Percent or Greater Interest**" shall have the meaning ascribed to such term for purposes of Sections 355(d) and (e) of the Code.

"**Filing Date**" shall have the meaning set forth in Section 7.05(d).

"**Final Determination**" means the final resolution of liability for any Tax, which resolution may be for a specific issue or adjustment or for a Tax Period, (a) by IRS Form 870 or 870-AD (or any successor forms thereto), on the date of acceptance by or on behalf of the taxpayer, or by a comparable form under the laws of a State, local, or foreign taxing jurisdiction, except that a Form 870 or 870-AD or comparable form shall not constitute a Final Determination to the extent that it reserves (whether by its terms or by operation of law) the right of the taxpayer to file a claim for refund or the right of the Tax Authority to assert a further deficiency in respect of such issue or adjustment or for such Tax Period (as the case may be); (b) by a decision, judgment, decree, or other order by a court of competent jurisdiction, which has become final and unappealable; (c) by a closing agreement or accepted offer in compromise under Sections 7121 or 7122 of the Code, or a comparable agreement under the laws of a State, local, or foreign taxing jurisdiction; (d) by any allowance of a refund or credit in respect of an overpayment of Tax, but only after the expiration of all periods during which such refund may be recovered (including by way of offset) by the jurisdiction imposing such Tax; (e) by a final settlement resulting from a treaty-based competent authority determination; or (f) by any other final disposition, including by reason of the expiration of the applicable statute of limitations or by mutual agreement of the parties.

"**Group**" means the Parent Group or the SpinCo Group, or both, as the context requires.

"**Income Tax**" means any Federal Income Tax or State Income Tax.

"**Indemnitee**" shall have the meaning set forth in Section 15.03.

"**Indemnitor**" shall have the meaning set forth in Section 15.03.

"**Internal Restructuring**" means (i) any internal restructuring (including by making or revoking any election under Treasury Regulations Section 301.7701-3) involving SpinCo or any of its subsidiaries or (ii) any direct or indirect contribution, sale or other transfer by SpinCo to any of its Subsidiaries of any of the assets contributed or transferred to SpinCo as part of the Contribution or pursuant to the Separation and Distribution Agreement.

"**IRS**" means the United States Internal Revenue Service.

"**Joint Return**" shall mean any Return of a member of the Parent Group or the SpinCo Group that is not a Separate Return.

"**Knife River**" shall have the meaning set forth in the Recitals.

"**Merger**" shall have the meaning set forth in the Recitals.

"**New Centennial**" shall have the meaning set forth in the Recitals.

"**Non-Controlling Party**" shall have the meaning set forth in Section 10.02(e)(i).

"**Notified Action**" shall have the meaning set forth in Section 7.04(a).

"**Other Tax**" means any Federal Other Tax or State Other Tax.

"**Parent**" shall have the meaning provided in the first sentence of this Agreement.

"**Parent Adjustment**" means any proposed adjustment by a Tax Authority or claim for refund asserted in a Tax Contest to the extent Parent would be exclusively liable for any resulting Tax under this Agreement or exclusively entitled to receive any resulting Tax Benefit under this Agreement.

"**Parent Affiliated Group**" shall have the meaning provided in the definition of "Parent Federal Consolidated Income Tax Return."

"**Parent Federal Consolidated Income Tax Return**" means any United States Federal Income Tax Return for the affiliated group (as that term is defined in Section 1504 of the Code and the regulations thereunder) of which Parent (or Montana-Dakota Utilities Co. or another member of the Parent Group) is or was the common parent (the "**Parent Affiliated Group**").

"**Parent Final Determination Adjustment**" shall have the meaning set forth in Section 6.01(b).

"**Parent Group**" means Parent and its Affiliates, excluding any entity that is a member of the SpinCo Group.

"**Parent Group Transaction Returns**" shall have the meaning set forth in Section 4.04(b).

"**Parent Separate Return**" means any Separate Return of Parent or any member of the Parent Group.

"**Parent State Combined Income Tax Return**" means a consolidated, combined or unitary State Income Tax Return that includes, by election or otherwise, one or more members of the Parent Group and one or more members of the SpinCo Group.

"**Past Practices**" shall have the meaning set forth in Section 4.04(a).

"**Payment Date**" means (i) with respect to any Parent Federal Consolidated Income Tax Return, the due date for any required installment of estimated taxes determined under Section 6655 of the Code, the due date (determined without regard to extensions) for filing the Tax Return determined under Section 6072 of the Code, and the date the Tax Return is filed, and (ii) with respect to any other Tax Return, the corresponding dates determined under the applicable Tax Law.

"**Payor**" shall have the meaning set forth in Section 5.02(a).

"**Person**" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a governmental entity or any department, agency or political subdivision thereof, without regard to whether any such entity is treated as disregarded for U.S. federal income tax purposes.

"**Post-Deconsolidation Period**" means any Tax Period beginning after the Deconsolidation Date, and, in the case of any Straddle Period, the portion of such Straddle Period beginning the day after the Deconsolidation Date.

"**Pre-Deconsolidation Parent Group**" means the Parent Affiliated Group, as determined on or prior to the Deconsolidation Date.

"**Pre-Deconsolidation Period**" means any Tax Period ending on or before the Deconsolidation Date, and, in the case of any Straddle Period, the portion of such Straddle Period ending on the Deconsolidation Date.

"**Privilege**" means any privilege that may be asserted under applicable law, including, any privilege arising under or relating to the attorney-client relationship (including the attorney-client and work product privileges), the accountant-client privilege and any privilege relating to internal evaluation processes.

"**Proposed Acquisition Transaction**" means a transaction or series of transactions (or any "agreement," "understanding" or "arrangement," within the meaning of Section 355(e) of the Code and Treasury Regulation Section 1.355-7, or any other regulations promulgated thereunder, to enter into a transaction or series of transactions), whether such transaction is supported by SpinCo management or shareholders, is a hostile acquisition, or otherwise, as a result of which SpinCo would merge or consolidate with any other Person or as a result of which any Person or any group of Persons would (directly or indirectly) acquire, or have the right to acquire, from SpinCo and/or one or more holders of outstanding shares of SpinCo Capital Stock, a number of shares of SpinCo Capital Stock that would, when combined with any other changes in ownership of SpinCo Capital Stock pertinent for purposes of Section 355(e) of the Code, comprise 35% or more of (a) the value of all outstanding shares of stock of SpinCo as of the date of such transaction, or in the case of a series of transactions, the date of the last transaction of such series, or (b) the total combined voting power of all outstanding shares of voting stock of SpinCo as of the date of such transaction, or in the case of a series of transactions, the date of the last transaction of such series. Notwithstanding the foregoing, a Proposed Acquisition Transaction shall not include (A) the adoption by SpinCo of a shareholder rights plan or (B) issuances by SpinCo that satisfy Safe Harbor VIII (relating to acquisitions in connection with a person's performance of services) or Safe Harbor IX (relating to acquisitions by a retirement plan of an employer) of Treasury Regulations Section 1.355-7(d). For purposes of determining whether a transaction constitutes an indirect acquisition, any recapitalization resulting in a shift of voting power or any redemption of shares of stock shall be treated as an indirect acquisition of shares of stock by the non-exchanging shareholders. This definition and the application thereof is intended to monitor compliance with Section 355(e) of the Code and shall be interpreted accordingly. Any clarification of, or change in, the statute or regulations promulgated under Section 355(e) of the Code shall be incorporated in this definition and its interpretation.

"**Remaining Shares**" means the SpinCo Shares not distributed by Parent to its shareholders in the Distribution or the Hook Stock Distribution.

"**Representation Letters**" means the representation letters and any other materials (including, without limitation, a Ruling Request and any related supplemental submissions to the IRS) delivered or deliverable by, or on behalf of, Parent, SpinCo and others in connection with the rendering by Tax Advisors and/or the issuance by the IRS of the Tax Opinions/Rulings.

"**Required Party**" shall have the meaning set forth in Section 5.02(a).

"**Responsible Company**" means, with respect to any Tax Return, the Company having responsibility for preparing and filing such Tax Return under this Agreement.

"**Retention Date**" shall have the meaning set forth in Section 9.

"**Ruling**" means a private letter ruling (including a supplemental private letter ruling) issued by the IRS to Parent pertaining to or in connection with the Contribution, the Distribution, the Clean-Up Distribution and/or the Debt-for-Equity Exchange.

"**Ruling Request**" means any letter filed by Parent with the IRS requesting a ruling regarding certain tax consequences of the Transactions (including all attachments, exhibits, and other materials submitted with such ruling request letter) and any amendment or supplement to such ruling request letter.

"**Section 336(e) Election**" has the meaning set forth in Section 7.06.

"**Section 7.02(e) Acquisition Transaction**" means any transaction or series of transactions that is not a Proposed Acquisition Transaction but would be a Proposed Acquisition Transaction if the percentage reflected in the definition of Proposed Acquisition Transaction were 25% instead of 35%.

"**Separate Return**" means (a) in the case of any Tax Return of any member of the SpinCo Group (including any consolidated, combined or unitary return), any such Tax Return that does not include any member of the Parent Group and (b) in the case of any Tax Return of any member of the Parent Group (including any consolidated, combined or unitary return), any such Tax Return that does not include any member of the SpinCo Group.

"**Separate Tax Return Liability**" shall have the meaning set forth in Section 2.02(a)(iii).

"**Separation**" shall have the meaning set forth in the Recitals.

"**Separation and Distribution Agreement**" shall have the meaning set forth in the Recitals.

"**Separation-Related Tax Contest**" shall mean any Tax Contest in which the IRS, another Tax Authority or any other Person asserts a position that could reasonably be expected to adversely affect the Tax-Free Status of any of the Contribution, Distribution, Clean-up Distribution or the Debt-for-Equity Exchange.

"**SpinCo**" shall have the meaning provided in the first sentence of this Agreement, and references herein to SpinCo shall include any entity treated as a successor to SpinCo.

"**SpinCo Adjustment**" means any proposed adjustment by a Tax Authority or claim for refund asserted in a Tax Contest to the extent SpinCo would be exclusively liable for any resulting Tax under this Agreement or exclusively entitled to receive any resulting Tax Benefit under this Agreement.

"**SpinCo Allocated Federal Income Tax Benefit**" means, with respect to any Parent Federal Consolidated Income Tax Return for any Pre-Deconsolidation Period, the absolute value of the sum of the amounts allocated to the members of the SpinCo Group for such taxable period (or portion thereof) under Section 2.02(a)(ii) and Section 2.02(a)(iv) if such sum is zero or a negative number; otherwise zero.

"**SpinCo Allocated Federal Income Tax Liability**" means, with respect to any Parent Federal Consolidated Income Tax Return for any Pre-Deconsolidation Period, the sum of the amounts allocated to the members of the SpinCo Group for such taxable period (or portion thereof) under Section 2.02(a)(ii) and Section 2.02(a)(iv) if such sum is zero or a positive number; otherwise zero.

"**SpinCo Allocated Income Tax Benefit**" means the SpinCo Allocated Federal Income Tax Benefit or the SpinCo Allocated State Combined Income Tax Benefit, as applicable.

"**SpinCo Allocated Income Tax Liability**" means the SpinCo Allocated Federal Income Tax Liability or the SpinCo Allocated State Combined Income Tax Liability, as applicable.

"**SpinCo Allocated State Combined Income Tax Benefit**" means, with respect to the relevant Parent State Combined Income Tax Returns for any Pre-Deconsolidation Period, the absolute value of the sum of the amounts allocated to the members of the SpinCo Group for such taxable period (or portion thereof) under Section 2.03(a)(ii) and Section 2.03(a)(iii) if such sum is zero or a negative number; otherwise zero.

"**SpinCo Allocated State Combined Income Tax Liability**" means, with respect to the relevant Parent State Combined Income Tax Returns for any Pre-Deconsolidation Period, the sum of the amounts allocated to the members of the SpinCo Group for such taxable period (or portion thereof) under Section 2.03(a)(ii) and Section 2.03(a)(iii) if such sum is zero or a positive number; otherwise zero.

"**SpinCo Business**" has the meaning set forth in the Separation and Distribution Agreement.

"**SpinCo Capital Stock**" means (i) all classes or series of capital stock of SpinCo, including the shares of common stock of SpinCo, (ii) all options, warrants and other rights to acquire such stock and (iii) all instruments properly treated as stock in SpinCo for U.S. federal income tax purposes.

"**SpinCo Carryback**" means any net operating loss, net capital loss, excess tax credit, or other similar Tax Item of any member of the SpinCo Group which may or must be carried from one Tax Period to another prior Tax Period under the Code or other applicable Tax Law.

"**SpinCo Federal Consolidated Income Tax Return**" means any United States federal Income Tax Return for the affiliated group (as that term is defined in Section 1504 of the Code) of which SpinCo is the common parent.

"**SpinCo Group**" means SpinCo and its Affiliates, as determined immediately after the Distribution.

"**SpinCo Separate Return**" means any Separate Return of SpinCo or any member of the SpinCo Group.

"**State Income Tax**" means any Tax imposed by any State of the United States (or by any political subdivision of any such State) or the District of Columbia, in each case, which is imposed on or measured by net income, including state and local franchise or similar Taxes measured by net income, and any interest, penalties, additions to tax, or additional amounts in respect of the foregoing.

"**State Other Tax**" means any Tax imposed by any State of the United States (or by any political subdivision of any such State) or the District of Columbia, in each case, other than any State Income Taxes, and any interest, penalties, additions to tax, or additional amounts in respect of the foregoing.

"**State Tax**" means any State Income Taxes or State Other Taxes.

"**Straddle Period**" means any Tax Period that begins on or before and ends after the Deconsolidation Date.

"**Tax**" or "**Taxes**" means any income, gross income, gross receipts, profits, capital stock, franchise, withholding, payroll, social security, workers compensation, unemployment, disability, property, *ad valorem*, stamp, excise, escheat, severance, occupation, service, sales, use, license, lease, transfer, import, export, value added, alternative minimum, estimated or other tax (including any fee, assessment, or other charge in the nature of or in lieu of any tax) imposed by any governmental entity or political subdivision thereof, and any interest, penalties, additions to tax, or additional amounts in respect of the foregoing.

"**Tax Advisor**" means a United States tax counsel or accountant of recognized national standing.

"**Tax Department Dispute**" shall have the meaning set forth in Section 16.02.

"**Tax Attribute**" or "**Attribute**" shall mean a net operating loss, net capital loss, unused investment credit, unused foreign tax credit, excess charitable contribution, general business credit or any other Tax Item that could reduce a Tax.

"**Tax Authority**" means, with respect to any Tax, the governmental entity or political subdivision thereof that imposes such Tax, and the agency (if any) charged with the collection of such Tax for such entity or subdivision.

"**Tax Benefit**" or "**Benefit**" means any refund, credit, or other reduction in otherwise required Tax payments.

"**Tax Contest**" means an audit, review, examination, or any other administrative or judicial proceeding with the purpose or effect of redetermining Taxes (including any administrative or judicial review of any claim for refund).

"**Tax Control**" means the definition of "control" set forth in Section 368(c) of the Code (or in any successor statute or provision), as such definition may be amended from time to time.

"**Tax-Free Status**" means the qualification of the Contribution and Distribution (and the Clean-Up Distribution and Debt-for-Equity Exchange, if any), taken together, (a) as a reorganization described in Sections 355(a) and 368(a)(1)(D) of the Code, (b) as a transaction in which the stock distributed thereby is "qualified property" for purposes of Sections 355(d), 355(e) and 361(c) of the Code, and (c) as a transaction in which the holders of Parent Shares recognize no income or gain for U.S. federal income tax purposes pursuant to Section 355 of the Code.

"**Tax Item**" means, with respect to any Income Tax, any item of income, gain, loss, deduction, credit, recapture of credit or any other item which increases or decreases Taxes paid or payable.

"**Tax Law**" means the law of any governmental entity or political subdivision thereof relating to any Tax.

"**Tax Opinions/Rulings**" means (i) the opinions of Wachtell, Lipton, Rosen & Katz and of other tax advisors of recognized national standing deliverable to Parent pertaining to or in connection with, and regarding the Federal Income Tax treatment of the Contribution, the Merger and/or the Distribution and (ii) any Rulings.

"**Tax Period**" means, with respect to any Tax, the period for which the Tax is reported as provided under the Code or other applicable Tax Law.

"**Tax Records**" shall mean any Tax Returns, Tax Return workpapers, documentation relating to any Tax Contests, and any other books of account or records (whether or not in written, electronic or other tangible or intangible forms and whether or not stored on electronic or any other medium) required to be maintained under the Code or other applicable Tax Laws or under any record retention agreement with any Tax Authority.

"**Tax-Related Losses**" means (i) all federal, state, local and foreign Taxes (including interest and penalties thereon) imposed (or that would be imposed) pursuant to any settlement, Final Determination, judgment or otherwise, (ii) all accounting, legal and other professional fees, and court costs incurred in connection therewith, and (iii) all costs, expenses and damages associated with stockholder litigation or controversies and any amount paid by Parent (or any Parent Affiliate) or SpinCo (or any SpinCo Affiliate) in respect of the liability of shareholders, whether paid to shareholders or to the IRS or any other Tax Authority, in the case of each of clauses (i) through (iii), resulting from the failure of the Contribution or the Distribution (or the Clean-Up Distribution or Debt-for-Equity Exchange, if any) to have Tax-Free Status.

"**Tax Return**" or "**Return**" means any report of Taxes due, any claim for refund of Taxes paid, any information return with respect to Taxes, or any other similar report, statement, questionnaire, declaration, or document filed or required to be filed under the Code or other Tax Law, including any attachments, exhibits, or other materials submitted with any of the foregoing, and including any amendments or supplements to any of the foregoing.

"**Transactions**" means the Contribution, the Distribution, the Hook Stock Distribution (and the Clean-Up Distribution and Debt-for-Equity Exchange, if any) and the other transactions contemplated by the Separation and Distribution Agreement.

"**Treasury Regulations**" means the regulations promulgated from time to time under the Code as in effect for the relevant Tax Period.

"**Unqualified Tax Opinion**" means an unqualified "will" opinion of a Tax Advisor, which Tax Advisor is acceptable to Parent, on which Parent may rely to the effect that a transaction will not affect the Tax-Free Status of the Contribution and the Distribution (and the Clean-Up Distribution and Debt-for-Equity Exchange, if any) (taken together); *provided* that any tax opinion obtained in connection with a proposed acquisition of SpinCo Capital Stock entered into on or before the two-year anniversary of the Distribution Date shall not qualify as an Unqualified Tax Opinion unless such tax opinion also concludes that such proposed acquisition will not be treated as "part of a plan (or series of related transactions)," within the meaning of Section 355(e) of the Code and the Treasury Regulations promulgated thereunder, that includes the Distribution. Any such opinion must assume that the Contribution and Distribution (and the Clean-Up Distribution and Debt-for-Equity Exchange, if any) (taken together) would have qualified for Tax-Free Status if the transaction in question did not occur.

Section 2. Allocation of Tax Liabilities.

Section 2.01 *General Rule*.

(a) *Parent Liability*. Parent shall be liable for, and shall indemnify and hold harmless the SpinCo Group from and against any liability for, Taxes which are allocated to Parent under this Section 2.

(b) *SpinCo Liability*. SpinCo shall be liable for, and shall indemnify and hold harmless the Parent Group from and against any liability for, Taxes which are allocated to SpinCo under this Section 2.

Section 2.02 *Allocation of United States Federal Income Tax and Federal Other Tax*. Except as otherwise provided in Section 2.04, Federal Income Tax, Federal Income Tax Benefit and Federal Other Tax shall be allocated as follows:

(a) *Allocation with Respect to Parent Federal Consolidated Income Tax Returns for Pre-Deconsolidation Periods*. With respect to any Parent Federal Consolidated Income Tax Return for any Pre-Deconsolidation Period:

(i) (I) Parent shall be responsible for any and all Federal Income Taxes due or required to be reported on any such Tax Return (including any increase in such Tax as a result of a Final Determination) reduced by any SpinCo Allocated Federal Income Tax Liability (including any increase thereof as a result of a Final Determination), (II) SpinCo shall be responsible for any and all SpinCo Allocated Federal Income Tax Liability (including any increase thereof as a result of a Final Determination), (III) Parent shall be entitled to any Tax Benefit (including any increase in such Tax Benefit as a result of a Final Determination) reduced by any SpinCo Allocated Federal Income Tax Benefit (including any increase in such Tax Benefit as a result of a Final Determination), and (IV) SpinCo shall be entitled to any SpinCo Allocated Federal Income Tax Benefit (including any increase in such Tax Benefit as a result of a Final Determination) (but, in the case of clauses (II) and (IV), for the absence of doubt, not in duplication of net amounts paid or received, respectively, in the aggregate by the members of the SpinCo Group pursuant to the 2019 Tax Allocation Agreement or the 1993 Tax Allocation Agreement).

(ii) The consolidated Federal Income Tax of the Pre-Deconsolidation Parent Group shall be allocated to the members of the Pre-Deconsolidation Parent Group based on the members' Separate Tax Return Liability in accordance with Section 1552(a)(2) of the Code and Treasury Regulations Section 1.1552-1(a)(2). An additional amount (positive or negative) shall be allocated to each member, which amount (I) for members having a Separate Tax Return Liability that is greater than zero, shall be a positive amount equal to 100% of the excess, if any, of (A) the Separate Return Tax Liability of such member (computed in accordance with Treasury Regulations Section 1.1552-1(a)(2)(ii)), over (B) the tax liability allocated to such member in accordance with Treasury Regulations Section 1.1552-1(a)(2), and (II) for members having a Separate Tax Return Liability of zero, shall be a negative amount equal to each such member's proportionate share of the aggregate amount described in the foregoing clause (I), allocated among such members based on the absolute value of the separate taxable loss of each such member for the period, determined in accordance with the principles of Section 2.02(a)(iii).

(iii) The term "**Separate Tax Return Liability**," as applied to each member of the Pre-Deconsolidation Parent Group, means the amount of Tax such member would owe for any Pre-Deconsolidation Period, computed as if it had filed a separate Tax Return for each such period, adjusted as follows:

(A) (i) Gains and losses on intercompany transactions, as well as any transactions with respect to stock or obligations of any member shall be taken into account as provided in Treasury Regulation Section 1.1502-13, (ii) gains and losses relating to inventory adjustments shall be taken into account as provided in Treasury Regulations Section 1.1502-18, (iii) a dividend distributed by a member shall not be taken into account in computing any deductions for dividends paid under the Code, (iv) excess losses shall be included in income as provided in Treasury Regulations Section 1.1502-19, (v) except as may be required under Treasury Regulations Section 1.1502-13, in the computations of depreciation, property shall not lose its character as new property as a result of a transfer from one member to another member, (vi) in the computations of tax credits and recapture, Treasury Regulations Section 1.1502-3(f)(2) shall apply, and (vii) basis shall be determined under Treasury Regulations Section 1.1502-31 and 1.1502-32, and earnings and profits shall be determined under Treasury Regulations Section 1.1502-33.

(B) In the event that a member's standalone net operating loss in a taxable period has been taken into account in determining the amount of payments due pursuant to the 2019 Tax Allocation Agreement, the 1993 Tax Allocation Agreement or this Agreement, such loss shall not reduce such member's taxable income for any other taxable period.

(C) Subject to clause (B) above, net operating losses, tax credits, and other items which, under the Code, could have been carried forward or back by a member of the Pre-Deconsolidation Parent Group if it were filing a separate return (and which did not result in a current year consolidated tax benefit) shall be taken into account in allocating tax liability in the carryforward or carryback year, after taking into account any applicable limitations on the use of such losses, credits or other items (whether under Sections 382 or 383 of the Code, the "separate return limitation year" provisions of Treasury Regulations Section 1.1502-21, or otherwise).

(D) For the absence of doubt, any expense of a member of the Pre-Deconsolidation Parent Group arising from an expense of Parent or Centennial (or New Centennial) that is reported on a Parent Federal Consolidated Income Tax Return and charged out to such member on the basis of a corporate overhead factor or a shared services overhead factor shall be taken into account (but not in duplication) in determining such member's Separate Tax Return Liability.

(E) Any adjustment or limitation related to interest deductions of Centennial (or New Centennial) that are reported on a Parent Federal Consolidated Income Tax Return shall be taken into account (i) if the limitation or adjustment specifically relates to a particular debt instrument, then (I) by the relevant member of the SpinCo Group insofar as such member of the SpinCo Group owed an intercompany obligation to Centennial (or New Centennial) corresponding to, and allocable to, the relevant debt instrument of Centennial (or New Centennial) or (II) by the relevant member of the Parent Group insofar as such member of the Parent Group owed an intercompany obligation to Centennial (or New Centennial) corresponding to, and allocable to, the relevant debt instrument of Centennial (or New Centennial) and (ii) insofar as the relevant debt instrument of Centennial (or New Centennial) does not correspond to or is not allocable to an intercompany obligation of any member of the Pre-Deconsolidation Parent Group (or if the limitation or adjustment does not specifically relate to a particular debt instrument), by the members of the Pre-Deconsolidation Parent Group that paid interest to Centennial (or New Centennial) pursuant to intercompany debt obligations owed to Centennial (or New Centennial) for the taxable period to which such Tax Return relates in proportion to the amount of interest each such member paid to Centennial (or New Centennial) for such period.

(iv) Notwithstanding anything to the contrary in this Section 2.02(a), the allocation to each member of the Pre-Deconsolidation Parent Group shall be determined by taking into account the following adjustments (without duplication):

(A) An allocation to each member reflecting the portion of the Federal Income Tax of the Pre-Deconsolidation Parent Group applicable to capital gains (increased by the period's consolidated benefit resulting from the reduction of the members' net capital gains by other members' net capital losses) based upon the proportion of the net capital gains of each member having net capital gains to the consolidated amount of net capital gains of members having net capital gains. Each period's consolidated benefit resulting from the reduction of another member's net capital gains shall be allocated proportionately to the members having net capital losses in proportion to the absolute value of such members' respective net capital losses. In the event of a carry-forward or carry-back of capital losses, each member's capital losses shall be taken into account for purposes of this allocation in the Pre-Deconsolidation Period, if any, in which such capital losses are used to reduce, and to the extent they reduce, the consolidated Federal Income Tax of the Pre-Deconsolidation Parent Group.

(B) An allocation to each member reflecting the amount of available tax credits generated by such member for a taxable period; *provided*, *however*, that in the event that not all available tax credits are used to reduce the consolidated Federal Income Tax of the Pre-Deconsolidation Parent Group in a taxable period due to statutory limitations, each member that generated tax credits for such taxable period shall be allocated a portion of the credits that were used to reduce the consolidated Federal Income Tax of the Pre-Deconsolidation Parent Group in proportion to the amount of credits such member generated for such taxable period. In the event of a carry forward or carry back of tax credits, each member's respective tax credits shall be taken into account for purposes of this allocation in the Pre-Deconsolidation Period, if any, in which such tax credits are used to reduce, and to the extent they reduce, the consolidated Federal Income Tax of the Pre-Deconsolidation Parent Group.

(b) *Allocation with Respect to Federal Separate Income Tax Returns*. (i) Parent shall be responsible for any and all Federal Income Taxes due with respect to or required to be reported on any Parent Separate Return (including any increase in such Tax as a result of a Final Determination); (ii) SpinCo shall be responsible for any and all Federal Income Taxes due with respect to or required to be reported on any SpinCo Separate Return (including any increase in such Tax as a result of a Final Determination); (iii) with respect to any Parent Separate Return relating to Federal Income Taxes, Parent shall be entitled to any Tax Benefit; and (iv) with respect to any SpinCo Separate Return relating to Federal Income Taxes, SpinCo shall be entitled to any Tax Benefit.

(c) *Allocation of Federal Other Tax*. (i) Parent shall be responsible for any and all Federal Other Taxes due with respect to or required to be reported on any Parent Separate Return or otherwise imposed on any member of the Parent Group; (ii) SpinCo shall be responsible for any and all Federal Other Taxes due with respect to or required to be reported on any SpinCo Separate Return or otherwise imposed on any member of the SpinCo Group; in each case, including any increase in such Tax as a result of a Final Determination.

Section 2.03 *Allocation of State Income Tax and State Other Taxes*. Except as otherwise provided in Section 2.04, State Income Tax, State Income Tax Benefit and State Other Tax shall be allocated as follows:

(a) *Allocation with Respect to Parent State Combined Income Tax Returns for Pre-Deconsolidation Periods*. With respect to any Parent State Combined Income Tax Return for any Pre-Deconsolidation Periods:

(i) (I) Parent shall be responsible for any and all State Income Taxes due or required to be reported on any such Tax Return (including any increase in such Tax as a result of a Final Determination) reduced by any SpinCo Allocated State Combined Income Tax Liability (including any increase in such Tax as a result of a Final Determination), (II) SpinCo shall be responsible for any and all SpinCo Allocated State Combined Income Tax Liability (including any increase in such Tax as a result of a Final Determination), (III) Parent shall be entitled to any Tax Benefit (including any increase in such Tax Benefit as a result of a Final Determination) reduced by any SpinCo Allocated State Income Tax Benefit (including any increase in such Tax Benefit as a result of a Final Determination), and (IV) SpinCo shall be entitled to any SpinCo Allocated State Income Tax Benefit (including any increase in such Tax Benefit as a result of a Final Determination) (but, in the case of clauses (II) and (IV), for the absence of doubt, not in duplication of net amounts paid or received, respectively, in the aggregate by the members of the SpinCo Group pursuant to the 2019 Tax Allocation Agreement or the 1993 Tax Allocation Agreement).

(ii) State Income Taxes due or required to be reported on any Parent State Combined Income Tax Return for Pre-Deconsolidation Periods shall be allocated among the members of the Pre-Deconsolidation Parent Group based upon the amount of State Income Taxes each such member would have been liable for on a hypothetical stand-alone basis in each state. Such allocation shall be reduced (for the absence of doubt, to a positive or negative number or zero, and without duplication) by (I) the amount of Consolidated State Income Tax Benefit allocated to such member and (II) the amount of available tax credits generated by such member for a taxable period; *provided*, *however*, that in the event that not all available tax credits are used to reduce the consolidated, combined or unitary State Income Tax of the Pre-Deconsolidation Parent Group in a taxable period due to statutory limitations, the amount taken into account under this clause (II) for each member that generated tax credits for such taxable period shall be a portion of the credits that were used to reduce the consolidated, combined or unitary State Income Tax of the Pre-Deconsolidation Parent Group proportionate to the amount of credits such member generated for such taxable period. In the event of a carry-forward or carry-back of tax credits, each member's respective tax credits shall be taken into account for purposes of this allocation in the Pre-Deconsolidation Period, if any, in which such tax credits are used to reduce, and to the extent they reduce, the consolidated, combined or unitary State Income Tax of the Pre-Deconsolidation Parent Group.

(iii) "**Consolidated State Income Tax Benefit**" resulting from the filing of any Parent State Combined Income Tax Returns for a Pre-Deconsolidation Period means the excess of (I) the aggregate of all State Income Taxes for the members of the Pre-Deconsolidation Parent Group as would be computed for such members if each member were filing separately in each state where such member would be required to file on a separate basis for such taxable period, over (II) the aggregate of all State Income Taxes due or required to be reported on any Parent State Combined Income Tax Return filed for such taxable period, determined, in each case, without regard to tax credits generated by members of the Pre-Deconsolidation Parent Group for such taxable period taken into account pursuant to Section 2.03(a)(ii). The Consolidated State Income Tax Benefit for a taxable period shall be allocated among the members of the Pre-Deconsolidation Parent Group in a manner consistent with Parent's past practice in interpreting and implementing the 2019 Tax Allocation Agreement, as determined by Parent in its reasonable discretion.

(b) *Allocation of State Income Tax with Respect to Separate Returns*. (i) Parent shall be responsible for any and all State Income Taxes due with respect to or required to be reported on any Parent Separate Return (including any increase in such Tax as a result of a Final Determination); (ii) SpinCo shall be responsible for any and all State Income Taxes due with respect to or required to be reported on any SpinCo Separate Return (including any increase in such Tax as a result of a Final Determination); (iii) with respect to any Parent Separate Return relating to State Income Taxes, Parent shall be entitled to any State Income Tax Benefit; and (iv) with respect to any SpinCo Separate Return relating to State Income Taxes, SpinCo shall be entitled to any State Income Tax Benefit.

(c) *Allocation of State Other Tax*. (i) Parent shall be responsible for any and all State Other Taxes due with respect to or required to be reported on any Parent Separate Return; (ii) SpinCo shall be responsible for any and all State Other Taxes due with respect to or required to be reported on any SpinCo Separate Return; (iii) SpinCo shall be responsible for any and all State Other Taxes due with respect to or required to be reported on any Joint Return for any Pre-Deconsolidation Period attributable to the SpinCo Business or the SpinCo Group (or any assets or activities thereof or relating thereto) or for which any member of the SpinCo Group would have been liable on a hypothetical stand-alone basis; and (iv) other than State Other Taxes for which SpinCo is responsible pursuant to the preceding clause (iii), Parent shall be responsible for any and all State Other Taxes due with respect to or required to be reported on any Joint Return for any Pre-Deconsolidation Period, in each case, including any increase in such Tax as a result of a Final Determination.

Section 2.04 *Certain Transaction and Other Taxes*.

(a) *SpinCo Liability*. SpinCo shall be liable for, and shall indemnify and hold harmless the Parent Group from and against any liability for:

(i) any stamp, sales and use, gross receipts, value-added or other transfer Taxes imposed by any Tax Authority on any member of the SpinCo Group (if such member is primarily liable for such Tax) on the transfers occurring pursuant to the Transactions;

(ii) any Tax resulting from a breach by SpinCo of any representation or covenant in this Agreement, the Separation and Distribution Agreement, any Ancillary Agreement, any Representation Letter or any Tax Opinion/Ruling; and

(iii) any Tax-Related Losses for which SpinCo is responsible pursuant to Section 7.05 of this Agreement.

(b) *Parent Liability*. Parent shall be liable for, and shall indemnify and hold harmless the SpinCo Group from and against any liability for:

(i) any stamp, sales and use, gross receipts, value-added or other transfer Taxes imposed by any Tax Authority on any member of the Parent Group (if such member is primarily liable for such Tax) on the transfers occurring pursuant to the Transactions;

(ii) any Tax resulting from a breach by Parent of any representation or covenant in this Agreement, the Separation and Distribution Agreement, any Ancillary Agreement, any Representation Letter or any Tax Opinion/Ruling; and

(iii) any Tax-Related Losses for which Parent is responsible pursuant to Section 7.05 of this Agreement.

Section 2.05 *Special Rules*. The allocations pursuant to Section 2.02(a) and Section 2.03(a) are intended to be made in a manner consistent with Parent's past practice in interpreting and implementing the 2019 Tax Allocation Agreement, as determined by Parent in its reasonable discretion. Parent shall determine the allocations of Tax and Tax Benefits described in Section 2.02(a) and Section 2.03(a) and the extent to which any amount has previously been paid, for purposes of Section 5.01(b)(i) and Section 5.01(c)(i), pursuant to the 2019 Tax Allocation Agreement or the 1993 Tax Allocation Agreement, in each case, in its reasonable discretion. Such determinations by Parent shall, in the absence of bad faith and mathematical error, be conclusive, final and binding on SpinCo and each member of the SpinCo Group. In connection with any relevant demand for payment by Parent under Section 5, Parent shall provide SpinCo with written notice containing a reasonably detailed summary of any such relevant determinations and timely respond to any reasonable requests from SpinCo for additional information with respect to any such determinations.

Section 3. Proration of Taxes for Straddle Periods.

Section 3.01 *General Method of Proration*. In the case of any Straddle Period, Tax Items shall be apportioned between Pre-Deconsolidation Periods and Post-Deconsolidation Periods in accordance with the principles of Treasury Regulations Section 1.1502-76(b) as interpreted and applied by Parent. With respect to the Parent Federal Consolidated Income Tax Return for the taxable year that includes the Distribution, Parent may determine in its sole discretion whether to make an election under Treasury Regulations Section 1.1502-76(b)(2)(ii) (relating to ratable allocation of a year's items). SpinCo shall, and shall cause each member of the SpinCo Group to, take all actions necessary to give effect to any such election. If the Deconsolidation Date is not an Accounting Cutoff Date, the provisions of Treasury Regulations Section 1.1502-76(b)(2)(iii) will be applied to ratably allocate the items (other than extraordinary items) for the month which includes the Deconsolidation Date.

Section 3.02 *Transactions Treated as Extraordinary Item*. In determining the apportionment of Tax Items between Pre-Deconsolidation Periods and Post-Deconsolidation Periods, any Tax Items relating to the Transactions shall be treated as extraordinary items described in Treasury Regulations Section 1.1502-76(b)(2)(ii)(C) and shall (to the extent occurring on or prior to the Deconsolidation Date) be allocated to Pre-Deconsolidation Periods, and any Taxes related to such items shall be treated under Treasury Regulations Section 1.1502-76(b)(2)(iv) as relating to such extraordinary items and shall (to the extent occurring on or prior to the Deconsolidation Date) be allocated to Pre-Deconsolidation Periods.

Section 4. Preparation and Filing of Tax Returns.

Section 4.01 *General*. Except as otherwise provided in this Section 4, Tax Returns shall be prepared and filed on or before their Due Date by the Person obligated to file such Tax Returns under the Code or applicable Tax Law. The Companies shall provide, and shall cause their Affiliates to provide, assistance and cooperation to one another in accordance with Section 8 with respect to the preparation and filing of Tax Returns, including by providing information required to be provided pursuant to Section 8.

Section 4.02 *Parent's Responsibility*. Parent has the exclusive obligation and right to prepare and file, or to cause to be prepared and filed:

(a) Parent Federal Consolidated Income Tax Returns for any Tax Periods ending on, before or after the Deconsolidation Date;

(b) Parent State Combined Income Tax Returns and any other Joint Returns which Parent reasonably determines are required to be filed (or which Parent chooses to be filed) by the Companies or any of their Affiliates for Tax Periods ending on, before or after the Deconsolidation Date; and

(c) Parent Separate Returns and SpinCo Separate Returns which Parent reasonably determines are required to be filed by the Companies or any of their Affiliates for Tax Periods ending on, before or after the Deconsolidation Date (limited, in the case of SpinCo Separate Returns, to such Returns for which the Due Date is on or before the Deconsolidation Date).

Section 4.03 *SpinCo's Responsibility*. SpinCo shall prepare and file, or shall cause to be prepared and filed, all Tax Returns required to be filed by or with respect to members of the SpinCo Group other than those Tax Returns which Parent is required or entitled to prepare and file under Section 4.02. The Tax Returns required to be prepared and filed by SpinCo under this Section 4.03 shall include (a) any SpinCo Federal Consolidated Income Tax Return for Tax Periods ending after the Deconsolidation Date and (b) SpinCo Separate Returns for which the Due Date is after the Deconsolidation Date.

Section 4.04 *Tax Accounting Practices*.

(a) *General Rule*. Except as otherwise provided in Section 4.04(b), with respect to any Tax Return that SpinCo has the obligation and right to prepare and file, or cause to be prepared and filed, under Section 4.03, for any Pre-Deconsolidation Period or any Straddle Period (or any taxable period beginning after the Deconsolidation Date to the extent items reported on such Tax Return could reasonably be expected to affect items reported on any Tax Return that Parent has the obligation or right to prepare and file for any Pre-Deconsolidation Period or any Straddle Period), such Tax Return shall be prepared in accordance with past practices, accounting methods, elections or conventions ("**Past Practices**") used with respect to the Tax Returns in question (unless there is no reasonable basis for the use of such Past Practices or unless there is no adverse effect to Parent), and to the extent any items are not covered by Past Practices (or in the event that there is no reasonable basis for the use of such Past Practices or there is no adverse effect to Parent), in accordance with reasonable Tax accounting practices selected by SpinCo. Except as otherwise provided in Section 4.04(b), Parent shall prepare any Tax Return which it has the obligation and right to prepare and file, or cause to be prepared and filed, under Section 4.02, in accordance with reasonable Tax accounting practices selected by Parent.

(b) *Reporting of Transactions*. The Tax treatment reported on any Tax Return of the Transactions shall be consistent with the treatment thereof in the Ruling Requests and the Tax Opinions/Rulings, unless there is no reasonable basis for such Tax treatment. The Tax treatment of the Transactions reported on any Tax Return for which SpinCo is the Responsible Company shall be consistent with that on any Tax Return filed or to be filed by Parent or any member of the Parent Group or caused or to be caused to be filed by Parent, in each case with respect to Pre-Deconsolidation Periods or with respect to Straddle Periods ("**Parent Group Transaction Returns**"), unless there is no reasonable basis for such Tax treatment. To the extent the Tax treatment relating to any aspect of the Transactions is not covered by the Ruling Requests, the Tax Opinions/Rulings or Parent Group Transaction Returns, the Companies shall report such Tax treatment on any and all Tax Returns as determined by Parent in its reasonable discretion.

Section 4.05 *Consolidated or Combined Tax Returns*. SpinCo will elect and join, and will cause its respective Affiliates to elect and join, in filing any Parent State Combined Income Tax Returns and any Joint Returns that Parent determines are required to be filed or that Parent chooses to file pursuant to Section 4.02(b). With respect to any SpinCo Separate Returns relating to any Tax Period (or portion thereof) ending on or prior to the Distribution Date, SpinCo will elect and join, and will cause its respective Affiliates to elect and join, in filing consolidated, unitary, combined, or other similar joint Tax Returns, to the extent each entity is eligible to join in such Tax Returns, if Parent reasonably determines that the filing of such Tax Returns is consistent with past reporting practices or otherwise so requests.

Section 4.06 *Right to Review Tax Returns*.

(a) *General*. The Responsible Company with respect to any Tax Return shall make such Tax Return (or the relevant portions thereof) and related workpapers available for review by the other Company, if requested, to the extent (i) such Tax Return relates to Taxes for which the requesting party is or could reasonably be expected to be liable, (ii) the requesting party would reasonably be expected to be liable in whole or in part for any additional Taxes owing as a result of material adjustments to the amount of Taxes reported on such Tax Return, (iii) such Tax Return relates to Taxes for which the requesting party would reasonably be expected to have a claim for material Tax Benefits under this Agreement, (iv) reasonably necessary for the requesting party to confirm compliance with the terms of this Agreement or (v) such Tax Return is required by the requesting party to comply with its reporting obligations to the Securities and Exchange Commission; *provided*, *however*, that notwithstanding anything in this Agreement or any other agreement to the contrary, Parent shall not be required to make any Parent Federal Consolidated Income Tax Return or Parent State Combined Income Tax Return (or related workpapers) available for review by SpinCo; *provided*, *further*, *however*, that if any Parent Federal Consolidated Income Tax Return or Parent State Combined Income Tax Return (or related workpapers) would otherwise be required to be made available for review by SpinCo, Parent shall use commercially reasonable efforts to make pro formas of such Tax Returns (or workpapers) reflecting solely Tax Items of the SpinCo Group available for review by SpinCo. The Responsible Company shall use commercially reasonable efforts to make such Tax Return (or the relevant portions thereof or pro formas with respect thereto) available for review as required under this paragraph sufficiently in advance of the Due Date of such Tax Return to provide the requesting party with a meaningful opportunity to analyze and comment on such Tax Return and shall use commercially reasonable efforts to have such Tax Return modified before filing, taking into account the person responsible for payment of the Tax (if any) reported on such Tax Return and whether the amount of Tax liability with respect to such Tax Return is material. The Companies shall attempt in good faith to resolve any disagreement arising out of the review of such Tax Return; *provided*, *however*, that, notwithstanding any other provision of this Agreement or any other agreement, Parent shall be entitled to determine in its reasonable discretion the positions taken on any Parent Federal Consolidated Income Tax Return or Parent State Combined Income Tax Return.

(b) *Execution of Returns Prepared by Other Party*. In the case of any Tax Return which is required to be prepared and filed by one Company under this Agreement and which is required by law to be signed by the other Company (or by its authorized representative), the Company which is legally required to sign such Tax Return shall not be required to sign such Tax Return under this Agreement if there is no reasonable basis for the Tax treatment of any item reported on the Tax Return.

Section 4.07 *SpinCo Carrybacks and Claims for Refund*. SpinCo hereby agrees that, unless Parent consents in writing, (i) no Adjustment Request with respect to any Joint Return shall be filed and (ii) any available elections to waive the right to claim in any Pre-Deconsolidation Period with respect to any Joint Return any SpinCo Carryback arising in a Post-Deconsolidation Period shall be made, and no affirmative election shall be made to claim any such SpinCo Carryback; *provided*, *however*, that the parties agree that any such Adjustment Request shall be made with respect to any SpinCo Carryback related to U.S. federal or State Taxes, upon the reasonable request of SpinCo, if (a) such SpinCo Carryback is necessary to prevent the loss of the federal and/or State Tax Benefit of such SpinCo Carryback, (b) such Adjustment Request, based on Parent's sole determination, will cause no Tax detriment to any member of the Parent Group and (c) such Adjustment Request, based on Parent's sole determination, will not result in any unreimbursed expense for any member of the Parent Group. Any Adjustment Request which Parent consents to make under this Section 4.07 shall be prepared and filed by the Responsible Company for the Tax Return to be adjusted.

Section 4.08 *Apportionment of Earnings and Profits and Tax Attributes*.

(a) If the Parent Affiliated Group has a Tax Attribute, the portion, if any, of such Tax Attribute apportioned to SpinCo or any member of the SpinCo Group or treated as a carryover to the first Post-Deconsolidation Period of SpinCo (or such member) shall be determined by Parent in accordance with Treasury Regulations Sections 1.1502-21, 1.1502-21T, 1.1502-22, 1.1502-79 and, if applicable, 1.1502-79A.

(b) No Tax Attribute with respect to any consolidated Federal Income Tax of the Parent Affiliated Group, other than those described in Section 4.08(a), and no Tax Attribute with respect to any consolidated, combined or unitary State Income Tax, in each case, arising in respect of a Joint Return, shall be apportioned to SpinCo or any member of the SpinCo Group, except as Parent (or such member of the Parent Group as Parent shall designate) determines is required under applicable Tax Law.

(c) To the extent required by applicable Tax Law or at SpinCo's reasonable request, Parent shall, or shall cause its designee to determine, in its reasonable discretion, the portion, if any, of any Tax Attribute that must (absent a Final Determination to the contrary) be apportioned to SpinCo or any member of the SpinCo Group in accordance with this Section 4.08 and applicable law and the amount of Tax basis and earnings and profits to be apportioned to SpinCo or any member of the SpinCo Group in accordance with this Section 4.08 and applicable Tax Law, and shall provide written notice of a proposed calculation thereof to SpinCo as soon as reasonably practicable after Parent or its designee prepares such calculation. As soon as reasonably practicable following the delivery of such calculation, SpinCo shall provide written comments on such calculation to Parent, which comments Parent shall consider in good faith in its reasonable discretion. For the absence of doubt, Parent shall not be liable to SpinCo or any member of the SpinCo Group for any failure of any determination under this Section 4.08 to be accurate or sustained under applicable Tax Law, including as the result of any Final Determination. The costs of any earnings and profits, Tax basis or similar study necessary or appropriate to determine the apportionment of Tax Attributes hereunder shall be borne equally by Parent and SpinCo.

(d) Any written notice delivered by Parent pursuant to Section 4.08(c) shall, in the absence of bad faith and mathematical error, be conclusive, final and binding on SpinCo and each member of the SpinCo Group. Except to the extent otherwise required by a change in applicable Tax Law or pursuant to a Final Determination, SpinCo shall not take any position (whether on a Tax Return or otherwise) that is inconsistent with the information contained in any such written notice.

Section 5. Tax Payments.

Section 5.01 *Payment of Income Taxes with Respect to Joint Returns*. In the case of any Joint Return with respect to Income Taxes:

(a) *Computation and Payment of Tax Due*. At least three Business Days prior to any Payment Date for any Tax Return, the Responsible Company shall compute the amount of Tax required to be paid to the applicable Tax Authority with respect to such Tax Return on such Payment Date. The Responsible Company shall pay such amount to such Tax Authority on or before such Payment Date (and provide notice and proof of payment to the other Company).

(b) *Computation and Payment of Liability with Respect To Estimated Tax Due*. Within 30 days following the earlier of (i) the Payment Date for paying any required installment of estimated Taxes with respect to any such Tax Return or Taxes due with a request for extension of time to file or (ii) the date on which a required installment of estimated Taxes with respect to any such Tax Return is paid by the relevant Responsible Party or Taxes due with a request for extension of time to file are paid by the relevant Responsible Party:

(i) if Parent is the Responsible Company, then SpinCo shall pay to Parent an amount equal to (I) the Estimated SpinCo Allocated Income Tax Liability relating to such installment or extension payment, plus (II) any amounts previously paid to any member of the SpinCo Group by any member of the Parent Group relating to such installment or extension payment under the 2019 Tax Allocation Agreement or the 1993 Tax Allocation Agreement, less (III) any amounts previously paid to any member of the Parent Group by any member of the SpinCo Group relating to such installment or extension payment under the 2019 Tax Allocation Agreement or the 1993 Tax Allocation Agreement, and less (IV) any Estimated SpinCo Allocated Income Tax Benefit related to such installment or extension payment; *provided* that if the amount otherwise payable by SpinCo to Parent under this clause (i) is negative, then SpinCo shall not pay any amount to Parent under this clause (i) and instead Parent shall pay to SpinCo the absolute value of such amount.

(ii) The amounts payable under Section 5.01(b)(i) shall be increased by interest computed at the Prime Rate on the amount of the payment based on the number of days from the earlier of (I) the due date of such required installment of estimated Taxes or payment due with a request for extension of time to file or (II) the date on which such required installment of estimated Taxes or payment due with a request for extension to file is paid, to the date of payment.

(c) *Computation and Payment of Liability With Respect To Tax Due*. Within 30 days following the earlier of (i) the Due Date for filing any such Tax Return (excluding any Tax Return with respect to payment of estimated Taxes or Taxes due with a request for extension of time to file) or (ii) the date on which such Tax Return is filed (excluding any Tax Return with respect to payment of estimated Taxes or Taxes due with a request for extension of time to file):

(i) if Parent is the Responsible Company, then SpinCo shall pay to Parent an amount equal to (I) the SpinCo Allocated Income Tax Liability relating to such Tax Return, plus (II) any amounts previously paid to any member of the SpinCo Group by any member of the Parent Group relating to such Tax Return under the 2019 Tax Allocation Agreement or the 1993 Tax Allocation Agreement, less (III) any amounts previously paid to any member of the Parent Group by any member of the SpinCo Group relating to such Tax Return under the 2019 Tax Allocation Agreement or the 1993 Tax Allocation Agreement, less (IV) any SpinCo Allocated Income Tax Benefit related to such Tax Return, less (V) any amounts previously paid by SpinCo to Parent relating to such Tax Return pursuant to Section 5.01(b)(i) (for the absence of doubt, disregarding any interest paid pursuant to Section 5.01(b)(ii)), and plus (VI) any amounts previously paid by Parent to SpinCo relating to such Tax Return pursuant to Section 5.01(b)(i) (for the absence of doubt, disregarding any interest paid pursuant to Section 5.01(b)(ii)); *provided* that if the amount otherwise payable by SpinCo to Parent under this clause (i) is negative, then SpinCo shall not pay any amount to Parent under this clause (i) and instead Parent shall pay to SpinCo the absolute value of such amount.

(ii) The amounts payable under Section 5.01(c)(i) shall be increased by interest computed at the Prime Rate on the amount of the payment based on the number of days from the earlier of (I) the Due Date of the Tax Return or (II) the date on which such Tax Return is filed, to the date of payment.

(d) *Adjustments Resulting in Underpayments*. In the case of any adjustment pursuant to a Final Determination with respect to any such Tax Return, the Responsible Company shall pay to the applicable Tax Authority when due any additional Tax due with respect to such Return required to be paid as a result of such adjustment pursuant to a Final Determination. The amount of such additional Tax attributable to the SpinCo Group and the Parent Group, respectively, shall be computed in accordance with Section 2. If the Responsible Company is Parent, SpinCo shall pay to Parent any amount for which SpinCo is responsible under Section 2 within 30 days following the later of (i) the date the additional Tax was paid by the Responsible Company or (ii) the date of receipt of a written notice and demand from the Responsible Company for payment of the amount due, accompanied by evidence of payment and a statement detailing the Taxes paid and describing in reasonable detail the particulars relating thereto. Any payments required under this Section 5.01(d) shall include interest computed at the Prime Rate based on the number of days from the date the additional Tax was paid by the Responsible Company to the date of the payment under this Section 5.01(d).

Section 5.02 *Indemnification Payments*.

(a) Subject to Section 7.05(d) and 7.05(e), if any Company (the "**Payor**") is required under applicable Tax Law to pay to a Tax Authority a Tax that another Company (the "**Required Party**") is liable for under this Agreement, the Required Party shall reimburse the Payor within 30 days of delivery by the Payor to the Required Party of an invoice for the amount due, accompanied by evidence of payment and a statement detailing the Taxes paid and describing in reasonable detail the particulars relating thereto; *provided* that the reimbursement shall include interest on the Tax payment computed at the Prime Rate based on the number of days from the date of the payment to the Tax Authority to the date of reimbursement under this Section 5.02.

(b) All indemnification payments under this Agreement shall be made by Parent directly to SpinCo and by SpinCo directly to Parent, as applicable; *provided*, *however*, that if the Companies mutually agree with respect to any such indemnification payment, any member of the Parent Group, on the one hand, may make such indemnification payment to any member of the SpinCo Group, on the other hand, and vice versa.

Section 6. Tax Benefits.

Section 6.01 *Tax Benefits*.

(a) Except as otherwise provided in Section 2 or Section 5 or below in this Section 6, Parent shall be entitled to any refund (and any interest thereon received from the applicable Tax Authority) of Income Taxes and Other Taxes for which Parent is liable hereunder, SpinCo shall be entitled to any refund (and any interest thereon received from the applicable Tax Authority) of Income Taxes and Other Taxes for which SpinCo is liable hereunder (*provided*, *however*, that SpinCo shall not be entitled to any refund (or interest thereon received from the applicable Tax Authority) in duplication of amounts previously taken into account for purposes of payments pursuant to the 2019 Tax Allocation Agreement, the 1993 Tax Allocation Agreement or Section 2 or Section 5, any such refund (and interest thereon received from the applicable Tax Authority) to be for the account of Parent hereunder). A Company (the first Company) receiving a refund or other Tax Benefit to which another Company (the second Company) is entitled hereunder shall pay over such refund or Tax Benefit to the second Company within 30 days after such refund or Tax Benefit is received (without duplication, together with interest computed at the Prime Rate based on the number of days from the date the refund was received to the date the refund was paid over). The second Company, upon the request of the first Company, shall promptly repay the first Company the amount paid over pursuant to the preceding sentence (together with any penalties, interest or other charges imposed by the relevant Tax Authority) in the event that the first Company is required to repay such refund or Tax Benefit to such Tax Authority.

(b) Notwithstanding Sections 2.02(a) and (b) and Sections 2.03(a) and (b): (i) if a member of the SpinCo Group actually realizes in cash any Tax Benefit as a result of an adjustment pursuant to a Final Determination to any Taxes for which a member of the Parent Group is liable hereunder (or to the tax basis or any Tax Attribute of a member of the Parent Group) (a "**Parent Final Determination Adjustment**") and such Tax Benefit would not have arisen but for such adjustment (determined on a "with and without" basis), or if a member of the Parent Group actually realizes in cash any Tax Benefit as a result of an adjustment pursuant to a Final Determination to any Taxes for which a member of the SpinCo Group is liable hereunder (or to the tax basis or any Tax Attribute of a member of the SpinCo Group) and such Tax Benefit would not have arisen but for such adjustment (determined on a "with and without" basis), SpinCo or Parent, as the case may be, shall make a payment to either Parent or SpinCo, as appropriate, within 30 days following such actual realization of the Tax Benefit, in an amount equal to such Tax Benefit actually realized in cash (including any Tax Benefit actually realized as a result of the payment), plus interest on such amount computed at the Prime Rate based on the number of days from the date of such actual realization of the Tax Benefit to the date of payment of such amount under this Section 6.01(b) and (ii) in the case of a Parent Final Determination Adjustment, then, upon the written request of and at the expense of Parent, SpinCo shall (and, if applicable, shall cause the relevant member of the SpinCo Group to) amend any Tax Return thereof to the extent such amendment would result in a corresponding or correlative Tax Benefit (which shall include, without limitation, any step-up in tax basis).

(c) No later than 30 days after a Tax Benefit described in Section 6.01(b) is actually realized in cash by a member of the Parent Group or a member of the SpinCo Group, Parent (if a member of the Parent Group actually realizes such Tax Benefit) or SpinCo (if a member of the SpinCo Group actually realizes such Tax Benefit) shall provide the other Company with a written calculation of the amount payable to such other Company by Parent or SpinCo pursuant to this Section 6. In the event that SpinCo or Parent disagrees with any such calculation described in this Section 6.01(c), Parent or SpinCo shall so notify the other Company in writing within 30 days of receiving the written calculation set forth above in this Section 6.01(c). Parent and SpinCo shall endeavor in good faith to resolve such disagreement, and, failing that, the amount payable under this Section 6 shall be determined by Parent in its reasonable discretion.

(d) Notwithstanding Sections 2.02(a) and 2.03(a): (i) SpinCo shall be entitled to any refund that is attributable to, and would not have arisen but for, a SpinCo Carryback pursuant to, and in accordance with, the proviso set forth in Section 4.07, as determined by Parent in its reasonable discretion, and (ii) any such payment of such refund made by Parent to SpinCo pursuant to this Section 6.01(d) shall be recalculated in light of any Final Determination (or any other facts that may arise or come to light after such payment is made, such as a carryback of a Parent Group Tax Attribute to a Tax Period in respect of which such refund is received) that would affect the amount to which SpinCo is entitled, and an appropriate adjusting payment shall be made by SpinCo to Parent such that the aggregate amounts paid pursuant to this Section 6.01(d) equals such recalculated amount (with interest computed at the Prime Rate), as determined by Parent in its reasonable discretion.

Section 6.02 *Parent and SpinCo Income Tax Deductions in Respect of Certain Equity Awards and Incentive Compensation*. To the extent permitted by applicable law, solely the member of the Group for which the relevant individual is employed at the time of the vesting, exercise, disqualifying disposition, payment or other relevant taxable event, as appropriate, in respect of the equity awards and other incentive compensation described in Article IV of the Employee Matters Agreement (or, if such individual is not then employed by a member of any Group, the Group member at which such individual was most recently employed) shall be entitled to claim any Income Tax deduction in respect of such equity awards and other incentive compensation on its respective Tax Return associated with such event.

Section 7. Tax-Free Status.

Section 7.01 *Tax Opinions/Rulings and Representation Letters*.

(a) Each of SpinCo and Parent hereby represents and agrees that (A) it has carefully reviewed or will carefully review the Representation Letters prior to the date submitted and (B) subject to any qualifications therein, all information, representations and covenants contained in such Representation Letters that concern or relate to such Company or any member of its Group are and will be true, correct and complete.

(b) If any Representation Letters have not yet been submitted, SpinCo and Parent shall use their commercially reasonable efforts and shall cooperate in good faith to finalize (or cause to be finalized) the same as soon as possible and to cause the same to be submitted to the Tax Advisors, the IRS or such other governmental authorities as Parent shall deem necessary or desirable. SpinCo and Parent shall take such other commercially reasonable actions as may be necessary or desirable to obtain any Tax Opinions/Rulings that have not yet been obtained.

(c) SpinCo hereby represents and warrants that it has no plan or intention to take any action or to fail to take any action (or to cause or permit any member of its Group to take or fail to take any action), in each case, from and after the date hereof, that could reasonably be expected to cause any representation or statement made in this Agreement, the Separation and Distribution Agreement, the Representation Letters, or any of the Ancillary Agreements to be untrue.

(d) SpinCo hereby represents and warrants that, during the period beginning two years before the Distribution Date and ending on the Distribution Date, there was no "agreement," "understanding," "arrangement," "substantial negotiations" or "discussions" (as such terms are defined in Treasury Regulations Section 1.355-7(h)) by any one or more officers or directors of any member of the SpinCo Group or by any other person or persons with the implicit or explicit permission of one or more of such officers or directors regarding an acquisition, directly or indirectly, of all or a significant portion of the SpinCo Capital Stock (or any predecessor); *provided*, *however*, that no representation is made regarding any "agreement," "understanding," "arrangement," "substantial negotiations" or "discussions" (as such terms are defined in Treasury Regulations Section 1.355-7(h)) by any one or more officers or directors of Parent.

Section 7.02 *Restrictions on SpinCo*.

(a) SpinCo agrees that it will not take or fail to take, or cause or permit any SpinCo Affiliate to take or fail to take, any action where such action or failure to act would be inconsistent with or cause to be untrue any material, information, statement, covenant or representation in this Agreement, the Separation and Distribution Agreement, any of the Ancillary Agreements, any Representation Letters or any Tax Opinions/Rulings. SpinCo agrees that it will not take or fail to take, or permit any SpinCo Affiliate to take or fail to take, any action which prevents or could reasonably be expected to prevent (A) the Tax-Free Status (including the issuance of any SpinCo Capital Stock that would prevent the Distribution from qualifying as a tax-free distribution under Section 355 of the Code), (B) the Merger from qualifying as a tax-free liquidation under Section 332 of the Code or (C) any transaction contemplated by the Separation and Distribution Agreement, to the extent such transaction is intended by Parent to be tax-free or tax-advantaged, from so qualifying (it being agreed and understood that SpinCo shall not agree, and shall prevent any SpinCo Affiliate from agreeing, in any Tax Contest to any position that is inconsistent with the Tax treatment, as intended or determined by Parent, of the Transactions).

(b) *Pre-Distribution Period*. During the period from the date hereof until the completion of the Distribution, SpinCo shall not take any action (including the issuance of SpinCo Capital Stock) or permit any SpinCo Affiliate to take any action if, as a result of taking such action, SpinCo could have a number of shares of SpinCo Capital Stock (computed on a fully diluted basis or otherwise) issued and outstanding, including by way of the exercise of stock options (whether or not such stock options are currently exercisable) or the issuance of restricted stock, that could cause Parent to cease to have Tax Control of SpinCo.

(c) SpinCo agrees that, from the date hereof until the first day after the two-year anniversary of the Distribution Date, it will (i) maintain its status as a company engaged in the Active Trade or Business for purposes of Section 355(b)(2) of the Code and (ii) not engage in any transaction that would result in SpinCo ceasing to be a company engaged in the Active Trade or Business for purposes of Section 355(b)(2) of the Code, in the case of each of clauses (i) and (ii), taking into account Section 355(b)(3) of the Code.

(d) SpinCo agrees that, from the date hereof until the first day after the two-year anniversary of the Distribution Date, it will not (i) enter into any Proposed Acquisition Transaction or, to the extent SpinCo has the right to prohibit (or cause to be prohibited) any Proposed Acquisition Transaction, permit any Proposed Acquisition Transaction to occur (whether by (I) redeeming rights under a shareholder rights plan, (II) finding a tender offer to be a "permitted offer" under any such plan or otherwise causing any such plan to be inapplicable or neutralized with respect to any Proposed Acquisition Transaction, or (III) approving any Proposed Acquisition Transaction, whether for purposes of Section 203 of the Delaware General Corporation Law or any similar corporate statute, any "fair price" or other provision of SpinCo's charter or bylaws or otherwise), (ii) merge or consolidate with any other Person or liquidate or partially liquidate, (iii) in a single transaction or series of transactions, sell or transfer (other than sales or transfers of inventory in the ordinary course of business) all or substantially all of the assets that were transferred, directly or indirectly, to SpinCo pursuant to the Separation and Distribution Agreement or pursuant to the Contribution, or sell or transfer 30% or more of the gross assets of the Active Trade or Business or 30% or more of the consolidated gross assets of SpinCo and its Affiliates (such percentages to be measured based on fair market value as of the date of the Distribution, as applicable), (iv) redeem or otherwise repurchase (directly or through an Affiliate) any SpinCo stock, or rights to acquire stock, except (in the case of repurchases of SpinCo stock) to the extent such repurchases satisfy Section 4.05(1)(b) of Revenue Procedure 96-30 (as in effect prior to the amendment of such Revenue Procedure by Revenue Procedure 2003-48), (v) amend its certificate of incorporation (or other organizational documents), or take any other action, whether through a stockholder vote or otherwise, affecting the voting rights of SpinCo Capital Stock (including, without limitation, through the conversion of one class of stock into another class of stock) or (vi) take any other action or actions (including any action or transaction that would be reasonably likely to be inconsistent with any representation or covenant made in the Representation Letters or the Tax Opinions/Rulings) which in the aggregate (and taking into account any other transactions described in this clause (d)) would be reasonably likely to have the effect of causing or permitting one or more persons (whether or not acting in concert) to acquire directly or indirectly stock representing a Fifty-Percent or Greater Interest in SpinCo or otherwise jeopardize the Tax-Free Status, unless, in each case, prior to taking any such action set forth in the foregoing clauses (i) through (vi), (A) SpinCo shall have requested that Parent obtain a Ruling in accordance with Section 7.04(b) and (d) of this Agreement to the effect that such transaction will not affect the Tax-Free Status and Parent shall have received such a Ruling in form and substance satisfactory to Parent in its sole and absolute discretion, which discretion shall be exercised in good faith solely to preserve the Tax-Free Status (and in determining whether a Ruling is satisfactory, Parent may consider, among other factors, the appropriateness of any underlying assumptions and management's representations made in connection with such Ruling), or (B) SpinCo shall provide Parent with an Unqualified Tax Opinion in form and substance satisfactory to Parent in its sole and absolute discretion, which discretion shall be exercised in good faith solely to preserve the Tax-Free Status (and in determining whether an opinion is satisfactory, Parent may consider, among other factors, the appropriateness of any underlying assumptions and management's representations if used as a basis for the opinion, and Parent may determine that no opinion would be acceptable to Parent) or (C) Parent shall have waived the requirement to obtain such Ruling or Unqualified Tax Opinion.

(e) *Certain Issuances of SpinCo Capital Stock*. If SpinCo proposes to enter into any Section 7.02(e) Acquisition Transaction or if SpinCo, to the extent SpinCo has the right to prohibit (or cause to be prohibited) any Section 7.02(e) Acquisition Transaction, proposes to permit any Section 7.02(e) Acquisition Transaction to occur, in each case, during the period from the date hereof until the first day after the two-year anniversary of the Distribution Date, SpinCo shall provide Parent, no later than 10 days following the signing of any written agreement (by SpinCo or any SpinCo Affiliate) with respect to the Section 7.02(e) Acquisition Transaction, with a written description of such transaction (including the type and amount of SpinCo Capital Stock, as the case may be, to be issued in such transaction) and a certificate of the Board of Directors of SpinCo to the effect that the Section 7.02(e) Acquisition Transaction is not a Proposed Acquisition Transaction or any other transaction to which the requirements of Section 7.02(d) apply (a "**Board Certificate**").

(f) *SpinCo Internal Restructuring*. SpinCo shall not engage in, cause or permit any Internal Restructuring during or with respect to any Tax Period (or portion thereof) ending on or prior to the Distribution Date without obtaining the prior written consent of Parent (such prior written consent not to be unreasonably withheld), other than pursuant to the Plan of Reorganization. SpinCo shall provide written notice to Parent describing any Internal Restructuring proposed to be taken during or with respect to any Tax Period (or portion thereof) beginning after the Distribution Date and ending on or prior to the two-year anniversary of the Distribution Date and shall consult with Parent regarding any such proposed actions reasonably in advance of taking any such proposed actions and shall consider in good faith any comments from Parent relating thereto. SpinCo shall not engage in, cause or permit any Internal Restructurings that prevent or could reasonably be expected to prevent the Merger from qualifying as a tax-free liquidation under Section 332 of the Code.

Section 7.03 *Restrictions on Parent*. Parent agrees that it will not take or fail to take, or cause or permit any member of the Parent Group to take or fail to take, any action where such action or failure to act would be inconsistent with or cause to be untrue any material, information, statement, covenant or representation in this Agreement, the Separation and Distribution Agreement, any of the Ancillary Agreements, any Representation Letters or any Tax Opinions/Rulings. Parent agrees that it will not take or fail to take, or cause or permit any member of the Parent Group to take or fail to take, any action which prevents or could reasonably be expected to prevent (A) the Tax-Free Status or (B) any transaction contemplated by the Separation and Distribution Agreement, to the extent such transaction is intended by Parent as of the date hereof to be tax-free or tax-advantaged, from so qualifying; *provided*, *however*, that this Section 7.03 shall not be construed as obligating Parent to consummate the Distribution without the satisfaction or waiver of all conditions set forth in Section 3.3 of the Separation and Distribution Agreement nor shall it be construed as preventing Parent from terminating the Separation and Distribution Agreement pursuant to Section 9.1 thereof nor shall it be construed as obligating Parent to consummate the Clean-Up Distribution or the Debt-for-Equity Exchange.

Section 7.04 *Procedures Regarding Opinions and Rulings*.

(a) If SpinCo notifies Parent that it desires to take one of the actions described in clauses (i) through (vi) of Section 7.02(d) (a "**Notified Action**"), Parent and SpinCo shall reasonably cooperate to attempt to obtain the Ruling or Unqualified Tax Opinion referred to in Section 7.02(d), unless Parent shall have waived the requirement to obtain such Ruling or Unqualified Tax Opinion.

(b) *Rulings or Unqualified Tax Opinions at SpinCo's Request*. Parent agrees that, at the reasonable request of SpinCo pursuant to Section 7.02(d), Parent shall cooperate with SpinCo and use reasonable efforts to seek to obtain, as expeditiously as possible, a Ruling from the IRS or an Unqualified Tax Opinion for the purpose of permitting SpinCo to take the Notified Action. Further, in no event shall Parent be required to file a request for any such Ruling under this Section 7.04(b), unless SpinCo represents that (A) it has read such request, and (B) all information and representations, if any, relating to any member of the SpinCo Group, contained in such request (or in any documents relating thereto) are (subject to any qualifications therein) true, correct and complete. SpinCo shall reimburse Parent for all reasonable costs and expenses incurred by the Parent Group in preparing and filing any such request and in obtaining a Ruling or an Unqualified Tax Opinion requested by SpinCo within 10 Business Days after receiving an invoice from Parent therefor.

(c) *Rulings or Unqualified Tax Opinions at Parent's Request*. Parent shall have the right to obtain a Ruling or an Unqualified Tax Opinion at any time in its sole and absolute discretion. If Parent determines to obtain a Ruling or an Unqualified Tax Opinion, SpinCo shall (and shall cause each Affiliate of SpinCo to) cooperate with Parent and take any and all actions reasonably requested by Parent in connection with obtaining the Ruling or Unqualified Tax Opinion (including, without limitation, by making any representation or covenant or providing any materials or information requested by the IRS or Tax Advisor; *provided* that SpinCo shall not be required to make (or cause any Affiliate of SpinCo to make) any representation or covenant that is inconsistent with historical facts or as to future matters or events over which it has no control). Parent and SpinCo shall each bear its own costs and expenses in obtaining a Ruling or an Unqualified Tax Opinion requested by Parent.

(d) SpinCo hereby agrees that Parent shall have sole and exclusive control over the process of obtaining any Ruling, and that only Parent shall apply for a Ruling. In connection with obtaining a Ruling pursuant to Section 7.04(b), (A) Parent shall keep SpinCo informed in a timely manner of all material actions taken or proposed to be taken by Parent in connection therewith; (B) Parent shall (1) reasonably in advance of the submission of any documents relating to the request for such Ruling, provide SpinCo with a draft copy thereof, (2) reasonably consider SpinCo's comments on such draft copy, and (3) provide SpinCo with a final copy; and (C) Parent shall provide SpinCo with notice reasonably in advance of, and SpinCo shall have the right to attend, any formally scheduled meetings with the IRS (subject to the approval of the IRS) that relate to such Ruling. Neither SpinCo nor any SpinCo Affiliate directly or indirectly controlled by SpinCo shall seek any guidance from the IRS or any other Tax Authority (whether written, verbal or otherwise) at any time concerning the Contribution or the Distribution (including the impact of any transaction on the Contribution or the Distribution) or the Transactions.

Section 7.05 *Liability for Tax-Related Losses*.

(a) Notwithstanding anything in this Agreement or the Separation and Distribution Agreement to the contrary, subject to Section 7.05(c), SpinCo shall be responsible for, and shall indemnify and hold harmless Parent and its Affiliates and each of their respective officers, directors and employees from and against, one hundred percent (100%) of any Tax-Related Losses that are attributable to or result (for the absence of doubt, in whole or in part) from any one or more of the following: (A) the acquisition (other than pursuant to the Contribution, the Distribution, the Clean-Up Distribution, the Debt-for-Equity Exchange or the Hook Stock Distribution), by any means whatsoever or by any Person, of all or a portion of (i) SpinCo Capital Stock, and/or (ii) SpinCo's assets or any of its subsidiaries' assets, (B) any "agreement," "understanding," "arrangement," "substantial negotiations" or "discussions" (as such terms are defined in Treasury Regulations Section 1.355-7(h)) by any one or more officers or directors of any member of the SpinCo Group or by any other person or persons with the implicit or explicit permission of one or more of such officers or directors regarding transactions or events that cause the Distribution to be treated as part of a plan pursuant to which one or more Persons acquire, directly or indirectly, stock of SpinCo or stock of any Subsidiary of SpinCo, in each case, representing a Fifty-Percent or Greater Interest therein, (C) any action or failure to act by SpinCo after the Distribution (including, without limitation, any amendment to SpinCo's certificate of incorporation (or other organizational documents), whether through a stockholder vote or otherwise) affecting the voting rights of SpinCo stock (including, without limitation, through the conversion of one class of SpinCo Capital Stock into another class of SpinCo Capital Stock), (D) any act or failure to act by SpinCo, any member of the SpinCo Group described in Section 7.02 (regardless of whether such act or failure to act is covered by a Ruling, Unqualified Tax Opinion or waiver, as applicable, described in Section 7.02(d) or by a Board Certificate described in Section 7.02(e) or a consent described in Section 7.02(f)), or (E) any breach by SpinCo of its agreement and representations set forth in Section 7.01.

(b) Notwithstanding anything in this Agreement or the Separation and Distribution Agreement to the contrary, subject to Section 7.05(c), Parent shall be responsible for, and shall indemnify and hold harmless SpinCo and its Affiliates and each of their respective officers, directors and employees from and against, one hundred percent (100%) of any Tax-Related Losses that are attributable to, or result (for the absence of doubt, in whole or in part) from any one or more of the following: (A) the acquisition (other than pursuant to the Transactions) of all or a portion of Parent's stock and/or its or its subsidiaries' assets by any means whatsoever by any Person, (B) any "agreement," "understanding," "arrangement," "substantial negotiations" or "discussions" (as such terms are defined in Treasury Regulations Section 1.355-7(h)) by any one or more officers or directors of any member of the Parent Group or by any other person or persons with the implicit or explicit permission of one or more of such officers or directors regarding transactions or events that cause the Distribution to be treated as part of a plan pursuant to which one or more Persons acquire, directly or indirectly, stock of Parent representing a Fifty-Percent or Greater Interest therein, (C) any act or failure to act by Parent or a member of the Parent Group described in Section 7.03 or (D) any breach by Parent of its agreements and representations set forth in Section 7.01(a).

(c) Notwithstanding anything in Section 7.05(b) or any other provision of this Agreement or the Separation and Distribution Agreement to the contrary:

(i) SpinCo shall be responsible for, and shall indemnify and hold harmless Parent and its Affiliates and each of their respective officers, directors and employees from and against, one hundred percent (100%) of (I) any Tax-Related Losses resulting from the application of Section 355(e) or Section 355(f) of the Code (other than as a result of an acquisition of a Fifty-Percent or Greater Interest in Parent or any member of the Parent Group) and (II) any other Tax-Related Losses resulting (for the absence of doubt, in whole or in part) from an acquisition after the Distribution (other than pursuant to the Clean-Up Distribution or the Debt-for-Equity Exchange) of any stock or assets of SpinCo or any SpinCo Affiliate by any means whatsoever by any Person or any action or failure to act by SpinCo affecting the voting rights of SpinCo stock or the stock of any SpinCo Affiliate; and

(ii) for purposes of calculating the amount and timing of any Tax-Related Losses for which SpinCo is responsible under this Section 7.05, Tax-Related Losses shall be calculated by assuming that Parent, the Parent Affiliated Group and each member of the Parent Group (I) pay Tax at the highest marginal corporate Tax rates in effect in each relevant taxable year and (II) have no Tax Attributes in any relevant taxable year.

(d) SpinCo shall pay Parent the amount of any Tax-Related Losses for which SpinCo is responsible under this Section 7.05: (A) in the case of Tax-Related Losses described in clause (i) of the definition of Tax-Related Losses, no later than 10 Business Days prior to the Due Date of the Tax Return that Parent files, or causes to be filed, for the year of the Contribution, Distribution, Clean-Up Distribution or Debt-for-Equity Exchange, as applicable (the "**Filing Date**") (*provided* that if such Tax-Related Losses arise pursuant to a Final Determination described in clause (a), (b) or (c) of the definition of "Final Determination," then SpinCo shall pay Parent no later than two Business Days after the date of such Final Determination with interest calculated at the Prime Rate plus two percent (2%), compounded semiannually, from the date that is 10 Business Days prior to the Filing Date through the date of such Final Determination (but not in duplication of interest charged by the applicable Tax Authority)) and (B) in the case of Tax-Related Losses described in clause (ii) or (iii) of the definition of Tax-Related Losses, no later than the later of (x) the date that is two Business Days after the date Parent pays such Tax-Related Losses and (y) the date that is five Business Days after SpinCo receives notification from Parent of the amount of such Tax-Related Losses due.

(e) Parent shall calculate in good faith and notify SpinCo of the amount of any Tax-Related Losses for which SpinCo is responsible under this Section 7.05. Such calculation shall be binding on SpinCo absent manifest error. At SpinCo's reasonable request, Parent shall make available to SpinCo the portion of any Tax Return or other documentation and related workpapers that are relevant to the determination of the Tax-Related Losses attributable to SpinCo pursuant to this Section 7.05.

Section 7.06 *Section 336(e) Election*. If Parent determines, in its sole discretion, that a protective election under Section 336(e) of the Code (a "**Section 336(e) Election**") shall be made with respect to the Distribution, SpinCo shall (and shall cause any relevant member of the SpinCo Group to) join with Parent (or any relevant member of the Parent Group) in the making of such election and shall take any action reasonably requested by Parent or that is otherwise necessary to give effect to such election (including making any other related election). If a Section 336(e) Election is made with respect to the Distribution, then (a) in the event the Contribution or the Distribution fails to have Tax-Free Status and Parent is not entitled to indemnification for the Tax-Related Losses arising from such failure, SpinCo shall pay over to Parent any Tax Benefit arising from the step-up in Tax basis resulting from the Section 336(e) Election within 30 days of SpinCo (or any member of the SpinCo Group) realizing such Tax Benefit in cash and (b) this Agreement shall be amended in such a manner as is determined by Parent in good faith to take into account such Section 336(e) Election.

Section 8. Assistance and Cooperation.

Section 8.01 *Assistance and Cooperation*.

(a) The Companies shall cooperate (and cause their respective Affiliates to cooperate) with each other and with each other's agents, including accounting firms and legal counsel, in connection with Tax matters relating to the Companies and their Affiliates, including (i) preparation and filing of Tax Returns, (ii) determining the liability for and amount of any Taxes due (including estimated Taxes) or the right to and amount of any refund of Taxes, (iii) examinations of Tax Returns, and (iv) any administrative or judicial proceeding in respect of Taxes assessed or proposed to be assessed. Each of the Companies shall also make available to the other, as reasonably requested and available, personnel (including officers, directors, employees and agents of the Companies or their respective Affiliates) responsible for preparing, maintaining, and interpreting information and documents relevant to Taxes, and personnel reasonably required as witnesses or for purposes of providing information or documents in connection with any administrative or judicial proceedings relating to Taxes.

(b) Any information or documents provided under this Section 8 shall be kept confidential by the Company receiving such information or documents, except as may otherwise be necessary in connection with the filing of Tax Returns or in connection with any Tax Contest. Notwithstanding any other provision of this Agreement or any other agreement, (i) neither Parent nor any Parent Affiliate shall be required to provide SpinCo or any SpinCo Affiliate or any other Person access to or copies of any information or procedures (including the proceedings of any Tax Contest) other than information or procedures that relate solely to SpinCo, the business or assets of SpinCo or any SpinCo Affiliate, and (ii) in no event shall Parent or any Parent Affiliate be required to provide SpinCo, any SpinCo Affiliate or any other Person access to or copies of any information if such action could reasonably be expected to result in the waiver of any Privilege. In addition, in the event that Parent determines that the provision of any information to SpinCo or any SpinCo Affiliate could be commercially detrimental, violate any law or agreement or waive any Privilege, the parties shall use reasonable best efforts to permit compliance with its obligations under this Section 8 in a manner that avoids any such harm or consequence.

Section 8.02 *Income Tax Return Information*. SpinCo and Parent acknowledge that time is of the essence in relation to any request for information, assistance or cooperation made by Parent or SpinCo pursuant to Section 8.01 or this Section 8.02. SpinCo and Parent acknowledge that failure to conform to the deadlines set forth herein or reasonable deadlines otherwise set by Parent or SpinCo could cause irreparable harm. Each Company, at its sole expense, shall provide to the other Company information and documents relating to its Group required by the other Company to prepare Tax Returns. Any information or documents the Responsible Company requires to prepare such Tax Returns shall be provided in such form as the Responsible Company reasonably requests and in sufficient time for the Responsible Company to file such Tax Returns on a timely basis.

Section 8.03 *Reliance by Parent*. If any member of the SpinCo Group supplies information to a member of the Parent Group in connection with Taxes and an officer of a member of the Parent Group signs a statement or other document under penalties of perjury in reliance upon the accuracy of such information, then upon the written request of such member of the Parent Group identifying the information being so relied upon, the chief financial officer of SpinCo (or any officer of SpinCo as designated by the chief financial officer of SpinCo) shall certify in writing that to his or her knowledge (based upon consultation with appropriate employees) the information so supplied is accurate and complete. SpinCo agrees to indemnify and hold harmless each member of the Parent Group and its directors, officers and employees from and against any fine, penalty, or other cost or expense of any kind attributable to a member of the SpinCo Group having supplied, pursuant to this Section 8, a member of the Parent Group with inaccurate or incomplete information in connection with Taxes.

Section 8.04 *Reliance by SpinCo*. If any member of the Parent Group supplies information to a member of the SpinCo Group in connection with Taxes and an officer of a member of the SpinCo Group signs a statement or other document under penalties of perjury in reliance upon the accuracy of such information, then upon the written request of such member of the SpinCo Group identifying the information being so relied upon, the chief financial officer of Parent (or any officer of Parent as designated by the chief financial officer of Parent) shall certify in writing that to his or her knowledge (based upon consultation with appropriate employees) the information so supplied is accurate and complete. Parent agrees to indemnify and hold harmless each member of the SpinCo Group and its directors, officers and employees from and against any fine, penalty, or other cost or expense of any kind attributable to a member of the Parent Group having supplied, pursuant to this Section 8, a member of the SpinCo Group with inaccurate or incomplete information in connection with Taxes.

Section 9. Tax Records. Each party shall preserve and keep all Tax Records exclusively relating to the assets and activities of its Group for Pre-Deconsolidation Periods, and Parent shall preserve and keep all other Tax Records relating to Taxes of the Groups for Pre-Deconsolidation Tax Periods, for so long as the contents thereof may become material in the administration of any matter under the Code or other applicable Tax Law, but in any event until the later of (i) the expiration of any applicable statutes of limitations, or (ii) three years after the Deconsolidation Date (such later date, the "**Retention Date**"). After the Retention Date, Parent may dispose of Tax Records pertaining to the assets or activities of the SpinCo Group only upon 90 days' prior written notice to the SpinCo Group, and SpinCo may dispose of Tax Records pertaining to a Joint Return only upon 90 days' prior written notice to the Parent Group. If, prior to the Retention Date, a party reasonably determines that any Tax Records which it would otherwise be required to preserve and keep under this Section 90 are no longer material in the administration of any matter under the Code or other applicable Tax Law, it may dispose of such Tax Records; *provided* that if such Tax Records pertain to the assets or activities of the other Group (or, in the case of SpinCo, to a Joint Return), the party shall provide such other Group with 90 days' prior written notice. Any notice of an intent to dispose given pursuant to this Section 9 shall include a list of the Tax Records to be disposed of described in reasonable detail. The notified party shall have the opportunity, at its cost and expense, to copy or remove, within such 90-day period, all or any part of such Tax Records. If, at any time prior to the Retention Date, SpinCo determines to decommission or otherwise discontinue any computer program or information technology system used to access or store any Tax Records, then SpinCo may decommission or discontinue such program or system upon 90 days' prior notice to Parent and Parent shall have the opportunity, at SpinCo's cost and expense, to copy, within such 90-day period, all or any part of the underlying data relating to the Tax Records accessed by or stored on such program or system.

Section 10. Tax Contests.

Section 10.01 *Notice*. Each of the Companies shall provide prompt notice to the other Company of any written communication from a Tax Authority regarding any pending or threatened Tax Contest or assessment related to Taxes of which it becomes aware related to Taxes for which it could reasonably expect to be indemnified by the other Company hereunder. Such notice shall attach copies of the pertinent portion of any written communication from a Tax Authority and contain factual information (to the extent known) describing any asserted Tax liability in reasonable detail and shall be accompanied by copies of any notice and other documents received from any Tax Authority in respect of any such matters. If an indemnified party has knowledge of an asserted Tax liability with respect to a matter for which it is to be indemnified hereunder and such party fails to give the indemnifying party prompt notice of such asserted Tax liability, then such failure shall not relieve the indemnifying party of any obligation which it may have to the indemnified party under this Agreement, except to the extent that the indemnifying party is actually prejudiced by such failure.

Section 10.02 *Control of Tax Contests*.

(a) *Separate Returns*. In the case of any Tax Contest with respect to any Separate Return, the Company having liability for the Tax shall have exclusive control over the Tax Contest, including exclusive authority with respect to any settlement of such Tax liability, subject to Section 10.02(e).

(b) *Parent Federal Consolidated Income Tax Returns*. In the case of any Tax Contest with respect to any Parent Federal Consolidated Income Tax Return, Parent shall have exclusive control over the Tax Contest, including exclusive authority with respect to any settlement of such Tax liability, subject to Section 10.02(e).

(c) *Parent State Combined Income Tax Returns*. In the case of any Tax Contest with respect to any Parent State Combined Income Tax Return, Parent shall have exclusive control over the Tax Contest, including exclusive authority with respect to any settlement of such Tax liability, subject to Section 10.02(e).

(d) *Other Joint Returns*. In the case of any Tax Contest with respect to any Joint Return (other than any Parent Federal Consolidated Income Tax Return or any Parent State Combined Income Tax Return), Parent shall have exclusive control over the Tax Contest, including exclusive authority with respect to any settlement of such Tax liability, subject to Section 10.02(e).

(e) *Settlement Rights*.

(i) The Controlling Party shall have the sole right to contest, litigate, compromise and settle any Tax Contest without obtaining the prior consent of the Non-Controlling Party. Unless waived by the parties in writing, in connection with any potential adjustment in a Tax Contest as a result of which adjustment the Non-Controlling Party may reasonably be expected to become liable to make any indemnification payment (or any payment under Section 6) to the Controlling Party under this Agreement: (A) the Controlling Party shall keep the Non-Controlling Party informed in a timely manner of all actions taken or proposed to be taken by the Controlling Party with respect to such potential adjustment in such Tax Contest; (B) the Controlling Party shall provide the Non-Controlling Party copies of any written materials relating to such potential adjustment in such Tax Contest received from any Tax Authority; (C) the Controlling Party shall timely provide the Non-Controlling Party with copies of any correspondence or filings submitted to any Tax Authority or judicial authority in connection with such potential adjustment in such Tax Contest; and (D) the Controlling Party shall consult with the Non-Controlling Party and offer the Non-Controlling Party a reasonable opportunity to comment before submitting any written materials prepared or furnished in connection with such potential adjustment in such Tax Contest. The failure of the Controlling Party to take any action specified in the preceding sentence with respect to the Non-Controlling Party shall not relieve the Non-Controlling Party of any liability or obligation which it may have to the Controlling Party under this Agreement in respect of such adjustment, except to the extent that the Non-Controlling Party was actually harmed by such failure, and in no event shall such failure relieve the Non-Controlling Party from any other liability or obligation which it may have to the Controlling Party under this Agreement. In the case of any Tax Contest described in this Section 10.02, "**Controlling Party**" means the Company entitled to control the Tax Contest under such Section and "**Non-Controlling Party**" means the other Company. Notwithstanding anything in the above provisions of this clause (i) to the contrary, Parent shall be entitled to determine, in its reasonable discretion, the positions taken, including with respect to settlement or other disposition, in any Tax Contest to which this clause (i) applies and as to which Parent is the Controlling Party, which determinations of Parent shall, in the absence of bad faith and mathematical error, be conclusive, final and binding on SpinCo and each member of the SpinCo Group.

(ii) Notwithstanding anything to the contrary herein:

(A) in the event of any Separation-Related Tax Contest as a result of which SpinCo could reasonably be expected to become exclusively liable for any Tax or Tax-Related Loss and which Parent has the right to administer and control pursuant to Section 10.02(a), (b), (c), or (d), Parent shall have the sole right to contest, litigate, compromise and settle such Tax Contest without obtaining the prior consent of SpinCo and (I) Parent shall keep SpinCo informed of all actions taken by Parent with respect to such potential adjustment in such Tax Contest; (II) Parent shall provide SpinCo copies of any written materials relating to such potential adjustment in such Tax Contest received from any Tax Authority; (III) Parent shall timely provide SpinCo with copies of any correspondence or filings submitted to any Tax Authority or judicial authority in connection with such potential adjustment in such Tax Contest; and (IV) Parent shall consult with SpinCo in connection with such potential adjustment in such Tax Contest; *provided*, *however*, that the failure of Parent to take any action specified in any of clauses (I) through (IV) shall not relieve SpinCo of any liability or obligation which it may have to Parent under this Agreement in respect of such adjustment, and in no event shall such failure relieve SpinCo from any other liability or obligation which it may have to Parent under this Agreement. Notwithstanding anything in the above provisions of this clause (A) to the contrary, Parent shall be entitled to determine, in its sole discretion, the positions taken, including with respect to settlement or other disposition, in any Separation-Related Tax Contest described in the preceding sentence, which determinations of Parent shall, in the absence of bad faith and mathematical error, be conclusive, final and binding on SpinCo and each member of the SpinCo Group; and

(B) in the event of any Separation-Related Tax Contest as a result of which Parent could reasonably be expected to become liable for any Tax or Tax-Related Loss and which SpinCo has the right to administer and control pursuant to Section 10.02(a), (I) SpinCo shall consult with Parent reasonably in advance of taking any significant action in connection with such Tax Contest, (II) SpinCo shall consult with Parent and offer Parent a reasonable opportunity to comment before submitting any written materials prepared or furnished in connection with such Tax Contest, (III) SpinCo shall defend such Tax Contest diligently and in good faith as if it were the only party in interest in connection with such Tax Contest, (IV) Parent shall be entitled to participate in such Tax Contest and receive copies of any written materials relating to such Tax Contest from the relevant Tax Authority, and (V) SpinCo shall not settle, compromise or abandon any such Tax Contest without obtaining the prior written consent of Parent, which consent shall not be unreasonably withheld; *provided*, *however*, that Parent shall have the right to elect to assume control of such Tax Contest, in which case, Section 10.02(e)(ii)(A) shall apply to such Tax Contest.

(f) *Power of Attorney*. Each member of the SpinCo Group shall execute and deliver to Parent (or such member of the Parent Group as Parent shall designate) any power of attorney or other similar document reasonably requested by Parent (or such designee) in connection with any Tax Contest (as to which Parent is the Controlling Party) described in this Section 10. Each member of the Parent Group shall execute and deliver to SpinCo (or such member of the SpinCo Group as SpinCo shall designate) any power of attorney or other similar document reasonably requested by SpinCo (or such designee) in connection with any Tax Contest (as to which SpinCo is the Controlling Party) described in this Section 10.

Section 11. Effective Date; Termination of Prior Intercompany Tax Allocation Agreements. This Agreement shall be effective as of the date hereof. As of the date hereof or on such other date (on or prior to the Distribution Date) as Parent may determine, (i) the 2019 Tax Allocation Agreement, the 1993 Tax Allocation Agreement and all other intercompany Tax allocation agreements or arrangements (other than this Agreement) solely between or among Parent and/or any of its Subsidiaries, on the one hand, and SpinCo and/or any of its Subsidiaries, on the other hand, shall be terminated with respect to SpinCo and/or any of its Subsidiaries, and (ii) amounts due under such agreements as of the date hereof shall be settled by such means as Parent shall determine in its reasonable discretion. Upon such termination and settlement, no further payments by or to Parent or any member of the Parent Group or by or to SpinCo or any member of the SpinCo Group, with respect to such agreements shall be made, and all other rights and obligations resulting from such agreements between the Companies and their Affiliates shall cease at such time.

Section 12. Survival of Obligations. The representations, warranties, covenants and agreements set forth in this Agreement shall be unconditional and absolute and shall remain in effect without limitation as to time.

Section 13. Covenant Not to Sue. Each Party hereby covenants and agrees that none of it, the members of such Party's Group or any Person claiming through it shall bring suit or otherwise assert any claim against any indemnified party hereunder, or assert a defense against any claim asserted by any indemnified party hereunder, before any court, arbitrator, mediator or administrative agency anywhere in the world, alleging that: (a) the indemnification obligations of SpinCo on the terms and conditions set forth in this Agreement are void or unenforceable for any reason; (b) the indemnification obligations of Parent on the terms and conditions set forth in this Agreement are void or unenforceable for any reason; or (c) the provisions of Section 2 or Section 7 are void or unenforceable for any reason.

Section 14. Survival of Indemnities. The rights and obligations of each of Parent and SpinCo and their respective indemnified parties under Section 2 and Section 7 shall survive (a) the sale or other transfer by either Party or any member of its Group of any assets or businesses or the assignment by it of any Liabilities; or (b) any merger, consolidation, business combination, sale of all or substantially all of its Assets, restructuring, recapitalization, reorganization or similar transaction involving either Party or any of the members of its Group.

Section 15. Treatment of Payments; Tax Gross Up.

Section 15.01 *Treatment of Tax Indemnity and Tax Benefit Payments*. In the absence of any change in Tax treatment under the Code or other applicable Tax Law, for all Income Tax purposes, the Companies agree to treat, and to cause their respective Affiliates to treat:

(a) any indemnity payments made by a Company under this Agreement or the Separation and Distribution Agreement as distributions or capital contributions, as appropriate, occurring immediately before the Distribution (but only to the extent the payment does not relate to a Tax allocated to the payor in accordance with Section 1552 of the Code or the regulations thereunder or Treasury Regulations Section 1.1502-33(d) (or under corresponding principles of other applicable Tax Laws)) or as payments of an assumed or retained liability;

(b) any payment of interest or State Income Taxes by or to a Tax Authority, as taxable or deductible, as the case may be, to the Company entitled under this Agreement to retain such payment or required under this Agreement to make such payment; and

(c) any Tax Benefit payments made by a Company under Sections 5, 6 or 7.06, as distributions or capital contributions, as appropriate, occurring immediately before the Distribution (but only to the extent the payment does not relate to a Tax allocated to the payor in accordance with Section 1552 of the Code or the regulations thereunder or Treasury Regulations Section 1.1502-33(d) (or under corresponding principles of other applicable Tax Laws)) or as payments of an assumed or retained liability.

Section 15.02 *Tax Gross Up*. If notwithstanding the manner in which payments described in Sections 15.01(a) and (c) were reported, there is an adjustment to the Tax liability of a Company as a result of its receipt of a payment pursuant to this Agreement or the Separation and Distribution Agreement, such payment shall be appropriately increased so that the amount of such payment, reduced by the amount of all Income Taxes payable with respect to the receipt thereof (but taking into account all correlative Tax Benefits resulting from the payment of such Income Taxes), shall equal the amount of the payment which the Company receiving such payment would otherwise be entitled to receive. For purposes of this Section 15.02, the amount of any Income Taxes payable with respect to the receipt of a payment pursuant to this Agreement or the Separation and Distribution Agreement shall be calculated by assuming that the recipient or the Group of which it is a member, as applicable, (I) pays Tax at the highest marginal corporate Tax rates in effect in each relevant taxable year and (II) has no Tax Attributes in any relevant taxable year.

Section 15.03 *Interest Under this Agreement*. Anything herein to the contrary notwithstanding, to the extent one Company ("**Indemnitor**") makes a payment of interest to another Company ("**Indemnitee**") under this Agreement with respect to the period from the date that the Indemnitee made a payment of Tax to a Tax Authority to the date that the Indemnitor reimbursed the Indemnitee for such Tax payment, the interest payment shall be treated as interest expense to the Indemnitor (deductible to the extent provided by law) and as interest income by the Indemnitee (includible in income to the extent provided by law). The amount of the payment shall not be adjusted to take into account any associated Tax Benefit to the Indemnitor or increase in Tax to the Indemnitee.

Section 16. Disagreements.

Section 16.01 *Interaction with Article VII of the Separation and Distribution Agreement*. In the event of any dispute between any member of the Parent Group and any member of the SpinCo Group as to any matter covered by this Agreement, the Companies shall agree as to whether such dispute shall be governed by the procedures set forth in Section 16.02 of this Agreement or in Article VII of the Separation and Distribution Agreement. If the Parties cannot agree within 30 days from the time such dispute arises as to which procedure will govern such dispute, such disagreement shall be resolved pursuant to Article VII of the Separation and Distribution Agreement.

Section 16.02 *Dispute Resolution*. The Companies shall try, and shall cause their respective Group members to try, to resolve in good faith all disagreements regarding their respective rights and obligations under this Agreement, including any amendments hereto. In furtherance thereof, in the event of any dispute or disagreement (a "**Tax Department Dispute**") between any member of the Parent Group and any member of the SpinCo Group as to the interpretation of any provision of this Agreement or the performance of obligations hereunder, representatives of the Tax departments of the Companies shall negotiate in good faith to resolve the Tax Department Dispute. If such good faith negotiations do not resolve the Tax Department Dispute, then such Tax Department Dispute shall be resolved pursuant to the procedures set forth in Article VII of the Separation and Distribution Agreement; *provided* that each of the mediators or arbitrators selected in accordance with Article VII of the Separation and Distribution Agreement shall be a Tax Advisor (other than the auditing firm of Parent or SpinCo). Notwithstanding the foregoing provisions of this Section 16, a Party may seek preliminary provisional or injunctive judicial relief with respect to any dispute under this Agreement without first complying with the procedures set forth in this Section 16 (or Article VII of the Separation and Distribution Agreement) if such action is reasonably necessary to avoid irreparable harm.

Section 17. Late Payments. Any amount owed by one party to another party under this Agreement which is not paid when due shall bear interest at the Prime Rate plus two percentage points, compounded semiannually, from the Due Date of the payment to the date paid. To the extent interest required to be paid under this Section 17 duplicates interest required to be paid under any other provision of this Agreement, interest shall be computed at the higher of the interest rate provided under this Section 17 or the interest rate provided under such other provision.

Section 18. Expenses. Except as otherwise provided in this Agreement, each party and its Affiliates shall bear their own expenses incurred in connection with the preparation of Tax Returns, Tax Contests, and other matters related to Taxes under the provisions of this Agreement.

Section 19. General Provisions.

Section 19.01 *Addresses and Notices*. Each party giving any notice required or permitted under this Agreement will give the notice in writing and use one of the following methods of delivery to the party to be notified, at the address set forth below or another address of which the sending party has been notified in accordance with this Section 19.01: (a) personal delivery; (b) commercial overnight courier with a reasonable method of confirming delivery; or (c) prepaid, United States of America certified or registered mail, return receipt requested. Notice to a party is effective for purposes of this Agreement only if given as provided in this Section 19.01 and shall be deemed given on the date that the intended addressee actually receives the notice.

If to Parent, to:

MDU Resources Group, Inc.
1200 West Century Avenue
P.O. Box 5650
Bismarck, North Dakota 58506
Attention: [ ]
E-mail: [ ]

with a copy (which shall not constitute notice), to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Attention: Andrew R. Brownstein
John L. Robinson
E-mail: ARBrownstein@wlrk.com
JLRobinson@wlrk.com

If to SpinCo (prior to the Effective Time), to:

Knife River Holding Company
1150 West Century Avenue
P.O. Box 5568
Bismarck, North Dakota 58503
Attention: Karl A. Liepitz, General Counsel & Corporate Secretary
E-mail: karl.liepitz@mduresources.com

with a copy (which shall not constitute notice), to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Attention: Andrew R. Brownstein
John L. Robinson
E-mail: ARBrownstein@wlrk.com
JLRobinson@wlrk.com

If to SpinCo (from and after the Effective Time), to:

Knife River Holding Company
1150 West Century Avenue
P.O. Box 5568
Bismarck, North Dakota 58503
Attention: Karl A. Liepitz, Chief Legal Counsel
E-mail: karl.liepitz@kniferiver.com

with a copy (which shall not constitute notice), to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Attention: Andrew R. Brownstein
John L. Robinson
E-mail: ARBrownstein@wlrk.com
John L. Robinson

A party may change the address for receiving notices under this Agreement by providing written notice of the change of address to the other parties.

Section 19.02 *Binding Effect*. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their successors and assigns. None of the parties hereto may assign its rights or delegate its obligations under this Agreement without the express prior written consent of the other parties hereto.

Section 19.03 *Waiver*. The parties may waive a provision of this Agreement only by a writing signed by the party intended to be bound by the waiver. A party is not prevented from enforcing any right, remedy or condition in the party's favor because of any failure or delay in exercising any right or remedy or in requiring satisfaction of any condition, except to the extent that the party specifically waives the same in writing. A written waiver given for one matter or occasion is effective only in that instance and only for the purpose stated. A waiver once given is not to be construed as a waiver for any other matter or occasion. Any enumeration of a party's rights and remedies in this Agreement is not intended to be exclusive, and a party's rights and remedies are intended to be cumulative to the extent permitted by law and include any rights and remedies authorized in law or in equity.

Section 19.04 *Severability*. If any provision of this Agreement is determined to be invalid, illegal or unenforceable, the remaining provisions of this Agreement remain in full force, if the essential terms and conditions of this Agreement for each party remain valid, binding and enforceable.

Section 19.05 *Authority*. Each of the parties represents to the other that (a) it has the corporate or other requisite power and authority to execute, deliver and perform this Agreement, (b) the execution, delivery and performance of this Agreement have been duly authorized by all necessary corporate or other action, (c) it has duly and validly executed and delivered this Agreement, and (d) this Agreement is a legal, valid and binding obligation, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and general equity principles.

Section 19.06 *Further Action*. The parties shall execute and deliver all documents, provide all information, and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement, including the execution and delivery to the other parties and their Affiliates and representatives of such powers of attorney or other authorizing documentation as is reasonably necessary or appropriate in connection with Tax Contests (or portions thereof) under the control of such other parties in accordance with Section 10.

Section 19.07 *Integration*. This Agreement, together with any exhibits and schedules appended hereto, constitutes the final agreement between the parties, and is the complete and exclusive statement of the parties' agreement on the matters contained herein. All prior and contemporaneous negotiations and agreements between the parties with respect to the matters contained herein are superseded by this Agreement, as applicable. In the event of any conflict or inconsistency between this Agreement and the Separation and Distribution Agreement, or any other agreements relating to the transactions contemplated by the Separation and Distribution Agreement, with respect to matters addressed herein, the provisions of this Agreement shall control.

Section 19.08 *Construction*. The language in all parts of this Agreement shall in all cases be construed according to its fair meaning and shall not be strictly construed for or against any party. The captions, titles and headings included in this Agreement are for convenience only, and do not affect this Agreement's construction or interpretation. Unless otherwise indicated, all "Section" references in this Agreement are to sections of this Agreement. This Agreement shall be deemed to be the joint work product of the parties hereto and any rule of construction that a document shall be interpreted or construed against a drafter of such document shall not be applicable.

Section 19.09 *No Double Recovery*. No provision of this Agreement shall be construed to provide an indemnity or other recovery for any costs, damages, or other amounts for which the damaged party has been fully compensated under any other provision of this Agreement or under any other agreement or action at law or in equity (it being agreed and understood that none of the payments to be made by any member of the SpinCo Group to any member of the Parent Group in connection with the Transactions shall be considered to compensate any member of the Parent Group for any amount for which SpinCo would otherwise be liable or responsible hereunder, unless otherwise specifically identified by Parent as a payment pursuant to the 2019 Tax Allocation Agreement, the 1993 Tax Allocation Agreement, or this Agreement). Unless expressly required in this Agreement, a party shall not be required to exhaust all remedies available under other agreements or at law or in equity before recovering under the remedies provided in this Agreement.

Section 19.10 *Counterparts*. The parties may execute this Agreement in multiple counterparts, each of which constitutes an original as against the party that signed it, and all of which together constitute one agreement. This Agreement is effective upon delivery of one executed counterpart from each party to the other party. The signatures of the parties need not appear on the same counterpart. The delivery of signed counterparts by facsimile or email transmission that includes a copy of the sending party's signature is as effective as signing and delivering the counterpart in person.

Section 19.11 *Governing Law*. The internal laws of the State of Delaware (without reference to its principles of conflicts of law) govern the construction, interpretation and other matters arising out of or in connection with this Agreement and any exhibits and schedules hereto and thereto (whether arising in contract, tort, equity or otherwise).

Section 19.12 *Jurisdiction*. If any dispute arises out of or in connection with this Agreement, except as expressly contemplated by another provision of this Agreement, the parties irrevocably (and the parties will cause each other member of their respective Group to irrevocably) (a) consent and submit to the exclusive jurisdiction of federal and state courts located in Delaware, (b) waive any objection to that choice of forum based on venue or to the effect that the forum is not convenient, and (c) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO TRIAL OR ADJUDICATION BY JURY.

Section 19.13 *Amendment*. The parties may amend this Agreement only by a written agreement signed by each party to be bound by the amendment and that identifies itself as an amendment to this Agreement.

Section 19.14 *SpinCo Subsidiaries*. If, at any time, SpinCo acquires or creates one or more subsidiaries that are includable in the SpinCo Group (or that would be so includable if membership in the SpinCo Group were measured after such acquisition or creation), they shall be subject to this Agreement and all references to the SpinCo Group herein shall thereafter include a reference to such subsidiaries.

Section 19.15 *Successors*. This Agreement shall be binding on and inure to the benefit of any successor by merger, acquisition of assets, or otherwise, to any of the parties hereto (including, but not limited to, any successor of Parent or SpinCo succeeding to the Tax attributes thereof under Section 381 of the Code), to the same extent as if such successor had been an original party to this Agreement.

Section 19.16 *Injunctions*. The parties acknowledge that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with its specific terms or were otherwise breached. The parties hereto shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically the terms and provisions hereof in any court having jurisdiction, such remedy being in addition to any other remedy to which they may be entitled at law or in equity.

[*Remainder of page intentionally left blank; signature page follows*]

IN WITNESS WHEREOF, each party has caused this Agreement to be executed on its behalf by a duly authorized officer on the date first set forth above.

"**Parent**"	"**SpinCo**"
MDU RESOURCES GROUP, INC.	KNIFE RIVER HOLDING COMPANY
By: _____	By: _____
Name: David L. Goodin	Name: [ ]
Title: President and Chief Executive Officer	Title: [ ]

[Signature Page to Tax Matters Agreement]

Exhibit 2.4

FORM OF

EMPLOYEE MATTERS AGREEMENT

BY AND BETWEEN

MDU RESOURCES GROUP, INC.

AND

KNIFE RIVER HOLDING COMPANY

DATED AS OF [ ], 2023

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MISCELLANEOUS

EMPLOYEE MATTERS AGREEMENT

This EMPLOYEE MATTERS AGREEMENT, dated as of [ ], 2023 (this "Agreement"), is by and between MDU Resources Group, Inc., a Delaware corporation ("Parent"), and Knife River Holding Company, a Delaware corporation ("SpinCo").

R E C I T A L S:

WHEREAS, the board of directors of Parent (the "Parent Board") has determined that it is in the best interests of Parent and its stockholders to create a new publicly traded company that shall operate the SpinCo Business;

WHEREAS, in furtherance of the foregoing, the Parent Board has determined that it is appropriate and desirable to separate the SpinCo Business from the Parent Business (the "Separation") and, following the Separation, make a distribution, on a pro rata basis, to holders of Parent Shares on the Record Date of eighty point one percent (80.1%) or more of the outstanding SpinCo Shares (the "Distribution");

WHEREAS, SpinCo and Parent have prepared, and SpinCo has filed with the SEC, the Form 10, which includes the Information Statement and which sets forth disclosures concerning SpinCo, the Separation and the Distribution;

WHEREAS, in order to effectuate the Separation and Distribution, Parent and SpinCo have entered into a Separation and Distribution Agreement, dated as of the date hereof (the "Separation and Distribution Agreement");

WHEREAS, in addition to the matters addressed by the Separation and Distribution Agreement, the Parties desire to enter into this Agreement to set forth the terms and conditions of certain employment, compensation and benefit matters; and

WHEREAS, the Parties acknowledge that this Agreement, the Separation and Distribution Agreement and the other Ancillary Agreements represent the integrated agreement of Parent and SpinCo relating to the Separation and the Distribution, are being entered into together and would not have been entered into independently.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

Article I
DEFINITIONS

Section 1.01 Definitions. For purposes of this Agreement (including the Recitals hereof), the following terms have the following meanings, and capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Separation and Distribution Agreement.

"Agreement" shall have the meaning set forth in the Preamble to this Agreement and shall include all Schedules hereto and all amendments, modifications, and changes hereto entered into pursuant to Section 8.16.

"Benefit Plan" shall mean any contract, agreement, policy, practice, program, plan, trust, commitment or arrangement providing for benefits, perquisites or compensation of any nature from an employer to any Employee or Former Employee, or to any family member, dependent, or beneficiary of any such Employee or Former Employee, including cash or deferred arrangement plans, profit-sharing plans, post-employment programs, pension plans, supplemental pension plans, welfare plans, stock purchase, and contracts, agreements, policies, practices, programs, plans, trusts, commitments and arrangements providing for terms of employment, fringe benefits, severance benefits, change in control protections or benefits, life, accidental death and dismemberment, disability and accident insurance, tuition reimbursement, adoption assistance, travel reimbursement, vacation, sick, paid time off (PTO), personal or bereavement days, leaves of absences and holidays; provided, however, that the term "Benefit Plan" does not include any government-sponsored benefits, such as workers' compensation, unemployment or any similar plans, programs or policies or Individual Agreements.

"COBRA" shall mean the U.S. Consolidated Omnibus Budget Reconciliation Act of 1985, as codified at Section 601 *et seq*. of ERISA and at Section 4980B of the Code and including all regulations promulgated thereunder.

"Distribution" shall have the meaning set forth in the Recitals.

"Distribution Date Valuation" shall have the meaning set forth in Section 5.02(b)(ii).

"Employee" shall mean any Parent Group Employee or SpinCo Group Employee.

"ERISA" shall mean the U.S. Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder.

"Final SpinCo Pension Assets" shall have the meaning set forth in Section 5.02(b)(iii).

"Former Employees" shall mean Former Parent Group Employees and Former SpinCo Group Employees.

"Former Parent Group Employee" shall mean any individual who is a former employee of the Parent Group as of the Effective Time and who is not a Former SpinCo Group Employee.

"Former SpinCo Group Employee" shall mean any individual who is, as of the Effective Time, a former employee of any member of the SpinCo Group.

"Group" shall mean either the SpinCo Group or the Parent Group, as the context requires.

"HIPAA" shall mean the U.S. Health Insurance Portability and Accountability Act of 1996, as amended, and the regulations promulgated thereunder.

"Individual Agreement" shall mean any individual (a) employment contract, (b) retention, severance or change in control agreement, or (c) other agreement containing restrictive covenants (including confidentiality, noncompetition and non-solicitation provisions) between a member of the Parent Group and a SpinCo Group Employee or any Former SpinCo Group Employee, as in effect immediately prior to the Effective Time.

"Initial Transfer" shall have the meaning set forth in Section 5.02(b)(i).

"Initial Transfer Date" shall have the meaning set forth in Section 5.02(b)(i).

"Labor Agreement" shall have the meaning set forth in Section 2.01.

"Parent" shall have the meaning set forth in the Preamble.

"Parent 401(k) Plan" shall mean the MDU Resources Group, Inc. 401(k) Retirement Plan, as in effect or as it may be amended from time to time.

"Parent Annual Bonus Plans" means the Parent EICP and the Parent STIP.

"Parent Awards" shall mean Parent RSU Awards and Parent Performance Share Awards, collectively.

"Parent Benefit Plan" shall mean any Benefit Plan established, sponsored or maintained by Parent or any of its Subsidiaries immediately prior to the Effective Time, but excluding any SpinCo Benefit Plan.

"Parent Benefit Protection Rabbi Trust" shall have the meaning set forth in Section 6.01(c)(ii).

"Parent Board" shall have the meaning set forth in the Recitals.

"Parent Compensation Committee" shall mean the Compensation Committee of the Parent Board.

"Parent Deferred Compensation Plan Rabbi Trust" shall have the meaning set forth in Section 6.01(c)(i).

"Parent Director" shall mean each Parent nonemployee director as of immediately after the Effective Time who served on the Parent Board immediately prior to the Effective Time.

"Parent Director Deferred Compensation Plan" means the MDU Resources Group, Inc. Deferred Compensation Plan for Directors.

"Parent EICP" shall mean the MDU Resources, Inc. Executive Incentive Compensation Plan.

"Parent Equity Plan" shall mean any equity compensation plan sponsored or maintained by the Parent immediately prior to the Effective Time, including the MDU Resources, Inc. Long-Term Performance-Based Incentive Plan, as amended February 11, 2016, and as further amended from time to time.

"Parent Group Employees" shall have the meaning set forth in Section 3.01(a)(ii).

"Parent Master Trust" shall have the meaning set forth in Section 5.02(b).

"Parent Nonqualified Deferred Compensation Plan" shall mean each of the following plans: MDU Resources Group, Inc. Supplemental Income Security Plan (SISP), MDU Resources Group, Inc. Nonqualified Defined Contribution Plan (NQDC), incentive compensation deferred pursuant to the MDU Resources Group, Inc. Executive Incentive Compensation Plan (EICP), and the MDU Resources Group, Inc. Deferred Compensation Plan.

"Parent Pension Plans" shall mean the MDU Resources Group, Inc. Pension Plan for Non-Bargaining Unit Employees, MDU Resources Group, Inc. Pension Plan for Collective Bargaining Unit Employees, Williston Basin Interstate Pipeline Company Pension Plan and Retirement Plan for Employees of Cascade Natural Gas Corporation.

"Parent Performance Share Award" shall mean a performance share award that is outstanding as of immediately prior to the Effective Time, granted pursuant to the Parent Equity Plan.

"Parent Ratio" shall mean the quotient obtained by dividing (a) the Pre-Separation Parent Stock Value by (b) the Post-Separation Parent Stock Value.

"Parent Retiree Medical Plan" shall mean each of the following plans: MDU Resources Basic Major Medical Plan, MDU Resources Comprehensive Medical Plans, MDU Resources Retiree Reimbursement Account, MDU Resources Dental Basic Plan, MDU Resources Vision Insurance Plan, MDU Resources Health Reimbursement Arrangement (HRA), Cascade Natural Gas Retiree Medical and Prescription Drug Arrangement, Cascade Natural Gas Medicare Advantage Plans, Cascade Natural Gas Pre-65 Health Reimbursement Account, MDU Resources Accidental Death and Dismemberment, Intermountain Gas Company Medicare Supplemental Reimbursement and Retiree Drug Subsidy Program.

"Parent RSU Award" shall mean a restricted stock unit award outstanding as of immediately prior to the Effective Time granted pursuant to the Parent Equity Plan.

"Parent Share Fund" shall have the meaning set forth in Section 5.03(b).

"Parent STIP" shall mean the MDU Resources Group, Inc. 2023 Short-Term Incentive Plan.

"Parent Welfare Plan" shall mean any Parent Benefit Plan that is a Welfare Plan.

"Parties" shall mean the parties to this Agreement.

"Post-Separation Parent RSU Award" shall mean a Parent RSU Award or Parent Performance Share Award, as adjusted as of the Effective Time in accordance with Section 4.02, as applicable.

"Post-Separation Parent Stock Value" shall mean the closing per-share price of Parent Shares on the NYSE on the first regular trading session (9:30 a.m. to 4:00 p.m. EST) commencing after the Effective Time.

"Pre-Separation Parent Stock Value" shall mean the closing per-share price of Parent Shares trading "regular way with due bills" on the NYSE on the last regular trading session (9:30 am to 4:00 pm EST) ending prior to the Effective Time.

"QDRO" shall mean a qualified domestic relations order within the meaning of Section 206(d) of ERISA and Section 414(p) of the Code.

"Restricted Employees" shall have the meaning set forth in Section 3.04(a).

"Securities Act" shall mean the U.S. Securities Act of 1933, as amended, together with the rules and regulations promulgated thereunder.

"Separation" shall have the meaning set forth in the Recitals.

"Separation and Distribution Agreement" shall have the meaning set forth in the Recitals.

"SpinCo" shall have the meaning set forth in the Preamble.

"SpinCo 401(k) Plan" shall mean the SpinCo 401(k) Savings Plans, to be adopted by SpinCo prior to or on the Distribution Date as described in Section 5.03.

"SpinCo 401(k) Trust" shall have the meaning set forth in Section 5.03(a).

"SpinCo Benefit Plan" shall mean any Benefit Plan established, sponsored, maintained or contributed to by a member of the SpinCo Group as of or after the Effective Time.

"SpinCo Benefit Protection Rabbi Trust" shall have the meaning set forth in Section 6.01(c)(ii).

"SpinCo Board" shall mean the board of directors of SpinCo.

"SpinCo Deferred Compensation Plan Rabbi Trust" shall have the meaning set forth in Section 6.01(c)(i).

"SpinCo Director Deferred Compensation Plan" shall mean the SpinCo Deferred Compensation Plan for Directors established pursuant to Section 6.02.

"SpinCo Equity Plan" shall mean the SpinCo 2023 Long-Term Performance-Based Incentive Plan, as established by SpinCo as of the Effective Time pursuant to Section 2.03(a) and Section 4.01.

"SpinCo Flex Plan" shall have the meaning set forth in Section 7.04.

"SpinCo Group Employees" shall have the meaning set forth in Section 3.01(a).

"SpinCo Master Trust" shall have the meaning set forth in Section 5.02(b).

"SpinCo Nonqualified Deferred Compensation Plans" shall mean the SpinCo deferred compensation plans established pursuant to Section 2.03(a) and Section 6.01(a).

"SpinCo Pension Assets" shall have the meaning set forth in Section 5.02(b).

"SpinCo Pension Plan" shall mean the Knife River Corporation Salaried Employees' Pension Plan and Pension Plan for Bargaining Unit Employees of Hawaiian Cement, Maui Concrete and Aggregate Division.

"SpinCo Ratio" shall mean the quotient obtained by dividing (a) the Pre-Separation Parent Stock Value by (b) the SpinCo Stock Value.

"SpinCo Retiree Welfare Plan" shall mean the Knife River Corporation Basic Major Medical, Knife River Corporation Comprehensive Medical Plan, Knife River Corporation Retiree Reimbursement Account (RRA), Dental Basic Plan, KRC Accidental Death and Dismemberment Insurance (AD&D), KRC Vision Insurance Plan, KRC Retiree Life Insurance Plan and Hawaiian Cement Retiree Life Insurance Plan for Eligible Retired Maui Concrete Bargaining Unit Employees, and Knife River Corporation Health Reimbursement Arrangement (HRA).

"SpinCo RSU Award" shall mean an award of restricted stock units granted pursuant to the SpinCo Equity Plan in accordance with Section 4.02.

"SpinCo Share Fund" shall have the meaning set forth in Section 5.03(e).

"SpinCo Stock Value" shall mean the closing per-share price of SpinCo Shares on the NYSE on the first regular trading session (9:30 a.m. to 4:00 p.m. EST) commencing after the Effective Time.

"SpinCo Welfare Plan" shall mean a Welfare Plan established, sponsored, maintained or contributed to by any member of the SpinCo Group for the benefit of SpinCo Group Employees and Former SpinCo Group Employees.

"Transferred Account Balances" shall have the meaning set forth in Section 7.04.

"Transferred Director" shall mean each SpinCo nonemployee director as of immediately after the Effective Time who served on the Parent Board immediately prior to the Effective Time.

"True-Up Transfer" shall have the meaning set forth in Section 5.02(b)(iv).

"Trustee" shall have the meaning set forth in Section 5.02(b)(i).

"U.S." shall mean the United States of America.

"Welfare Plan" shall mean any "welfare plan" (as defined in Section 3(1) of ERISA) or a "cafeteria plan" under Section 125 of the Code, and any benefits offered thereunder, and any other plan offering health benefits (including medical, prescription drug, dental, vision, mental health, substance abuse and retiree health), disability benefits, or life, accidental death and dismemberment, and business travel insurance, pre-Tax premium conversion benefits, dependent care assistance programs, employee assistance programs, paid time off programs, contribution funding toward a health savings account, flexible spending accounts or severance.

Section 1.02 Interpretation. Section 10.15 of the Separation and Distribution Agreement is hereby incorporated by reference.

Article II
GENERAL PRINCIPLES FOR ALLOCATION OF LIABILITIES

Section 2.01 General Principles. All provisions herein shall be subject to the requirements of all applicable Law and any collective bargaining, works council or similar agreement or arrangement with any labor union, works council or other labor representative (each, a "Labor Agreement"). Notwithstanding anything in this Agreement to the contrary, if the terms of a Labor Agreement or applicable Law require that any Assets or Liabilities be retained or assumed by, or transferred to, a Party in a manner that is different than what is set forth in this Agreement, such retention, assumption or transfer shall be made in accordance with the terms of such Labor Agreement and applicable Law and shall not be made as otherwise set forth in this Agreement; provided that, in such case, the Parties shall take all necessary action to preserve the economic terms of the allocation of Assets and Liabilities contemplated by this Agreement. The provisions of this Agreement shall apply in respect of all jurisdictions.

(a) *Acceptance and Assumption of SpinCo Liabilities*. Except as otherwise provided by this Agreement, on or prior to the Effective Time, but in any case prior to the Distribution, SpinCo and the applicable SpinCo Designees shall accept, assume and agree faithfully to perform, discharge and fulfill all of the following Liabilities in accordance with their respective terms (each of which shall be considered a SpinCo Liability), regardless of when or where such Liabilities arose or arise, or whether the facts on which they are based occurred prior to, at or subsequent to the Effective Time, regardless of where or against whom such Liabilities are asserted or determined (including any Liabilities arising out of claims made by Parent's or SpinCo's respective directors, officers, Employees, Former Employees, agents, Subsidiaries or Affiliates against any member of the Parent Group or the SpinCo Group) or whether asserted or determined prior to the date hereof, and regardless of whether arising from or alleged to arise from negligence, recklessness, violation of Law, fraud or misrepresentation by any member of the Parent Group or the SpinCo Group, or any of their respective directors, officers, Employees, Former Employees, agents, Subsidiaries or Affiliates:

(i) any and all wages, salaries, incentive compensation, equity compensation, commissions, bonuses and any other employee compensation or benefits payable to or on behalf of any SpinCo Group Employees and Former SpinCo Group Employees after the Effective Time, without regard to when such wages, salaries, incentive compensation, equity compensation, commissions, bonuses or other employee compensation or benefits are or may have been awarded or earned;

(ii) any and all Liabilities whatsoever with respect to claims under a SpinCo Benefit Plan, taking into account the SpinCo Benefit Plan's assumption of Liabilities with respect to SpinCo Group Employees and Former SpinCo Group Employees that were originally the Liabilities of the corresponding Parent Benefit Plan with respect to periods prior to the Effective Time;

(iii) any and all Liabilities arising out of, relating to or resulting from the employment, or termination of employment of all SpinCo Group Employees and Former SpinCo Group Employees; and

(iv) any and all Liabilities expressly assumed or retained by any member of the SpinCo Group pursuant to this Agreement.

(b) *Acceptance and Assumption of Parent Liabilities*. Except as otherwise provided by this Agreement, on or prior to the Effective Time, but in any case prior to the Distribution, Parent and certain members of the Parent Group designated by Parent shall accept, assume and agree faithfully to perform, discharge and fulfill all of the following Liabilities in accordance with their respective terms (each of which shall be considered a Parent Liability), regardless of when or where such Liabilities arose or arise, or whether the facts on which they are based occurred prior to, at or subsequent to the Effective Time, regardless of where or against whom such Liabilities are asserted or determined (including any Liabilities arising out of claims made by Parent's or SpinCo's respective directors, officers, Employees, Former Employees, agents, Subsidiaries or Affiliates against any member of the Parent Group or the SpinCo Group) or whether asserted or determined prior to the date hereof, and regardless of whether arising from or alleged to arise from negligence, recklessness, violation of Law, fraud or misrepresentation by any member of the Parent Group or the SpinCo Group, or any of their respective directors, officers, Employees, Former Employees, agents, Subsidiaries or Affiliates:

(i) any and all wages, salaries, incentive compensation, equity compensation, commissions, bonuses and any other employee compensation or benefits payable to or on behalf of any Parent Group Employees and Former Parent Group Employees after the Effective Time, without regard to when such wages, salaries, incentive compensation, equity compensation, commissions, bonuses or other employee compensation or benefits are or may have been awarded or earned;

(ii) any and all Liabilities whatsoever with respect to claims under a Parent Benefit Plan, taking into account a corresponding SpinCo Benefit Plan's assumption of Liabilities with respect to SpinCo Group Employees and Former SpinCo Group Employees that were originally the Liabilities of such Parent Benefit Plan with respect to periods prior to the Effective Time;

(iii) any and all Liabilities arising out of, relating to or resulting from the employment, or termination of employment of all Parent Group Employees and Former Parent Group Employees; and

(iv) any and all Liabilities expressly assumed or retained by any member of the Parent Group pursuant to this Agreement.

(c) *Unaddressed Liabilities*. To the extent that this Agreement does not address particular Liabilities under any Benefit Plan and the Parties later determine that they should be allocated in connection with the Distribution, the Parties shall agree in good faith on the allocation, taking into account the treatment of comparable Liabilities under this Agreement.

Section 2.02 Service Credit Recognized by SpinCo and SpinCo Benefit Plans. As of the Effective Time, the SpinCo Benefit Plans shall, and SpinCo shall cause each member of the SpinCo Group to, recognize each SpinCo Group Employee's and each Former SpinCo Group Employee's full service with Parent or any of its Subsidiaries or predecessor entities at or before the Effective Time, to the same extent that such service was recognized by Parent for similar purposes prior to the Effective Time as if such full service had been performed for a member of the SpinCo Group, for purposes of eligibility, vesting and determination of level of benefits under any SpinCo Benefit Plans.

Section 2.03 Adoption and Transfer and Assumption of Benefit Plans.

(a) *Adoption by SpinCo of Benefit Plans*. As of no later than the Effective Time, SpinCo shall, or shall cause the members of the SpinCo Group to, adopt Benefit Plans (and related trusts, if applicable) as contemplated and in accordance with the terms of this Agreement, which Benefit Plans are generally intended to contain terms substantially similar in all material respects to those of the corresponding Parent Benefit Plans as in effect immediately prior to the Effective Time, with such changes, modifications or amendments to the SpinCo Benefit Plans as may be required by applicable Law or to reflect the Separation and Distribution, including limiting participation in any such SpinCo Benefit Plan to SpinCo Group Employees and Former SpinCo Group Employees who participated in the corresponding Benefit Plan immediately prior to the Effective Time.

(b) *Plans Not Required to Be Adopted*. With respect to any Benefit Plan not otherwise addressed in this Agreement, the Parties shall agree in good faith on the treatment of such plan, taking into account the treatment of any comparable plan under this Agreement and, notwithstanding that SpinCo shall not have an obligation to continue to maintain any such plan with respect to the provision of future benefits from and after the Effective Time, SpinCo shall remain obligated to pay or provide any previously accrued or incurred benefits to the SpinCo Group Employees and Former SpinCo Group Employees consistent with Section 2.01(a) of this Agreement.

(c) *Information, Elections and Beneficiary Designations*. Each Party shall use its commercially reasonable efforts to provide the other Party with information describing each Benefit Plan election made by an Employee or Former Employee that may have application to such Party's Benefit Plans from and after the Effective Time, and each Party shall use its commercially reasonable efforts to administer its Benefit Plans using those elections, including any beneficiary designations. Each Party shall, upon reasonable request, use its commercially reasonable efforts to provide the other Party and the other Party's respective Affiliates, agents, and vendors all information reasonably necessary to the other Party's operation or administration of its Benefit Plans.

(d) *No Duplication or Acceleration of Benefits*. Notwithstanding anything to the contrary in this Agreement, the Separation and Distribution Agreement or any Ancillary Agreement, no participant in any Benefit Plan shall receive service credit or benefits or recognition of compensation or other factors to the extent that receipt of such service credit or benefits or recognition of compensation or other factors would result in duplication of benefits provided to such participant by the corresponding Benefit Plan or any other plan, program or arrangement sponsored or maintained by a member of the Group that sponsors the corresponding Benefit Plan. Furthermore, unless expressly provided for in this Agreement, the Separation and Distribution Agreement or in any Ancillary Agreement or required by applicable Law, no provision in this Agreement shall be construed to (i) create any right to accelerate vesting distributions or entitlements under any Benefit Plan sponsored or maintained by a member of the Parent Group or member of the SpinCo Group on the part of any Employee or Former Employee or (ii) limit the ability of a member of the Parent Group or SpinCo Group to amend, merge, modify, eliminate, reduce or otherwise alter in any respect any benefit under any Benefit Plan sponsored or maintained by a member of the Parent Group or SpinCo Group, respectively, or any trust, insurance policy or funding vehicle related thereto.

(e) *Transition Services*. The Parties acknowledge that the Parent Group or the SpinCo Group may provide administrative services for certain of the other Party's compensation and benefit programs for a transitional period under the terms of the Transition Services Agreement. The Parties agree to enter into a business associate agreement (if required by HIPAA or other applicable health information privacy Laws) in connection with such Transition Services Agreement.

(f) *Beneficiaries*. References to Parent Group Employees, Former Parent Group Employees, SpinCo Group Employees, Former SpinCo Group Employees, and current and former nonemployee directors of either Parent or SpinCo shall be deemed to refer to their beneficiaries, dependents, survivors and alternate payees, as applicable.

Section 2.04 Reimbursement.

(a) *By SpinCo*. From time to time after the completion of the Separation, SpinCo shall promptly reimburse Parent for the cost of any obligations or Liabilities that Parent elects to, or is compelled to, pay or otherwise satisfy, that are or that pursuant to this Agreement have become, the responsibility of the SpinCo Group. Parent shall invoice SpinCo after the end of each fiscal month for all such costs (if any) in such fiscal month. SpinCo shall pay any amounts due by SpinCo hereunder in immediately available funds within thirty (30) days of SpinCo's receipt of each invoice therefor. Any amount not paid within thirty (30) days after the date when payable shall bear interest at the rate described in the definition of Interest Payment (as defined in the Transition Services Agreement) from the date such amount is due. SpinCo shall not deduct, set off, counterclaim or otherwise withhold any amount owed by it to Parent (on account of any obligation owed by the Parent Group, whether or not such obligation has been finally adjudicated, settled or otherwise agreed upon in writing) against the amounts payable pursuant to this Agreement; provided that, if SpinCo disputes any amount on an invoice, SpinCo shall notify Parent in writing within twenty (20) days after SpinCo's receipt of such invoice and shall describe in detail the reason for disputing such amount, provide any documents or other materials supporting its dispute, and will be entitled to withhold only the amount in dispute during the pendency of the dispute. SpinCo shall cause the timely payment of the undisputed portion of each invoice in the manner set forth in this Agreement and shall be subject to late charges at the rate described in the definition of Interest Payment and any other costs incurred by Parent pursuant to this Section 2.04(a) on any amount that is unsuccessfully disputed.

(b) *By Parent*. From time to time after the completion of the Separation, Parent shall promptly reimburse SpinCo for the cost of any obligations or Liabilities that SpinCo elects to, or is compelled to, pay or otherwise satisfy, that are or that pursuant to this Agreement have become, the responsibility of the Parent Group. SpinCo shall invoice Parent after the end of each fiscal month for all such costs (if any) in such fiscal month. Parent shall pay any amounts due by Parent hereunder in immediately available funds within thirty (30) days of Parent's receipt of each invoice therefor. Any amount not paid within thirty (30) days after the date when payable shall bear interest at the rate described in the definition of Interest Payment from the date such amount is due. Parent shall not deduct, set off, counterclaim or otherwise withhold any amount owed by it to SpinCo (on account of any obligation owed by the SpinCo Group, whether or not such obligation has been finally adjudicated, settled or otherwise agreed upon in writing) against the amounts payable pursuant to this Agreement; provided that, if Parent disputes any amount on an invoice, Parent shall notify SpinCo in writing within twenty (20) days after Parent's receipt of such invoice and shall describe in detail the reason for disputing such amount, provide any documents or other materials supporting its dispute, and will be entitled to withhold only the amount in dispute during the pendency of the dispute. Parent shall cause the timely payment of the undisputed portion of each invoice in the manner set forth in this Agreement and shall be subject to late charges at the rate described in the definition of Interest Payment and any other costs incurred by SpinCo and controlled pursuant to this Section 2.04(b) on any amount that is unsuccessfully disputed.

Article III
ASSIGNMENT OF EMPLOYEES

Section 3.01 Active Employees.

(a) *Assignment and Transfer of Employees*. Effective as of no later than the Effective Time and except as otherwise agreed to by the Parties, (i) the applicable member of the Parent Group shall have taken such actions as are necessary to ensure that each individual who is intended to be an employee of the SpinCo Group as of immediately after the Effective Time (including any such individual who is not actively working as of the Effective Time as a result of an illness, injury or an approved leave of absence (collectively, the "SpinCo Group Employees")) is employed by a member of the SpinCo Group as of immediately after the Effective Time, and (ii) the applicable member of the Parent Group shall have taken such actions as are necessary to ensure that each individual who is intended to be an employee of the Parent Group as of immediately after the Effective Time (including any such individual who is not actively working as of the Effective Time as a result of an illness, injury or an approved leave of absence) and any other individual employed by the Parent Group as of the Effective Time who is not a SpinCo Group Employee (collectively, the "Parent Group Employees") is employed by a member of the Parent Group as of immediately after the Effective Time. Each of the Parties agrees to execute, and to seek to have the applicable Employees execute, such documentation, if any, as may be necessary to reflect such assignment and/or transfer.

(b) *At-Will Status*. Nothing in this Agreement shall create any obligation on the part of any member of the Parent Group or any member of the SpinCo Group to (i) change the employment status of any Employee from "at-will," to the extent that such Employee is an "at-will" employee under applicable Law, or (ii) continue the employment of any Employee or permit the return of an Employee from a leave of absence for any period after the date of this Agreement (except as required by applicable Law); provided that, with respect to clause (ii), in the case of a SpinCo Group Employee who is able to return to employment following the commencement of long-term disability benefits under a Parent Welfare Plan (as described in Section 7.05), SpinCo shall comply with any requirements relating to employment rights of such SpinCo Group Employee and such obligations, and any related Liabilities shall be obligations and related Liabilities of SpinCo Group. Except as provided in this Agreement, this Agreement shall not limit the ability of the Parent Group or the SpinCo Group to change the position, compensation or benefits of any Employees for performance-related, business or any other reason.

(c) *Non-compete, Severance, Change in Control, or Other Payments*. The Parties acknowledge and agree that the Separation, Distribution and the assignment, transfer or continuation of the employment of Employees as contemplated by this Section 3.01 shall not be deemed an involuntary termination of employment entitling any SpinCo Group Employee or Parent Group Employee to non-compete, severance, change in control, or other payments or benefits.

(d) *Not a Change in Control*. The Parties acknowledge and agree that neither the consummation of the Separation, Distribution nor any transaction contemplated by this Agreement, the Separation and Distribution Agreement or any other Ancillary Agreement shall be deemed a "change in control," "change of control," or term of similar import for purposes of any Benefit Plan sponsored or maintained by any member of the Parent Group or member of the SpinCo Group, and except as provided in this Agreement or as otherwise required by applicable law or Individual Agreement, no provision of this Agreement shall be construed to accelerate any vesting or create any right or entitlement to any compensation or benefits on the part of any Employee.

Section 3.02 Individual Agreements.

(a) *Assignment by Parent*. To the extent necessary, Parent shall assign, or cause an applicable member of the Parent Group to assign, to SpinCo or another member of the SpinCo Group, as designated by SpinCo, all Individual Agreements, with such assignment to be effective as of no later than the Effective Time; provided, however, that, to the extent that assignment of any such Individual Agreement is not permitted by the terms of such agreement or by applicable Law, effective as of the Effective Time, each member of the SpinCo Group shall be considered to be a successor to each member of the Parent Group for purposes of, and a third-party beneficiary with respect to, such Individual Agreement, such that each member of the SpinCo Group shall enjoy all the rights and benefits under such agreement (including rights and benefits as a third-party beneficiary); provided, further, that in no event shall Parent be permitted to enforce any Individual Agreement (including any agreement containing noncompetition or non-solicitation covenants) against a SpinCo Group Employee or Former SpinCo Group Employee for action taken in such individual's capacity as a SpinCo Group Employee or Former SpinCo Group Employee.

(b) *Assumption by SpinCo*. Effective as of the Effective Time, SpinCo shall, or shall cause the members of the SpinCo Group to, assume and honor any Individual Agreement to the extent assigned, including any Liabilities and obligations thereunder to which any SpinCo Group Employee or Former SpinCo Group Employee is a party with any member of the Parent Group.

Section 3.03 Consultation with Labor Representatives; Labor Agreements. The Parties shall cooperate to notify, inform and/or consult with any labor union, works council or other labor representative regarding the Separation and Distributions to the extent required by Law or a Labor Agreement. No later than as of immediately before the Effective Time, SpinCo shall have taken, or caused another member of the SpinCo Group to take, all actions that are necessary (if any) for SpinCo or another member of the SpinCo Group to (a) assume any Labor Agreements in effect with respect to SpinCo Group Employees and Former SpinCo Group Employees (excluding obligations thereunder with respect to any Parent Group Employees or Former Parent Group Employees, to the extent applicable), and (b) unless otherwise provided in this Agreement, assume and honor any obligations of the Parent Group under any Labor Agreements as such obligations relate to SpinCo Group Employees and Former SpinCo Group Employees. No later than as of immediately before the Effective Time, Parent shall have taken, or caused another member of the Parent Group to take, all actions that are necessary (if any) for Parent or another member of the Parent Group to (i) assume any Labor Agreements in effect with respect to Parent Group Employees and Former Parent Group Employees (excluding obligations thereunder with respect to any SpinCo Group Employees, or Former SpinCo Group Employees, to the extent applicable) and (ii) assume and honor any obligations of the SpinCo Group under any Labor Agreements as such obligations relate to Parent Group Employees and Former Parent Group Employees. For the avoidance of doubt, any withdrawal liability that is imposed on any member of the Parent Group at or after the Effective Time by a multiemployer pension plan and that relates to the obligation, or cessation of the obligation, of a member of the SpinCo Group to contribute to such plan, shall be a SpinCo Liability.

Section 3.04 Non-Solicitation.

(a) *Non-Solicitation*. Each Party agrees that, for the period of 12 months immediately following the Effective Time, such Party shall, and shall cause each member in its Group, to not solicit for employment any individual who, as of immediately prior to the Effective Time, was an employee of a member of the other Group and worked from, or was otherwise assigned to, the corporate office of such Group ("Restricted Employees"); provided that the foregoing restrictions shall not apply to: (i) any Restricted Employee who terminates employment (which for the avoidance of doubt, occurs at the end of any garden leave, if applicable) at least six (6) months prior to the applicable solicitation and/or hiring, and (ii) the solicitation of a Restricted Employee whose employment was involuntarily terminated by the employing Party in a severance qualifying termination before the employment discussions with the soliciting Party commenced; and provided, further, that it shall not be deemed to be a violation of this Section 3.04 for either Party, or the members of its Group, to post a general solicitation that is not targeted at Restricted Employees of the other Party and the members of its Group.

(b) *Remedies; Enforcement*. Each Party acknowledges and agrees that (i) injury to the employing Party from any breach by the other Party of the obligations set forth in this Section 3.04 would be irreparable and impossible to measure and (ii) the remedies at Law for any breach or threatened breach of this Section 3.04, including monetary damages, would therefore be inadequate compensation for any loss, and the employing Party shall have the right to specific performance and injunctive or other equitable relief in accordance with this Section 3.04, in addition to any and all other rights and remedies at Law or in equity, and all such rights and remedies shall be cumulative. Each Party understands and acknowledges that the restrictive covenants and other agreements contained in this Section 3.04 are an essential part of this Agreement and the transactions contemplated hereby. It is the intent of the Parties that the provisions of this Section 3.04 shall be enforced to the fullest extent permissible under applicable Law applied in each jurisdiction in which enforcement is sought. If any particular provision or portion of this Section 3.04 shall be adjudicated to be invalid or unenforceable, such provision or portion thereof shall be deemed amended to the minimum extent necessary to render such provision or portion valid and enforceable, such amendment to apply only with respect to the operation of such provision or portion thereof in the particular jurisdiction in which such adjudication is made.

Article IV
EQUITY, INCENTIVE AND EXECUTIVE COMPENSATION

Section 4.01 Generally. Each Parent Award that is outstanding as of immediately prior to the Effective Time shall be adjusted as described below; provided, however, that, prior to the Effective Time, the Parent Compensation Committee may provide for different adjustments with respect to some or all Parent Awards to the extent that the Parent Compensation Committee deems such adjustments necessary and appropriate. Any adjustments made by the Parent Compensation Committee pursuant to the foregoing sentence shall be deemed incorporated by reference herein as if fully set forth below and shall be binding on the Parties and their respective Affiliates. Before the Effective Time, the SpinCo Equity Plan shall be established, with such terms as are necessary to permit the implementation of the provisions of this Article IV.

Section 4.02 Equity Incentive Awards.

(a) *RSU Awards*. Each Parent RSU Award that is outstanding as of immediately prior to the Effective Time shall be treated as follows:

(i) If the holder is a Parent Group Employee or Former Employee, such award shall be converted, as of the Effective Time, into a Post-Separation Parent RSU Award, and shall, except as otherwise provided in this Section 4.02, be subject to the same terms and conditions (including with respect to vesting) after the Effective Time as were applicable to such Parent RSU Award immediately prior to the Effective Time; provided, however, that, from and after the Effective Time, the number of Parent Shares subject to such Post-Separation Parent RSU Award shall be equal to the product, rounded down to the nearest whole number of shares, obtained by multiplying (A) the number of Parent Shares subject to the corresponding Parent RSU Award immediately prior to the Effective Time, by (B) the Parent Ratio.

(ii) If the holder is a SpinCo Group Employee, such award shall be converted, as of the Effective Time, into a SpinCo RSU Award, and shall, except as otherwise provided in this Section 4.02, be subject to the same terms and conditions (including with respect to vesting) after the Effective Time as were applicable to such Parent RSU Award immediately prior to the Effective Time; provided, however, that, from and after the Effective Time, the number of SpinCo Shares subject to such SpinCo RSU Award shall be equal to the product, rounded down to the nearest whole number of shares, obtained by multiplying (A) the number of Parent Shares subject to the corresponding Parent RSU Award immediately prior to the Effective Time, by (B) the SpinCo Ratio.

(b) *Performance Share Awards*. Each Parent Performance Share Award that is outstanding as of immediately prior to the Effective Time shall be treated as follows:

(i) If the holder is a Parent Group Employee or Former Employee, such award shall be converted, as of the Effective Time, into a Post-Separation Parent RSU Award, and shall, except as otherwise provided in this Section 4.02, be subject to the same terms and conditions (including with respect to time-based vesting) after the Effective Time as were applicable to such Parent Performance Share Award immediately prior to the Effective Time; provided, however, that, from and after the Effective Time, the number of Parent Shares subject to such Post-Separation Parent RSU Award shall be equal to the product, rounded down to the nearest whole number of shares, obtained by multiplying (A) the number of Parent Shares subject to the corresponding Parent Performance Share Award immediately prior to the Effective Time, by (B) the Parent Ratio. The applicable performance-based vesting conditions shall be deemed achieved as of the Effective Time at the levels approved by the Parent Compensation Committee prior to the Effective Time.

(ii) If the holder is a SpinCo Group Employee, such award shall be converted, as of the Effective Time, into a SpinCo RSU Award, and shall, except as otherwise provided in this Section 4.02, be subject to the same terms and conditions (including with respect to time-based vesting) after the Effective Time as were applicable to such Parent Performance Share Award immediately prior to the Effective Time; provided, however, that, from and after the Effective Time, the number of SpinCo Shares subject to such SpinCo RSU Award shall be equal to the product, rounded down to the nearest whole number of shares, obtained by multiplying (A) the number of Parent Shares subject to the corresponding Parent Performance Share Award immediately prior to the Effective Time by (B) the SpinCo Ratio. The applicable performance-based vesting conditions shall be deemed achieved as of the Effective Time at the levels approved by the Parent Compensation Committee prior to the Effective Time.

(c) *Miscellaneous Award Terms*. None of the Separation, the Distribution or any employment transfer described in Section 3.01(a) shall constitute a termination of employment for any Employee or termination of service for any nonemployee director for purposes of any Post-Separation Parent Award or any SpinCo Award. After the Effective Time, for any award adjusted under this Section 4.02, any reference to a "change in control," "change of control" or similar definition in an award agreement, employment agreement or Parent Equity Plan applicable to such award (x) with respect to Post-Separation Parent RSU Awards, shall be deemed to refer to a "change in control," "change of control" or similar definition as set forth in the applicable award agreement, employment agreement or Parent Equity Plan, and (y) with respect to SpinCo RSU Awards, shall be deemed to refer to a "Change in Control" as defined in the SpinCo Equity Plan.

(d) *Registration and Other Regulatory Requirements*. SpinCo agrees to file the appropriate registration statements with respect to, and to cause to be registered pursuant to the Securities Act, the SpinCo Shares authorized for issuance under the SpinCo Equity Plan, as required pursuant to the Securities Act, at or promptly following the Effective Time.

Section 4.03 Non-Equity Incentive Practices and Plans.

(a) *Annual Bonuses*. The Parent Group shall be responsible for all bonus awards that would otherwise be payable under the Parent Annual Bonus Plans to SpinCo Group Employees or Former SpinCo Group Employees for all periods prior to the Distribution Date; provided that, with respect to fiscal year 2023, each such bonus award shall be based on: (i) in the case of the Parent EICP, the performance level certified by the Parent Compensation Committee and prorated based on the number of days elapsed from and including January 1 through the Distribution Date out of three hundred and sixty-five (365), and paid promptly following the Distribution Date, subject to the payment eligibility requirements of the Parent EICP and subject, to the extent applicable, to any valid deferral election made under the Parent Deferred Compensation Plan or SpinCo Deferred Compensation Plan, as applicable; or (ii) in the case of the Parent STIP, the target level, based on the employee's pay grade prior to the Distribution Date and such employee's straight-time wages paid in the plan year up to the Distribution Date and prorated based on the number of days elapsed from and including January 1 through the Distribution Date out of three hundred and sixty-five (365), and paid promptly following the Distribution Date, and subject, to the extent applicable, to any valid deferral election made under the Parent Deferred Compensation Plan or SpinCo Deferred Compensation Plan, as applicable. As of no later than the Effective Time, SpinCo shall establish the SpinCo EICP, which shall have substantially the same terms as of immediately prior to the Effective Time as the Parent EICP. SpinCo Group Employees who were covered by the Parent EICP immediately prior to the Distribution Date shall be eligible to participate in the SpinCo EICP, as applicable, on such terms as determined by SpinCo or required by an Individual Agreement. SpinCo Group Employees who participated in the Parent STIP shall be eligible to participate in the KRC Salaried Employees Incentive Plan for 2023 as of the Effective Date through the end of the plan year on a prorated basis.

(b) *Other Cash Incentive Plans*.

(i) No later than the Effective Time, the Parent Group shall continue to retain (or assume as necessary) any cash incentive plan that is for the exclusive benefit of Parent Group Employees and Former Parent Group Employees and, from and after the Effective Time, shall be solely responsible for all Liabilities thereunder.

(ii) No later than the Effective Time, the SpinCo Group shall establish or continue to retain (or assume as necessary) any cash incentive plan that is for the exclusive benefit of SpinCo Group Employees and Former SpinCo Group Employees and, from and after the Effective Time, shall be solely responsible for all Liabilities thereunder.

Section 4.04 Director Compensation. Parent shall be responsible for the payment of any fees for service on the Parent Board that are earned at, before, or after the Effective Time, and SpinCo shall not have any responsibility for any such payments. With respect to any Transferred Director, SpinCo shall be responsible for the payment of any cash fees for service on the SpinCo Board that are earned at any time after the Effective Time, and Parent shall not have any responsibility for any such payments. For the avoidance of doubt, with respect to the month in which the Distribution Date occurs, for any Transferred Director, Parent shall be responsible for the payment of the portion of the monthly cash director's fee that relates to the portion of the month elapsed prior to the Distribution Date, and SpinCo shall be responsible for the payment of the remainder of such monthly cash director's fee.

Article V
QUALIFIED RETIREMENT PLANS

Section 5.01 Parent Pension Plans. Parent shall assume and retain the Parent Pension Plans as of the Effective Time and no member of the SpinCo Group shall assume or retain any Liability with respect to the Parent Pension Plans. Following the Effective Time, no SpinCo Group Employee shall be credited with any additional service under the Parent Pension Plans.

Section 5.02 SpinCo Pension Plan.

(a) *Retention of SpinCo Pension Plans*. SpinCo shall assume and retain the SpinCo Pension Plans as of the Effective Time and no member of the Parent Group shall assume or retain any Liability with respect to the SpinCo Pension Plans. Following the Effective Time, no Parent Group Employee shall be credited with any additional service under the SpinCo Pension Plans.

(b) *Master Trust Assets*. Assets attributable to the SpinCo Pension Plans (the "SpinCo Pension Assets") under the MDU Resources, Inc. Master Trust (the "Parent Master Trust") (including for the avoidance of doubt any Assets held in a separate account under the Parent Master Trust for the benefit of the SpinCo Pension Plans) shall be transferred to a master trust designated by SpinCo (the "SpinCo Master Trust") and adopted by SpinCo no later than the Distribution Date which forms a part of each SpinCo Pension Plan as follows:

(i) On the first Business Day following the Distribution Date (such date, the "Initial Transfer Date"), SpinCo Pension Assets under the Parent Master Trust shall be transferred to the SpinCo Master Trust based on an April 30, 2023 valuation provided by the trustee of the Parent Master Trust (the "Trustee") in an amount as approved by the Employee Benefits Committee of the Parent (such initial transfer, the "Initial Transfer").

(ii) As soon as practical following the Distribution Date, Parent shall obtain from the Trustee a valuation of the Parent Master Trust as of the Distribution Date reflecting the valuation of the Assets of the Parent Master Trust (based on the close of market (regular hours) on the Distribution Date) (the "Distribution Date Valuation").

(iii) For purposes of a potential True-Up Transfer as defined in Section 5.02(b)(iv), the SpinCo Pension Assets shall be an amount approved by the Employee Benefits Committee of the Parent based on the value of the SpinCo Pension Plans' interest in the Parent Master Trust based on the Distribution Date Valuation and, to the extent necessary, shall be adjusted to take into account any contributions or benefit payments, in either case to be made from the Parent Master Trust after the Distribution Date on behalf of the SpinCo Pension Plans and third-party fees, costs and expenses including Trustee, investment management, Trustee and administration and other similar fees incurred or due in respect of the Parent Master Trust for periods prior to the Effective Time (such adjusted amount, the "Final SpinCo Pension Assets").

(iv) To the extent that the Assets transferred to the SpinCo Master Trust in connection with the Initial Transfer as of the Distribution Date, as determined in accordance with Section 5.02(b)(i) (A) exceed the Final SpinCo Pension Assets, the trustee on behalf of the SpinCo Master Trust shall transfer Assets to the Parent Master Trust equal to such excess or (B) fall short of the Final SpinCo Pension Assets, the Trustee on behalf of the Parent Master Trust shall transfer Assets to the SpinCo Master Trust equal to such shortfall (such subsequent transfer described in this Section 5.02(b)(iv)(A) and (B), the "True-Up Transfer"). Such True-Up Transfer, if any, shall be made within twenty (20) business days following the receipt by the Parent of the Distribution Date Valuation. The Employee Benefits Committee of the Parent shall approve the amount, if any, subject to the True-Up Transfer.

(v) The Initial Transfer shall, to the extent practicable, be made in kind (on a pro rata basis). By way of illustration, if the Parent Master Trusts holds 100 units of a collective investment fund ABC and the SpinCo Pension Assets constitute 7% of the Assets of the Parent Master Trust as of the Initial Transfer, seven units of collective investment fund ABC shall be transferred from the Parent Master Trust to the SpinCo Master Trust on the Distribution Date.

(vi) With respect to the Initial Transfer, to the extent it is not practicable to transfer Assets in kind (on a pro rata basis) as determined by the Trustee, investment advisor or manager to the Parent Master Trust and agreed by the Employee Benefits Committee of the Parent (*e.g.*, due to Assets held as fractional shares, Assets held in cash, minimum investment requirements or any similar restrictions or circumstances), such transfer shall be made in cash and if such cash transfer is delayed beyond the Initial Transfer Date, plus simple interest (using the one-month Treasury rate in effect on the Initial Transfer Date) from the Initial Transfer Date through the date immediately preceding the date of transfer. Any True-Up Transfer shall also be made in cash plus simple interest (using the one-month Treasury Rate in effect on the Initial Transfer Date) from the Initial Transfer Date through the date immediately preceding the date of transfer.

(vii) For the avoidance of doubt, the insurance company separate accounts for each of the plans held in the Parent Master Trust prior to the Distribution Date do not constitute Assets of the Parent Master Trust and are held directly by each of the plans that participate in the Parent Master Trust.

(viii) As soon as practicable following any transfers made pursuant to this Section 5.02(b), the Parent Group shall deliver to the SpinCo Group copies of relevant valuation reports used by the Parent Group to make the determinations required by this Section 5.02(b) and any other supporting information as may be reasonably requested by SpinCo. The Parties shall cooperate in making any subsequent adjustments with respect to fees and expenses incurred by the Parent Master Trust prior to the Effective Time with respect to the Assets attributable to the SpinCo Pension Plans.

(c) *Plan Fiduciaries*. For all periods at and after the Effective Time and except as otherwise set forth in this Section 5.02, the parties agree that the applicable fiduciaries of each of the Parent Pension Plans and the SpinCo Pension Plans, respectively, shall have the authority with respect to the Parent Pension Plans and the SpinCo Pension Plans, respectively, to determine the investments and such other matters as are within the scope of their duties under ERISA and the terms of the applicable plan documents. Prior to the Effective Time, SpinCo shall or shall cause the appropriate members of the SpinCo Group to establish an Employee Benefit Committee as a fiduciary with respect to the SpinCo Pension Plans and SpinCo Master Trust and such committee shall have the authority to take the necessary action to establish an investment policy effective as of the Effective Time.

Section 5.03 SpinCo 401(k) Plans.

(a) *Establishment of Plan*. Effective on or before the Distribution Date, SpinCo shall or shall cause the members of the SpinCo Group to, adopt and establish a SpinCo 401(k) Plan and a related trust (the "SpinCo 401(k) Trust"), which shall be intended to meet the tax qualification requirements of Section 401(a) of the Code, the tax exemption requirement of Section 501(a) of the Code, and the requirements described in Sections 401(k) and (m) of the Code and which shall have substantially the similar terms in all material respects as of immediately prior to the Distribution Date as the Parent 401(k) Plan. Notwithstanding the foregoing, SpinCo may make such changes, modifications or amendments to the SpinCo 401(k) Plan as may be required by applicable Law or as are necessary and appropriate to reflect the Separation or which result from vendor limitations.

(b) *Transfer of Account Balances*. No later than thirty (30) days following the Effective Time (or such other times as mutually agreed to by the Parties), Parent shall cause the trustee of the Parent 401(k) Plan to transfer from the trust which forms a part of the Parent 401(k) Plan to the SpinCo 401(k) Trust, the account balances of SpinCo Group Employees under the Parent 401(k) Plan, determined as of the date of the transfer. Unless otherwise agreed by the Parties, such transfers shall be made in kind, including promissory notes evidencing the transfer of outstanding loans and, with respect to investments in the MDU Resources Common Stock (the "Parent Share Fund"), such transfer shall include Parent Shares and, if applicable, SpinCo Shares. Any Asset and Liability transfers pursuant to this Section 5.03 shall comply in all respects with Sections 414(l) and 411(d)(6) of the Code and, if required, shall be made not less than thirty (30) days after Parent shall have filed the notice under Section 6058(b) of the Code with respect to the applicable Parent 401(k) Plan. The Parties agree that to the extent that any Assets are not transferred in kind, the Assets transferred will be mapped into an appropriate investment vehicle. The SpinCo 401(k) Plan shall assume and honor the terms of all QDROs in effect under the Parent 401(k) Plan in respect of SpinCo Group Employees immediately prior to the Effective Time.

(c) *Transfer of Liabilities*. Effective as of the Effective Time or if earlier, the date of transfer under Section 5.03(b) but subject to the Asset transfer specified in Section 5.03(b) above and retirement contribution described in Section 5.03(d), the SpinCo 401(k) Plan shall assume and be solely responsible for all the Liabilities for or relating to SpinCo Group Employees under the Parent 401(k) Plan. SpinCo shall be responsible for all ongoing rights of or relating to SpinCo Group Employees for future participation (including the right to make payroll deductions) in the SpinCo 401(k) Plan.

(d) *Employer Contributions.* As soon as practical following the Distribution Date, Parent shall make a pro rata retirement contribution to the SpinCo 401(k) Plan for each SpinCo Group Employee who transferred to the SpinCo Group prior to the Distribution Date for the portion of the current plan year of the Parent 401(k) Plan that has elapsed since January 1, 2023 until the date such SpinCo Group Employee transferred to the SpinCo Group (with the level of such retirement contribution based on the terms of the Parent 401(k) Plan).

(e) *SpinCo Share Fund in SpinCo 401(k) Plan.* The SpinCo 401(k) Plan shall provide, effective as of the Effective Time: (i) for the establishment of a share fund for SpinCo Shares (the "SpinCo Share Fund"); (ii) that such SpinCo Share Fund shall receive all SpinCo Shares distributed in connection with the Distribution in respect of Parent Shares held in SpinCo 401(k) Plan accounts of SpinCo Group Employees and Former SpinCo Group Employees participating in the SpinCo 401(k) Plan immediately prior to the Effective Time; and (iii) that, following the Effective Time, contributions made by or on behalf of such participants shall be allocated to the SpinCo Share Fund, if so directed in accordance with the terms of the SpinCo 401(k) Plan.

(f) *Parent Share Fund in SpinCo 401(k) Plan.* Participants in the SpinCo 401(k) Plan shall be prohibited from increasing their holdings in the Parent Share Fund under the SpinCo 401(k) Plan and may elect to liquidate their holdings in the Parent Share Fund and invest those monies in any other investment fund offered under the SpinCo 401(k) Plan. After the Effective Time, all outstanding investments in the Parent Share Fund under the SpinCo 401(k) Plan shall be liquidated and reinvested in other investment funds offered under the SpinCo 401(k) Plan, on such dates and in accordance with such procedures as are determined by the administrator of the SpinCo 401(k) Plan.

(g) *SpinCo Share Fund in Parent 401(k) Plan.* SpinCo Shares distributed in connection with the Distribution in respect of Parent Shares transferred to the Parent 401(k) Plan accounts of Parent Group Employees or Former Parent Group Employees who participate in the Parent 401(k) Plan shall be deposited in a SpinCo Share Fund under the Parent 401(k) Plan, and such participants in the Parent 401(k) Plan shall be prohibited from increasing their holdings in such SpinCo Share Fund under the Parent 401(k) Plan and may elect to liquidate their holdings in such SpinCo Share Fund and invest those monies in any other investment fund offered under the Parent 401(k) Plan. After the Effective Time, all outstanding investments in the SpinCo Share Fund under the Parent 401(k) Plan shall be liquidated and reinvested in other investment funds offered under the Parent 401(k) Plan, on such dates and in accordance with such procedures as are determined by the administrator of the Parent 401(k) Plan.

(h) *Plan Fiduciaries*. For all periods at and after the Effective Time, the parties agree that the applicable fiduciaries of each of the Parent 401(k) Plans and the SpinCo 401(k) Plans, respectively, shall have the authority with respect to the Parent 401(k) Plans and the SpinCo 401(k) Plans, respectively, to determine the investment alternatives, the terms and conditions with respect to those investment alternatives and such other matters as are within the scope of their duties under ERISA and the terms of the applicable plan documents.

Article VI
NONQUALIFIED DEFERRED COMPENSATION PLANS

Section 6.01 Deferred Compensation Plans.

(a) *Establishment of Plans*. As of no later than the Effective Time, SpinCo shall establish a SpinCo Deferred Compensation Plan corresponding to each Parent Nonqualified Deferred Compensation Plan, and each SpinCo Nonqualified Deferred Compensation Plan shall have substantially the same terms as of the effective date of such SpinCo Nonqualified Deferred Compensation Plan as the corresponding Parent Nonqualified Deferred Compensation Plan. SpinCo may make such changes, modifications or amendments to each SpinCo Nonqualified Deferred Compensation Plan as may be required by applicable Law or as are necessary and appropriate to reflect the Separation, it being understood that any such changes, modifications or amendments shall not result in benefits that are less favorable than those provided under the corresponding Parent Nonqualified Deferred Compensation Plan to participants in such Parent Nonqualified Deferred Compensation Plan immediately prior to the effective date of the SpinCo Nonqualified Deferred Compensation Plan.

(b) *Assumption of Liabilities in General*. No later than the Effective Time, except as otherwise provided in this Section 6.01, SpinCo shall, and shall cause the SpinCo Nonqualified Deferred Compensation Plans to, assume all Liabilities under each Parent Nonqualified Deferred Compensation Plan for the benefits of SpinCo Group Employees and Former SpinCo Group Employees, determined as of immediately prior to the effective date of such SpinCo Nonqualified Deferred Compensation Plan, and the Parent Group and the Parent Nonqualified Deferred Compensation Plans shall be relieved of all Liabilities for those benefits. Parent shall, or shall cause a member of the Parent Group to, assume and retain all Liabilities under the Parent Nonqualified Deferred Compensation Plans for the benefits of Parent Group Employees and Former Parent Group Employees. On and after the effective date of each SpinCo Nonqualified Deferred Compensation Plan, SpinCo Group Employees and Former SpinCo Group Employees shall cease to be participants in the corresponding Parent Nonqualified Deferred Compensation Plan.

(c) *Establishment of Rabbi Trusts*.

(i) Deferred Compensation Rabbi Trust. No later than the Effective Time, SpinCo shall, or shall cause a member of the Spin Group to, adopt a rabbi trust with respect to the SpinCo Deferred Compensation Plan (which plan shall be adopted pursuant to Sections 2.02(a) and 6.01(a)) (the "SpinCo Deferred Compensation Plan Rabbi Trust"), the terms of which rabbi trust shall be substantially comparable as of the date that such rabbi trust is formed to the terms of the rabbi trust for the MDU Resources Group, Inc. Deferred Compensation Plan (the "Parent Deferred Compensation Plan Rabbi Trust") to the extent that such terms of the Parent Deferred Compensation Rabbi Trust relate to obligations in respect of the MDU Resources Group, Inc. Deferred Compensation Plan, with such changes, modifications or amendments to the SpinCo Deferred Compensation Plan Rabbi Trust as may be required by applicable Law. In connection with the establishment by SpinCo of the SpinCo Deferred Compensation Plan and the assumption by SpinCo and the SpinCo Deferred Compensation Plan of the Liabilities under the MDU Resources Group, Inc. Deferred Compensation Plan in respect of the SpinCo Group Employees and Former SpinCo Group Employees, Parent shall transfer from the Parent Deferred Compensation Plan Rabbi Trust to the SpinCo Deferred Compensation Plan Rabbi Trusts a pro rata portion of the Assets held by the Parent Deferred Compensation Rabbi Trust based on the ratio of the bookkeeping account balances of the SpinCo Group Employees and Former SpinCo Group Employees to the bookkeeping account balances of all Employees and Former Employees under the MDU Resources Group, Inc. Deferred Compensation Plan as of the last business day prior to the date of transfer.

(ii) Benefit Protection Rabbi Trust. No later than the Effective Time and in accordance with the Plan of Reorganization, a member of the SpinCo Group shall have adopted a rabbi trust with respect to the SpinCo Supplemental Income Security Plan and the SpinCo Nonqualified Defined Compensation Plan (which plans shall be adopted pursuant to Sections 2.02(a) and 6.01(a)) (the "SpinCo Benefit Protection Rabbi Trust"), the terms of which shall be substantially comparable as of the date that such rabbi trust is formed to the terms of the rabbi trust for the MDU Resources Group, Inc. Supplemental Income Security Plan and the MDU Resources Group, Inc. Nonqualified Defined Compensation Plan (the "Parent Benefit Protection Rabbi Trust"), to the extent that such terms of the Parent Benefit Protection Rabbi Trust relate to obligations in respect of the MDU Resources Group, Inc. Supplemental Income Security Plan and the MDU Resources Group, Inc. Nonqualified Defined Compensation Plan, with such changes, modifications or amendments to the SpinCo Benefit Protection Rabbi Trust as may be required by applicable Law. In connection with the Plan of Reorganization and the establishment by a member of the SpinCo Group of the SpinCo Benefit Protection Rabbi Trust and the assumption by SpinCo and the SpinCo Supplemental Income Security Plan and the SpinCo Nonqualified Defined Contribution Plan of the Liabilities under the MDU Resources Group, Inc. Supplemental Income Security Plan and the MDU Resources Group, Inc. Nonqualified Defined Contribution Plan in respect of the SpinCo Group Employees and Former SpinCo Group Employees, such trust shall have received Assets from the Parent Benefit Protection Trust in such amounts as determined by Parent.

Section 6.02 Director Deferred Compensation.

(a) *Establishment of SpinCo Director Deferred Compensation Plan*. As of no later than the Effective Time, SpinCo shall establish the SpinCo Director Deferred Compensation Plan, which plan shall have substantially the same terms as of immediately prior to the Effective Time as the Parent Director Deferred Compensation Plan. SpinCo may make such changes, modifications or amendments to the SpinCo Director Deferred Compensation Plan as may be required by applicable Law or as are necessary and appropriate to reflect the Separation, it being understood that any such changes, modifications or amendments shall not result in benefits that are less favorable than those provided under the Parent Director Deferred Compensation Plan to Transferred Directors who participated in the Parent Director Deferred Compensation Plan immediately prior to the Effective Time.

(b) *Liability for Director Deferred Compensation Plan Accounts*. As of the Effective Time, except as otherwise provided in this Section 6.02, SpinCo shall, and shall cause the SpinCo Director Deferred Compensation Plan to, assume all Liabilities under the Parent Director Deferred Compensation Plan for the benefits of Transferred Directors, determined as of immediately prior to the Effective Time, and the Parent Group and the Parent Director Deferred Compensation Plan shall be relieved of all Liabilities for those benefits. Parent shall assume and retain all Liabilities under the Parent Director Deferred Compensation Plans the benefits of Parent Directors and all nonemployee directors who ceased serving on the Parent Board prior to the Effective Time. On and after the Effective Time, Transferring Directors shall cease to be participants in the Parent Director Deferred Compensation Plan.

(c) *Adjustment Methodology*. All deferred stock units notionally credited to a participant's account under the Parent Director Deferred Compensation Plan immediately prior to the Effective Time shall be adjusted from and after the Effective Time so that (i) with respect to a participant in the Parent Director Deferred Compensation Plan immediately following the Effective Time, such deferred stock units shall continue to relate solely to Parent Shares and the number of deferred stock units notionally credited as of the Effective Time under the Parent Director Deferred Compensation Plan shall be equal to the product, rounding down to the nearest whole number of shares, obtained by multiplying (A) the number of Parent Shares underlying deferred stock units notionally credited to such participant's account under the Parent Director Deferred Compensation Plan immediately prior to the Effective Time by (B) the Parent Ratio, and (ii) with respect to a participant in the SpinCo Director Deferred Compensation Plan immediately following the Effective Time, such deferred stock units shall relate solely to SpinCo Shares and the number of deferred stock units notionally credited as of the Effective Time under the SpinCo Director Deferred Compensation Plan shall be equal to the product, rounding down to the nearest whole number of shares, obtained by multiplying (A) the number of Parent Shares underlying deferred stock units notionally credited to such participant's account under the Parent Director Deferred Compensation Plan immediately prior to the Effective Time by (B) the SpinCo Ratio.

Section 6.03 Participation; Distributions. The Parties acknowledge that none of the transactions contemplated by this Agreement, the Separation and Distribution Agreement or any Ancillary Agreement shall trigger a payment or distribution of compensation for any participant under any of the Parent Nonqualified Deferred Compensation Plans, SpinCo Nonqualified Deferred Compensation Plans, Parent Director Deferred Compensation Plan, or SpinCo Director Deferred Compensation Plan and, consequently, that the payment or distribution of any compensation to which such participant is entitled under any such plan shall occur upon such participant's separation from service from the Parent Group or SpinCo Group or at such other time as provided in the applicable deferred compensation plan or participant's deferral election.

Article VII
WELFARE BENEFIT PLANS

Section 7.01 Welfare Plans.

(a) *Establishment of SpinCo Welfare Plans*. Except as otherwise provided in this Article VII, as of or before the Effective Time, SpinCo shall, or shall cause the members of the SpinCo Group to establish the SpinCo Welfare Plans pursuant to Section 2.03(a) that generally correspond to the Parent Welfare Plans in which such SpinCo Group Employees participate immediately prior to the Effective Time, with such changes, modifications or amendments as may be required by applicable Law or as are necessary and appropriate to reflect the Separation. In addition, SpinCo or members of the SpinCo Group shall retain the right to modify, amend, alter or terminate the terms of any SpinCo Welfare Plan after the Effective Time to the same extent that the Parent Group had such rights under the corresponding Parent Welfare Plan. For the avoidance of doubt, to the extent that SpinCo maintains SpinCo Welfare Plans for SpinCo Group Employees and Former SpinCo Group Employees prior to the Distribution Date, SpinCo may continue to provide such SpinCo Welfare Plans after the Effective Time, including with the same level of benefits, employee premiums, copays and deductibles in effect immediately prior to the Distribution Date.

(b) *Waiver of Conditions; Benefit Maximums*. SpinCo shall, or shall cause the members of the SpinCo Group to, use commercially reasonable efforts to cause the SpinCo Welfare Plans to:

(i) with respect to the enrollment as of the Effective Time, waive (x) all limitations as to preexisting conditions, exclusions, and service conditions with respect to participation and coverage requirements applicable to any SpinCo Group Employee or Former SpinCo Group Employee, other than limitations that were in effect with respect to the SpinCo Group Employee or Former SpinCo Group Employee under the applicable Parent Welfare Plan as of immediately prior to the Effective Time, and (y) any waiting period limitation or evidence of insurability requirement applicable to a SpinCo Group Employee or Former SpinCo Group Employee other than limitations or requirements that were in effect with respect to such SpinCo Group Employee or Former SpinCo Group Employee under the applicable Parent Welfare Plans as of immediately prior to the Effective Time; and

(ii) take into account (x) with respect to aggregate annual, lifetime, or similar maximum benefits available under the SpinCo Welfare Plans, a SpinCo Group Employee's or Former SpinCo Group Employee's prior claim experience under the Parent Welfare Plans and any Benefit Plan that provides leave benefits; and (y) any eligible expenses incurred by a SpinCo Group Employee or Former SpinCo Group Employee and his or her covered dependents during the portion of the plan year of the applicable Parent Welfare Plan ending as of the Effective Time to be taken into account under such SpinCo Welfare Plan for purposes of satisfying all deductible, coinsurance, and maximum out-of-pocket requirements applicable to such SpinCo Group Employee or Former SpinCo Group Employee and his or her covered dependents for the applicable plan year to the same extent as such expenses were taken into account by Parent for similar purposes prior to the Effective Time as if such amounts had been paid in accordance with such SpinCo Welfare Plan.

(c) *Allocation of Welfare Plan Assets and Liabilities*. Effective as of the Effective Time and except as otherwise provided in this Article VII or in the proviso to this sentence, the Parent Group shall retain or assume, as applicable, and be responsible for all Assets (including any insurance contracts, policies or other funding vehicles) and Liabilities relating to, arising out of or resulting from health and welfare coverage or claims incurred by or on behalf of Employees or Former Employees under the Parent Welfare Plans before the Effective Time; provided that the SpinCo Group shall retain or assume, as applicable, Liabilities relating to, arising out of or resulting from group health coverage or claims incurred by or on behalf of SpinCo Group Employees or Former SpinCo Group Employees before the Effective Time. Promptly after the receipt by Parent of a rebate or credit as a result of an administrative performance guarantee for 2022 plan year with respect to the group health plan, Parent shall pay to SpinCo its pro rata share on such basis as determined by Parent. No SpinCo Welfare Plan shall provide coverage to any Parent Group Employee or Former Parent Group Employee after the Effective Time, and except as provided in this Article VII, no Parent Welfare Plan shall provide coverage to any SpinCo Group Employee or Former SpinCo Group Employee after the Effective Time.

Section 7.02 Retiree Medical, Dental, Vision, AD&D, and Life Plans.

(a) *Treatment of VEBA Trust*. Immediately prior to the Effective Time, the SpinCo Group shall withdraw and cease to be a participating employer in the MDU Resources Group, Inc. Retiree Benefit VEBA.

(b) *SpinCo Group Employees.* Effective as of the Distribution Date, SpinCo shall assume and retain all Liabilities for retiree medical, dental, vision, AD&D, or life benefits with respect to SpinCo Group Employees and Former SpinCo Group Employees, including those who are eligible for benefits under a Parent Retiree Welfare Plan (other than a SpinCo Group Employee who has attained age 60 with at least 10 years of service and who has elected prior to the Effective Time to be covered under a Parent Retiree Plan). As of the Distribution Date, with respect to a SpinCo Group Employee who was eligible under a Parent Retiree Welfare Plan as of immediately prior to the Distribution Date (other than a SpinCo Group Employee who makes the election described in the preceding sentence), SpinCo shall cause such employee to be eligible for benefits and coverage under a SpinCo Retiree Welfare Plan.

(c) *RemainCo Group Employees.* Effective as of the Distribution Date, RemainCo shall assume and retain all Liabilities for retiree medical, dental, vision, AD&D, or life benefits with respect to RemainCo Group Employees and Former RemainCo Group Employees and any SpinCo Group Employee who has attained age 60 with at least 10 years of service and who has elected prior to the Effective Time to be covered under a Parent Retiree Plan. As of the Distribution Date, with respect to a RemainCo Group Employee who was eligible under a SpinCo Retiree Welfare Plan as of immediately prior to the Distribution Date, RemainCo shall cause such employee to be eligible for benefits and coverage under a RemainCo Retiree Welfare Plan.

Section 7.03 COBRA. The Parent Group shall continue to be responsible for complying with, and providing coverage pursuant to, the health care continuation requirements of COBRA, and the corresponding provisions of the Parent Welfare Plans with respect to any Parent Group Employees and any Former Parent Group Employees (and their covered dependents) who experience a qualifying event under COBRA before, as of, or after the Effective Time. Effective as of the Effective Time, the SpinCo Group shall assume responsibility for complying with, and providing coverage pursuant to, the health care continuation requirements of COBRA, and the corresponding provisions of the SpinCo Welfare Plans with respect to any SpinCo Group Employees or Former SpinCo Group Employees (and their covered dependents) who experience a qualifying event under the SpinCo Welfare Plans and/or the Parent Welfare Plans before, as of, or after the Effective Time. The Parties agree that the consummation of the transactions contemplated by the Separation and Distribution Agreement shall not constitute a COBRA qualifying event for any purpose of COBRA.

Section 7.04 Flexible Spending Accounts. As of no later than the Effective Time, SpinCo shall, or shall cause the members of the SpinCo Group to, establish SpinCo Welfare Plans, including a cafeteria plan that shall provide health or dependent care flexible spending account benefits to SpinCo Group Employees on and after the Effective Time (collectively, the "SpinCo Flex Plan"). The Parties shall use commercially reasonable efforts to ensure that as of the Effective Time any health and dependent care flexible spending accounts of SpinCo Group Employees (whether positive or negative) (the "Transferred Account Balances") under Parent Welfare Plans are transferred as soon as practicable after the Effective Time, from the Parent Welfare Plans to the SpinCo Flex Plan (but only to the extent such accounts under the Parent Welfare Plans are not already maintained by SpinCo). Such SpinCo Flex Plan shall assume responsibility as of the Effective Time for all outstanding health or dependent care claims under the corresponding Parent Welfare Plans of each SpinCo Group Employee as of the first day of the year in which the Effective Time occurs and shall assume and agree to perform the obligations of the corresponding Parent Welfare Plans from and after the Effective Time. As soon as practicable after the Effective Time, and in any event within thirty (30) days after the amount of the Transferred Account Balances is determined or such later date as mutually agreed upon by the Parties, Parent shall pay SpinCo the net aggregate amount of the Transferred Account Balances, if such amount is positive, and SpinCo shall pay Parent the net aggregate amount of the Transferred Account Balances, if such amount is negative. In addition, Parent shall provide to SpinCo a cash payment equal to any forfeitures under the Parent cafeteria plan attributable to SpinCo Group Employees and Former SpinCo Group Employees for the plan years ending prior to the Distribution Date that have a Covid-19 extension for making claims, with such cash payment to be made by Parent as soon as practical following resolution of such extended claim periods.

Section 7.05 Disability Plans. The Parent Group shall assume and retain all Liabilities for providing long-term disability benefits under a Parent Welfare Plan with respect to any Parent Group Employee or Former Parent Group Employee and with respect to any SpinCo Group Employee and any Former SpinCo Group Employee who is on short-term disability on the Distribution Date and who subsequently becomes eligible to receive long-term disability benefits under a Parent Welfare Plan that provides long-term disability benefits but only with respect to benefits arising from long-term disability claims incurred by any SpinCo Group Employee or Former SpinCo Group Employee prior to the Distribution Date and only to the extent that such individual is entitled to such benefit. For this purpose, a disability claim shall be considered incurred on the date of the occurrence of the event or condition giving rise to disability. For the avoidance of doubt, if, at the Distribution Date, a SpinCo Group Employee is on short-term disability due to an event or condition that occurred prior to the Distribution Date, such Employee shall remain a SpinCo Group Employee and to the extent that such SpinCo Group Employee becomes entitled to long-term disability benefits under a Parent Welfare Plan, Parent shall be liable to provide long-term disability benefits under the Parent Welfare Plan but only to the extent that such individual is entitled to such benefit. Except as provided in this Section 7.05, the SpinCo Group shall assume and retain all Liabilities for long-term disability benefits with respect to any SpinCo Group Employee.

Section 7.06 Vacation, Holidays, PTO and Leaves of Absence. Effective as of no later than the Effective Time, the SpinCo Group shall assume all Liabilities of the SpinCo Group with respect to vacation, holiday, PTO, annual leave or other leave of absence, and required payments related thereto, for each SpinCo Group Employee, unless otherwise required by applicable Law; provided that the Parent Group shall pay to each SpinCo Group Employee who was covered under a Parent Group vacation policy prior to the Distribution Date such employee's vacation accrual to the extent such amount exceeds the maximum amount allowed under the SpinCo vacation policy or to the extent such employee elected to sell vacation prior to the Distribution Date and has not yet been paid. The Parent Group shall retain all Liabilities with respect to vacation, holiday, annual leave or other leave of absence, and required payments related thereto, for each Parent Group Employee. For the avoidance of doubt, to the extent that SpinCo maintains SpinCo Welfare Plans providing vacation, holiday, PTO, annual leave or other leave of absence prior to the Distribution Date, SpinCo may continue such arrangements with the same level of benefits after the Effective Time.

Section 7.07 Workers' Compensation. The treatment of workers' compensation claims shall be governed by Section 5.1 of the Separation and Distribution Agreement.

Article VIII
MISCELLANEOUS[1]

Section 8.01 Preservation of Rights to Amend. Except as set forth in this Agreement, the rights of each member of the Parent Group and each member of the SpinCo Group to amend, waive, or terminate any plan, arrangement, agreement, program, or policy referred to herein shall not be limited in any way by this Agreement.

Section 8.02 Fiduciary Matters. Parent and SpinCo each acknowledge that actions required to be taken pursuant to this Agreement may be subject to fiduciary duties or standards of conduct under ERISA or other applicable Law, and no Party shall be deemed to be in violation of this Agreement if it fails to comply with any provisions hereof based upon its good-faith determination (as supported by advice from counsel experienced in such matters) that to do so would violate such a fiduciary duty or standard. Each Party shall be responsible for taking such actions as are deemed necessary and appropriate to comply with its own fiduciary responsibilities and shall fully release and indemnify the other Party for any Liabilities caused by the failure to satisfy any such responsibility.

Section 8.03 Further Assurances. Each Party hereto shall take, or cause to be taken, any and all reasonable actions, including the execution, acknowledgment, filing and delivery of any and all documents and instruments that any other Party hereto may reasonably request in order to effect the intent and purpose of this Agreement and the transactions contemplated hereby.

Section 8.04 Counterparts; Entire Agreement; Corporate Power.

(a) This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Party.

(b) This Agreement, the Separation and Distribution Agreement and the Ancillary Agreements and the Exhibits, Schedules and appendices hereto and thereto contain the entire agreement between the Parties with respect to the subject matter hereof, supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter, and there are no agreements or understandings between the Parties other than those set forth or referred to herein or therein. This Agreement, the Separation and Distribution Agreement and the Ancillary Agreements together govern the arrangements in connection with the Separation and the Distribution and would not have been entered into independently.

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[1] **Note to Draft**: Article VIII to be conformed to final Separation and Distribution Agreement.

(c) Parent represents on behalf of itself and each other member of the Parent Group, and SpinCo represents on behalf of itself and each other member of the SpinCo Group, as follows:

(i) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby; and

(ii) this Agreement has been duly executed and delivered by it and constitutes a valid and binding agreement of it enforceable in accordance with the terms hereof.

(d) Each Party acknowledges that it and each other Party is executing this Agreement by facsimile, stamp or mechanical signature, and that delivery of an executed counterpart of a signature page to this Agreement (whether executed by manual, stamp or mechanical signature) by facsimile or by e-mail in portable document format (.pdf) shall be effective as delivery of such executed counterpart of this Agreement. Each Party expressly adopts and confirms each such facsimile, stamp or mechanical signature (regardless of whether delivered in person, by mail, by courier, by facsimile or by e-mail in portable document format (.pdf)) made in its name as if it were a manual signature delivered in person, agrees that it will not assert that any such signature or delivery is not adequate to bind such Party to the same extent as if it were signed manually and delivered in person and agrees that, at the reasonable request of the other Party at any time, it will as promptly as reasonably practicable cause this Agreement to be manually executed (any such execution to be as of the date of the initial date thereof) and delivered in person, by mail or by courier.

Section 8.05 Governing Law. Except as expressly set forth in this Agreement, this Agreement (and any claims or disputes arising out of or related hereto or to the transactions contemplated hereby or to the inducement of any party to enter herein, whether for breach of contract, tortious conduct or otherwise and whether predicated on common law, statute or otherwise) shall be governed by and construed and interpreted in accordance with the Laws of the State of Delaware, irrespective of the choice of laws principles of the State of Delaware, including all matters of validity, construction, effect, enforceability, performance and remedies.

Section 8.06 Assignability. Except as expressly set forth in this Agreement, this Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns; provided, however, that neither Party may assign its rights or delegate its obligations under this Agreement without the express prior written consent of the other Party hereto. Notwithstanding the foregoing, no such consent shall be required for the assignment of a Party's rights and obligations under this Agreement, the Separation and Distribution Agreement and all other Ancillary Agreements (except as may be otherwise provided in any such Ancillary Agreement) in whole (*i.e.*, the assignment of a Party's rights and obligations under this Agreement and all Ancillary Agreements at the same time) in connection with a change of control of a Party (or its assets) so long as the resulting, surviving or transferee Person assumes all the obligations of the relevant party thereto by operation of Law or pursuant to an agreement in form and substance reasonably satisfactory to the other Party.

Section 8.07 Third-Party Beneficiaries. The provisions of this Agreement are solely for the benefit of the Parties and are not intended to confer upon any Person except the Parties any rights or remedies hereunder. There are no third-party beneficiaries of this Agreement, and this Agreement shall not provide any Third Party with any remedy, claim, Liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement. Nothing in this Agreement is intended to amend any employee benefit plan or affect the applicable plan sponsor's right to amend or terminate any employee benefit plan pursuant to the terms of such plan. The provisions of this Agreement are solely for the benefit of the Parties, and no current or former Employee, officer, director, or independent contractor or any other individual associated therewith shall be regarded for any purpose as a third-party beneficiary of this Agreement.

Section 8.08 Notices. All notices, requests, claims, demands or other communications under this Agreement shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by certified mail, return receipt requested or by electronic mail (e-mail) so long as confirmation of receipt of such e-mail is requested and received, to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 8.08):

If to Parent, to:

MDU Resources Group, Inc.

1200 West Century Avenue
P.O. Box 5650
Bismarck, North Dakota 58506
Attention: [ ]
E-mail: [ ]

with a copy (which shall not constitute notice), to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Attention: Andrew R. Brownstein
John L. Robinson
E-mail: ARBrownstein@wlrk.com
JLRobinson@wlrk.com

If to SpinCo (prior to the Effective Time), to

Knife River Holding Company
1150 West Century Avenue
P.O. Box 5568
Bismarck, North Dakota 58503
Attention: Karl A. Liepitz, General Counsel & Corporate Secretary
E-mail: karl.liepitz@mduresources.com

with a copy (which shall not constitute notice), to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Attention: Andrew R. Brownstein
John L. Robinson
E-mail: ARBrownstein@wlrk.com
JLRobinson@wlrk.com

If to SpinCo (from and after the Effective Time), to:

Knife River Holding Company
1150 West Century Avenue
P.O. Box 5568
Bismarck, North Dakota 58503
Attention: Karl. A. Liepitz, Chief Legal Counsel
E-mail: karl.liepitz@kniferiver.com

with a copy (which shall not constitute notice), to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Attention: Andrew R. Brownstein
John L. Robinson
E-mail: ARBrownstein@wlrk.com
John L. Robinson

A Party may, by notice to the other Party, change the address to which such notices are to be given or made.

Section 8.09 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties.

Section 8.10 Force Majeure. No Party shall be deemed in default of this Agreement or, unless otherwise expressly provided therein, any Ancillary Agreement for any delay or failure to fulfill any obligation (other than a payment obligation) hereunder or thereunder so long as and to the extent to which any delay or failure in the fulfillment of such obligation is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. In the event of any such excused delay, the time for performance of such obligations (other than a payment obligation) shall be extended for a period equal to the time lost by reason of the delay. A Party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such event, (a) provide written notice to the other Party of the nature and extent of any such Force Majeure condition; and (b) use commercially reasonable efforts to remove any such causes and resume performance under this Agreement and the Ancillary Agreements, as applicable, as soon as reasonably practicable.

Section 8.11 Headings. The article, section and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 8.12 Survival of Covenants. Except as expressly set forth in this Agreement, the covenants, representations and warranties contained in this Agreement, and Liability for the breach of any obligations contained herein, shall survive the Separation and Distribution and shall remain in full force and effect.

Section 8.13 Waivers of Default. Waiver by a Party of any default by the other Party of any provision of this Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default, nor shall it prejudice the rights of the other Party. No failure or delay by a Party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall a single or partial exercise thereof prejudice any other or further exercise thereof or the exercise of any other right, power or privilege.

Section 8.14 Dispute Resolution. The dispute resolution procedures set forth in Article VII of the Separation and Distribution Agreement shall apply to any dispute, controversy or claim arising out of or relating to this Agreement.

Section 8.15 Specific Performance. Subject to the provisions of Article VII of the Separation and Distribution Agreement, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the Party or Parties who are, or are to be, thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief in respect of its or their rights under this Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that the remedies at law for any breach or threatened breach, including monetary damages, are inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are waived by each of the Parties.

Section 8.16 Amendments. No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by a Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such waiver, amendment, supplement or modification.

Section 8.17 Interpretation. In this Agreement, (a) words in the singular shall be deemed to include the plural and vice versa, and words of one gender shall be deemed to include the other genders as the context requires; (b) the terms "hereof," "herein," and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole (including all of the Schedules, Exhibits and Appendices hereto and thereto) and not to any particular provision of this Agreement; (c) Article, Section, Schedule, Exhibit and Appendix references are to the Articles, Sections, Schedules, Exhibits and Appendices to this Agreement unless otherwise specified; (d) unless otherwise stated, all references to any agreement (including this Agreement and each Ancillary Agreement) shall be deemed to include the exhibits, schedules and annexes (including all Schedules, Exhibits and Appendices) to such agreement; (e) the word "including" and words of similar import when used in this Agreement (or the applicable Ancillary Agreement) shall mean "including, without limitation," unless otherwise specified; (f) the word "or" shall not be exclusive; (g) the word "extent" in the phrase "to the extent" shall mean the degree to which a subject or other thing extends, and such phrase shall not mean simply "if"; (h) unless otherwise specified in a particular case, the word "days" refers to calendar days; (i) references to "business day" shall mean any day other than a Saturday, a Sunday or a day on which banking institutions are generally authorized or required by law to close in the United States or Bismarck, North Dakota; (j) references herein to this Agreement or any other agreement contemplated herein shall be deemed to refer to this Agreement or such other agreement as of the date on which it is executed and as it may be amended, modified or supplemented thereafter, unless otherwise specified; and (k) unless expressly stated to the contrary in this Agreement or in any Ancillary Agreement, all references to "the date hereof," "the date of this Agreement," "hereby" and "hereupon" and words of similar import shall all be references to [ ], 2023.

Section 8.18 Limitations of Liability. Notwithstanding anything in this Agreement to the contrary, neither SpinCo or any member of the SpinCo Group, on the one hand, nor Parent or any member of the Parent Group, on the other hand, shall be liable under this Agreement to the other for any indirect, incidental, punitive, exemplary, remote, speculative or similar damages in excess of compensatory damages of the other arising in connection with the transactions contemplated hereby (other than any such Liability with respect to a Third-Party Claim).

Section 8.19 Mutual Drafting. This Agreement shall be deemed to be the joint work product of the Parties, and any rule of construction that a document shall be interpreted or construed against a drafter of such document shall not be applicable.

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, the Parties have caused this Employee Matters Agreement to be executed by their duly authorized representatives as of the date first written above.

MDU RESOURCES GROUP, INC.

By: _____

Name: David L. Goodin
Title: President and Chief Executive Officer

IN WITNESS WHEREOF, the Parties have caused this Employee Matters Agreement to be executed by their duly authorized representatives as of the date first written above.

KNIFE RIVER HOLDING COMPANY

By: _____

Name: Brian R. Gray
Title: President and Chief Executive Officer

Exhibit 4.2

EXECUTION VERSION

KNIFE RIVER HOLDING COMPANY
(TO BE RENAMED KNIFE RIVER CORPORATION ON THE SPIN-OFF DATE),
as Issuer,

the Guarantors party hereto from time to time,

AND

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee

7.750% Senior Notes due 2031

INDENTURE

Dated as of April 25, 2023

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INDENTURE dated as of April 25, 2023, by and between Knife River Holding Company (to be renamed Knife River Corporation on the Spin-Off Date (as defined below)), a Delaware corporation, the Guarantors (as defined below) party hereto from time to time, and U.S. Bank Trust Company, National Association, as Trustee.

W I T N E S S E T H

WHEREAS, the Issuer has duly authorized the execution and delivery of this Indenture to provide for the issuance of (i) its 7.750% Senior Notes due 2031 issued on the date hereof (the "Initial Notes") and (ii) any additional Notes ("Additional Notes" and, together with the Initial Notes, the "Notes") that may be issued after the Issue Date having identical terms and conditions to the Initial Notes (except, if applicable, the initial interest payment date and the initial interest accrual date);

WHEREAS, all things necessary (i) to make the Notes, when executed and duly issued by the Issuer and authenticated and delivered hereunder, the valid obligations of the Issuer, and (ii) to make this Indenture a valid agreement of the Issuer have been done; and

WHEREAS, on the Escrow Release Date, each of the Subsidiary Guarantors shall duly authorize, execute and deliver the Supplemental Indenture, to be dated as of the Escrow Release Date, pursuant to which each of the Subsidiary Guarantors shall guarantee on a senior unsecured basis, the full and punctual payment when due, whether at maturity, by acceleration or otherwise, all the Issuer's obligations under this Indenture and the Notes, whether for payment of principal of, premium, if any, or interest on the Notes, expenses, indemnification or otherwise.

NOW, THEREFORE, in consideration of the premises and the purchase of the Notes by the Holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders, as follows:

ARTICLE I

DEFINITIONS AND INCORPORATION BY REFERENCE

SECTION 1.01 Definitions.

"Acquired EBITDA" means, with respect to any Acquired Entity or Business or any Converted Restricted Subsidiary for any period, the amount for such period of Consolidated EBITDA of such Acquired Entity or Business or Converted Restricted Subsidiary, as applicable, all determined on a consolidated basis for such Acquired Entity or Business or Converted Restricted Subsidiary, as applicable.

"Acquired Indebtedness" means, with respect to any Person, (x) Indebtedness of any other Person or any of its Subsidiaries existing at the time such other Person becomes a Restricted Subsidiary or merges or amalgamates with or into or consolidates or otherwise combines with the Issuer or any Restricted Subsidiary and (y) Indebtedness secured by a Lien encumbering any asset acquired by such Person. Acquired Indebtedness shall be deemed to have been incurred, with respect to clause (x) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary or on the date of the relevant merger, amalgamation, consolidation, acquisition or other combination.

"Acquisition Indebtedness" means any Indebtedness incurred in connection with an acquisition or Investment permitted under this Indenture.

"Additional Assets" means:

(1) any property or assets (other than Capital Stock) used or to be used by the Issuer, a Restricted Subsidiary or otherwise useful in a Similar Business (it being understood that capital expenditures on property or assets already used in a Similar Business or to replace any property or assets that are the subject of such Asset Disposition shall be deemed an investment in Additional Assets);

(2) the Capital Stock of a Person that is engaged in a Similar Business and becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Issuer or a Restricted Subsidiary; or

(3) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary.

"Additional Notes" has the meaning ascribed to it in the recitals of this Indenture.

"Affiliate" means, with respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Alternative Currency" means any currency (other than Dollars) that is a lawful currency (other than Dollars) that is readily available and freely transferable and convertible into Dollars (as determined in good faith by the Issuer).

"Applicable Jurisdiction" means the United States, any state thereof or the District of Columbia.

"Applicable Percentage" means 100.0%; *provided* that the Applicable Percentage shall be (1) 50.0% if, on a pro forma basis after giving effect to such Asset Disposition and the use of proceeds therefrom the Consolidated Secured Net Leverage Ratio would be less than or equal to 2.00 to 1.00 but greater than 1.50 to 1.00, or (2) 0.0% if, on a pro forma basis after giving effect to such Asset Disposition and the use of proceeds therefrom, the Consolidated Secured Net Leverage Ratio would be less than or equal to 1.50 to 1.00. Any Net Available Cash in respect of an Asset Disposition that does not constitute Applicable Proceeds as a result of the application of this definition shall collectively constitute "Total Leverage Excess Proceeds."

"Applicable Premium" means, with respect to any Note on any applicable Redemption Date, as determined by the Issuer, the greater of:

(a) 1.0% of the then outstanding principal amount of such Note; and

(b) the excess of:

(i) the present value at such redemption date of (A) the redemption price of such Note, at May 1, 2026 (such redemption price (expressed in percentage of principal amount) being set forth in Section 5.07) plus (B) all required interest payments due on such Note through May 1, 2026 (excluding accrued but unpaid interest to such redemption date), computed using a discount rate equal to the Treasury Rate as of such redemption date plus 50 basis points; over

(ii) the then outstanding principal amount of such Note.

"Asset Disposition" means:

(a) the voluntary sale, conveyance, transfer or other disposition, whether in a single transaction or a series of related transactions, of property or assets (including by way of a Sale and Leaseback Transaction), in each case outside the ordinary course of business, of the Issuer or any of its Restricted Subsidiaries (in each case other than Capital Stock of the Issuer) (each referred to in this definition as a "disposition"); or

(b) the issuance or sale of Capital Stock of any Restricted Subsidiary (other than Preferred Stock or Disqualified Stock of Restricted Subsidiaries issued in compliance with Section 3.02 hereof or directors' qualifying shares and shares issued to foreign nationals as required under applicable law), whether in a single transaction or a series of related transactions;

in each case, other than:

(1) a disposition by the Issuer or a Restricted Subsidiary to the Issuer or a Restricted Subsidiary, including pursuant to any Intercompany License Agreement;

(2) a disposition of cash, Cash Equivalents or Investment Grade Securities, including any marketable securities portfolio owned by the Issuer and its Subsidiaries on the Escrow Release Date;

(3) a disposition of inventory, goods or other assets (including Settlement Assets) in the ordinary course of business or consistent with past practice or held for sale or no longer used in the ordinary course of business, including any disposition of disposed, abandoned or discontinued operations;

(4) a disposition of obsolete, worn-out, uneconomic, damaged, non-core or surplus property, equipment or other assets or property, equipment or other assets that are no longer economically practical or commercially desirable to maintain or used or useful in the business of the Issuer and its Restricted Subsidiaries whether now or hereafter owned or leased or acquired in connection with an acquisition or used or useful in the conduct of the business of the Issuer and its Restricted Subsidiaries (including by ceasing to enforce, allowing the lapse, abandonment or invalidation of or discontinuing the use or maintenance of or putting into the public domain any intellectual property that is, in the reasonable judgment of the Issuer, no longer used or useful, or economically practicable to maintain, or in respect of which the Issuer determines in its reasonable judgment that such action or inaction is desirable);

(5) transactions permitted under Section 4.01 hereof or a transaction that constitutes a Change of Control;

(6) an issuance of Capital Stock by a Restricted Subsidiary to the Issuer or to another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved by the Board of Directors of the Issuer;

(7) any dispositions of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by the Issuer) of less than the greater of (i) $45.0 million and (ii) 15.0% of LTM EBITDA;

(8) any Restricted Payment that is permitted to be made, and is made, under Section 3.03 and the making of any Permitted Payment or Permitted Investment, or solely for purposes of Section 3.05(a)(3), asset sales, the proceeds of which are used to make such Restricted Payments or Permitted Investments;

(9) dispositions in connection with Permitted Liens, Permitted Intercompany Activities, Permitted Tax Restructurings and related transactions;

(10) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or consistent with past practice or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(11) conveyances, sales, transfers, licenses, sublicenses, cross-licenses or other dispositions of intellectual property, software or other general intangibles and licenses, sublicenses, cross-licenses (including the provision of software under an open source license), leases or subleases of other property, in each case, in the ordinary course of business or consistent with past practice or pursuant to a research or development agreement in which the counterparty to such agreement receives a license in the intellectual property or software that result from such agreement;

(12) the lease, assignment, license, sublease or sublicense of any real or personal property in the ordinary course of business or consistent with industry practice;

(13) foreclosure, condemnation, expropriation, forced disposition or any similar action with respect to any property or other assets or the granting of Liens not prohibited by this Indenture;

(14) the sale, discount or other disposition (with or without recourse, and on customary or commercially reasonable terms and for credit management purposes) of inventory, accounts receivable or notes receivable in the ordinary course of business or consistent with past practice, or the conversion or exchange of accounts receivable for notes receivable;

(15) any issuance or sale of Capital Stock in, or Indebtedness or other securities of, an Unrestricted Subsidiary or any other disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary or an Immaterial Subsidiary;

(16) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Issuer or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

(17) (i) dispositions of property to the extent that such property is exchanged for credit against the purchase price of similar replacement property that is promptly purchased, (ii) dispositions of property to the extent that the proceeds of such disposition are promptly applied to the purchase price of such replacement property (which replacement property is actually promptly purchased) and (iii) to the extent treated as tax-free under Section 1031 of the Code or comparable law or regulation, any exchange of like property (excluding any boot thereon) for use in a Similar Business;

(18) any disposition of assets of the type specified in the definitions of "Securitization Assets" or "Receivables Assets," or participations therein, including in connection with any Qualified Securitization Financing or Receivables Facility;

(19) any financing transaction with respect to property constructed, acquired, leased, renewed, relocated, expanded, replaced, repaired, maintained, upgraded or improved (including any reconstruction, refurbishment, renovation and/or development of real property) by the Issuer or any Restricted Subsidiary after the Escrow Release Date, including Sale and Leaseback Transactions and asset securitizations, not prohibited by this Indenture;

(20) sales, transfers or other dispositions of Investments in joint ventures or similar entities to the extent required by, or made pursuant to customary buy/sell arrangements between, the parties set forth in joint venture arrangements and similar binding arrangements;

(21) any surrender or waiver of contractual rights or the settlement, release, surrender or waiver of contractual, tort, litigation or other claims of any kind;

(22) the unwinding of any Cash Management Obligations or Hedging Obligations;

(23) transfers of property or assets subject to Casualty Events upon receipt of the net proceeds of such Casualty Event; *provided* that any Cash Equivalents received by the Issuer or any of its Restricted Subsidiaries in respect of such Casualty Event shall be deemed to be Net Available Cash of an Asset Disposition, and such Net Available Cash shall be applied in accordance with Section 3.05;

(24) any disposition to a Captive Insurance Subsidiary;

(25) any sale of property or assets, if the acquisition of such property or assets was financed with Excluded Contributions and the proceeds of such sale are used to make a Restricted Payment pursuant to Section 3.03(b)(12)(b);

(26) the disposition of any assets (including Capital Stock) (i) acquired in a transaction after the Escrow Release Date, which assets are not useful in the core or principal business of the Issuer and its Restricted Subsidiaries, or (ii) made in connection with the approval of any applicable antitrust authority or otherwise necessary or advisable in the reasonable determination of the Issuer to consummate any acquisition;

(27) any sale, transfer or other disposition to affect the formation of any Subsidiary that is a Divided LLC; *provided* that upon formation of such Divided LLC, such Divided LLC shall be a Restricted Subsidiary if the entity was a Restricted Subsidiary prior to the formation of such Divided LLC;

(28) any disposition of (i) non-revenue producing assets to a Person who is providing services related to such assets, the provision of which have been or are to be outsourced by the Issuer or any Restricted Subsidiary to such Person, (ii) *de minimis* amounts of equipment provided to employees of the Issuer or any Subsidiary or (iii) samples, including time-limited evaluation software, provided to customer or prospective customers;

(29) any disposition to effect the Transactions;

(30) any disposition the proceeds of which are used to fund a Permitted Investment or the making of a Restricted Payment that is permitted to be made, and is made, pursuant to Section 3.03; and

(31) any other sales or dispositions in an aggregate amount not to exceed the greater of (i) $105.0 million and (ii) 35.0% of LTM EBITDA.

In the event that a transaction (or any portion thereof) meets the criteria of a permitted Asset Disposition and would also be a Permitted Investment or an Investment permitted under Section 3.03, the Issuer, in its sole discretion, will be entitled to divide, classify and reclassify such transaction (or a portion thereof) as one or more types of Asset Dispositions and/or one or more of the types of Permitted Investments or Investments permitted under Section 3.03.

"Associate" means (i) any Person engaged in a Similar Business of which the Issuer or its Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (ii) any joint venture entered into by the Issuer or any Restricted Subsidiary.

"Bankruptcy Code" means Title 11 of the United States Code, as amended.

"Bankruptcy Law" means the Bankruptcy Code and any similar federal, state or foreign law for the relief of debtors.

"Board of Directors" means (i) with respect to the Issuer or any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorized committee thereof; (ii) with respect to any partnership, the board of directors or other governing body of the general partner, as applicable, of the partnership or any duly authorized committee thereof; (iii) with respect to a limited liability company, the managing member or members or any duly authorized controlling committee thereof; and (iv) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function.

Whenever any provision requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors on any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval). Unless the context requires otherwise, Board of Directors means the Board of Directors of the Issuer.

"Business Day" means each day that is not a Saturday, Sunday or other day on which banking institutions in New York, New York, United States or in the jurisdiction of the place of payment are authorized or required by law to close. When the payment of any obligation or the performance of any covenant, duty or obligation is stated to be due or performance required on a day which is not a Business Day, the date of such payment or performance shall extend to the immediately succeeding Business Day and such extension of time shall not be reflected in computing interest or fees, as the case may be.

"Business Successor" means (i) any former Subsidiary of the Issuer and (ii) any Person that, after the Escrow Release Date, has acquired, merged or consolidated with a Subsidiary of the Issuer (that results in such Subsidiary ceasing to be a Subsidiary of the Issuer), or acquired (in one transaction or a series of transactions) all or substantially all of the property and assets or business of a Subsidiary or assets constituting a business unit, line of business or division of a Subsidiary of the Issuer.

"Canadian Dollars" means freely transferable lawful money of Canada (expressed in Canadian dollars).

"Capital Stock" of any Person means any and all shares of, rights to purchase or acquire, warrants, options or depositary receipts for, or other equivalents of, or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into, or exchangeable for, such equity.

"Capitalized Software Expenditures" means, for any period, the aggregate of all expenditures (whether paid in cash or accrued as liabilities) by a Person and its Restricted Subsidiaries during such period in respect of licensed or purchased software or internally developed software and software enhancements that, in conformity with GAAP, are or are required to be reflected as capitalized costs on the consolidated balance sheet of a Person and its Restricted Subsidiaries.

"Captive Insurance Subsidiary" means (i) any Subsidiary of the Issuer operating for the purpose of (a) insuring the businesses, operations or properties owned or operated by the Issuer or any of its Subsidiaries, including their future, present or former employee, director, officer, manager, contractor, consultant or advisor (or their respective Controlled Investment Affiliates), and related benefits and/or (b) conducting any activities or business incidental thereto (it being understood and agreed that activities which are relevant or appropriate to qualify as an insurance company for U.S. federal or state tax purposes shall be considered "activities or business incidental thereto") or (ii) any Subsidiary of any such insurance subsidiary operating for the same purpose described in clause (i) above.

"Cash Equivalents" means:

(1) (a) Dollars, Canadian Dollars, Pounds Sterling, Yen, Euro, any national currency of any member state of the European Union or any Alternative Currency; or (b) any other foreign currency held by the Issuer and its Restricted Subsidiaries from time to time in the ordinary course of business or consistent with past practice;

(2) securities issued or directly and fully guaranteed or insured by the United States, Canadian, United Kingdom or Japanese governments, a member state of the European Union or, in each case, any agency or instrumentality thereof (*provided* that the full faith and credit obligation of such country or such member state is pledged in support thereof), with maturities of 36 months or less from the date of acquisition;

(3) certificates of deposit, time deposits, eurodollar time deposits, overnight bank deposits, demand deposits or bankers' acceptances having maturities of not more than two years from the date of acquisition thereof issued by any bank, trust company or other financial institution (a) whose commercial paper is rated at least "P-2" or the equivalent thereof by S&P or at least "A-2" or the equivalent thereof by Moody's (or, if at the time, neither S&P or Moody's is rating such obligations, then a comparable rating from another Nationally Recognized Statistical Rating Organization selected by the Issuer) or (b) having combined capital and surplus in excess of $100.0 million;

(4) repurchase obligations for underlying securities of the types described in clauses (2), (3), (7) and (8) entered into with any Person meeting the qualifications specified in clause (3) above;

(5) securities with maturities of two years or less from the date of acquisition backed by standby letters of credit issued by any Person meeting the qualifications in clause (3) above;

(6) commercial paper and variable or fixed rate notes issued by any Person meeting the qualifications specified in clause (3) above (or by the parent company thereof) maturing within two years after the date of creation thereof, or if no rating is available in respect of the commercial paper or variable or fixed rate notes, the issuer of which has an equivalent rating in respect of its long-term debt;

(7) marketable short-term money market and similar securities having a rating of at least "P-2" or "A-2" from either S&P or Moody's, respectively (or, if at the time, neither S&P nor Moody's is rating such obligations, then a comparable rating from another Nationally Recognized Statistical Rating Organization selected by the Issuer);

(8) readily marketable direct obligations issued by any state, province, commonwealth or territory of the United States or any political subdivision, taxing authority or any agency or instrumentality thereof, rated BBB- (or the equivalent) or better by S&P or Baa3 (or the equivalent) or better by Moody's (or, if at the time, neither S&P nor Moody's is rating such obligations, then a comparable rating from another Nationally Recognized Statistical Rating Organization selected by the Issuer) with maturities of not more than two years from the date of acquisition;

(9) readily marketable direct obligations issued by any foreign government or any political subdivision, taxing authority or agency or instrumentality thereof, with a rating of "BBB-" or higher from S&P or "Baa3" or higher by Moody's or the equivalent of such rating by such rating organization (or, if at the time, neither S&P nor Moody's is rating such obligations, then a comparable rating from another Nationally Recognized Statistical Rating Organization selected by the Issuer) with maturities of not more than two years from the date of acquisition;

(10) Investments with average maturities of 24 months or less from the date of acquisition in money market funds with a rating of "A" or higher from S&P or "A-2" or higher by Moody's or the equivalent of such rating by such rating organization (or, if at the time, neither S&P nor Moody's is rating such obligations, then a comparable rating from another Nationally Recognized Statistical Rating Organization selected by the Issuer);

(11) with respect to any Non-U.S. Subsidiary: (i) obligations of the national government of the country in which such Non-U.S. Subsidiary maintains its chief executive office and principal place of business; *provided* such country is a member of the Organization for Economic Cooperation and Development, in each case maturing within one year after the date of investment therein, (ii) certificates of deposit of, bankers' acceptance of, or time deposits with, any commercial bank which is organized and existing under the laws of the country in which such Non-U.S. Subsidiary maintains its chief executive office and principal place of business provided such country is a member of the Organization for Economic Cooperation and Development, and whose short-term commercial paper rating from S&P is at least "P-2" or the equivalent thereof or from Moody's is at least "A-2" or the equivalent thereof (any such bank being an "Approved Foreign Bank"), and in each case with maturities of not more than 270 days from the date of acquisition and (iii) the equivalent of demand deposit accounts which are maintained with an Approved Foreign Bank;

(12) Indebtedness or Preferred Stock issued by Persons with a rating of "BBB-" or higher from S&P or "Baa3" or higher by Moody's or the equivalent of such rating by such rating organization (or, if at the time, neither S&P nor Moody's is rating such obligations, then a comparable rating from another Nationally Recognized Statistical Rating Organization selected by the Issuer) with maturities of not more than two years from the date of acquisition;

(13) bills of exchange issued in the United States, Canada, the United Kingdom, Japan, a member state of the European Union eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(14) investments in industrial development revenue bonds that (i) "re-set" interest rates not less frequently than quarterly, (ii) are entitled to the benefit of a remarketing arrangement with an established broker dealer and (iii) are supported by a direct pay letter of credit covering principal and accrued interest that is issued by any bank meeting the qualifications specified in clause (3) above;

(15) investments in pooled funds or investment accounts consisting of investments in the nature described in the foregoing clause (14);

(16) investments in money market funds access to which is provided as part of "sweep" accounts maintained with any bank meeting the qualifications specified in clause (3) above;

(17) Cash Equivalents or instruments similar to those referred to in clauses (1) through (16) above denominated in Dollars or any Alternative Currency; and

(18) any investment company, money market, enhanced high yield, pooled or other investment fund investing 90% or more of its assets in instruments of the types specified in clauses (1) through (17) above.

In the case of Investments by any Non-U.S. Subsidiary that is a Restricted Subsidiary or Investments made in a country outside the United States, Cash Equivalents shall also include (a) investments of the type and maturity described in the clauses above of foreign obligors, which Investments or obligors (or the parents of such obligors) have ratings described in such clauses or equivalent ratings from comparable foreign rating agencies and (b) other short-term investments utilized by Non-U.S. Subsidiaries that are Restricted Subsidiaries in accordance with normal investment practices for cash management in investments analogous to the foregoing investments in the clauses above and in this paragraph.

In addition, in the case of Investments by any Captive Insurance Subsidiary, Cash Equivalents shall also include (a) such Investments with average maturities of 12 months or less from the date of acquisition in issuers rated BBB- (or the equivalent thereof) or better by S&P or Baa3 (or the equivalent thereof) or better by Moody's, in each case at the time of such Investment and (b) any Investment with a maturity of more than 12 months that would otherwise constitute Cash Equivalents of the kind described in any of the clauses of this definition above or clause (a) in this paragraph, if the maturity of such Investment was 12 months or less; *provided* that the effective maturity of such Investment does not exceed 15 years.

Notwithstanding the foregoing, Cash Equivalents shall include amounts denominated in currencies other than those set forth in clause (1) above; *provided* that such amounts are converted into any currency listed in clause (1) as promptly as practicable and in any event within ten Business Days following the receipt of such amounts.

For the avoidance of doubt, any items identified as Cash Equivalents under this definition will be deemed to be Cash Equivalents for all purposes under this Indenture regardless of the treatment of such items under GAAP.

"Cash Management Obligations" means (1) obligations in respect of any overdraft and related liabilities arising from treasury, depository, cash pooling arrangements, electronic fund transfer, treasury services and cash management services, including controlled disbursement services, working capital lines, lines of credit, overdraft facilities, foreign exchange facilities, deposit and other accounts and merchant services, or other cash management arrangements or any automated clearing house arrangements, (2) other obligations in respect of netting or setting off arrangements, credit, debit or purchase card programs, stored value card and similar arrangements and (3) obligations in respect of any other services related, ancillary or complementary to the foregoing (including any overdraft and related liabilities arising from treasury, depository, cash pooling arrangements and cash management services, corporate credit and purchasing cards and related programs or any automated clearing house transfers of funds).

"Casualty Event" means any event that gives rise to the receipt by the Issuer or any Restricted Subsidiary of any insurance proceeds or condemnation awards in respect of any equipment, assets or real property (including any improvements thereon) to replace or repair such equipment, assets or real property.

"CFC" means a "controlled foreign corporation" within the meaning of Section 957 of the Code.

"Change of Control" means (x) prior to the Escrow Release Date, MDU Resources ceases to own, directly or indirectly, 100% of the Equity Interests of the Issuer, and (y) at any time, (1) the Issuer becomes aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date), other than a Parent Entity (or, prior to the Escrow Release Date, MDU Resources or any of its Subsidiaries), that is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 of the Exchange Act as in effect on the Issue Date) of more than 50% of the total voting power of the Voting Stock of the Issuer; *provided* that so long as the Issuer is a Subsidiary of any Parent Entity, no person shall be deemed to be or become a beneficial owner of more than 50% of the total voting power of the Voting Stock of the Issuer unless such person shall be or become a beneficial owner of more than 50% of the total voting power of the Voting Stock of such Parent Entity (other than a Parent Entity that is a Subsidiary of another Parent Entity); or (2) the sale or transfer, in one or a series of related transactions, of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries, taken as a whole, to any Person other than the Issuer or any of its Restricted Subsidiaries.

Notwithstanding the preceding or any provision of Section 13d-3 of the Exchange Act, (i) a Person or group shall not be deemed to beneficially own Voting Stock subject to a stock or asset purchase agreement, merger agreement, option agreement, warrant agreement or similar agreement (or voting or option or similar agreement related thereto) until the consummation of the acquisition of the Voting Stock in connection with the transactions contemplated by such agreement, (ii) a Person or group will not be deemed to beneficially own the Voting Stock of another Person as a result of its ownership of Voting Stock or other securities of such other Person's parent entity (or related contractual rights) unless it owns 50% or more of the total voting power of the Voting Stock entitled to vote for the election of directors of such parent entity having a majority of the aggregate votes on the board of directors (or similar body) of such parent entity, (iii) the right to acquire Voting Stock (so long as such Person does not have the right to direct the voting of the Voting Stock subject to such right) or any veto power in connection with the acquisition or disposition of Voting Stock will not cause a party to be a beneficial owner and (iv) a passive holding company or special purpose acquisition vehicle shall not be considered a "person" and instead the equityholders of such passive holding company or special purpose acquisition vehicle shall be considered for purposes of the foregoing.

"Code" means the U.S. Internal Revenue Code of 1986, as amended from time to time.

"Consolidated Depreciation and Amortization Expense" means, with respect to any Person for any period, the total amount of depreciation and amortization expense and capitalized fees, including amortization or write-off of:

(i) intangible assets and non-cash organization costs,

(ii) deferred financing and debt issuance fees, costs and expenses,

(iii) property, plant and equipment consisting of leasehold improvements, freehold improvements, office equipment and fixtures and fittings,

(iv) right-of-use assets consisting of property and office equipment,

(v) capitalized expenditures (including Capitalized Software Expenditures), customer acquisition costs and incentive payments and signing bonuses, upfront payments related to any contract signing, media development costs, conversion costs and contract acquisition costs, the amortization of original issue discount resulting from the issuance of Indebtedness at less than par and amortization of favorable or unfavorable lease assets or liabilities, and

(vi) capitalized fees related to any Qualified Securitization Financing or Receivables Facility, of such Person and its Restricted Subsidiaries for such period on a consolidated basis and otherwise determined in accordance with GAAP and any write-down of assets or asset value carried on the balance sheet.

"Consolidated EBITDA" means, with respect to any Person for any period, the Consolidated Net Income of such Person for such period:

(1) increased (without duplication) by:

(a) Fixed Charges of such Person for such period (including (w) non-cash rent expense and the implied interest component of synthetic leases with respect to such period, (x) net payments and losses or any obligations on any Hedging Obligations or other derivative instruments, (y) bank, letter of credit and other financing fees and (z) costs of surety bonds in connection with financing activities, plus amounts excluded from the definition of "Consolidated Interest Expense" and any non-cash interest expense), to the extent deducted (and not added back) in computing Consolidated Net Income; *plus*

(b) (x) provision for taxes based on income, profits, revenue or capital, including federal, foreign, state, provincial, territorial, local, unitary, excise, property, franchise, value added and similar taxes and withholding taxes (including any future taxes or other levies which replace or are intended to be in lieu of such taxes and any penalties, additions to tax and interest related to such taxes or arising from tax examinations), state taxes in lieu of business fees (including business license fees), payroll tax credits, income tax credits and similar credits, and similar taxes of such Person paid or accrued during such period (including in respect of repatriated funds), (y) any distributions made to a direct or indirect parent of the Issuer with respect to the foregoing and (z) the net tax expense associated with any adjustments made pursuant to the definition of "Consolidated Net Income" in each case, to the extent deducted (and not added back) in computing Consolidated Net Income; *plus*

(c) Consolidated Depreciation and Amortization Expense of such Person for such period to the extent deducted (and not added back) in computing Consolidated Net Income; *plus*

(d) any fees, costs, expenses or charges (other than Consolidated Depreciation and Amortization Expense) related to any actual, proposed or contemplated Equity Offering (including any expense relating to enhanced accounting functions or other transaction costs associated with becoming or being a stand-alone entity or a Public Company, including Public Company Costs), Permitted Investment, Restricted Payment, acquisition, disposition, recapitalization or the incurrence of Indebtedness permitted to be incurred by this Indenture (including a refinancing thereof) (whether or not successful and including any such transaction consummated prior to the Issue Date), including (i) such fees, expenses or charges (including rating agency fees, consulting fees and other related expenses and/or letter of credit or similar fees) related to the offering or incurrence of, or ongoing administration of the Notes, the Credit Agreement, any other Credit Facilities or notes, any Securitization Fees and the Transactions, including Transaction Costs, and (ii) any amendment, waiver or other modification of the Notes, the Credit Agreement, Receivables Facilities, Securitization Facilities, any other Credit Facilities or notes, any Securitization Fees, any other Indebtedness or any Equity Offering, in each case, whether or not consummated, to the extent deducted (and not added back) in computing Consolidated Net Income; *plus*

(e) (i) the amount of any restructuring charge, accrual, reserve (and adjustments to existing reserves) or expense, integration cost, inventory optimization programs or other business optimization expense or cost (including charges directly related to the implementation of operating expense reductions, platform consolidations and migrations, transitions, insourcing initiatives, operating improvements, cost-savings initiatives and tax restructurings) that is deducted (and not added back) in such period in computing Consolidated Net Income, including any costs incurred in connection with acquisitions or divestitures after the Issue Date, any severance, retention, signing bonuses, relocation, recruiting and other employee related costs, costs in respect of strategic initiatives and curtailments or modifications to pension and post-retirement employment benefit plans (including any settlement of pension liabilities), costs related to entry into new markets (including unused office or warehouse space costs) and new product design, development and introductions (including intellectual property development, labor costs, scrap costs and lower absorption of costs, including due to decreased productivity and greater inefficiencies), systems and/or software development and establishment costs, operational and reporting systems, technology initiatives, contract termination costs, costs related to customer disputes, distribution networks or sales channels, the implementation, replacement, development or upgrade of operational, reporting and information technology systems and technology initiatives, contract termination, retention, recruiting, severance, signing, consulting and transition services arrangements, future lease commitments, lease breakage and costs related to the pre-opening, opening and closure and/or consolidation of facilities (including severance, rent termination, moving and legal costs) and to exiting lines of business and consulting fees incurred with any of the foregoing and (ii) fees, costs and expenses associated with acquisition related litigation and settlement thereof; *plus*

(f) any other non-cash charges, write-downs, expenses, losses or items reducing Consolidated Net Income for such period including (i) non-cash losses on the sale of assets and any write-offs or write-downs, deferred revenue or impairment charges, (ii) impairment charges, amortization (or write offs) of financing costs (including debt discount, debt issuance costs and commissions and other fees associated with Indebtedness, including the Notes and the Credit Agreement) of such Person and its Subsidiaries and/or (iii) the impact of acquisition method accounting adjustment and any non-cash write-up, write-down or write-off with respect to re-valuing assets and liabilities in connection with the Transactions or any Investment, deferred revenue or any effects of adjustments resulting from the application of purchase accounting, purchase price accounting (including any step-up in inventory and loss of profit on the acquired inventory) (*provided* that if any such non-cash charge, write-down, expense, loss or item represents an accrual or reserve for potential cash items in any future period, (A) the Issuer may elect not to add back such non-cash charge, expense or loss in the current period and (B) to the extent the Issuer elects to add back such non-cash charge, the cash payment in respect thereof in such future period shall be subtracted from Consolidated EBITDA when paid), or other items classified by the Issuer as special items less other non-cash items of income increasing Consolidated Net Income (excluding any amortization of a prepaid cash item that was paid in a prior period or such non-cash item of income to the extent it represents a receipt of cash in any future period); *plus*

(g) the amount of pro forma "run rate" cost savings (including cost savings with respect to salary, benefit and other direct savings resulting from workforce reductions and facility, benefit and insurance savings and any savings expected to result from the reduction of a public target's Public Company Costs), operating expense reductions, other operating improvements and synergies (including, to the extent applicable, from (i) the Transactions and/or (ii) mergers or other business combinations, acquisitions or other investments, divestitures, restructurings, integration, insourcing initiatives, operating improvements, cost savings initiatives or any other initiative, action or event) (it is understood and agreed that "run rate" means the full recurring benefit for a period that is associated with any action taken, committed to be taken or expected to be taken, net of the amount of actual benefits realized during such period from such actions) projected by the Issuer in good faith to be reasonably anticipated to be realizable or a plan for realization shall have been established within 24 months of the date thereof (including from any actions taken in whole or in part prior to such date), which will be added to Consolidated EBITDA as so projected until fully realized and calculated on a pro forma basis as though such cost savings (including cost savings with respect to salary, benefit and other direct savings resulting from workforce reductions and facility, benefit and insurance savings and any savings expected to result from the reduction of a public target's Public Company Costs), operating expense reductions, other operating improvements, and synergies had been realized on the first day of such period, net of the amount of actual benefits realized prior to or during such period from such actions; *provided*, that the aggregate amount of adjustments made pursuant to this clause (g) (combined with the aggregate amount of cost savings, operating expense reductions and synergies added to Consolidated EBITDA pursuant to the definition of "Pro Forma Basis") shall not exceed 25% of Consolidated EBITDA for any four fiscal quarter period (determined after giving effect thereto and all other adjustments and addbacks); *provided*, *further*, that in each case of this clause (g) and the definition of "Pro Forma Basis," such 25% cap shall not apply to any such adjustments that (A) would be permitted to be included in pro forma financial statements prepared in accordance with Regulation S-X under the Securities Act or (B) are otherwise in connection with or related to the Transactions; *plus*

(h) any costs or expenses incurred by the Issuer or a Restricted Subsidiary or a Parent Entity pursuant to any management equity plan, stock option plan, phantom equity plan, profits interests or any other management, employee benefit or other compensatory plan or agreement (and any successor plans or arrangements thereto), employment, termination or severance agreement, or any stock subscription or equityholder agreement, and any costs or expenses in connection with the roll-over, acceleration or payout of Capital Stock held by management, to the extent that such costs or expenses are non-cash or otherwise funded with cash proceeds contributed to the capital of the Issuer or net cash proceeds of an issuance of Capital Stock (other than Disqualified Stock) of the Issuer; *plus*

(i) cash receipts (or any netting arrangements resulting in reduced cash expenditures) not representing Consolidated EBITDA or Consolidated Net Income in any period to the extent non-cash gains relating to such income were deducted in the calculation of Consolidated EBITDA pursuant to clause (2) below for any previous period and not added back; *plus*

(j) any net loss included in the Consolidated Net Income attributable to non-controlling or minority interests pursuant to the application of Accounting Standards Codification Topic 810-10-45 (or any successor provision or other financial accounting standard having a similar result or effect); *plus*

(k) the amount of any non-controlling or minority interest expense consisting of Subsidiary income attributable to non-controlling or minority equity interests of third parties in any non-Wholly Owned Subsidiary; *plus*

(l) (i) unrealized or realized foreign exchange losses resulting from the impact of foreign currency changes and (ii) gains and losses due to fluctuations in currency values and related tax effects determined in accordance with GAAP; *plus*

(m) with respect to any joint venture, an amount equal to the proportion of those items described in clauses (a), (b) and (c) above relating to such joint venture corresponding to the Issuer's and its Restricted Subsidiaries' proportionate share of such joint venture's Consolidated Net Income (determined as if such joint venture were a Restricted Subsidiary) to the extent deducted (and not added back) in computing Consolidated Net Income; *plus*

(n) the amount of any costs, charges or expenses relating to payments made to stock appreciation or similar rights, stock option, restricted stock, phantom equity, profits interests or other interests or rights holders of the Issuer or any of its Subsidiaries or any Parent Entity in connection with, or as a result of, any distribution being made to equityholders of such Person or any of its Subsidiaries or any Parent Entities, which payments are being made to compensate such holders as though they were equityholders at the time of, and entitled to share in, such distribution; *plus*

(o) adjustments of the nature or type used (i) in connection with the calculation of "Adjusted EBITDA" as set forth in the "Summary historical and unaudited pro forma consolidated financial data" contained in the Offering Memorandum and other adjustments of a similar nature to the foregoing, (ii) at the option of the Issuer, any adjustments (including pro forma adjustments) of the type reflected in any quality of earnings report obtained in connection with the Transactions or from time to time prepared with respect to the target of an acquisition or Investment by a nationally recognized financial advisor or accounting firm; *plus*

(p) losses, charges and expenses related to the pre-opening and opening of new locations, and start-up period prior to opening, that are operated, or to be operated, by the Issuer or any Restricted Subsidiary; *plus*

(q) rent expense as determined in accordance with GAAP not actually paid in cash during such period (net of rent expense paid in case during such period over and above rent expense as determined in accordance with GAAP); *plus*

(r) losses, charges and expenses related to a new location, plant or facility until the date that is 24 months after the date of commencement of construction or the date of acquisition thereof, as applicable; *plus*

(s) any non-cash increase in expense resulting from the revaluation of inventory (including any impact of changes to inventory valuation policy methods including changes in capitalization of variances) or other inventory adjustments; *plus*

(t) (1) the net increase (which, for the avoidance of doubt, shall not be negative), if any, of the difference between: (i) the deferred revenue of such Person and its Restricted Subsidiaries, as of the last day of such period (the "Determination Date") and (ii) the deferred revenue of such Person and its Restricted Subsidiaries as of the date that is 12 months prior to the Determination Date, and (2) without duplication of any adjustment pursuant to clause (1), the net adjustment for the annualized full-year gross profit contribution from new customer contracts signed during the 12 months prior to the Determination Date; *plus*

(u) any fees, costs and expenses incurred in connection with the adoption or implementation of Accounting Standards Codification Topic 606—Revenue from Contracts with Customers (or any successor provision or other financial accounting standard having a similar result or effect), and any non-cash losses or charges resulting from the application of Accounting Standards Codification Topic 606—Revenue from Contracts with Customers (or any successor provision or other financial accounting standard having a similar result or effect); *plus*

(v) any fees, costs, expenses or charges related to or recorded in cost of sales to recognize cost on a last-in-first-out basis; *plus*

(w) earn-out obligations incurred in connection with any acquisition or other Investment and paid or accrued during the applicable period, including any mark-to-market adjustments; and

(2) decreased (without duplication) by non-cash gains increasing Consolidated Net Income of such Person for such period, excluding any non-cash gains to the extent they represent the reversal of an accrual or reserve for a potential cash item that reduced Consolidated EBITDA in any prior period (other than non-cash gains relating to the application of Accounting Standards Codification Topic 842—Leases) (or any successor provision or other financial accounting standard having a similar result or effect).

There shall be included in determining Consolidated EBITDA for any period, without duplication, (A) the Acquired EBITDA of any Person, property, business or asset acquired by the Issuer or any Restricted Subsidiary (including, as applicable, the property, businesses and assets acquired by (or contributed to) the Issuer and its Restricted Subsidiaries as part of the Transactions) during such period to the extent not subsequently sold, transferred or otherwise disposed of by the Issuer or such Restricted Subsidiary during such period (each such Person, property, business or asset acquired and not subsequently so disposed of, an "Acquired Entity or Business"), and the Acquired EBITDA of any Unrestricted Subsidiary that is converted into a Restricted Subsidiary during such period (each, a "Converted Restricted Subsidiary"), based on the actual Acquired EBITDA of such Acquired Entity or Business or Converted Restricted Subsidiary for such period (including the portion thereof occurring prior to such acquisition) and (B) pro forma adjustments in respect of each Acquired Entity or Business as are consistent with the definition of "Pro Forma Basis."

For purposes of determining the Consolidated EBITDA for any period, there shall be excluded in determining Consolidated EBITDA for any period the Disposed EBITDA of any Person, property, business or asset (other than an Unrestricted Subsidiary) sold, transferred or otherwise disposed of, closed or classified as discontinued operations by the Issuer or any Restricted Subsidiary during such period (each such Person, property, business or asset so sold or disposed of, a "Sold Entity or Business") and the Disposed EBITDA of any Restricted Subsidiary that is converted into an Unrestricted Subsidiary during such period (each, a "Converted Unrestricted Subsidiary"), based on the actual Disposed EBITDA of such Sold Entity or Business or Converted Unrestricted Subsidiary for such period (including the portion thereof occurring prior to such sale, transfer or disposition); *provided* that for the avoidance of doubt, at the Issuer's option, notwithstanding any classification under GAAP of any Person, property, business or asset as discontinued operations, the Disposed EBITDA of such Person, property, business or asset shall not be excluded for any purposes hereunder until such disposition shall have been consummated.

"Consolidated Interest Expense" means, with respect to any Person for any period, without duplication, the sum of:

(1) consolidated interest expense of such Person and its Restricted Subsidiaries for such period, to the extent such expense was deducted (and not added back) in computing Consolidated Net Income, which shall include:

(a) amortization of original issue discount or premium resulting from the issuance of Indebtedness at less than par,

(b) all commissions, discounts and other fees and charges owed with respect to letters of credit or bankers' acceptances,

(c) non-cash interest payments (but excluding any non-cash interest expense attributable to the movement in mark-to-market valuation of any Hedging Obligations or other derivative instruments pursuant to GAAP),

(d) the interest component of Finance Lease Obligations, and

(e) net payments, if any made (less net payments, if any, received), pursuant to interest rate Hedging Obligations with respect to Indebtedness, and which shall exclude:

(i) Securitization Fees,

(ii) penalties and interest relating to taxes,

(iii) annual agency or similar fees paid to the administrative agents, collateral agents and other agents under any Credit Facility,

(iv) any additional interest or liquidated damages owing pursuant to any registration rights obligations,

(v) costs associated with obtaining Hedging Obligations,

(vi) accretion or accrual of discounted liabilities other than Indebtedness,

(vii) any expense resulting from the discounting of any Indebtedness in connection with the application of recapitalization accounting or purchase accounting in connection with the Transactions or any acquisition,

(viii) amortization, expensing or write-off of deferred financing fees, amendment and consent fees, debt issuance costs, debt discount or premium, terminated hedging obligations and other commissions, fees and expenses, discounted liabilities, original issue discount and any other amounts of non-cash interest and, adjusted to the extent included, to exclude any refunds or similar credits received in connection with the purchasing or procurement of goods or services under any purchasing card or similar program,

(ix) any expensing of bridge, arrangement, structuring, commitment, agency, consent and other financing fees and any other fees related to the Transactions or any acquisitions after the Issue Date,

(x) any accretion of accrued interest on discounted liabilities and any prepayment, make-whole or breakage premium, penalty or cost,

(xi) interest expense with respect to Indebtedness of any direct or indirect parent of such Person resulting from push-down accounting,

(xii) any lease, rental or other expense in connection with a Non-Financing Lease Obligations, and

(xiii) any interest expense attributable to any actual or prospective legal settlement, fine, judgment or order; *plus*

(2) consolidated capitalized interest of such Person and its Restricted Subsidiaries for such period, whether paid or accrued; *less*

(3) interest income for such period.

For purposes of this definition, interest on a Finance Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by such Person to be the rate of interest implicit in such Finance Lease Obligation in accordance with GAAP.

"Consolidated Net Income" means, with respect to any Person for any period, the net income (loss) of such Person and its Restricted Subsidiaries for such period determined on a consolidated basis in accordance with GAAP and before any reduction in respect of Preferred Stock dividends; *provided*, *however*, that there will not be included in such Consolidated Net Income:

(1) any net income (loss) of any Person if such Person is not a Restricted Subsidiary (including any net income (loss) from investments recorded in such Person under the equity method of accounting), except that the Issuer's equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed (or to the extent converted into cash or Cash Equivalents) or that (as determined by the Issuer in its reasonable discretion) could have been distributed by such Person during such period to the Issuer or a Restricted Subsidiary as a dividend or other distribution or return on investment;

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (A) of the Available Amount Builder Basket, any net income (loss) of any Restricted Subsidiary (other than the Guarantors) if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Issuer or any Guarantor by operation of the terms of such Restricted Subsidiary's articles, charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its stockholders (other than (a) restrictions that have been waived or otherwise released (or such Person reasonably believes such restriction could be waived or released and is using commercially reasonable efforts to pursue such waiver or release), (b) restrictions pursuant to the Credit Agreement, the Notes, this Indenture or other similar indebtedness and (c) restrictions specified in Section 3.04(b)(14)(i)), except that the Issuer's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed (or to the extent converted, or having the ability to be converted, into cash or Cash Equivalents) or that could have been distributed by such Restricted Subsidiary during such period to the Issuer or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary, to the limitation contained in this clause);

(3) any gain (or loss) (a) in respect of facilities no longer used or useful in the conduct of the business of the Issuer or its Restricted Subsidiaries, abandoned, transferred, closed, disposed or discontinued operations, (b) on disposal, abandonment or discontinuance of disposed, abandoned, transferred, closed or discontinued operations, and (c) attributable to asset dispositions, abandonments, sales or other dispositions of any asset (including pursuant to any Sale and Leaseback Transaction) or the designation of an Unrestricted Subsidiary other than in the ordinary course of business;

(4) (a) any extraordinary, exceptional, unusual, infrequently occurring or nonrecurring loss, charge or expense, as well as Transaction Costs, Public Company Costs, restructuring and duplicative running costs, restructuring charges or reserves (whether or not classified as restructuring expense on the consolidated financial statements), relocation costs, start-up or initial costs for any project or new production line, division or new line of business, integration and facilities' or bases' opening costs, facility consolidation and closing costs, severance costs and expenses, one-time charges (including compensation charges), payments made pursuant to the terms of change in control agreements that the Issuer or a Subsidiary or a Parent Entity had entered into with employees of the Issuer or a Subsidiary or a Parent Entity, costs relating to pre-opening, opening and conversion costs for facilities, losses, costs or cost inefficiencies related to project terminations, facility or property disruptions or shutdowns (including due to work stoppages, natural disasters and epidemics), signing, retention and completion bonuses (including management bonus pools), recruiting costs, costs incurred in connection with any strategic or cost savings initiatives, transition costs, contract terminations, litigation and arbitration fees, costs and charges, expenses in connection with one-time rate changes, costs incurred with acquisitions, investments and dispositions (including travel and out-of-pocket costs), human resources costs (including relocation bonuses), litigation and arbitration costs, charges, fees and expenses (including settlements), management transition costs, advertising costs and non-recurring product and intellectual property development, other business optimization expenses or reserves (including costs and expenses relating to business optimization programs and new systems design and costs or reserves associated with improvements to IT and accounting functions), retention charges (including charges or expenses in respect of incentive plans), system establishment costs and implementation costs, and operating expenses attributable to the implementation of strategic or cost-savings initiatives, and curtailments or modifications to pension and post-retirement employee benefit plans (including any settlement of pension liabilities and charges resulting from changes in estimates, valuations and judgments) and professional, legal, accounting, consulting and other service fees incurred with any of the foregoing (in each case, as applicable, whether or not consummated) and (b) any charge, expense, cost, accrual or reserve of any kind associated with acquisition related litigation and settlements thereof;

(5) (a) at the election of the Issuer with respect to any quarterly period, the cumulative effect (including charges, accruals, expenses and reserves) of a change in law, regulation or accounting principles and changes as a result of the adoption, implementation or modification of accounting policies, including the adoption, (b) subject to the last paragraph of the definition of "GAAP," the cumulative effect of a change in accounting principles and changes as a result of the adoption or modification of accounting policies during such period (including any impact resulting from an election by the Issuer to apply any Accounting Changes) and (c) any costs, charges, losses, fees or expenses in connection with the implementation or tracking of such changes or modifications specified in the foregoing clauses (a) and (b), in each case as reasonably determined by the Issuer;

(6) (a) any equity-based or non-cash compensation or similar charge, cost or expense or reduction of revenue, including any such charge, cost, expense or reduction arising from any grant of stock, stock appreciation or similar rights, stock options, restricted stock, phantom equity, profits interests or other interests, or other rights or equity- or equity-based incentive programs ("equity incentives"), any income (loss) associated with the equity incentives or other long-term incentive compensation plans (including under deferred compensation arrangements of the Issuer or any Parent Entity or any Subsidiary and any positive investment income with respect to funded deferred compensation account balances), roll-over, acceleration or payout of Capital Stock by employees, directors, officers, managers, contractors, consultants, advisors or business partners (or their respective Controlled Investment Affiliates) of the Issuer or any Parent Entity or any Subsidiary, and any cash awards granted to employees of the Issuer and its Subsidiaries in replacement for forfeited awards, (b) any non-cash losses attributable to deferred compensations plans or trusts or realized in such period in connection with adjustments to any employee benefit plan due to changes in estimates, actuarial assumptions, valuations, studies or judgments, (c) non-cash compensation expense resulting from the application of Accounting Standards Codification Topic 718, Compensation—Stock Compensation or Accounting Standards Codification Topics 505-50, Equity-Based Payments to Non-Employees (or any successor provision or other financial accounting standard having a similar result or effect), and (d) any net pension or post-employment benefit costs representing amortization of unrecognized prior service costs, actuarial losses, amortization of such amounts arising in prior periods, amortization of the unrecognized obligation (and loss or cost) existing at the date of initial application of Statement of Financial Accounting Standards No. 87, 106 and 112—Employee Benefits (or any successor provision or other financial accounting standard having a similar result or effect), and any other item of a similar nature;

(7) any income (loss) from the extinguishment, conversion or cancellation of Indebtedness, Hedging Obligations or other derivative instruments (including deferred financing costs written off, premiums paid or other expenses incurred);

(8) any unrealized or realized gains or losses in respect of any Hedging Obligations or any ineffectiveness recognized in earnings related to hedge transactions or the fair value of changes therein recognized in earnings for derivatives that do not qualify as hedge transactions;

(9) any fees, losses, costs, expenses or charges incurred during such period (including any transaction, retention bonus or similar payment), or any amortization thereof for such period, in connection with (a) any acquisition, recapitalization, Investment, Asset Disposition, disposition, issuance or repayment of Indebtedness (including such fees, expense or charges related to the offering, issuance and rating of the Notes, other securities and any Credit Facilities), issuance of Capital Stock, refinancing transaction or amendment or modification of any debt instrument (including any amendment or other modification of the Notes, other securities and any Credit Facilities), in each case, including the Transactions, any such transaction consummated prior to, on or after the Issue Date and any such transaction undertaken but not completed, and any charges or non-recurring merger costs incurred during such period as a result of any such transaction, in each case whether or not successful (including, for the avoidance of doubt, the effects of expensing all transaction-related expenses in accordance with Accounting Standards Codification Topic 805—Business Combinations (or any successor provision or other financial accounting standard having a similar result or effect) and (if applicable) any adjustments resulting from the application of Accounting Standards Codification Topic 460—Guarantees (or any successor provision or other financial accounting standard having a similar result or effect) or any related pronouncements) and (b) complying with the requirements under, or making elections permitted by, the documentation governing any Indebtedness;

(10) any unrealized or realized gain or loss resulting in such period from currency translation increases or decreases or transaction gains or losses, including those related to currency remeasurements of Indebtedness (including any net loss or gain resulting from Hedging Obligations for currency risk), intercompany loans, accounts receivables, accounts payable, intercompany balances, other balance sheet items, Hedging Obligations or other obligations of the Issuer or any Restricted Subsidiary owing to the Issuer or any Restricted Subsidiary and any other realized or unrealized foreign exchange gains or losses relating to the translation of assets and liabilities denominated in foreign currencies;

(11) any unrealized or realized income (loss) or non-cash expense attributable to movement in mark-to-market valuation of foreign currencies, Indebtedness or derivative instruments pursuant to GAAP;

(12) effects of adjustments (including the effects of such adjustments pushed down to such Person and its Restricted Subsidiaries) in such Person's consolidated financial statements pursuant to GAAP (including, if applicable, those required or permitted by Accounting Standards Codification Topic 805—Business Combinations and (if applicable) Accounting Standards Codification Topic 350—Intangibles-Goodwill and Other (or any successor provision or other financial accounting standard having a similar result or effect) and related pronouncements), including in the inventory (including any impact of changes to inventory valuation policy methods, including changes in capitalization of variances), property and equipment, software, loans, leases, goodwill, intangible assets, in-process research and development, deferred revenue (including deferred costs related thereto and deferred rent) and debt line items thereof, resulting from the application of acquisition method accounting, recapitalization accounting or purchase accounting, as applicable, in relation to the Transactions or any consummated acquisition (by merger, consolidation, amalgamation or otherwise), joint venture investment or other Investment or the amortization or write-off or write-down of any amounts thereof;

(13) any impairment charge, write-off or write-down, including impairment charges, write-offs or write-downs related to intangible assets, long-lived assets, goodwill, investments in debt or equity securities (including any losses with respect to the foregoing in bankruptcy, insolvency or similar proceedings) and investments recorded using the equity method or as a result of a change in law or regulation, in connection with any disposition of assets and the amortization of intangibles arising pursuant to GAAP;

(14) (a) accruals and reserves (including contingent liabilities) that are established or adjusted in connection with the Transactions or within 24 months after the closing of any acquisition or disposition that are so required to be established or adjusted as a result of such acquisition or disposition in accordance with GAAP, or changes as a result of adoption or modification of accounting policies, and (b) earn-out, non-compete and contingent consideration obligations (including to the extent accounted for as bonuses, compensation or otherwise (and including deferred performance incentives in connection with any acquisition (by merger, consolidation, amalgamation or otherwise), joint venture investment or other Investment whether or not a service component is required from the transferor or its related party)) and adjustments thereof and purchase price adjustments, including any mark-to-mark adjustments;

(15) any income (loss) related to any realized or unrealized gains and losses resulting from Hedging Obligations or embedded derivatives that require similar accounting treatment (including embedded derivatives in customer contracts), and the application of Accounting Standards Codification Topic 815—Derivatives and Hedging (or any successor provision or other financial accounting standard having a similar result or effect) and its related pronouncements or mark to market movement of non-U.S. currencies, Indebtedness, derivatives instruments or other financial instruments pursuant to GAAP, including (if applicable) Accounting Standards Codification Topic 825—Financial Instruments (or any successor provision or other financial accounting standard having a similar result or effect) or an alternative basis of accounting applied in lieu of GAAP;

(16) any non-cash expenses, accruals or reserves related to adjustments to historical tax exposures and any deferred tax expense associated with tax deductions or net operating losses arising as a result of the Transactions, or the release of any valuation allowances related to such item;

(17) the amount of (x) Board of Directors (or equivalent thereof) fees, management, monitoring, consulting, refinancing, transaction, advisory and other fees (including exit and termination fees) and indemnities, costs and expenses paid or accrued in such period to any member of the Board of Directors (or the equivalent thereof) of the Issuer, any of its Subsidiaries or any Parent Entity, and (y) payments made to option holders of the Issuer or any Parent Entity in connection with, or as a result of, any distribution being made to equityholders of such Person or its Parent Entity, which payments are being made to compensate such option holders as though they were equityholders at the time of, and entitled to share in, such distribution, including any cash consideration for any repurchase of equity;

(18) the amount of loss or discount on sale of Securitization Assets, Receivables Assets and related assets in connection with a Qualified Securitization Financing or Receivables Facility;

(19) (i) at the election of the Issuer, payments to third parties in respect of research and development, including amounts paid upon signing, success, completion and other milestones and other progress payments, to the extent expensed; and

(ii) at the election of the Issuer with respect to any quarterly period, effects of adjustments to accruals and reserves during a period relating to any change in the methodology of calculating reserves for returns, rebates and other chargebacks (including government program rebates);

(20) (i) the non-cash portion of "straight-line" rent expense will be excluded and (ii) the cash portion of "straight-line" rent expense that exceeds the amount expensed in respect of such rent expense will be included; and

(21) non-cash charges relating to increases or decreases of deferred tax asset valuation allowances.

In addition, to the extent not already excluded (or included, as applicable) from the Consolidated Net Income of such Person and its Restricted Subsidiaries, notwithstanding anything to the contrary in the foregoing, Consolidated Net Income shall be increased by the amount of: (i) any expenses, charges or losses that are reimbursed by indemnification or other reimbursement provisions in connection with any investment or any sale, conveyance, transfer or other disposition of assets permitted hereunder, or, so long as the Issuer has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed within 365 days of the date of such evidence (net of any amount so added back in a prior period to the extent not so reimbursed within the applicable 365-day period) and (ii) to the extent covered by insurance (including business interruption insurance) and actually reimbursed, or, so long as the Issuer has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer and only to the extent that such amount is in fact reimbursed within 365 days of the date of such evidence (net of any amount so added back in a prior period to the extent not so reimbursed within the applicable 365-day period), expenses, charges or losses (including lost profits) with respect to liability or Casualty Events or business interruption. Consolidated Net Income shall be reduced by the amount of distributions for or payments of Permitted Tax Amounts actually made to any Parent Entity of such Person in respect of such period in accordance with Section 3.03(b)(9)(i) as though such amounts had been paid as Taxes directly by such Person for such periods.

"Consolidated Secured Net Leverage Ratio" means, as of any date of determination, the ratio of (a) Consolidated Total Net Indebtedness of the Issuer and its Restricted Subsidiaries that is secured by a Lien as of such date to (b) LTM EBITDA. For the avoidance of doubt, Consolidated Total Net Indebtedness secured by a Lien shall not include Finance Lease Obligations or Purchase Money Obligations.

"Consolidated Total Net Indebtedness" means, as of any date of determination, an amount equal to the aggregate principal amount of outstanding Indebtedness for borrowed money (excluding Indebtedness with respect to obligations in respect of Cash Management Obligations, intercompany Indebtedness, Subordinated Indebtedness, Disqualified Stock and Preferred Stock of Restricted Subsidiaries); *provided* that with respect to borrowings under any revolving credit facility under the Credit Agreement, Consolidated Total Net Indebtedness shall only include the daily average of such borrowings over the portion of the fiscal quarter in which the applicable calculation occurs and the immediately preceding three quarters and not the actual outstanding borrowings thereunder on the applicable date of determination, *plus*

(a) the aggregate principal amount of Finance Lease Obligations, Indebtedness represented by promissory notes or similar instruments and unreimbursed drawings under letters of credit of the Issuer and its Restricted Subsidiaries outstanding on such date (*provided* that any unreimbursed amount under commercial letters of credit shall not be counted as Consolidated Total Net Indebtedness until five Business Days after such amount is drawn), *minus*

(b) the aggregate amount of Unrestricted Cash and Cash Equivalents (*provided* that the cash proceeds of any proposed incurrence of Indebtedness shall not be included in this clause (b) for purposes of calculating the Consolidated Secured Net Leverage Ratio or the Consolidated Total Net Leverage Ratio, as applicable),

in each case, with such pro forma adjustments as are consistent with the pro forma adjustments set forth in the definition of "Pro Forma Basis."

For the avoidance of doubt, Consolidated Total Net Indebtedness shall exclude (i) Indebtedness in respect of any Receivables Facility or Securitization Facility and (ii) any Indebtedness of a Person if, upon or prior to the maturity thereof, such Person has irrevocably deposited with the proper Person in trust or escrow the necessary funds (or evidences of indebtedness) for the payment, redemption or satisfaction of such Indebtedness; it being understood that such escrowed funds shall not constitute cash or Cash Equivalents for purposes of cash netting pursuant to clause (b) above.

"Consolidated Total Net Leverage Ratio" means, as of any date of determination, the ratio of (a) Consolidated Total Net Indebtedness of the Issuer and its Restricted Subsidiaries as of such date to (b) LTM EBITDA.

"Contingent Obligations" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any Non-Financing Lease Obligation, dividend or other obligation that does not constitute Indebtedness ("primary obligations") of any other Person (the "primary obligor"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

(a) for the purchase or payment of any such primary obligation; or

(b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) 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 against loss in respect thereof.

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

"Controlled Investment Affiliate" means, as to any Person, any other Person, which directly or indirectly is in control of, is controlled by, or is under common control with such Person and is organized by such Person (or any Person controlling such Person) primarily for making direct or indirect equity or debt investments in the Issuer and/or other companies.

"Credit Agreement" means the Credit Agreement, to be dated on or prior to the Escrow Release Date, to be entered into by and among the Issuer, as the borrower, the guarantors from time to time party thereto, J.P. Morgan Chase Bank, N.A., as administrative agent and collateral agent, and each lender from time to time party thereto, together with the related documents thereto (including the revolving loans thereunder, any letters of credit and reimbursement obligations related thereto, any Guarantees and security documents), as amended, extended, renewed, restated, refunded, replaced, refinanced, supplemented, modified or otherwise changed (in whole or in part, and without limitation as to amount, terms, conditions, covenants and other provisions) from time to time, and any one or more agreements (and related documents) governing Indebtedness, including indentures, incurred to refinance, substitute, supplement, replace or add to (including increasing the amount available for borrowing or adding or removing any Person as a borrower, issuer or guarantor thereunder, in whole or in part), the borrowings and commitments then outstanding or permitted to be outstanding under the applicable Credit Agreement or one or more successors to such Credit Agreement or one or more new credit agreements.

"Credit Facility" means, with respect to the Issuer or any of its Subsidiaries, one or more debt facilities, indentures or other arrangements (including the Credit Agreement or commercial paper facilities and overdraft facilities) with banks, other financial institutions or investors providing for revolving credit loans, term loans, notes, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks or institutions and whether provided under the original Credit Agreement or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facility" shall include any agreement or instrument (1) changing the maturity of any Indebtedness incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Issuer as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"Custodian" means any receiver, trustee, assignee, liquidator, custodian or similar official under any Bankruptcy Law.

"Default" means any event or condition that constitutes an Event of Default, or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

"Definitive Notes" means certificated Notes.

"Depositary" means, with respect to the Notes issuable or issued in whole or in part in global form, the Person specified in Section 2.03 hereof as the Depositary with respect to the Notes, and any and all successors thereto appointed as depositary hereunder and having become such pursuant to the applicable provisions of this Indenture.

"Derivative Instrument," with respect to a Person, means any contract, instrument or other right to receive payment or delivery of cash or other assets to which such Person or any Affiliate of such Person that is acting in concert with such Person in connection with such Person's investment in the Notes (other than a Screened Affiliate) is a party (whether or not requiring further performance by such Person), the value and/or cash flows of which (or any material portion thereof) are materially affected by the value and/or performance of the Notes and/or the creditworthiness of the Issuer and/or any one or more of the Guarantors (the "Performance References").

"Designated Non-Cash Consideration" means the fair market value (as determined in good faith by the Issuer) of non-cash consideration received by the Issuer or any of its Restricted Subsidiaries in connection with an Asset Disposition as designated by the Issuer, which designation may be made at or after the time of the applicable Asset Disposition, less the amount of cash or Cash Equivalents received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with Section 3.05 hereof.

"Designated Preferred Stock" means Preferred Stock of the Issuer or a Parent Entity (other than Disqualified Stock) that is issued for cash (other than to the Issuer or a Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any such Subsidiary for the benefit of their employees to the extent funded by the Issuer or such Subsidiary) and that is designated as "Designated Preferred Stock" pursuant to an Officer's Certificate of the Issuer at or prior to the issuance thereof, the net cash proceeds of which are excluded from the calculation set forth in clause (C) of the Available Amount Builder Basket.

"Disinterested Director" means, with respect to any Affiliate Transaction, a member of the Board of Directors having no material direct or indirect financial interest in or with respect to such Affiliate Transaction. A member of the Board of Directors shall be deemed not to have such a financial interest by reason of such member's holding Capital Stock of the Issuer or any Parent Entity or any options, warrants or other rights in respect of such Capital Stock.

"Disposed EBITDA" means, with respect to any Sold Entity or Business or any Converted Unrestricted Subsidiary for any period, the amount for such period of Consolidated EBITDA of such Sold Entity or Business or such Converted Unrestricted Subsidiary, all as determined on a consolidated basis for such Sold Entity or Business or such Converted Unrestricted Subsidiary.

"Disqualified Stock" means, with respect to any Person, any Capital Stock of such Person which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event:

(1) matures or is mandatorily redeemable for cash or in exchange for Indebtedness pursuant to a sinking fund obligation or otherwise; or

(2) is or may become (in accordance with its terms) upon the occurrence of certain events or otherwise redeemable or repurchasable for cash or in exchange for Indebtedness at the option of the holder of the Capital Stock in whole or in part,

in each case on or prior to the earlier of (a) the Stated Maturity of the Notes or (b) the date on which there are no Notes outstanding; *provided*, *however*, that (i) only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock and (ii) any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the issuer thereof to repurchase such Capital Stock upon the occurrence of a change of control or asset sale (howsoever defined or referred to) shall not constitute Disqualified Stock if any such redemption or repurchase obligation is subject to compliance by the relevant Person with Section 3.03 hereof; *provided*, *further*, that if such Capital Stock is issued to any future, current or former employee, director, officer, manager, contractor, consultant or advisor (or their respective Controlled Investment Affiliates) of the Issuer, any of its Subsidiaries, any Parent Entity or any other entity in which the Issuer or a Restricted Subsidiary has an Investment and is designated in good faith as an "affiliate" by the Board of Directors (or the compensation committee thereof) or any other plan for the benefit of current, former or future employees (or their respective Controlled Investment Affiliates) of the Issuer or its Subsidiaries or by any such plan to such employees (or their respective Controlled Investment Affiliates), such Capital Stock shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Issuer or its Subsidiaries in order to satisfy applicable statutory or regulatory obligations.

"Divided LLC" means a limited liability company which has been formed upon the consummation of an LLC Division.

"Dollars" or "$" means the lawful currency of the United States.

"DTC" means The Depository Trust Company or any successor securities clearing agency.

"Equity Interests" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding (x) any Capital Stock that arises only by reason of the happening of a contingency that is outside the control of the holder of such Capital Stock or any debt security that is convertible into, or exchangeable for, Capital Stock and (y) Permitted Call Spread Swap Agreements).

"Equity Offering" means (x) a sale of Capital Stock (other than through the issuance of Disqualified Stock or Designated Preferred Stock or through an Excluded Contribution) other than (a) offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions or other securities of the Issuer or any Parent Entity and (b) issuances of Capital Stock to any Subsidiary of the Issuer or (y) a cash equity contribution to the Issuer.

"Escrow Account" means "Escrow Accounts," as defined in the Escrow Agreement.

"Escrow Agent" means U.S. Bank National Association, in its capacity as Escrow Agent under the Escrow Agreement.

"Escrow Agreement" means the Escrow Agreement entered into by and among the Issuer, the Escrow Agent and the Trustee concurrently with the closing of the offering of the Notes on the Issue Date.

"Escrowed Property" has the meaning assigned to such term in the Escrow Agreement.

"Escrow Release Date" means the date the Spin Certificate is delivered and the Escrowed Property is released from escrow.

"Euro" and "€" means the single currency of participating member states of the economic and monetary union as contemplated in the Treaty on European Union.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"Excluded Contribution" means net cash proceeds or property or assets received by the Issuer as capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preferred Stock) of the Issuer after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of their employees to the extent funded by the Issuer or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preferred Stock) of the Issuer.

"Excluded Subsidiary" means any direct or indirect Subsidiary of the Issuer that is:

(a) an Unrestricted Subsidiary,

(b) not a Wholly Owned Restricted Subsidiary of the Issuer (other than a Subsidiary that was a Wholly Owned Restricted Subsidiary and that ceases to be a Wholly Owned Restricted Subsidiary as a result of (x) a transaction that is not bona fide or (y) the sale of its Equity Interests with sole intention to release such Subsidiary from its Guarantee of the Obligations),

(c) an Immaterial Subsidiary,

(d) a FSHCO or a CFC (or any direct or indirect Subsidiary of a Subsidiary that is a FSHCO or CFC),

(e) a Non-U.S. Subsidiary or any direct or indirect Subsidiary of a Non-U.S. Subsidiary,

(f) prohibited or restricted by applicable Law from guaranteeing the Notes, or which would require governmental (including regulatory) consent, approval, license or authorization to provide a guarantee unless, such consent, approval, license or authorization has been received,

(g) prohibited or restricted from guaranteeing the Notes by any Contractual Obligation in existence on the Escrow Release Date (but not entered into in contemplation thereof) and for so long as any such Contractual Obligation exists (or, in the case of any newly acquired Subsidiary, in existence at the time of acquisition thereof but not entered into in contemplation thereof and for so long as any such Contractual Obligation exists),

(h) a Subsidiary with respect to which a guarantee by it of the Notes would result in an adverse tax consequence to the Issuer or the Restricted Group, or material adverse regulatory consequences, in each case, as reasonably determined by the Issuer,

(i) a not-for-profit subsidiary,

(j) an employee benefit trust or similar construct or a trust company,

(k) a special purpose entity,

(l) a Captive Insurance Subsidiary, or

(m) in the reasonable judgment of the Issuer, a Subsidiary as to which the cost or other consequences of guaranteeing the Obligations in respect of the Notes would be excessive in view of the benefits to be obtained by the Holders therefrom, which such designation shall be evidenced to the Trustee by delivering to the Trustee an Officer's Certificate certifying that such Subsidiary has been so designated.

Notwithstanding the foregoing, no Subsidiary of the Issuer that is a guarantor in respect of the Issuer's Obligations in respect of Indebtedness for borrowed money of the Issuer under the Credit Agreement shall be deemed to be an Excluded Subsidiary.

"fair market value" means, with respect to any asset or property, the price which could be negotiated in an arm's-length transaction, for cash, between a willing seller and a willing and able buyer; for purposes of this Indenture, fair market value may be conclusively established by means of an Officer's Certificate or resolutions of the Board of Directors setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

"Finance Lease Obligations" means an obligation that is required to be classified and accounted for as a finance lease (in accordance with GAAP) (and, for the avoidance of doubt, not a straight-line or operating lease) for financial reporting purposes. The amount of Indebtedness represented by such obligation will be the capitalized amount of such obligation at the time any determination thereof is to be made as determined in accordance with GAAP, and the stated maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

"Fitch" means Fitch Ratings, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"Fixed Charge Coverage Ratio" means, with respect to any Person on any determination date, the ratio of Consolidated EBITDA of such Person for the most recent four consecutive fiscal quarters ending immediately prior to such determination date (the "reference period") for which consolidated financial statements are available (which may be internal consolidated financial statements) to the Fixed Charges of such Person for the reference period. In the event that the Issuer or any Restricted Subsidiary incurs, assumes, guarantees, redeems, defeases, retires or extinguishes any Indebtedness (other than Indebtedness incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced), has caused any Reserved Indebtedness Amount to be deemed to be incurred during such period or issues or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the reference period but prior to or simultaneously with the event for which the calculation of the Fixed Charge Coverage Ratio is made, then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect to such incurrence, deemed incurrence, assumption, guarantee, redemption, defeasance, retirement or extinguishment of Indebtedness, or such issuance or redemption of Disqualified Stock or Preferred Stock, as if the same had occurred at the beginning of the applicable four-quarter period.

Notwithstanding anything to the contrary herein, in the event an item of Indebtedness (or any portion thereof) is incurred or issued, any Lien is incurred or other transaction is undertaken in reliance on any ratio based exceptions, thresholds and baskets, such ratio(s) shall be calculated with respect to such incurrence, issuance or other transaction without giving effect to amounts being utilized under any other exceptions, thresholds or baskets (other than ratio based baskets) on the same date. Each item of Indebtedness that is incurred or issued, each Lien incurred and each other transaction undertaken will be deemed to have been incurred, issued or taken first, to the extent available, pursuant to the relevant ratio based test.

Notwithstanding anything to the contrary herein, in the event an item of Indebtedness (or any portion thereof) is incurred or issued, any Lien is incurred or other transaction is undertaken in reliance on any ratio based exceptions, thresholds and baskets, such ratio(s) shall be calculated without regard to the incurrence of any Indebtedness under any revolving facility or letter of credit facility immediately prior to or in connection therewith.

Any calculation or measure that is determined with reference to the Issuer's financial statements (including Consolidated EBITDA, Consolidated Interest Expense, Consolidated Net Income, Fixed Charges, Fixed Charge Coverage Ratio, Consolidated Secured Net Leverage Ratio and Consolidated Total Net Leverage Ratio) may be determined with reference to the financial statements of a Parent Entity instead, so long as such Parent Entity does not hold any material assets other than, directly or indirectly, the Capital Stock of the Issuer.

For purposes of making the computation referred to above, the Issuer shall make pro forma adjustments as are consistent with the definition of "Pro Forma Basis" and "Fixed Charge Coverage Ratio."

"Fixed Charges" means, with respect to any Person for any period, the sum of (without duplication):

(1) Consolidated Interest Expense of such Person for such period;

(2) all cash dividends or other distributions paid (excluding items eliminated in consolidation) on any series of Preferred Stock of any Restricted Subsidiary of such Person during such period; and

(3) all cash dividends or other distributions paid (excluding items eliminated in consolidation) on any series of Disqualified Stock of such Person during such period.

"FSHCO" means any direct or indirect Subsidiary of the Issuer that owns no material assets (directly or indirectly) other than (i) Equity Interests (including, for this purpose, any debt or other instrument treated as equity for U.S. federal income tax purposes (as determined by the Issuer)) of one or more Subsidiaries that are Non-U.S. Subsidiaries or other FSHCOs or (ii) assets of the type described in the immediately preceding clause (i) and cash and Cash Equivalents incidental thereto.

"GAAP" means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are in effect from time to time; *provided* that all terms of an accounting or financial nature used in this Indenture shall be construed, and all computations of amounts and ratios referred to in this Indenture shall be made, without giving effect to any election under Accounting Standards Codification Topic 825—Financial Instruments (if applicable), or any successor thereto or comparable accounting principle (including pursuant to the Accounting Standards Codification), to value any Indebtedness of the Issuer or any Subsidiary at "fair value," as defined therein.

If there occurs a change in GAAP and such change would cause a change in the method of calculation of any standards, terms or measures (including all computations of amounts and ratios) used in this Indenture (an "Accounting Change"), then the Issuer may elect that such standards, terms or measures shall be calculated as if such Accounting Change had or had not occurred.

"Governmental Authority" means any nation or government, any state, province, territory or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, administrative tribunal, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, including any applicable supranational bodies (such as the European Union or the European Central Bank).

"Guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(2) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part);

provided, however, that the term "Guarantee" will not include (x) endorsements for collection or deposit in the ordinary course of business or consistent with past practice and (y) standard contractual indemnities or product warranties provided in the ordinary course of business, and *provided*, *further*, that the amount of any Guarantee shall be deemed to be the lower of (i) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee is made and (ii) the maximum amount for which such guaranteeing Person may be liable pursuant to the terms of the instrument embodying such Guarantee or, if such Guarantee is not an unconditional guarantee of the entire amount of the primary obligation and such maximum amount is not stated or determinable, the amount of such guaranteeing Person's maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith. The term "Guarantee" used as a verb has a corresponding meaning.

"Guarantor" means (i) as of the Escrow Release Date, the Restricted Subsidiaries that execute and deliver the Supplemental Indenture, and (ii) on and after the Escrow Release Date, any other Restricted Subsidiary that Guarantees the Notes, in each case, until such Note Guarantee is released in accordance with the terms of this Indenture. For the avoidance of doubt, no Excluded Subsidiary shall be a Guarantor, except as provided under Section 3.07.

"Hedging Obligations" means, with respect to any Person, the obligations of such Person under any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, commodity swap agreement, commodity cap agreement, commodity collar agreement, foreign exchange contracts, currency swap agreement or similar agreement providing for the transfer or mitigation of interest rate, commodity price or currency risks either generally or under specific contingencies.

"Holder" means each Person in whose name the Notes are registered on the Registrar's books, which shall initially be the nominee of DTC.

"IAI" means an institutional "accredited investor" as described in Rule 501(a)(1), (2), (3) or (7) under the Securities Act.

"Immaterial Subsidiary" means, at any date of determination, each Restricted Subsidiary of the Issuer that (i) has not guaranteed any other Indebtedness of the Issuer and (ii) (A) has Total Assets and revenues of less than 7.5% of Total Assets and revenues of the Issuer and its Restricted Subsidiaries on a consolidated basis and (B) together with all other Immaterial Subsidiaries, has Total Assets and revenues of less than 7.5% of Total Assets and revenues of the Issuer and its Restricted Subsidiaries on a consolidated basis, in each case for clauses (A) and (B), measured at the end of the most recent fiscal period for which consolidated financial statements are available (which may, at the election of the Issuer, be internal financial statements) on a pro forma basis giving effect to any acquisitions or dispositions of companies, division or lines of business since such balance sheet date or the start of such four quarter period, as applicable, and on or prior to the date of acquisition of such Subsidiary.

"Increased Amount" means, with respect to any Indebtedness, any increase in the amount of such Indebtedness in connection with any accrual of interest, the accretion of accreted value, the amortization of original issue discount, the payment of interest in the form of additional Indebtedness with the same terms, accretion of original issue discount or liquidation preference and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate of currencies or increases in the value of property securing Indebtedness.

"incur" means to issue, create, assume, enter into any Guarantee of, incur, extend or otherwise become liable for; *provided*, *however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, amalgamation, consolidation, acquisition or otherwise) will be deemed to be incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and the terms "incurred" and "incurrence" have meanings correlative to the foregoing and any Indebtedness pursuant to any revolving credit or similar facility shall only be "incurred" at the time any funds are borrowed thereunder.

"Indebtedness" means, with respect to any Person on any date of determination (without duplication):

(1) the principal of indebtedness of such Person for borrowed money;

(2) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have not been reimbursed) (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of incurrence);

(4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables or similar obligations, including accrued expenses owed, to a trade creditor), which purchase price is due more than one year after the date of placing such property in service or taking final delivery and title thereto;

(5) Finance Lease Obligations of such Person;

(6) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends);

(7) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided*, *however*, that the amount of such Indebtedness will be the lesser of (a) the fair market value of such asset at such date of determination (as determined in good faith by the Issuer) and (b) the amount of such Indebtedness of such other Persons;

(8) Guarantees by such Person of the principal component of Indebtedness of the type referred to in clauses (1), (2), (3), (4), (5) and (9) of other Persons to the extent Guaranteed by such Person; and

(9) to the extent not otherwise included in this definition, net obligations of such Person under Hedging Obligations (the amount of any such obligations to be equal at any time to the net payments under such agreement or arrangement giving rise to such obligation that would be payable by such Person at the termination of such agreement or arrangement);

with respect to clauses (1), (2), (3), (4), (5) and (9) above, if and to the extent that any of the foregoing Indebtedness (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of such Person prepared in accordance with GAAP.

The amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be the total amount of funds borrowed and then outstanding. The amount of any Indebtedness outstanding as of any date shall be (a) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (b) the principal amount of Indebtedness, or liquidation preference thereof, in the case of any other Indebtedness. Indebtedness shall be calculated without giving effect to the effects of Accounting Standards Codification Topic 815—Derivatives and Hedging and related pronouncements to the extent such effects would otherwise increase or decrease an amount of Indebtedness for any purpose under this Indenture as a result of accounting for any embedded derivatives created by the terms of such Indebtedness.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

(i) Contingent Obligations incurred in the ordinary course of business or consistent with past practice, other than Guarantees or other assumptions of Indebtedness;

(ii) Cash Management Obligations;

(iii) any lease, concession or license of property (or Guarantee thereof) which would be considered an operating lease under GAAP as in effect on the Issue Date, Non-Financing Lease Obligations, Sale and Leaseback Transactions or any prepayments of deposits received from clients or customers in the ordinary course of business or consistent with past practice;

(iv) obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) incurred prior to the Escrow Release Date or in the ordinary course of business or consistent with past practice;

(v) in connection with the purchase by the Issuer or any Restricted Subsidiary of any business, any deferred or prepaid revenue, post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided*, *however*, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid in a timely manner;

(vi) for the avoidance of doubt, any obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes;

(vii) obligations under or in respect of Qualified Securitization Financings or Receivables Facilities;

(viii) Indebtedness of any Parent Entity appearing on the balance sheet of the Issuer solely by reason of push down accounting under GAAP;

(ix) Capital Stock (other than in the case of clause (6) above, Disqualified Stock); or

(x) amounts owed to dissenting stockholders (including in connection with, or as a result of, exercise of dissenters' or appraisal rights and the settlement of any claims or action (whether actual, contingent or potential)), pursuant to or in connection with a consolidation, amalgamation, merger or transfer of assets that complies with Section 4.01.

"Indenture" means this Indenture as amended or supplemented from time to time.

"Independent Financial Advisor" means an accounting, appraisal, investment banking firm or consultant to Persons engaged in Similar Businesses of nationally recognized standing; *provided*, *however*, that such firm or appraiser is not an Affiliate of the Issuer.

"Initial Notes" has the meaning ascribed to it in the recitals of this Indenture.

"Intercompany License Agreement" means any cost sharing agreement, commission or royalty agreement, license or sublicense agreement, distribution agreement, services agreement, intellectual property rights transfer agreement, any related agreements or similar agreements, in each case where all parties to such agreement are one or more of the Issuer or a Restricted Subsidiary.

"Investment" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of advances, loans or other extensions of credit (excluding (i) accounts receivable, trade credit, advances or extensions of credit to customers, suppliers, future, present or former employees, directors, officers, managers, contractors, consultants or advisors (or their respective Controlled Investment Affiliates) of any Person in the ordinary course of business or consistent with past practice, (ii) any debt or extension of credit represented by a bank deposit other than a time deposit, (iii) intercompany advances arising from cash management, tax and accounting operations and (iv) intercompany loans, advances or Indebtedness having a term not exceeding 364 days (exclusive of any roll-over or extensions of terms)) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the incurrence of a Guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP; *provided*, *however*, that endorsements of negotiable instruments and documents in the ordinary course of business or consistent with past practice will not be deemed to be an Investment.

For purposes of Section 3.03 and Section 3.20 hereof:

(1) "Investment" will include the portion (proportionate to the Issuer's equity interest in such Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; *provided*, *however*, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Issuer will be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to (a) the Issuer's "Investment" in such Subsidiary at the time of such redesignation less (b) the portion (proportionate to the Issuer's equity interest in such Subsidiary) of the fair market value of the net assets (as determined by the Issuer) of such Subsidiary at the time that such Subsidiary is so re-designated a Restricted Subsidiary;

(2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined by the Issuer; and

(3) if the Issuer or any Restricted Subsidiary issues, sells or otherwise disposes of Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any investment by the Issuer or any Restricted Subsidiary in such Person remaining after giving effect thereto shall not be deemed to be an Investment at such time.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced by any dividend, distribution, interest payment, return of capital, repayment or other amount received in cash and Cash Equivalents by the Issuer or a Restricted Subsidiary in respect of such Investment to the extent such amounts do not increase any other baskets under this Indenture.

"Investment Grade Securities" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) securities issued or directly and fully guaranteed or insured by the Canadian, United Kingdom or Japanese governments, a member state of the European Union, or any agency or instrumentality thereof (other than Cash Equivalents);

(3) debt securities or debt instruments with a rating of "BBB-" or higher from S&P or "Baa3" or higher by Moody's or the equivalent of such rating by such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization, but excluding any debt securities or instruments constituting loans or advances among the Issuer and its Subsidiaries;

(4) investments in any fund that invests exclusively in investments of the type described in clauses (1), (2) and (3) above which fund may also hold cash and Cash Equivalents pending investment or distribution; and

(5) corresponding instruments in countries other than the United States customarily utilized for high quality investments.

"Investment Grade Status" shall occur when the Notes receive two of the following:

(1) a rating of "BBB-" or higher from S&P;

(2) a rating of "Baa3" or higher from Moody's; or

(3) a rating of "BBB-" or higher from Fitch;

or the equivalent of such rating by such rating organization or, if no rating of S&P, Moody's or Fitch then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization.

"Issue Date" means April 25, 2023.

"Issuer" means Knife River Holding Company (to be renamed Knife River Corporation on the Spin-Off Date), a Delaware corporation, and its successors.

"joint venture" means any joint venture or similar arrangement (in each case, regardless of legal formation), including collaboration arrangements, profit sharing arrangements or other contractual arrangements.

"Law" means, collectively, all applicable international, foreign, federal, state, provincial and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority.

"Lien" means any mortgage, pledge, security interest, encumbrance, lien, hypothecation or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof); *provided* that in no event shall Non-Financing Lease Obligations be deemed to constitute a Lien.

"Limited Condition Transaction" means (1) any Investment or acquisition (whether by merger, amalgamation, consolidation or other business combination or the acquisition of Capital Stock or otherwise and which may include, for the avoidance of doubt, a transaction that may constitute a Change of Control) in or of any assets, business or Person, (2) any redemption, repurchase, defeasance, satisfaction and discharge or repayment of Indebtedness, Disqualified Stock or Preferred Stock requiring irrevocable notice in advance of such redemption, repurchase, defeasance, satisfaction and discharge or repayment, (3) any Restricted Payment requiring irrevocable notice in advance thereof, (4) any asset sale or a disposition and (5) a "Change of Control."

"LLC Conversion" means the conversion of any Restricted Subsidiary of the Issuer that is a U.S. Subsidiary from a corporation into a limited liability company.

"LLC Division" means the statutory division of any limited liability company into two or more limited liability companies pursuant to Section 18-217 of the Delaware Limited Liability Company Act or a comparable provision of any other Law.

"Long Derivative Instrument" means a Derivative Instrument (i) the value of which generally increases, and/or the payment or delivery obligations under which generally decrease, with positive changes to the Performance References and/or (ii) the value of which generally decreases, and/or the payment or delivery obligations under which generally increase, with negative changes to the Performance References.

"LTM EBITDA" means Consolidated EBITDA of the Issuer measured for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which consolidated financial statements are available (which may, at the election of the Issuer, be internal financial statements), in each case with such pro forma adjustments as are consistent with the pro forma adjustments set forth in the definition of "Pro Forma Basis" and "Fixed Charge Coverage Ratio."

"Management Advances" means loans or advances made to, or Guarantees with respect to loans or advances made to, future, present or former employees, directors, officers, managers, contractors, consultants or advisors (or their respective Controlled Investment Affiliates) of any Parent Entity, the Issuer or any Restricted Subsidiary:

(1) (a) in respect of travel, entertainment, relocation or moving related expenses, payroll advances and other analogous or similar expenses or payroll expenses, in each case incurred in the ordinary course of business or consistent with past practice or (b) for purposes of funding any such person's purchase of Capital Stock (or similar obligations) of the Issuer, its Subsidiaries or any Parent Entity with (in the case of this clause (1)(b)) the approval of the Board of Directors of the Issuer;

(2) in respect of relocation or moving related expenses, payroll advances and other analogous or similar expenses or payroll expenses, in each case incurred in connection with any closing or consolidation of any facility or office; or

(3) not exceeding the greater of (i) $15.0 million and (ii) 5.0% of LTM EBITDA in the aggregate outstanding at the time of incurrence.

"Material Subsidiary" means any Restricted Subsidiary of the Issuer constituting, or group of Restricted Subsidiaries of the Issuer in the aggregate constituting (as if such Restricted Subsidiaries constituted a single Subsidiary), a "significant subsidiary" in accordance with Rule 1-02 under Regulation S-X.

"Moody's" means Moody's Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"Nationally Recognized Statistical Rating Organization" means a nationally recognized statistical rating organization within the meaning of Rule 436 under the Securities Act.

"Net Available Cash" with respect to any Asset Disposition means cash proceeds received (including any cash proceeds received from the sale or other disposition of any Designated Non-Cash Consideration received in any Asset Disposition, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring Person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(1) all legal, accounting, consulting, investment banking, survey costs, title and recording expenses, title insurance premiums, payments made in order to obtain a necessary consent or required by applicable law, brokerage and sales commissions, relocation expenses, commissions, premiums (including tender premiums), defeasance costs, underwriting discounts, fees, costs and expenses (including original issue discount, upfront fees or similar fees) in connection with such transaction;

(2) all Taxes paid, reasonably estimated to be payable, Tax reserves set aside or payable or accrued as a liability under GAAP (including, for the avoidance of doubt, any income, withholding and other Taxes payable as a result of the distribution or deemed distribution of such proceeds to the Issuer or any of its Subsidiaries, transfer Taxes, deed or mortgage recording Taxes and Taxes that would be payable in connection with any repatriation of such proceeds), as a consequence of such transaction, including distributions and payments for Permitted Tax Amounts, made as a result of or in connection with such transaction or any transactions occurring or deemed to occur to effectuate a payment under this Indenture;

(3) all payments made on any Indebtedness which is (x) secured by any assets subject to such transaction, in accordance with the terms of any Lien upon such assets, (y) is owed by a Non-Guarantor or (z) which is required by applicable law be repaid out of the proceeds from such transaction;

(4) all distributions and other payments required to be made to non-controlling interest or minority interest holders (other than any Parent Entity, the Issuer or any of its Subsidiaries) in Subsidiaries or joint ventures as a result of such transaction;

(5) all costs associated with unwinding any related Hedging Obligations in connection with such transaction;

(6) the deduction of appropriate amounts required to be provided by the seller as a reserve, in accordance with GAAP, against any liabilities associated with the assets disposed of in such transaction and retained by the Issuer or any Restricted Subsidiary after such transaction, including pension and other post-employment benefit liabilities and liabilities related to environmental matters or against any indemnification obligations associated with such transaction;

(7) any portion of the purchase price from such transaction placed in escrow, whether for the satisfaction of any indemnification obligations in respect of such transaction, as a reserve for adjustments to the purchase price associated with any such transaction or otherwise in connection with such transaction;

(8) the amount of any liabilities (other than Indebtedness in respect of the Credit Agreement and the Notes) directly associated with such asset being sold and retained by the Issuer or any of its Restricted Subsidiaries; and

(9) the amount of any Restricted Payment made with the proceeds of any such transaction pursuant to Section 3.03(b)(12).

"Net Short" means, with respect to a Holder or beneficial owner, as of a date of determination, either (i) the value of its Short Derivative Instruments exceeds the sum of the (x) the value of its Notes plus (y) the value of its Long Derivative Instruments as of such date of determination or (ii) it is reasonably expected that such would have been the case were a Failure to Pay or Bankruptcy Credit Event (each as defined in the 2014 ISDA Credit Derivatives Definitions) to have occurred with respect to the Issuer or any Guarantor immediately prior to such date of determination.

"Non-Financing Lease Obligation" means a lease obligation that is not required to be accounted for as a financing lease in accordance with GAAP. For the avoidance of doubt, a straight-line or operating lease shall be considered a Non-Financing Lease Obligation.

"Non-Guarantor" means any Restricted Subsidiary that is not a Guarantor.

"Non-U.S. Person" means a Person who is not a U.S. Person (as defined in Regulation S).

"Non-U.S. Subsidiary" means any direct or indirect Subsidiary of the Issuer that is not a U.S. Subsidiary.

"Note Documents" means the Notes (including Additional Notes), the Note Guarantees and this Indenture (including the Supplemental Indenture).

"Note Guarantees" means the Guarantees of the Initial Notes and any Additional Notes.

"Notes" has the meaning ascribed to it in the recitals of this Indenture.

"Notes Custodian" means the custodian with respect to the Global Notes (as appointed by DTC) or any successor Person thereto, and shall initially be the Trustee.

"Obligations" means any principal, interest (including Post-Petition Interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Issuer or any Guarantor whether or not a claim for Post-Petition Interest is allowed in such proceedings), penalties, fees, indemnifications, reimbursements (including reimbursement obligations with respect to letters of credit and bankers' acceptances), damages and other liabilities payable under the documentation governing any Indebtedness.

"Offering Memorandum" means the final offering memorandum, dated April 11, 2023, relating to the offering of the Notes.

"Officer" means, with respect to any Person, (1) the Chairman of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer, any Assistant Treasurer, any Managing Director, any Authorized Person, the Secretary or any Assistant Secretary (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other individual designated as an "Officer" for the purposes of this Indenture by the Board of Directors of such Person.

"Officer's Certificate" means, with respect to any Person, a certificate signed by one Officer of such Person.

"Opinion of Counsel" means a written opinion from legal counsel who is reasonably satisfactory to the Trustee. The counsel may be an employee of or counsel to the Issuer or its Subsidiaries.

"Parent Entity" means any direct or indirect parent of the Issuer which holds directly or indirectly 100.0% of the equity interests of the Issuer and which does not hold Capital Stock in any other Person (except for any other Parent Entity).

"Parent Entity Expenses" means:

(1) fees, costs and expenses (including all legal, accounting and other professional fees, costs and expenses) incurred or paid by any Parent Entity in connection with reporting obligations under or otherwise incurred or paid in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, this Indenture or any other agreement or instrument relating to the Notes, the Guarantees or any other Indebtedness of the Issuer or any Restricted Subsidiary, including in respect of any reports filed or delivered with respect to the Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder;

(2) customary salary, bonus, severance, indemnity, insurance (including premiums therefor) and other benefits payable to any employee, director, officer, manager, contractor, consultant or advisor of any Parent Entity or other Persons under its articles, charter, bylaws, partnership agreement or other organizational documents or pursuant to written agreements with any such Person to the extent relating to the Issuer and its Subsidiaries;

(3) (x) general corporate operating and overhead fees, costs and expenses, (including all legal, accounting and other professional fees, costs and expenses, and director and officer insurance (including premiums therefor)) and, following the first public offering of the Capital Stock of any Parent Entity, listing fees and other costs and expenses attributable to being a publicly traded company of any Parent Entity and (y) other operational expenses of any Parent Entity related to the ownership or operation of the business of the Issuer or any of the Restricted Subsidiaries;

(4) expenses incurred by any Parent Entity in connection with (i) any offering, sale, conversion or exchange of Capital Stock or Indebtedness (whether or not successful) and (ii) any related compensation paid to employees, directors, officers, managers, contractors, consultants or advisors (or their respective Controlled Investment Affiliates) of such Parent Entity;

(5) amounts payable pursuant to any management services or similar agreements or the management services provisions in an investor rights agreement or other equityholders' agreement (including any amendment thereto or replacement thereof so long as any such amendment or replacement is not materially disadvantageous in the reasonable determination of the Issuer to the Holders when taken as a whole, as compared to the management services or similar agreements as in effect immediately prior to such amendment or replacement), solely to the extent such amounts are not paid directly by the Issuer or its Subsidiaries; and

(6) amounts to finance Investments that would otherwise be permitted to be made pursuant to Section 3.03 hereof if made by the Issuer or a Restricted Subsidiary; *provided* that (A) such Restricted Payment shall be made substantially concurrently with the closing of such Investment, (B) such Parent Entity shall, immediately following the closing thereof, cause (1) all property acquired (whether assets or Capital Stock) to be contributed to the capital of the Issuer or one of its Restricted Subsidiaries or (2) the merger, consolidation or amalgamation of the Person formed or acquired by or merged or consolidated with the Issuer or one of its Restricted Subsidiaries (to the extent not prohibited by Section 4.01 hereof) in order to consummate such Investment, (C) such Parent Entity and its Affiliates (other than the Issuer or a Restricted Subsidiary) receives no consideration or other payment in connection with such transaction except to the extent the Issuer or a Restricted Subsidiary could have given such consideration or made such payment in compliance with this Indenture and such consideration or other payment is included as a Restricted Payment under this Indenture, (D) any property received by the Issuer shall not increase amounts available for Restricted Payments pursuant to the Available Amount Builder Basket and (E) such Investment shall be deemed to be made by the Issuer or such Restricted Subsidiary pursuant to a provision of the covenant described in Section 3.03 or pursuant to the definition of "Permitted Investments."

"Pari Passu Indebtedness" means Indebtedness of the Issuer which ranks equally in right of payment to the Notes or of any Guarantor if such Indebtedness ranks equally in right of payment to the Guarantees of the Notes.

"Paying Agent" means any Person authorized by the Issuer to pay the principal of (and premium, if any) or interest on any Note on behalf of the Issuer.

"Permitted Asset Swap" means the concurrent purchase and sale or exchange of assets used or useful in a Similar Business or a combination of such assets and cash or Cash Equivalents between the Issuer or any of its Restricted Subsidiaries and another Person; *provided* that any cash or Cash Equivalents received in excess of the value of any cash or Cash Equivalents sold or exchanged must be applied in accordance with Section 3.05 hereof.

"Permitted Call Spread Swap Agreements" shall mean (a) a Swap Contract pursuant to which a Person acquires a call or a capped call option requiring the counterparty thereto to deliver to such Person shares of common stock of such Person (or other Equity Interests, securities, property or assets following a merger event or other event or circumstance resulting in the common stock of such Person generally being converted into, or exchanged for, other Equity Interests, securities, property or assets), the cash value thereof or a combination thereof from time to time upon exercise of such option and (b) if entered into by such Person in connection with any Swap Contract described in clause (a) above, a Swap Contract pursuant to which such Person issues to the counterparty thereto warrants or other rights to acquire common stock of such Person (or other Equity Interests, securities, property or assets following a merger event or other event or circumstance resulting in the common stock of such Person generally being converted into, or exchanged for, other Equity Interests, securities, property or assets), whether such warrant or other right is settled in shares (or such other Equity Interests, securities, property or assets), cash or a combination thereof, in each case entered into by such Person in connection with the issuance of Permitted Convertible Notes; *provided* that the terms, conditions and covenants of each such Swap Contract shall be customary or more favorable to than customary for Swap Contracts of such type (as determined by the Issuer in good faith).

"Permitted Convertible Notes" shall mean any notes issued by the Issuer or any direct or indirect parent of the Issuer that are convertible into common stock of the Issuer or any direct or indirect parent of the Issuer (or other Equity Interests, securities, property or assets following a merger event or other event or circumstance resulting in the common stock of the Issuer or any direct or indirect parent of the Issuer generally being converted into, or exchanged for, other Equity Interests, securities, property or assets), cash (the amount of such cash being determined by reference to the price of such common stock or such other Equity Interests, securities, property or assets), or any combination of any of the foregoing, and cash in lieu of fractional shares of common stock; *provided* that the issuance of such notes is permitted under Section 3.02.

"Permitted Intercompany Activities" means any transactions (A) between or among the Issuer and its Restricted Subsidiaries that are entered into in the ordinary course of business or consistent with past practice of the Issuer and its Restricted Subsidiaries and, in the reasonable determination of the Issuer are necessary or advisable in connection with the ownership or operation of the business of the Issuer and its Restricted Subsidiaries, including (i) payroll, cash management, purchasing, insurance and hedging arrangements; (ii) management, technology and licensing arrangements; and (iii) customary loyalty and rewards programs; and (B) between or among the Issuer, its Restricted Subsidiaries and any Captive Insurance Subsidiary.

"Permitted Investments" means (in each case, by the Issuer or any of the Restricted Subsidiaries):

(1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of, or guarantees of obligations of, a Restricted Subsidiary) or the Issuer or (b) a Person (including the Capital Stock of any such Person) that will, upon the making of such Investment, become a Restricted Subsidiary;

(2) Investments in another Person if such Person is engaged, directly or through entities that will be Restricted Subsidiaries, in any Similar Business and as a result of such Investment such other Person, in one transaction or a series of transactions, is merged, amalgamated, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets (or such division, business unit, product line or business) to, or is liquidated into, the Issuer or a Restricted Subsidiary, and any Investment held by such Person; *provided* that such Investment was not acquired by such Person in contemplation of such acquisition, merger, amalgamation, consolidation, combination, transfer or conveyance;

(3) Investments in cash, Cash Equivalents or Investment Grade Securities;

(4) Investments in receivables owing to the Issuer or any Restricted Subsidiary created or acquired in the ordinary course of business or consistent with past practice;

(5) Investments in payroll, travel, entertainment, relocation, moving-related and similar advances that are made in the ordinary course of business or consistent with past practice;

(6) Management Advances;

(7) Investments (including debt obligations and equity interests) (a) received in settlement, compromise or resolution of debts created in the ordinary course of business or consistent with past practice, (b) in exchange for any other Investment or accounts receivable, endorsements for collection or deposit held by the Issuer or any such Restricted Subsidiary, (c) as a result of foreclosure, perfection or enforcement of any Lien, (d) in satisfaction of judgments or (e) pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor or litigation, arbitration or other disputes or otherwise with respect to any secured Investment or other transfer of title with respect to any secured Investment in default;

(8) Investments made as a result of the receipt of promissory notes or other non-cash consideration (including earn-outs) from a sale or other disposition of property or assets, including an Asset Disposition;

(9) Investments (a) existing or pursuant to binding commitments, agreements or arrangements in effect on the Escrow Release Date and any modification, replacement, renewal, reinvestment or extension thereof; *provided* that the amount of any such Investment may not be increased pursuant to this clause (9) except (i) as required by the terms of such Investment or binding commitment as in existence on the Escrow Release Date (including in respect of any unused commitment), plus any accrued but unpaid interest (including any accretion of interest, original issue discount or the issuance of pay-in-kind securities) and premium payable by the terms of such Indebtedness thereon and fees and expenses associated therewith as of the Escrow Release Date or (ii) as otherwise permitted under this Indenture and (b) made after the Escrow Release Date in joint ventures of the Issuer or any of its Restricted Subsidiaries existing on the Escrow Release Date;

(10) Hedging Obligations, which transactions or obligations are not prohibited by Section 3.02 hereof;

(11) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under Section 3.06 hereof;

(12) any Investment to the extent made using Capital Stock of the Issuer (other than Disqualified Stock) or Capital Stock of any Parent Entity or any Unrestricted Subsidiary as consideration;

(13) any transaction to the extent constituting an Investment that is permitted by and made in accordance with Section 3.08(b) hereof (except those described in Sections 3.08(b)(1), (4), (8) and (9));

(14) Investments consisting of (i) purchases or other acquisitions of inventory, supplies, materials, equipment and similar assets or (ii) licenses, sublicenses, cross-licenses, leases, subleases, assignments, contributions or other Investments of intellectual property or other intangibles or services in the ordinary course of business pursuant to any joint development, joint venture or marketing arrangements with other Persons or any Intercompany License Agreement and any other Investments made in connection therewith;

(15) (i) Guarantees of Indebtedness not prohibited by Section 3.02 hereof and (other than with respect to Indebtedness) guarantees, keepwells and similar arrangements in the ordinary course of business or consistent with past practice, and (ii) performance guarantees and Contingent Obligations with respect to obligations that are not prohibited by this Indenture;

(16) Investments consisting of earnest money deposits required in connection with a purchase agreement, or letter of intent, or other acquisitions to the extent not otherwise prohibited by this Indenture;

(17) Investments of a Restricted Subsidiary acquired after the Escrow Release Date or of an entity merged or amalgamated into or consolidated with the Issuer or merged or amalgamated into or consolidated with a Restricted Subsidiary after the Escrow Release Date to the extent that such Investments were not made in contemplation of or in connection with such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;

(18) any Investment in any Subsidiary or any joint venture in the ordinary course of business or consistent with past practice (including any cash management arrangements, cash pooling arrangements, intercompany loans or activities related thereto);

(19) contributions to a "rabbi" trust for the benefit of any employee, director, officer, manager, contractor, consultant, advisor or other service providers or other grantor trust subject to claims of creditors in the case of a bankruptcy of the Issuer, and Investments relating to non-qualified deferred payment plans in the ordinary course of business or consistent with past practice;

(20) Investments in joint ventures and similar entities and Unrestricted Subsidiaries having an aggregate fair market value, taken together with all other Investments made pursuant to this clause and clause (22) below that are at that time outstanding, not to exceed the greater of (i) $165.0 million and (ii) 55.0% of LTM EBITDA (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value), plus the amount of any returns (including dividends, payments, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts) in respect of such Investments (without duplication for purposes of Section 3.03 of any amounts applied pursuant to the Available Amount Builder Basket) with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value; *provided*, *however*, that if any Investment pursuant to this clause is made in any Person that is not the Issuer or a Restricted Subsidiary at the date of the making of such Investment and such Person becomes the Issuer or a Restricted Subsidiary after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) above and shall cease to have been made pursuant to this clause;

(21) additional Investments having an aggregate fair market value, taken together with all other Investments made pursuant to this clause that are at that time outstanding, not to exceed the greater of (i) $180.0 million and (ii) 60.0% of LTM EBITDA (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value), plus the amount of any returns (including dividends, payments, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts) in respect of such Investments (without duplication for purposes of Section 3.03 of any amounts applied pursuant to the Available Amount Builder Basket) with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value; *provided*, *however*, that if any Investment pursuant to this clause is made in any Person that is not the Issuer or a Restricted Subsidiary at the date of the making of such Investment and such Person becomes the Issuer or a Restricted Subsidiary after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) above and shall cease to have been made pursuant to this clause;

(22) any Investment in a Similar Business having an aggregate fair market value, taken together with all other Investments made pursuant to this clause and clause (20) above that are at that time outstanding, not to exceed the greater of (i) $165.0 million and (ii) 55.0% of LTM EBITDA (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value), plus the amount of any returns (including dividends, payments, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts) in respect of such Investments (without duplication for purposes of Section 3.03 of any amounts applied pursuant to the Available Amount Builder Basket) with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value; *provided*, *however*, that if any Investment pursuant to this clause is made in any Person that is not the Issuer or a Restricted Subsidiary at the date of the making of such Investment and such Person becomes the Issuer or a Restricted Subsidiary after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) above and shall cease to have been made pursuant to this clause;

(23) (i) Investments arising in connection with a Qualified Securitization Financing or Receivables Facility and (ii) distributions or payments of Securitization Fees and purchases of Securitization Assets or Receivables Assets in connection with a Qualified Securitization Financing or Receivables Facility;

(24) Investments in connection with the Transactions;

(25) repurchases of the Notes;

(26) Investments by an Unrestricted Subsidiary entered into prior to the day such Unrestricted Subsidiary is redesignated as a Restricted Subsidiary as described under Section 3.20;

(27) guaranty and indemnification obligations arising in connection with surety bonds issued in the ordinary course of business or consistent with past practice;

(28) Investments (a) consisting of purchases and acquisitions of assets or services in the ordinary course of business or consistent with past practice, (b) made in the ordinary course of business or consistent with past practice in connection with obtaining, maintaining or renewing client, franchisee and customer contracts and loans or (c) advances, loans, extensions of credit (including the creation of receivables) or prepayments made to, and guarantees with respect to obligations of, franchisees, distributors, suppliers, lessors, licensors and licensees in the ordinary course of business or consistent with past practice;

(29) Investments in prepaid expenses, negotiable instruments held for collection and lease, utility and workers compensation, performance and similar deposits entered into as a result of the operations of the business in the ordinary course of business or consistent with past practice;

(30) Investments consisting of UCC Article 3 endorsements for collection or deposit and Article 4 trade arrangements with customers (or any comparable or similar provisions in other applicable jurisdictions) in the ordinary course of business or consistent with past practices;

(31) any Investment by any Captive Insurance Subsidiary in connection with the provision of insurance to the Issuer or any Subsidiaries, which Investment is made in the ordinary course of business or consistent with past practice of such Captive Insurance Subsidiary, or by reason of applicable law, rule, regulation or order, or that is required or approved by any regulatory authority having jurisdiction over such Captive Insurance Subsidiary or its business, as applicable;

(32) non-cash Investments in connection with tax planning and reorganization activities, and Investments in connection with any Permitted Intercompany Activities, Permitted Tax Restructuring and related transactions;

(33) Investments made from casualty insurance proceeds in connection with the replacement, substitution, restoration or repair of assets on account of a Casualty Event; and

(34) any other Investment so long as (x) no Default or Event of Default shall have occurred and be continuing and (y) immediately after giving pro forma effect to the Investment and the incurrence of any Indebtedness the net proceeds of which are used to make such Investment, the Consolidated Total Net Leverage Ratio shall be no greater than 3.25 to 1.00.

"Permitted Liens" means, with respect to any Person:

(1) Liens on assets or property of a Restricted Subsidiary that is not a Guarantor securing Indebtedness and other obligations of any Restricted Subsidiary that is not a Guarantor;

(2) pledges, deposits or Liens (a) in connection with workmen's compensation laws, payroll taxes, unemployment insurance laws, employers' health tax and other social security laws or similar legislation or other insurance related obligations (including in respect of deductibles, self-insured retention amounts and premiums and adjustments thereto), (b) securing liability, reimbursement or indemnification obligations of (including obligations in respect of letters of credit or bank guarantees or similar instruments) for the benefit of insurance carriers under insurance or self-insurance arrangements or otherwise supporting the payments of items set forth in the foregoing clause (a), or (c) in connection with bids, tenders, completion guarantees, contracts, leases, utilities, licenses, public or statutory obligations, or to secure the performance of bids, trade contracts, government contracts and leases, statutory obligations, surety, stay, indemnity, warranty, release, judgment, customs, appeal, performance bonds, guarantees of government contracts, return of money bonds, bankers' acceptance facilities and obligations of a similar nature (including those to secure health, safety and environmental obligations), and obligations in respect of letters of credit, bank guarantees or similar instruments that have been posted to support the same, or as security for contested taxes or import or customs duties or for the payment of rent, or other obligations of like nature, in each case incurred in the ordinary course of business or consistent with past practice;

(3) Liens with respect to outstanding motor vehicle fines and Liens imposed by law or regulation, including carriers', warehousemen's, mechanics', landlords', suppliers', materialmen's, repairmen's, architects', construction contractors' or other similar Liens, in each case (x) for amounts not overdue for a period of more than 60 days or, if more than 60 days overdue, are unfiled and no other action has been taken to enforce such Liens or that are being contested in good faith by appropriate proceedings or (y) so long as such Liens do not individually or in the aggregate have a material adverse effect on the Issuer and its Subsidiaries, taken as a whole;

(4) Liens for Taxes, assessments or other governmental charges, in each case (x)(i) that are not overdue for a period of more than 60 days, (ii) that are not yet payable or subject to penalties for nonpayment, (iii) that are being contested in good faith by appropriate proceedings and with respect to which appropriate reserves required pursuant to GAAP (or other applicable accounting principles) have been made in respect thereof or (iv) for property Taxes on property of the Issuer or one of its Subsidiaries that the Issuer (or the applicable Subsidiary) has determined to abandon if the sole recourse for such Tax is to such property or (y) so long as such Liens do not individually or in the aggregate have a material adverse effect on the Issuer and its Subsidiaries, taken as a whole;

(5) encumbrances, charges, ground leases, easements (including reciprocal easement agreements), survey exceptions, restrictions, encroachments, protrusions, by-law, regulation, zoning restrictions or reservations of, or rights of others for, licenses, rights of way, servitudes, sewers, electric lines, drains, telegraph, telephone and cable television lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects and irregularities in title and similar encumbrances) as to the use of real properties, exceptions on title policies insuring Liens granted on any mortgaged properties or any other collateral or Liens incidental to the conduct of the business of such Person or to the ownership of its properties, including servicing agreements, development agreements, site plan agreements, subdivision agreements, facilities sharing agreements, cost sharing agreements and other similar agreements, charges or encumbrances, which do not in the aggregate materially interfere with the ordinary course conduct of the business of the Issuer and its Restricted Subsidiaries, taken as a whole;

(6) Liens (a) securing Hedging Obligations, Cash Management Obligations and the costs thereof; (b) that are rights of set-off, rights of pledge or other bankers' Liens (i) relating to treasury, depository and cash management services or any automated clearing house transfers of funds in the ordinary course of business or consistent with past practice, (ii) relating to pooled deposit or sweep accounts to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of the Issuer or any Subsidiary or consistent with past practice or (iii) relating to purchase orders and other agreements entered into with customers of the Issuer or any Restricted Subsidiary in the ordinary course of business or consistent with past practice; (c) on cash accounts securing Indebtedness and other Obligations permitted to be incurred under Section 3.02(b)(8)(e) with financial institutions; (d) encumbering reasonable customary initial deposits and margin deposits and similar Liens attaching to commodity trading accounts or other brokerage accounts incurred in the ordinary course of business or consistent with past practice and not for speculative purposes; and (e) (i) of a collection bank arising under Section 4-210 of the UCC or any comparable or successor provision on items in the course of collection, (ii) in favor of a banking or other financial institution or electronic payment service providers arising as a matter of law encumbering deposits (including the right of set-off) arising in the ordinary course of business in connection with the maintenance of such accounts and (iii) arising under customary general terms and conditions of the account bank in relation to any bank account maintained with such bank and attaching only to such account and the products and proceeds thereof, which Liens, in any event, do not secure any Indebtedness;

(7) leases, licenses, subleases and sublicenses of assets (including real property, intellectual property, software and other technology rights), in each case entered into in the ordinary course of business, consistent with past practice or, with respect to intellectual property, software and other technology rights, that are not material to the conduct of the business of the Issuer and its Restricted Subsidiaries, taken as a whole;

(8) Liens securing or otherwise arising out of judgments, decrees, attachments, orders or awards not giving rise to an Event of Default under Section 6.01(a)(5);

(9) Liens (a) securing Finance Lease Obligations, or Purchase Money Obligations, or securing the payment of all or a part of the purchase price of, or securing Indebtedness or other obligations incurred to finance or refinance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business; *provided* that (i) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be incurred under this Indenture, and (ii) any such Liens may not extend to any assets or property of the Issuer or any Restricted Subsidiary other than the assets or property, the acquisition, leasing, expansion, construction, installation, replacement, repair or improvement and assets and property affixed or appurtenant thereto and accessions, additions, improvements, proceeds, dividends or distributions thereof, including after-acquired property that is (A) affixed or incorporated into the property or assets covered by such Lien, (B) after-acquired property or assets subject to a Lien securing such Indebtedness, the terms of which Indebtedness require or include a pledge of after-acquired property or assets and (C) the proceeds and products thereof and (b) any interest or title of a lessor, sublessor, franchisor, licensor or sublicensor or secured by a lessor's, sublessor's, franchisor's, licensor's or sublicensor's interest under any Finance Lease Obligations or Non-Financing Lease Obligations;

(10) Liens arising from UCC financing statements, including precautionary financing statements (or similar filings) regarding operating leases or consignments entered into by the Issuer and its Restricted Subsidiaries;

(11) Liens existing on the Escrow Release Date, including any Liens securing any Refinancing Indebtedness of any Indebtedness secured by Liens but excluding Liens securing the Credit Agreement;

(12) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Subsidiary (or at the time the Issuer or a Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, amalgamation, consolidation or other business combination transaction with or into the Issuer or any Restricted Subsidiary); *provided*, *however*, that such Liens are not created in anticipation of such other Person becoming a Subsidiary (or such acquisition of such property, other assets or stock); *provided*, *further*, that such Liens are limited to all or part of the same property, other assets or stock (plus property and assets affixed or appurtenant thereto and additions, improvements, accessions, proceeds, dividends or distributions thereof, including (i) after-acquired property that is affixed or incorporated into the property or assets covered by such Lien, (ii) after-acquired property or assets subject to a Lien securing such Indebtedness, the terms of which Indebtedness require or include a pledge of after-acquired property or assets and (iii) the proceeds and products thereof) that secured (or, under the written arrangements under which such Liens arose, could secure) the Obligations relating to any Indebtedness or other obligations to which such Liens relate;

(13) Liens securing Obligations relating to any Indebtedness or other obligations of the Issuer or a Restricted Subsidiary owing to the Issuer or a Restricted Subsidiary, or Liens in favor of the Issuer or any Restricted Subsidiary or the Trustee;

(14) Liens securing Refinancing Indebtedness incurred to refinance Indebtedness that was previously so secured, and permitted to be secured under this Indenture; *provided* that any such Lien is limited to all or part of the same property or assets (plus property and assets affixed or appurtenant thereto and additions, improvements, accessions, proceeds, dividends or distributions thereof, including after-acquired property that is (i) affixed or incorporated into the property or assets covered by such Lien, (ii) after-acquired property or assets subject to a Lien securing such Indebtedness, the terms of which Indebtedness require or include a pledge of after-acquired property or assets and (iii) the proceeds and products thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Obligations relating to the Indebtedness or other obligations being refinanced or is in respect of property or assets that is or could be the security for or subject to a Permitted Lien hereunder;

(15) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Issuer or any Restricted Subsidiary has easement rights or on any leased property and subordination or similar arrangements relating thereto and (b) any condemnation or eminent domain proceedings affecting any real property;

(16) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of any joint venture secured financing arrangement, joint venture or similar arrangement pursuant to any joint venture secured financing arrangement, joint venture or similar agreement;

(17) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(18) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale or purchase of goods entered into in the ordinary course of business or consistent with past practice;

(19) Liens securing Indebtedness and other obligations in respect of (a) Credit Facilities, including any letter of credit facility relating thereto, under Section 3.02(b)(1) and (b) obligations of the Issuer or any Subsidiary in respect of any Cash Management Obligation or Hedging Obligation provided by any lender party to any Credit Facility or Affiliate of such lender (or any Person that was a lender or an Affiliate of a lender at the time the applicable agreements in respect of such Cash Management Obligation or Hedging Obligation were entered into) or provided by any other Person; *provided* that such obligation is otherwise permitted to be secured under such Credit Facility;

(20) Liens securing Indebtedness and other obligations under Section 3.02(b)(5); *provided* that any such Liens securing Acquired Indebtedness shall only be permitted if such Liens are limited to all or part of the same property or assets, including Capital Stock (plus property and assets affixed or appurtenant thereto and additions, improvements, accessions, proceeds, dividends or distributions thereof, including after-acquired property that is (i) affixed or incorporated into the property or assets covered by such Lien, (ii) after-acquired property or assets subject to a Lien securing such Indebtedness, the terms of which Indebtedness require or include a pledge of after-acquired property or assets and (iii) the proceeds and products thereof) acquired, or of any Person acquired or merged, consolidated or amalgamated with or into the Issuer or any Restricted Subsidiary, in any transaction to which such Indebtedness or other Obligation relates;

(21) Liens securing Indebtedness and other obligations permitted by Section 3.02(b)(15) or Section 3.02(b)(16);

(22) [reserved];

(23) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure Indebtedness or other obligations of such Unrestricted Subsidiary;

(24) Liens deemed to exist in connection with Investments permitted under clause (4) of the definition of "Cash Equivalents";

(25) Liens on (i) goods the purchase price of which is financed by a documentary letter of credit issued for the account of the Issuer or any Subsidiary or Liens on bills of lading, drafts or other documents of title arising by operation of law or pursuant to the standard terms of agreements relating to letters of credit, bank guarantees and other similar instruments and (ii) specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances or documentary letters of credit issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(26) Liens on vehicles or equipment of the Issuer or any Restricted Subsidiary in the ordinary course of business or consistent with past practice;

(27) Liens on assets or securities deemed to arise in connection with and solely as a result of the execution, delivery or performance of contracts to sell such assets or securities if such sale is otherwise not prohibited by this Indenture;

(28) (a) Liens on insurance policies and the proceeds thereof securing the financing of the premiums with respect thereto, and (b) Liens, pledges, deposits made or other security provided to secure liabilities to, or indemnification obligations of (including obligations in respect of letters of credit or bank guarantees for the benefits of), insurance carriers in the ordinary course of business or consistent with past practice;

(29) Liens solely on any cash earnest money deposits made in connection with any letter of intent or purchase agreement permitted under this Indenture;

(30) Liens (i) on cash advances or escrow deposits in favor of the seller of any property to be acquired in an Investment permitted under this Indenture to be applied against the purchase price for such Investment or otherwise in connection with any escrow arrangements with respect to any such Investment (including any letter of intent or purchase agreement with respect to such Investment), and (ii) consisting of an agreement to sell, transfer, lease or otherwise dispose of any property in an asset sale, in each case, solely to the extent such Investment or sale, transfer, lease or other disposition, as applicable, would have been permitted on the date of the creation of such Lien;

(31) Liens securing Indebtedness and other obligations in an aggregate principal amount not to exceed the greater of (i) $150.0 million and (ii) 50.0% of LTM EBITDA at the time incurred and any Liens securing any Refinancing Indebtedness of any Indebtedness secured by such Liens;

(32) Liens then existing with respect to assets of an Unrestricted Subsidiary on the day such Unrestricted Subsidiary is redesignated as a Restricted Subsidiary pursuant to Section 3.20;

(33) Liens securing Indebtedness and other obligations permitted under Section 3.02; *provided* that with respect to liens securing Indebtedness or other obligations permitted under this clause (33), at the time of incurrence and after giving pro forma effect thereto, the Consolidated Secured Net Leverage Ratio on a pro forma basis does not exceed, at the Issuer's option, (i) 4.50 to 1.00 or (ii) in the case of Acquisition Indebtedness, the Consolidated Secured Net Leverage Ratio immediately prior to the incurrence of such Indebtedness;

(34) Liens deemed to exist in connection with Investments in repurchase agreements permitted by the covenant described under Section 3.03, *provided* that such Liens do not extend to any assets other than those that are the subject of such repurchase agreement;

(35) Liens arising in connection with a Qualified Securitization Financing or a Receivables Facility, and back-up Liens in connection with any other factoring, securitization or similar arrangement;

(36) Settlement Liens;

(37) rights of recapture of unused real property in favor of the seller of such property set forth in customary purchase agreements and related arrangements with any government, statutory or regulatory authority;

(38) the rights reserved to or vested in any Person or government, statutory or regulatory authority by the terms of any lease, license, franchise, grant or permit held by the Issuer or any Restricted Subsidiary or by a statutory provision, to terminate any such lease, license, franchise, grant or permit, or to require annual or periodic payments as a condition to the continuance thereof;

(39) restrictive covenants affecting the use to which real property may be put and Liens or covenants restricting or prohibiting access to or from lands abutting on controlled access highways or covenants affecting the use to which lands may be put; *provided* that such Liens or covenants do not interfere with the ordinary conduct of the business of the Issuer or any Restricted Subsidiary;

(40) Liens on property, assets or Permitted Investments used to defease or to satisfy or discharge Indebtedness; *provided* that such defeasance, satisfaction or discharge is not prohibited by this Indenture;

(41) Liens relating to escrow arrangements securing Indebtedness, including (i) Liens on escrowed proceeds from the issuance of Indebtedness for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters, arrangers, trustee or collateral agent thereof) and (ii) Liens on cash or Cash Equivalents set aside at the time of the incurrence of any Indebtedness, in either case to the extent such cash or Cash Equivalents prefund the payment of interest or premium or discount on such Indebtedness (or any costs related to the issuance of such Indebtedness) and are held in an escrow account or similar arrangement to be applied for such purpose;

(42) Liens (including prior to an Escrow Release, Liens on Escrowed Property) securing the Notes (other than any Additional Notes) and the related Guarantees;

(43) Liens on assets securing any Indebtedness owed to any Captive Insurance Subsidiary by the Issuer or any Restricted Subsidiary;

(44) Liens arising in connection with any Permitted Intercompany Activities, Permitted Tax Restructuring and related transactions; and

(45) Liens arising in connection with the Transactions.

In the event that a Permitted Lien meets the criteria of more than one of the types of Permitted Liens (at the time of incurrence or at a later date), the Issuer in its sole discretion may divide, classify or from time to time reclassify all or any portion of such Permitted Lien in any manner that complies with this Indenture and such Permitted Lien shall be treated as having been made pursuant only to the clause or clauses of the definition of "Permitted Liens" to which such Permitted Lien has been classified or reclassified.

"Permitted Tax Amount" means (a) for any taxable period for which the Issuer is a member (or is an entity treated as disregarded from a member) of a group filing a consolidated, combined, group, affiliated, unitary or similar income or similar tax return with any direct or indirect parent of the Issuer, any income or similar Taxes for which such parent is liable that are attributable to the taxable income of the Issuer and its applicable Subsidiaries up to an amount not to exceed with respect to such taxable period the amount of any such Taxes that the Issuer and such Subsidiaries would have been required to pay on a separate company basis or on a consolidated basis calculated as if the Issuer and such Subsidiaries had paid Tax on a consolidated, combined, group, affiliated, unitary or similar basis on behalf of a consolidated, combined, affiliated, unitary or similar group consisting only of the Issuer and such Subsidiaries for all relevant taxable periods; *provided* that such amount attributable to the taxable income of an Unrestricted Subsidiary for each taxable period shall not exceed the amount actually paid by such Unrestricted Subsidiary to the Issuer or a Guarantor for such purposes and (b) franchise and similar taxes required to be paid by any direct or indirect parent of the Issuer to maintain its organizational existence.

"Permitted Tax Restructuring" means any reorganizations, restructuring and other activities related to Tax planning, Tax reorganization, or any Tax restructuring entered into prior to, on or after the Issue Date so long as such Permitted Tax Restructuring is not materially adverse to the beneficial owners of the Notes (as determined by the Issuer in good faith). For purposes of clarity, a Permitted Tax Restructuring may include (but is not limited to) reorganizations, restructurings, and other activities related to Tax planning, Tax reorganization, or any Tax restructuring entered into by or among any Parent Entity and any Subsidiary of the Issuer.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

"Post-Petition Interest" means interest or entitlement to fees or expenses or other charges that continue to accrue after the commencement of any insolvency or liquidation proceeding, whether or not allowed or allowable under applicable Bankruptcy Law or in any such insolvency or liquidation proceeding.

"Pounds Sterling" and "£" means freely transferable lawful money of the United Kingdom (expressed in pounds sterling).

"Predecessor Note" of any particular Note means every previous Note evidencing all or a portion of the same debt as that evidenced by such particular Note; and, for the purposes of this definition, any Note authenticated and delivered under Section 2.11 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Note shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Note.

"Preferred Stock," as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"Pro Forma Basis" means:

(a) for any events described below that occur subsequent to the commencement of a period for which the financial effect of such events is being calculated, and giving effect to the events for which such calculation is being made, such calculation will give pro forma effect to such events as if such events occurred on the first day of the reference period:

(i) the incurrence, assumption, guarantee, redemption, defeasance, retirement or extinguishment of any Indebtedness (other than Indebtedness incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced), the incurrence of any Reserved Indebtedness Amount and/or the issuance, repurchase or redemption of Disqualified Stock or Preferred Stock;

(ii) the making of any Investments, acquisitions, dispositions, Asset Disposition, mergers, amalgamations, consolidations, operational changes, business expansions and disposed or discontinued operations; *provided* that for the avoidance of doubt, at the Issuer's option, notwithstanding any classification under GAAP of any Person, property, business or asset as discontinued operations, no pro forma effect shall be given to any discontinued operations (and the income or loss attributable to such Person, property, business or asset shall not be excluded for any purposes hereunder) until such disposition shall have been consummated;

(iii) operational changes or restructurings of the business of the Issuer or any of its Subsidiaries that the Issuer or such Subsidiary, as applicable, has determined to make and/or made during or subsequent to such reference period which are expected to have a continuing impact and are factually supportable, which would include cost savings resulting from head count reduction, closure of facilities and other operational changes and other cost savings in connection therewith; and

(iv) the designation of any Restricted Subsidiary as an Unrestricted Subsidiary or the designation of any Unrestricted Subsidiary as a Restricted Subsidiary.

(b) For purposes of this definition, whenever pro forma effect is to be given to a transaction (including the Transactions), the pro forma calculations shall be made in good faith by an Officer of the Issuer (and may include, for the avoidance of doubt, cost savings, operating expenses reductions and synergies resulting from such transactions which is being given pro forma effect); *provided*, that the aggregate amount of cost savings, operating expense reductions and synergies added to Consolidated EBITDA pursuant to this definition (combined with the aggregate amount of cost savings, operating expense reductions and synergies added to Consolidated EBITDA pursuant to clause (1)(g) of the definition of "Consolidated EBITDA") shall not exceed 25% of Consolidated EBITDA for any four fiscal quarter period (determined after giving effect thereto and all other adjustments and addbacks); *provided*, *further* that in each case of this clause (b) and clause (1)(g) of the definition of "Consolidated EBITDA," such 25% cap shall not apply to any such adjustments that (A) are of the type that would be permitted to be included in pro forma financial statements prepared in accordance with Regulation S-X under the Securities Act or (B) are otherwise in connection with or related to the Transactions. If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the date on which the relevant calculation is being made had been the applicable rate for the entire reference period (taking into account any Hedging Obligations applicable to such Indebtedness). Interest on a Finance Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by an Officer of the Issuer to be the rate of interest implicit in such Finance Lease Obligation in accordance with GAAP. For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility computed with a pro forma basis shall be computed based upon the average daily balance of such Indebtedness during the reference period, except to the extent the outstanding Indebtedness thereunder is reasonably expected to increase as a result of any transactions as set forth in clause (a)(i) of this definition. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be determined to have been based upon the rate actually chosen, or if none, then based upon such optional rate chosen as the Issuer may designate.

"Public Company" means any Person with a class or series of Voting Stock that is traded on a stock exchange or in the over-the-counter market.

"Public Company Costs" means, as to any Person, costs associated with, or in anticipation of, or preparation for, compliance with the requirements of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated in connection therewith and costs relating to compliance with the provisions of the Securities Act and the Exchange Act or any other comparable body of laws, rules or regulations, as companies with listed equity, directors' compensation, fees and expense reimbursement, costs relating to enhanced accounting functions and investor relations, stockholder meetings and reports to stockholders, directors' and officers' insurance and other executive costs, legal and other professional fees, listing fees and other transaction costs, in each case to the extent arising solely by virtue of the listing of such Person's equity securities on a national securities exchange or issuance of public debt securities.

"Purchase Money Obligations" means any Indebtedness incurred to finance or refinance the acquisition, leasing, expansion, construction, installation, replacement, repair or improvement of property (real or personal), equipment or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets, or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"QIB" means any "qualified institutional buyer" as such term is defined in Rule 144A.

"Qualified Securitization Financing" means any Securitization Facility that meets the following conditions:

(i) the Board of Directors shall have determined in good faith that such Securitization Facility (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Issuer and its Restricted Subsidiaries,

(ii) all sales of Securitization Assets and related assets by the Issuer or any Restricted Subsidiary to the Securitization Subsidiary or any other Person are made for fair consideration (as determined in good faith by the Issuer), and

(iii) the financing terms, covenants, termination events and other provisions thereof shall be fair and reasonable terms (as determined in good faith by the Issuer) and may include Standard Securitization Undertakings.

"Receivables Assets" means (a) any accounts receivable owed to the Issuer or a Restricted Subsidiary subject to a Receivables Facility and the proceeds thereof and (b) all collateral securing such accounts receivable, all contracts and contract rights, guarantees or other obligations in respect of such accounts receivable, all records with respect to such accounts receivable and any other assets customarily transferred together with accounts receivable in connection with a non-recourse accounts receivable factoring arrangement.

"Receivables Facility" means any arrangement between the Issuer or a Subsidiary and a commercial bank, an asset based lender or other financial institution or an Affiliate thereof pursuant to which (a) the Issuer or such Subsidiary, as applicable, sells (directly or indirectly) to such commercial bank, asset based lender or other financial institution (or such Affiliate) Receivables Assets and (b) the obligations of the Issuer or such Restricted Subsidiary, as applicable, thereunder are non-recourse (except for Securitization Repurchase Obligations) to the Issuer and such Subsidiary and (c) the financing terms, covenants, termination events and other provisions thereof shall be on market terms (as determined in good faith by the Issuer) and may include Standard Securitization Undertakings, and shall include any guaranty in respect of such arrangements.

"Refinance" or "refinance" means, in respect of any Indebtedness, to refinance, extend, renew, defease, amend, modify, supplement, restructure, replace, refund or repay, or to issue other Indebtedness in exchange or replacement for, such Indebtedness in whole or in part and regardless of whether the principal amount of such Refinancing Indebtedness is the same, greater than or less than the principal amount of the Refinanced Indebtedness. "Refinanced," "refinanced," "refinances," "Refinancing" and "refinancing" shall have correlative meanings.

"Refinancing Indebtedness" means Indebtedness that is incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness (or unutilized commitment in respect of Indebtedness) existing on the Escrow Release Date or incurred (or established) in compliance with this Indenture (including Indebtedness of the Issuer that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of the Issuer or a Restricted Subsidiary), including Indebtedness that refinances Refinancing Indebtedness, and Indebtedness incurred pursuant to a commitment that refinances any Indebtedness or unutilized commitment; *provided*, *however*, that:

(1) (a) such Refinancing Indebtedness (x) has a Weighted Average Life to Maturity at the time such Refinancing Indebtedness is incurred which is not less than the remaining Weighted Average Life to Maturity of the Indebtedness being refunded, refinanced, replaced, exchanged, renewed, repaid or extended or (y) requires no or nominal payments in cash (other than interest payments) prior to the date that is 91 days after the maturity date of the Notes; and (b) to the extent such Refinancing Indebtedness refinances Subordinated Indebtedness, Disqualified Stock or Preferred Stock, such Refinancing Indebtedness is Subordinated Indebtedness, Disqualified Stock or Preferred Stock, respectively, and, in the case of Subordinated Indebtedness, is subordinated to the Notes on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced;

(2) Refinancing Indebtedness shall not include:

(i) Indebtedness of a Subsidiary of the Issuer that is not a Guarantor that refinances Indebtedness of the Issuer or a Guarantor; or

(ii) Indebtedness of the Issuer or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary; and

(3) such Refinancing Indebtedness is incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of (x) the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced, plus (y) an amount equal to any unutilized commitment relating to the Indebtedness being refinanced or otherwise then outstanding under a Credit Facility or other financing arrangement being refinanced to the extent the unutilized commitment being refinanced could be drawn in compliance with Section 3.02 hereof immediately prior to such refinancing, plus (z) accrued and unpaid interest, dividends, premiums (including tender premiums), defeasance costs, underwriting discounts, fees, costs and expenses (including original issue discount, upfront fees or similar fees) in connection with such refinancing;

provided that clause (1) above will not apply to any extension, replacement, refunding, refinancing, renewal or defeasance of any Credit Facilities or Secured Indebtedness. Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be incurred from time to time after the termination, discharge or repayment of any such Credit Facility or other Indebtedness.

"Regulation S" means Regulation S under the Securities Act.

"Regulation S-X" means Regulation S-X under the Securities Act.

"Responsible Officer" means, when used with respect to the Trustee, any officer within the corporate trust department of the Trustee, including any vice president, assistant vice president, assistant secretary, assistant treasurer, trust officer or any other officer of the Trustee who customarily performs functions similar to those performed by the Persons who at the time shall be such officers, respectively, or to whom any corporate trust matter relating to this Indenture is referred because of such Person's knowledge of and familiarity with the particular subject and who, in each case, shall have direct responsibility for the administration of this Indenture.

"Restricted Group" means the collective reference to, from and after the Escrow Release Date, the Issuer and its Restricted Subsidiaries.

"Restricted Investment" means any Investment other than a Permitted Investment.

"Restricted Notes" means Initial Notes and Additional Notes bearing the Restricted Notes Legend.

"Restricted Notes Legend" means the legend set forth in Section 2.01(d)(1).

"Restricted Subsidiary" means any Subsidiary of a Person other than an Unrestricted Subsidiary of such Person. Unless otherwise indicated hereunder, all references to Restricted Subsidiaries hereunder shall mean Restricted Subsidiaries of the Issuer.

"Rule 144A" means Rule 144A under the Securities Act.

"S&P" means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"Sale and Leaseback Transaction" means any arrangement providing for the leasing by the Issuer or any of its Restricted Subsidiaries of any real or tangible personal property, which property has been or is to be sold or transferred by the Issuer or such Restricted Subsidiary to a third Person in contemplation of such leasing.

"Screened Affiliate" means any Affiliate of a Holder (i) that makes investment decisions independently from such Holder and any other Affiliate of such Holder that is not a Screened Affiliate, (ii) that has in place customary information screens between it and such Holder and any other Affiliate of such Holder that is not a Screened Affiliate and such screens prohibit the sharing of information with respect to the Issuer or its Subsidiaries, (iii) whose investment policies are not directed by such Holder or any other Affiliate of such Holder that is acting in concert with such Holder in connection with its investment in the Notes, and (iv) whose investment decisions are not influenced by the investment decisions of such Holder or any other Affiliate of such Holder that is acting in concert with such Holders in connection with its investment in the Notes.

"SEC" means the U.S. Securities and Exchange Commission or any Governmental Authority succeeding to any of its principal functions.

"Secured Indebtedness" means any Indebtedness secured by a Lien other than Indebtedness with respect to Cash Management Obligations.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"Securitization Asset" means (a) any accounts receivable, mortgage receivables, loan receivables, royalty, franchise fee, license fee, patent or other revenue streams and other rights to payment or related assets and the proceeds thereof and (b) all collateral securing such receivable or asset, all contracts and contract rights, guarantees or other obligations in respect of such receivable or asset, lockbox accounts and records with respect to such account or asset and any other assets customarily transferred (or in respect of which security interests are customarily granted) together with accounts or assets in connection with a securitization, factoring or receivable sale transaction.

"Securitization Facility" means any of one or more securitization, financing, factoring or sales transactions, as amended, supplemented, modified, extended, renewed, restated or refunded from time to time, pursuant to which the Issuer or any of its Restricted Subsidiaries sells, transfers, pledges or otherwise conveys any Securitization Assets (whether now existing or arising in the future) to a Securitization Subsidiary or any other Person.

"Securitization Fees" means distributions or payments made directly or by means of discounts with respect to any Securitization Asset or Receivables Asset or participation interest therein issued or sold in connection with, and other fees, expenses and charges (including commissions, yield, interest expense and fees and expenses of legal counsel) paid in connection with, any Qualified Securitization Financing or Receivables Facility.

"Securitization Repurchase Obligation" means any obligation of a seller of Securitization Assets or Receivables Assets in a Qualified Securitization Financing or a Receivables Facility to repurchase or otherwise make payments with respect to Securitization Assets arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, offset or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"Securitization Subsidiary" means any Subsidiary of the Issuer in each case formed for the purpose of and that solely engages in one or more Qualified Securitization Financings or Receivables Facilities and other activities reasonably related thereto or another Person formed for this purpose.

"Settlement" means the transfer of cash or other property with respect to any credit or debit card charge, check or other instrument, electronic funds transfer, or other type of paper-based or electronic payment, transfer, or charge transaction for which a Person acts as a processor, remitter, funds recipient or funds transmitter in the ordinary course of its business.

"Settlement Asset" means any cash, receivable or other property, including a Settlement Receivable, due or conveyed to a Person in consideration for a Settlement made or arranged, or to be made or arranged, by such Person or an Affiliate of such Person.

"Settlement Indebtedness" means any payment or reimbursement obligation in respect of a Settlement Payment.

"Settlement Lien" means any Lien relating to any Settlement or Settlement Indebtedness (and may include, for the avoidance of doubt, the grant of a Lien in or other assignment of a Settlement Asset in consideration of a Settlement Payment, Liens securing intraday and overnight overdraft and automated clearing house exposure, and similar Liens).

"Settlement Payment" means the transfer, or contractual undertaking (including by automated clearing house transaction) to effect a transfer, of cash or other property to effect a Settlement.

"Settlement Receivable" means any general intangible, payment intangible, or instrument representing or reflecting an obligation to make payments to or for the benefit of a Person in consideration for a Settlement made or arranged, or to be made or arranged, by such Person.

"Short Derivative Instrument" means a Derivative Instrument (i) the value of which generally decreases, and/or the payment or delivery obligations under which generally increase, with positive changes to the Performance References and/or (ii) the value of which generally increases, and/or the payment or delivery obligations under which generally decrease, with negative changes to the Performance References.

"Similar Business" means (a) any businesses, services or activities engaged in by the Issuer or any of its Subsidiaries or any Associates on the Escrow Release Date (after giving effect to the Transactions), (b) any businesses, services and activities engaged in by the Issuer or any of its Subsidiaries or any Associates that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof and (c) a Person conducting a business, service or activity specified in clauses (a) and (b), and any Subsidiary thereof. For the avoidance of doubt, any Person that invests in or owns Capital Stock or Indebtedness of another Person that is engaged in a Similar Business shall be deemed to be engaged in a Similar Business.

"Spin Certificate" has the meaning assigned to such term in the Escrow Agreement.

"Standard Securitization Undertakings" means representations, warranties, covenants, guarantees and indemnities entered into by the Issuer or any of its Subsidiaries which the Issuer has determined in good faith to be customary in a Securitization Facility or Receivables Facility, including those relating to the servicing of the assets of a Securitization Subsidiary, it being understood that any Securitization Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking or, in the case of a Receivables Facility, a non-credit related recourse accounts receivable factoring arrangement.

"Stated Maturity" means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

"Subordinated Indebtedness" means any Indebtedness (other than intercompany Indebtedness), whether outstanding on the Issue Date or thereafter incurred, which is expressly subordinated in right of payment to the Notes pursuant to a written agreement.

"Subsidiary" means, with respect to any Person:

(1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof;

(2) any partnership, joint venture, limited liability company or similar entity of which:

(a) more than 50.0% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership interests or otherwise; and

(b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity; or

(3) at the election of the Issuer, any partnership, joint venture, limited liability company or similar entity of which such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

Unless otherwise indicated hereunder, all references to Subsidiaries hereunder shall mean Subsidiaries of the Issuer.

"Swap Contract" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement, including any obligations or liabilities under any such master agreement.

"Taxes" means all present and future taxes, levies, imposts, deductions, charges, duties, assessments, fees and withholdings (including backup withholdings) and any other charges in the nature of a tax (including interest, penalties and other liabilities with respect thereto) that are imposed by any governmental or other taxing authority.

"Total Assets" means, as of any date, the total consolidated assets of the Issuer and its Restricted Subsidiaries on a consolidated basis, as shown on the most recent consolidated balance sheet of the Issuer and its Restricted Subsidiaries, determined on a pro forma basis in a manner consistent with the definition of "Pro Forma Basis" and "Fixed Charge Coverage Ratio."

"Transaction Documents" means that certain Separation and Distribution Agreement by and between MDU Resources and the Issuer, expected to be dated as of the Escrow Release Date, and any other agreements entered into by the Issuer in connection with the Transactions.

"Transactions" means,

(i) internal reorganization transactions undertaken by MDU Resources, the Issuer and their respective subsidiaries as a result of which the Issuer will hold, directly or through its subsidiaries, the business, operations and activities of the construction materials business of MDU Resources as conducted as of immediately prior to the Escrow Release Date (the "SpinCo Business");

(ii) the Issuer (a) (1) obtaining the initial facilities under the Credit Agreement consisting of the initial revolving credit facility and initial term facility or facilities and borrowing thereunder on the Escrow Release Date and (2) issuing the Notes (including any Additional Notes issued prior to the Spin-Off Date) and (b) lending or contributing the proceeds of the initial fundings thereunder to Knife River Corporation, a Delaware corporation, which will be a direct, wholly-owned Subsidiary of the Issuer from and after the Escrow Release Date and, at the Issuer's option, using the remaining proceeds to pay the Issuer's and its Subsidiaries' fees, costs and expenses related to the Transactions (the "Transaction Costs");

(iii) the repayment (the "Repayment"), on the Escrow Release Date, by Knife River Corporation of intercompany obligations owing to certain subsidiaries of MDU Resources;

(iv) the distribution on a pro rata basis to equityholders of MDU Resources of 80.1% or more of the shares of equity interests of the Issuer (with cash in lieu of fractional shares) (the consummation of the foregoing, the "Spin-Off," and the date of such consummation of the Spin-Off, the "Spin-Off Date");

(v) the separation of the SpinCo Business from MDU Resources and the other transactions contemplated by the Transaction Documents;

(vi) the execution and performance of the agreements (along with schedules and exhibits thereto) relating to the foregoing;

(vii) each of the transactions ancillary to the foregoing, including any distributions or other transfers of cash and/or other property or liabilities by MDU Resources or its Subsidiaries to the Issuer or its Subsidiaries, and vice versa; and

(viii) the payment of the Transaction Costs.

"Treasury Rate" means the weekly average for each Business Day during the most recent week that has ended at least two Business Days prior to the applicable Redemption Date of the yield to maturity at the time of computation of United States Treasury securities with a constant maturity (as compiled and published in the Federal Reserve Statistical Release H.15 (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from such redemption date to May 1, 2026; *provided*, *however*, that if the period from such redemption date to May 1, 2026 is not equal to the constant maturity of a United States Treasury security for which a yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the yields of United States Treasury securities for which such yields are given, except that if the period from such redemption date to May 1, 2026, as applicable, is less than one year, the weekly average yield on actively traded United States Treasury securities adjusted to a constant maturity of one year will be used.

"Trust Indenture Act" means the Trust Indenture Act of 1939, as amended.

"Trustee" means U.S. Bank Trust Company, National Association, as trustee under this Indenture, together with its successors and assigns.

"Uniform Commercial Code" or "UCC" means the Uniform Commercial Code as the same may from time to time be in effect in the State of New York; *provided*, *however*, that at any time, if by reason of mandatory provisions of law, any or all of the perfection or priority of a collateral agent's security interest in any item or portion of the collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, the term "UCC" shall mean the Uniform Commercial Code (or similar code or statute) of another jurisdiction for purposes of the provisions hereof relating to such perfection or priority and for purposes of definitions relating to such provisions.

"Unrestricted Cash and Cash Equivalents" means cash or Cash Equivalents included on the consolidated balance sheet of the Issuer and its Restricted Subsidiaries as of the end of the most recent fiscal period for which consolidated financial statements are available (which may, at the Issuer's election, be internal financial statements) that would not appear as "restricted" on the consolidated balance sheet of the Issuer and its Restricted Subsidiaries.

"Unrestricted Subsidiary" means:

(1) any Subsidiary of the Issuer that at the time of determination is an Unrestricted Subsidiary (as designated by the Issuer in the manner provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Issuer may designate any Subsidiary of the Issuer, (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein), to be an Unrestricted Subsidiary only if:

(1) at the time of such designation, such Subsidiary or any of its Subsidiaries does not own any Capital Stock of the Issuer or any other Subsidiary of the Issuer which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and

(2) such designation and the Investment, if any, of the Issuer in such Subsidiary complies with Section 3.03 and Section 3.20.

Notwithstanding anything else herein to the contrary, the Issuer shall not, and shall not permit any of its Restricted Subsidiaries to, sell, convey, transfer or otherwise dispose of (including pursuant to an Investment) any Material Intellectual Property that is owned by, or exclusively licensed to, the Issuer or any Restricted Subsidiary to any Unrestricted Subsidiary.

"U.S. Government Obligations" means securities that are (1) direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the timely payment of which is unconditionally Guaranteed as a full faith and credit obligation of the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depositary receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act), as custodian with respect to any such U.S. Government Obligations or a specific payment of principal of or interest on any such U.S. Government Obligations held by such custodian for the account of the holder of such depositary receipt, *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from any amount received by the custodian in respect of the U.S. Government Obligations or the specific payment of principal of or interest on the U.S. Government Obligations evidenced by such depositary receipt.

"U.S. Subsidiary" means any Subsidiary of the Issuer that is organized under the laws of the United States, any state thereof or the District of Columbia.

"Voting Stock" of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness at any date, the quotient (in number of years) obtained by dividing:

(1) the sum of the products obtained by multiplying (i) the number of years (calculated to the nearest one-twelfth) from the date of determination to the date of each successive scheduled principal payment of such Indebtedness or redemption or similar payment with respect to such Disqualified Stock or Preferred Stock, by (ii) the amount of such payment, by

(2) the sum of all such payments;

provided that, for purposes of determining the Weighted Average Life to Maturity of any Indebtedness, the effects of any prepayments or amortization made on such Indebtedness prior to the date of such determination will be disregarded.

"Wholly Owned Restricted Subsidiary" means any Wholly Owned Subsidiary that is a Restricted Subsidiary.

"Wholly Owned Subsidiary" of any Person means a direct or indirect Subsidiary of such Person 100.0% of the outstanding Capital Stock or other ownership interests of which (other than directors' qualifying shares or shares or interests required to be held by foreign nationals or other third parties to the extent required by applicable law) shall at the time be owned by such Person or by one or more Wholly Owned Subsidiaries of such Person. Unless otherwise indicated hereunder, all references to Wholly Owned Subsidiaries hereunder shall mean Wholly Owned Subsidiaries of the Issuer.

"Yen" means freely transferable lawful money of Japan (expressed in Yen).

SECTION 1.02 Other Definitions.

Term	Defined in Section
"Acceptable Commitment"	**3.05(a)(3)(ii)**
"Accounting Change"	**"GAAP"**
"Acquired Entity or Business"	**"Consolidated EBITDA"**
"Advance Offer"	**3.05(a)**
"Advance Portion"	**3.05(a)**
"Affiliate Transaction"	**3.08(a)**
"Agent Members"	**2.01(e)(2)**

Term	Defined in Section
"Applicable Proceeds"	**3.05(a)(3)**
"Approved Foreign Bank"	**"Cash Equivalents"**
"Asset Disposition Offer"	**3.05(a)**
"Authenticating Agent"	**2.02**
"Available Amount Builder Basket"	**3.03(a)**
"Change of Control Offer"	**3.09(a)**
"Change of Control Payment"	**3.09(a)**
"Change of Control Payment Date"	**3.09(a)(3)**
"Clearstream"	**2.01(b)**
"Converted Restricted Subsidiary"	**"Consolidated EBITDA"**
"Converted Unrestricted Subsidiary"	**"Consolidated EBITDA"**
"Covenant Defeasance"	**8.03**
"Covenant Suspension Event"	**3.21(a)**
"Declined Excess Proceeds"	**3.05(a)**
"Defaulted Interest"	**2.15**
"Determination Date"	**"Consolidated EBITDA"**
"Directing Holder"	**6.01(a)**
"Election Date"	**3.03**
"equity incentives"	**"Consolidated Net Income"**
"Euroclear"	**2.01(b)**
"Event of Default"	**6.01(a)**
"Excess Proceeds"	**3.05(a)**
"Foreign Disposition"	**3.05(c)(i)**
"Global Notes"	**2.01(b)**
"Guaranteed Obligations"	**10.01(b)**
"Initial Agreement"	**3.04(b)(17)**
"Initial Default"	**6.01(b)**
"Initial Lien"	**3.06**
"Institutional Accredited Investor Global Notes"	**2.01(b)**

Term	Defined in Section
"Institutional Accredited Investor Notes"	**2.01(b)**
"Issuer Order"	**2.02**
"LCT Election"	**1.04(e)**
"LCT Public Offer"	**1.04(e)**
"LCT Test Date"	**1.04(e)**
"Legal Defeasance"	**8.02**
"Legal Holiday"	**12.06**
"Noteholder Direction"	**6.01(a)**
"Notes Register"	**2.03**
"Notice"	**12.14**
"Performance References"	**"Derivative Instrument"**
"Permitted Payments"	**3.03(b)**
"Position Representation"	**Section 6.01(a)**
"primary obligations"	**"Contingent Obligations"**
"primary obligor"	**"Contingent Obligations"**
"Proceeds Application Period"	**3.05(a)(3)**
"protected purchaser"	**2.11**
"Redemption Date"	**5.07(a)**
"reference period"	**"Fixed Charge Coverage Ratio"**
"Refunding Capital Stock"	**3.03(b)(2)**
"Registrar"	**2.03**
"Regulation S Global Note"	**2.01(b)**
"Regulation S Notes"	**2.01(b)**
"Repayment"	**"Transactions"**
"Resale Restriction Termination Date"	**2.06(b)**
"Reserved Indebtedness Amount"	**3.02(c)(9)**
"Restricted Payment"	**3.03(a)**
"Restricted Period"	**2.01(b)**
"Reversion Date"	**3.21**
"Rule 144A Global Note"	**2.01(b)**

Term	Defined in Section
"Rule 144A Notes"	**2.01(b)**
"Sold Entity or Business"	**"Consolidated EBITDA"**
"Special Interest Payment Date"	**2.15(a)**
"Special Mandatory Redemption"	**5.09(b)**
"Special Mandatory Redemption Date"	**5.09(e)**
"Special Mandatory Redemption Price"	**5.09(d)**
"Special Record Date"	**2.15(a)**
"Spin-Off"	**"Transactions"**
"Spin-Off Date"	**"Transactions"**
"SpinCo Business"	**"Transactions"**
"Subsidiary Guarantees"	**10.01(a)**
"Subsidiary Guarantor"	**10.01(a)**
"Successor Issuer"	**4.01(a)(1)**
"Supplemental Indenture"	**10.01(a)**
"Suspended Covenants"	**3.21**
"Suspension Period"	**3.21**
"Total Leverage Excess Proceeds"	**"Applicable Percentage"**
"Transaction Costs"	**"Transactions"**
"Treasury Capital Stock"	**3.03(b)(2)**
"Verification Covenant"	**6.01(a)**

SECTION 1.03 [Reserved].

SECTION 1.04 Rules of Construction.

(a) Unless the context otherwise requires:

(1) a term has the meaning assigned to it;

(2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(3) "or" is not exclusive;

(4) "including," "include" and "includes" are by way of example and shall be deemed to be followed by the phrase "without limitation";

(5) words in the singular include the plural and words in the plural include the singular;

(6) "will" shall be interpreted to express a command;

(7) the principal amount of any non-interest bearing or other discount security at any date shall be the principal amount thereof that would be shown on a balance sheet of the Issuer dated such date prepared in accordance with GAAP;

(8) the principal amount of any preferred stock shall be (i) the maximum liquidation value of such preferred stock or (ii) the maximum mandatory redemption or mandatory repurchase price with respect to such preferred stock, whichever is greater;

(9) all amounts expressed in this Indenture or in any of the Notes in terms of money refer to the lawful currency of the United States of America;

(10) the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision;

(11) except as otherwise stated, (a) references herein to Articles, Sections and Exhibit mean the Articles and Sections of and Exhibits to this Indenture and (b) each reference herein to a particular Article or Section includes the Sections, subsections and paragraphs subsidiary thereto;

(12) unless otherwise specifically indicated, the term "consolidated" with respect to any Person refers to such Person consolidated with its Restricted Subsidiaries and excludes from such consolidation any Unrestricted Subsidiary as if such Unrestricted Subsidiary were not an Affiliate of such Person; and

(13) the words "execute," "execution," "signed" and "signature" and words of similar import used in or related to any document to be signed in connection with this Indenture, any Note or any of the transactions contemplated hereby (including amendments, waivers, consents and other modifications) shall be deemed to include electronic signatures and 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 in ink or the use of a paper-based recordkeeping system, as applicable, to the fullest 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 and any other similar state laws based on the Uniform Electronic Transactions Act; *provided* that, notwithstanding anything herein to the contrary, the Trustee is not under any obligation to agree to accept electronic signatures in any form or in any format except for facsimile and PDF unless expressly agreed to by the Trustee pursuant to reasonable procedures approved by the Trustee.

(b) Notwithstanding anything to the contrary herein, in the event an item of Indebtedness (or any portion thereof) is incurred or issued, any Lien is incurred or other transaction is undertaken in reliance on any ratio based exceptions, thresholds and baskets, such ratio(s) shall be calculated with respect to such incurrence, issuance or other transaction without giving effect to amounts being utilized under any other exceptions, thresholds or baskets (other than ratio based baskets) on the same date. Each item of Indebtedness that is incurred or issued, each Lien incurred and each other transaction undertaken will be deemed to have been incurred, issued or taken first, to the extent available, pursuant to the relevant ratio based test.

(c) Notwithstanding anything to the contrary herein, in the event an item of Indebtedness (or any portion thereof) is incurred or issued, any Lien is incurred or other transaction is undertaken in reliance on any ratio based exceptions, thresholds and baskets, such ratio(s) shall be calculated without regard to the incurrence of any Indebtedness under any revolving facility or letter of credit facility immediately prior to or in connection therewith.

(d) Any calculation or measure that is determined with reference to the Issuer's financial statements (including Consolidated EBITDA, Consolidated Interest Expense, Consolidated Net Income, Fixed Charges, Fixed Charge Coverage Ratio, Consolidated Secured Net Leverage Ratio and Consolidated Total Net Leverage Ratio) may be determined with reference to the financial statements of a Parent Entity instead, so long as such Parent Entity does not hold any material assets other than, directly or indirectly, the Capital Stock of the Issuer.

(e) Notwithstanding anything herein to the contrary, when calculating the availability under any basket or ratio under this Indenture or compliance with any provision of this Indenture which requires the calculation of a basket or ratio in connection with any Limited Condition Transaction and any actions or transactions related thereto (including acquisitions, Investments, the incurrence, issuance or assumption of Indebtedness and the use of proceeds thereof, the incurrence or creation of Liens, repayments, Restricted Payments and Asset Dispositions), in each case, at the option of the Issuer (the Issuer's election to exercise such option, an "LCT Election"), the date of determination for availability under any such basket or ratio and whether any such action or transaction is permitted (or any requirement or condition therefor is complied with or satisfied (including as to the absence of any continuing Default or Event of Default)) under this Indenture shall be deemed to be the date (the "LCT Test Date") either (a) the definitive agreement (or other relevant definitive documentation) for such Limited Condition Transaction is entered into (or, if applicable, the date of delivery of an irrevocable declaration of a Restricted Payment or similar event or the date of any notice, which may be conditional, of such a repayment, repurchase or refinancing of Indebtedness is given to the holders of such Indebtedness), or (b) solely in connection with an acquisition to which the United Kingdom City Code on Takeovers and Mergers applies, the date on which a "Rule 2.7 announcement" of a firm intention to make an offer (or equivalent announcement in another jurisdiction) (an "LCT Public Offer") in respect of a target of a Limited Condition Transaction and, in each case, if, after giving pro forma effect to the Limited Condition Transaction and any actions or transactions related thereto (including acquisitions, Investments, the incurrence, issuance or assumption of Indebtedness and the use of proceeds thereof, the incurrence or creation of Liens, repayments, Restricted Payments and Asset Dispositions) and any related pro forma adjustments as if they had occurred at the beginning of the most recent test period ended prior to the LCT Test Date, the Issuer or any of its Restricted Subsidiaries would have been permitted to take such actions or consummate such transactions on the relevant LCT Test Date in compliance with such ratio, test or basket (and any related requirements and conditions), such ratio, test or basket (and any related requirements and conditions) shall be deemed to have been complied with (or satisfied) for all purposes (in the case of Indebtedness, for example, whether such Indebtedness is committed, issued, assumed or incurred at the LCT Test Date or at any time thereafter); *provided* that (a) if financial statements for one or more subsequent fiscal quarters shall have become available, the Issuer may elect, in its sole discretion, to redetermine all such ratios, tests or baskets on the basis of such financial statements, in which case, such date of redetermination shall thereafter be the applicable LCT Test Date for purposes of such ratios, tests or baskets, (b) except as contemplated in the foregoing clause (a), compliance with such ratios, tests or baskets (and any related requirements and conditions) shall not be determined or tested at any time after the applicable LCT Test Date for such Limited Condition Transaction and any actions or transaction related thereto (including acquisitions, Investments, the incurrence, issuance or assumption of Indebtedness and the use of proceeds thereof, the incurrence or creation of Liens, repayments, Restricted Payments and Asset Dispositions) and (c) Consolidated Interest Expense for purposes of the Fixed Charge Coverage Ratio will be calculated using an assumed interest rate as reasonably determined by the Issuer.

For the avoidance of doubt, if the Issuer has made an LCT Election, (1) if any of the ratios, tests or baskets for which compliance was determined or tested as of the LCT Test Date would at any time after the LCT Test Date have been exceeded or otherwise failed to have been complied with as a result of fluctuations in any such ratio, test or basket, including due to fluctuations in EBITDA or Total Assets of the Issuer or the Person subject to such Limited Condition Transaction, such baskets, tests or ratios will not be deemed to have been exceeded or failed to have been complied with as a result of such fluctuations; (2) any change to the applicable exchange rate utilized in calculating compliance with any Dollar-based provision of this Indenture, at any time from and after the LCT Test Date to the date of consummation of such Investment, acquisition or repayment, repurchase or refinancing of Indebtedness, will not be taken into account for purposes of determining (x) whether any Indebtedness or Lien that is being incurred in connection with such Investment, acquisition or repayment, repurchase or refinancing of Indebtedness is permitted, or (y) compliance by the Issuer or any of its Restricted Subsidiaries with any other provision of this Indenture; (3) if any related requirements and conditions (including as to the absence of any continuing Default or Event of Default) for which compliance or satisfaction was determined or tested as of the LCT Test Date would at any time after the LCT Test Date not have been complied with or satisfied (including due to the occurrence or continuation of a Default or an Event of Default), such requirements and conditions will not be deemed to have been failed to be complied with or satisfied (and such Default or Event of Default shall be deemed not to have occurred or be continuing); and (4) in calculating the availability under any ratio, test or basket in connection with any action or transaction unrelated to such Limited Condition Transaction following the relevant LCT Test Date and prior to the earlier of the date on which such Limited Condition Transaction is consummated or the date that the definitive agreement or date for redemption, purchase or repayment specified in an irrevocable notice for such Limited Condition Transaction is terminated, expires or passes (or, if applicable, the irrevocable notice is terminated, expires or passes or, as applicable, the offer in respect of an LCT Public Offer for, such acquisition is terminated), as applicable, without consummation of such Limited Condition Transaction, any such ratio, test or basket shall be determined or tested giving pro forma effect to such Limited Condition Transaction.

ARTICLE II

THE NOTES

SECTION 2.01 Form, Dating and Terms.

(a) The aggregate principal amount of Notes that may be authenticated and delivered under this Indenture is unlimited. The Initial Notes issued on the date hereof will be in an aggregate principal amount of $425,000,000. In addition, the Issuer may issue, from time to time in accordance with the provisions of this Indenture, Additional Notes (as provided herein). Furthermore, Notes may be authenticated and delivered upon registration of transfer, exchange or in lieu of, other Notes pursuant to Section 2.02, Section 2.06, Section 2.11, Section 2.13, Section 5.06 or Section 9.05, in connection with an Asset Disposition Offer pursuant to Section 3.05 or in connection with a Change of Control Offer pursuant to Section 3.09.

Notwithstanding anything to the contrary contained herein, the Issuer may not issue any Additional Notes, unless such issuance is in compliance with Section 3.02 and Section 3.06.

With respect to any Additional Notes, the Issuer shall set forth in one or more indentures supplemental hereto, the following information:

(A) the aggregate principal amount of such Additional Notes to be authenticated and delivered pursuant to this Indenture;

(B) the issue price and the issue date of such Additional Notes, including the date from which interest shall accrue; and

(C) whether such Additional Notes shall be Restricted Notes.

In authenticating and delivering Additional Notes, the Trustee shall be entitled to receive and shall be fully protected in relying upon, in addition to the Opinion of Counsel and Officer's Certificate required by Section 12.02, an Opinion of Counsel as to the due authorization, execution, delivery, validity and enforceability of such Additional Notes.

The Initial Notes and the Additional Notes shall be considered collectively as a single class for all purposes of this Indenture, including with respect to waivers, amendments, redemptions and offers to purchase, *provided* that any Additional Notes will not be issued with the same CUSIP, ISIN or other identifying number as the Initial Notes if such Additional Notes are not fungible with the Initial Notes for U.S. federal income tax purposes or if the Issuer otherwise determines that any such Additional Notes should be differentiated from the Initial Notes. Holders of the Initial Notes and the Additional Notes will vote and consent together on all matters to which such Holders are entitled to vote or consent as one class, and none of the Holders of the Initial Notes or the Additional Notes shall have the right to vote or consent as a separate class on any matter to which such Holders are entitled to vote or consent.

(b) The Initial Notes were offered and sold by the Issuer pursuant to a purchase agreement, dated April 11, 2023, among the Issuer and the Initial Purchasers. The Initial Notes and any Additional Notes (if issued as Restricted Notes) (the "Additional Restricted Notes") will be resold initially only to (A) Persons reasonably believed to be QIBs in reliance on Rule 144A and (B) Non-U.S. Persons in reliance on Regulation S. Such Initial Notes and Additional Restricted Notes may thereafter be transferred to, among others, Persons reasonably believed to be QIBs, purchasers in reliance on Regulation S and IAIs in accordance with Rule 501 under the Securities Act, in each case, in accordance with the procedure described herein. Additional Notes offered after the date hereof may be offered and sold by the Issuer from time to time pursuant to one or more purchase agreements in accordance with applicable law.

Initial Notes and Additional Restricted Notes offered and sold to Persons reasonably believed to be QIBs in the United States of America in reliance on Rule 144A (the "Rule 144A Notes") shall be issued in the form of a permanent global Note substantially in the form of Exhibit A, which is hereby incorporated by reference and made a part of this Indenture, including appropriate legends as set forth in Section 2.01(d) (the "Rule 144A Global Note"), deposited with the Trustee, as custodian for DTC, duly executed by the Issuer and authenticated by the Trustee as hereinafter provided. The Rule 144A Global Note may be represented by more than one certificate if so required by DTC's rules regarding the maximum principal amount to be represented by a single certificate. The aggregate principal amount of the Rule 144A Global Note may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for DTC or its nominee, as hereinafter provided.

Initial Notes and any Additional Restricted Notes offered and sold to non-U.S. Persons outside the United States of America (the "Regulation S Notes") in reliance on Regulation S shall be issued in the form of a permanent global Note substantially in the form of Exhibit A, including appropriate legends as set forth in Section 2.01(d) (the "Regulation S Global Note"). Each Regulation S Global Note will be deposited upon issuance with, or on behalf of, the Trustee as custodian for DTC in the manner described in this Article II. Prior to the 40th day after the later of the commencement of the offering of the Initial Notes and the Issue Date (such period through and including such 40th day, the "Restricted Period"), interests in the Regulation S Global Note may only be transferred to Non-U.S. Persons pursuant to Regulation S, unless exchanged for interests in a Global Note in accordance with the transfer and certification requirements described herein.

Investors may hold their interests in the Regulation S Global Note through Euroclear Bank S.A./N.V. ("Euroclear") or Clearstream Banking, *société anonyme* ("Clearstream") if they are participants in those systems or indirectly through organizations that are participants in those systems. If such interests are held through Euroclear or Clearstream, Euroclear and Clearstream will hold such interests in the applicable Regulation S Global Note on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries. Such depositaries, in turn, will hold such interests in the applicable Regulation S Global Note in customers' securities accounts in the depositaries' names on the books of DTC.

The Regulation S Global Note may be represented by more than one certificate if so required by DTC's rules regarding the maximum principal amount to be represented by a single certificate. The aggregate principal amount of the Regulation S Global Note may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for DTC or its nominee, as hereinafter provided.

Initial Notes and Additional Restricted Notes resold to IAIs (the "Institutional Accredited Investor Notes") in the United States of America will be issued in the form of a permanent global Note substantially in the form of Exhibit A including appropriate legends as set forth in Section 2.01(d) (the "Institutional Accredited Investor Global Note") deposited with the Trustee, as custodian for DTC, duly executed by the Issuer and authenticated by the Trustee as hereinafter provided. The Institutional Accredited Investor Global Note may be represented by more than one certificate, if so required by DTC's rules regarding the maximum principal amount to be represented by a single certificate. The aggregate principal amount of the Institutional Accredited Investor Global Note may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for DTC or its nominee, as hereinafter provided.

The Rule 144A Global Note, the Regulation S Global Note and the Institutional Accredited Investor Global Note are sometimes collectively herein referred to as the "Global Notes."

The principal of, and premium, if any, and interest on the Notes shall be payable at the office or agency of the Paying Agent designated by the Issuer maintained for such purpose (which shall initially be the office of the Trustee maintained for such purpose), or at such other office or agency of the Issuer as may be maintained for such purpose pursuant to Section 2.03; *provided*, *however*, that, at the option of the Paying Agent, payment of interest, if any, may be paid by (i) check mailed to addresses of the Persons entitled thereto as such addresses shall appear on the Notes Register or (ii) wire transfer to an account located in the United States maintained by the payee, subject to the last sentence of this paragraph. Payments in respect of Notes represented by a Global Note (including principal, premium, if any, and interest) will be made by wire transfer of immediately available funds to the accounts specified by DTC. Payments in respect of Notes represented by Definitive Notes (including principal, premium, if any, and interest) held by a Holder of at least $1,000,000 aggregate principal amount of Notes represented by Definitive Notes will be made in accordance with the Notes Register, or by wire transfer to a Dollar account maintained by the payee with a bank in the United States if such Holder elects payment by wire transfer by giving written notice to the Trustee or the Paying Agent to such effect designating such account no later than 15 days immediately preceding the relevant due date for payment (or such other date as the Trustee or Paying Agent, as applicable, may accept in its discretion).

The Notes may have notations, legends or endorsements required by law, stock exchange rule or usage, in addition to those set forth on Exhibit A and in Section 2.01(d). The Issuer shall approve any notation, endorsement or legend on the Notes. Each Note shall be dated the date of its authentication. The terms of the Notes set forth in Exhibit A are part of the terms of this Indenture and, to the extent applicable, the Issuer, the Guarantors and the Trustee, by their execution and delivery of this Indenture, expressly agree to be bound by such terms.

(c) Denominations. The Notes shall be issuable only in fully registered form in minimum denominations of $2,000 and any integral multiple of $1,000 in excess thereof.

(d) Restrictive and Global Note Legends.

(1) Unless and until (i) an Initial Note or an Additional Note issued as a Restricted Note is sold under an effective registration statement or (ii) the Issuer receives an Opinion of Counsel satisfactory to it to the effect that neither such legend nor the related restrictions on transfer are required in order to maintain compliance with the provisions of the Securities Act, the Rule 144A Global Note, the Regulation S Global Note and the Institutional Accredited Investor Global Note shall each bear the following legend on the face thereof:

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH BELOW. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT, (2) AGREES THAT IT WILL NOT WITHIN [**IN THE CASE OF RULE 144A NOTES:** ONE YEAR OR SUCH SHORTER TIME UNDER APPLICABLE LAW] [**IN THE CASE OF REGULATION S NOTES:** 40 DAYS] AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS NOTE (OR ANY PREDECESSOR OF SUCH NOTE) RESELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) TO THE ISSUER OR ANY SUBSIDIARY THEREOF, (B) INSIDE THE UNITED STATES TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (D) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), (E) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL IF THE ISSUER SO REQUESTS), OR (F) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANING GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

(2) Each Global Note, whether or not an Initial Note, shall bear the following legend on the face thereof:

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), NEW YORK, NEW YORK, TO THE ISSUER OR THE AGENT OF THE ISSUER FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO DTC, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.

In the case of the Regulation S Global Note: BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF REPRESENTS THAT IT IS NOT A U.S. PERSON, NOR IS IT PURCHASING FOR THE ACCOUNT OF A U.S. PERSON, AND IS ACQUIRING THIS NOTE IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT.

(e) Book-Entry Provisions. (i) This Section 2.01(e) shall apply only to Global Notes deposited with the Trustee, as custodian for DTC, and for which the applicable procedures of DTC shall govern.

(1) Each Global Note initially shall (x) be registered in the name of DTC or the nominee of DTC, (y) be delivered to the Notes Custodian for DTC and (z) bear legends as set forth in Section 2.01(d)(2). Transfers of a Global Note (but not a beneficial interest therein) will be limited to transfers thereof in whole, but not in part, to DTC, its successors or its respective nominees, except as set forth in Section 2.01(e)(4) and 2.01(f). If a beneficial interest in a Global Note is transferred or exchanged for a beneficial interest in another Global Note, the Notes Custodian will (x) record a decrease in the principal amount of the Global Note being transferred or exchanged equal to the principal amount of such transfer or exchange and (y) record a like increase in the principal amount of the other Global Note. Any beneficial interest in one Global Note that is transferred to a Person who takes delivery in the form of an interest in another Global Note, or exchanged for an interest in another Global Note, will, upon transfer or exchange, cease to be an interest in such Global Note and become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer and exchange restrictions, if any, and other procedures applicable to beneficial interests in such other Global Note for as long as it remains such an interest.

(2) Members of, or participants in, DTC ("Agent Members") shall have no rights under this Indenture with respect to any Global Note held on their behalf by DTC or by the Notes Custodian as the custodian of DTC or under such Global Note, and DTC may be treated by the Issuer, the Trustee and any agent of the Issuer or the Trustee as the absolute owner of such Global Note for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Issuer, the Trustee or any agent of the Issuer or the Trustee from giving effect to any written certification, proxy or other authorization furnished by DTC or impair, as between DTC and its Agent Members, the operation of customary practices of DTC governing the exercise of the rights of a holder of a beneficial interest in any Global Note.

(3) In connection with any transfer of a portion of the beneficial interest in a Global Note pursuant to Section 2.01(f) to beneficial owners who are required to hold Definitive Notes, the Notes Custodian shall reflect on its books and records the date and a decrease in the principal amount of such Global Note in an amount equal to the principal amount of the beneficial interest in the Global Note to be transferred, and the Issuer shall execute, and the Trustee shall authenticate and make available for delivery, one or more Definitive Notes of like tenor and amount.

(4) In connection with the transfer of an entire Global Note to beneficial owners pursuant to Section 2.01(f), such Global Note shall be deemed to be surrendered to the Trustee for cancellation, and the Issuer shall execute, and the Trustee shall authenticate and make available for delivery, to each beneficial owner identified by DTC in exchange for its beneficial interest in such Global Note, an equal aggregate principal amount of Definitive Notes of authorized denominations.

(5) The registered Holder of a Global Note may grant proxies and otherwise authorize any person, including Agent Members and persons that may hold interests through Agent Members, to take any action which a Holder is entitled to take under this Indenture or the Notes.

(6) Any Holder of a Global Note shall, by acceptance of such Global Note, agree that transfers of beneficial interests in such Global Note may be effected only through a book-entry system maintained by (i) the Holder of such Global Note (or its agent) or (ii) any holder of a beneficial interest in such Global Note, and that ownership of a beneficial interest in such Global Note shall be required to be reflected in a book entry.

(f) Definitive Notes. Except as provided below, owners of beneficial interests in Global Notes will not be entitled to receive Definitive Notes. Definitive Notes shall be transferred to all beneficial owners in exchange for their beneficial interests in a Global Note if (A) DTC notifies the Issuer that it is unwilling or unable to continue as Depositary for such Global Note or DTC ceases to be a clearing agency registered under the Exchange Act, at a time when DTC is required to be so registered in order to act as depositary, and in each case a successor depositary is not appointed by the Issuer within 90 days of such notice, (B) the Issuer in its sole discretion executes and deliver to the Trustee and Registrar an Officer's Certificate stating that such Global Note shall be so exchangeable or (C) an Event of Default has occurred and is continuing and the Registrar has received a written request from DTC. In the event of the occurrence of any of the events specified in the second preceding sentence or in clause (A), (B) or (C) of the preceding sentence, the Issuer shall promptly make available to the Registrar a reasonable supply of Definitive Notes. In addition, any Note transferred to an affiliate (as defined in Rule 405 under the Securities Act) of the Issuer or evidencing a Note that has been acquired by an affiliate in a transaction or series of transactions not involving any public offering and not involving the initial issuance of Initial Notes must, until one year after the last date on which either the Issuer or any affiliate of the Issuer was an owner of the Note, be in the form of a Definitive Note and bear the legend regarding transfer restrictions in Section 2.01(d)(1). If required to do so pursuant to any applicable law or regulation, beneficial owners may also obtain Definitive Notes in exchange for their beneficial interests in a Global Note upon written request in accordance with DTC's and the Registrar's procedures.

(1) Any Definitive Note delivered in exchange for an interest in a Global Note pursuant to Section 2.01(e) shall, except as otherwise provided by Section 2.06(d), bear the applicable legend regarding transfer restrictions applicable to the Global Note set forth in Section 2.01(d)(1).

(2) If a Definitive Note is transferred or exchanged for a beneficial interest in a Global Note, the Trustee will (x) cancel such Definitive Note, (y) record an increase in the principal amount of such Global Note equal to the principal amount of such transfer or exchange and (z) in the event that such transfer or exchange involves less than the entire principal amount of the canceled Definitive Note, the Issuer shall execute, and the Trustee shall authenticate and make available for delivery, to the transferring Holder a new Definitive Note representing the principal amount not so transferred.

(3) If a Definitive Note is transferred or exchanged for another Definitive Note, (x) the Trustee will cancel the Definitive Note being transferred or exchanged, (y) the Issuer shall execute, and the Trustee shall authenticate and make available for delivery, one or more new Definitive Notes in authorized denominations having an aggregate principal amount equal to the principal amount of such transfer or exchange to the transferee (in the case of a transfer) or the Holder of the canceled Definitive Note (in the case of an exchange), registered in the name of such transferee or Holder, as applicable, and (z) if such transfer or exchange involves less than the entire principal amount of the canceled Definitive Note, the Issuer shall execute, and the Trustee shall authenticate and make available for delivery to the Holder thereof, one or more Definitive Notes in authorized denominations having an aggregate principal amount equal to the untransferred or unexchanged portion of the canceled Definitive Notes, registered in the name of the Holder thereof.

(4) Notwithstanding anything to the contrary in this Indenture, in no event shall a Definitive Note be delivered upon exchange or transfer of a beneficial interest in the Regulation S Global Note prior to the end of the Restricted Period.

SECTION 2.02 Execution and Authentication. One Officer of the Issuer shall sign the Notes for the Issuer by manual, facsimile, PDF or other electronic signature. If the Officer whose signature is on a Note no longer holds that office at the time the Trustee authenticates the Note, the Note shall be valid nevertheless.

A Note shall not be valid until an authorized officer of the Trustee manually authenticates the Note. The signature of the Trustee on a Note shall be conclusive evidence that such Note has been duly and validly authenticated and issued under this Indenture. A Note shall be dated the date of its authentication.

At any time and from time to time after the execution and delivery of this Indenture, the Trustee shall authenticate and make available for delivery: (1) Initial Notes for original issue on the Issue Date in an aggregate principal amount of $425,000,000 and (2) subject to the terms of this Indenture, Additional Notes for original issue in an unlimited principal amount, in each case upon a written order of the Issuer signed by one Officer (the "Issuer Order"). Such Issuer Order shall specify whether the Notes will be in the form of Definitive Notes or Global Notes, the amount of the Notes to be authenticated, the date on which the original issue of Notes is to be authenticated, the Holder of the Notes and whether the Notes are to be Initial Notes or Additional Notes.

The Trustee may appoint an agent (the "Authenticating Agent") reasonably acceptable to the Issuer to authenticate the Notes. Any such appointment shall be evidenced by an instrument signed by a Responsible Officer of the Trustee, a copy of which shall be furnished to the Issuer. Unless limited by the terms of such appointment, any such Authenticating Agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by the Authenticating Agent. An Authenticating Agent has the same rights as any Registrar, Paying Agent or agent for service of notices and demands.

In case any of the Issuer or any Guarantor, pursuant to Article IV or Section 10.02, as applicable, shall be consolidated or merged with or into any other Person or shall convey, transfer, lease or otherwise dispose of all or substantially all of its assets to any Successor Issuer, and such Successor Issuer resulting from such consolidation, or surviving such merger, or into which the Issuer or any Guarantor shall have been merged, or the Person which shall have received such conveyance, transfer, lease or other disposition, as applicable, shall have executed an indenture supplemental hereto with the Trustee pursuant to Article IV, any of the Notes authenticated or delivered prior to such consolidation, merger, conveyance, transfer, lease or other disposition may (but shall not be required), from time to time, at the request of the Successor Issuer, be exchanged for other Notes executed in the name of the Successor Issuer with such changes in phraseology and form as may be appropriate to reflect such Successor Issuer, but otherwise in substance of like tenor as the Notes surrendered for such exchange and of like principal amount; and the Trustee, upon receipt of an Issuer Order of the Successor Issuer, shall authenticate and make available for delivery Notes as specified in such order for the purpose of such exchange. If Notes shall at any time be authenticated and delivered in any new name of a Successor Issuer pursuant to this Section 2.02 in exchange or substitution for or upon registration of transfer of any Notes, such Successor Issuer, at the option of the Holders but without expense to them, shall provide for the exchange of all Notes at the time outstanding for Notes authenticated and delivered in such new name.

SECTION 2.03 Registrar and Paying Agent . The Issuer shall maintain an office or agency where Notes may be presented for registration of transfer or for exchange (the "Registrar") and an office or agency where Notes may be presented for payment. The Registrar shall keep a register of the Notes and of their transfer and exchange (the "Notes Register"). The Issuer may have one or more co-registrars and one or more additional paying agents. The term "Paying Agent" includes any additional paying agent and the term "Registrar" includes any co-registrar.

The Issuer shall enter into an appropriate agency agreement with any Registrar or Paying Agent not a party to this Indenture. The agreement shall implement the provisions of this Indenture that relate to such agent. The Issuer shall notify the Trustee in writing of the name and address of each such agent; *provided* that failure to comply with such notification requirement shall not constitute a Default or an Event of Default. If the Issuer fails to maintain a Registrar or Paying Agent, the Trustee shall act as such and shall be entitled to appropriate compensation therefor pursuant to Section 7.07. The Issuer or any Guarantor may act as Paying Agent, Registrar or transfer agent.

The Issuer initially appoints DTC to act as Depositary with respect to the Global Notes. The Issuer initially appoints the Trustee as Registrar, Paying Agent and Notes Custodian for the Notes. The Issuer may change any Registrar or Paying Agent without prior notice to the Holders, but upon written notice to such Registrar or Paying Agent and to the Trustee; *provided*, *however*, that no such removal shall become effective until (i) acceptance of any appointment by a successor as evidenced by an appropriate agreement entered into by the Issuer and such successor Registrar or Paying Agent, as the case may be, and delivered to the Trustee and the passage of any waiting or notice periods required by DTC procedures or (ii) written notification to the Trustee that the Trustee shall serve as Registrar or Paying Agent until the appointment of a successor in accordance with clause (i) above. The Registrar or Paying Agent may resign at any time upon written notice to the Issuer and the Trustee.

SECTION 2.04 Paying Agent to Hold Money in Trust. By no later than 11:00 a.m. (Chicago time) on the date on which any principal of, premium, if any, or interest on any Note is due and payable, the Issuer shall deposit with the Paying Agent a sum sufficient in immediately available funds to pay such principal, premium, if any, or interest then due. The Issuer shall require each Paying Agent (other than the Trustee) to agree in writing that such Paying Agent shall hold in trust for the benefit of Holders or the Trustee all money held by such Paying Agent for the payment of principal of, premium, if any, or interest on the Notes (whether such assets have been distributed to it by the Issuer or other obligors on the Notes), shall notify the Trustee in writing of any default by the Issuer or any Guarantor in making any such payment and shall during the continuance of any default by the Issuer (or any other obligor upon the Notes) in the making of any payment in respect of the Notes, upon the written request of the Trustee, forthwith deliver to the Trustee all sums held in trust by such Paying Agent for payment in respect of the Notes together with a full accounting thereof. If the Issuer or a Subsidiary of the Issuer acts as Paying Agent, it shall segregate the money held by it as Paying Agent and hold it as a separate trust fund. The Issuer at any time may require a Paying Agent (other than the Trustee) to pay all money held by it to the Trustee and to account for any funds or assets disbursed by such Paying Agent. Upon complying with this Section 2.04, the Paying Agent (if other than the Issuer or a Subsidiary of the Issuer) shall have no further liability for the money delivered to the Trustee. Upon any bankruptcy, reorganization or similar proceeding with respect to the Issuer, the Trustee shall serve as Paying Agent for the Notes.

SECTION 2.05 Holder Lists. The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Holders. If the Trustee is not the Registrar, the Issuer, on its own behalf and on behalf of each of the Guarantors, shall furnish or cause the Registrar to furnish to the Trustee, in writing at least five Business Days before each interest payment date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Holders.

SECTION 2.06 Transfer and Exchange.

(a) A Holder may transfer a Note (or a beneficial interest therein) to another Person or exchange a Note (or a beneficial interest therein) for another Note or Notes of any authorized denomination by presenting to the Registrar a written request therefor stating the name of the proposed transferee or requesting such an exchange, accompanied by any certification, opinion or other document required by this Section 2.06. The Registrar will promptly register any transfer or exchange that meets the requirements of this Section 2.06 by noting the same in the Notes Register maintained by the Registrar for the purpose, and no transfer or exchange will be effective until it is registered in such Notes Register. The transfer or exchange of any Note (or a beneficial interest therein) may only be made in accordance with this Section 2.06 and Section 2.01(e) and 2.01(f), as applicable, and, in the case of a Global Note (or a beneficial interest therein), the applicable rules and procedures of DTC, Euroclear and Clearstream. The Registrar shall refuse to register any requested transfer or exchange that does not comply with this paragraph.

(b) Transfers of Rule 144A Notes and Institutional Accredited Investor Notes. The following provisions shall apply with respect to any proposed registration of transfer of a Rule 144A Note or an Institutional Accredited Investor Note prior to the date that is one year after the later of the date of its original issue and the last date on which the Issuer or any Affiliate of the Issuer was the owner of such Notes (or any predecessor thereto) (the "Resale Restriction Termination Date"):

(1) a registration of transfer of a Rule 144A Note or an Institutional Accredited Investor Note or a beneficial interest therein to a QIB shall be made upon the representation of the transferee in the form as set forth on the reverse of the Note that it is purchasing for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Issuer as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon its foregoing representations in order to claim the exemption from registration provided by Rule 144A; *provided* that no such written representation or other written certification shall be required in connection with the transfer of a beneficial interest in the Rule 144A Global Note to a transferee in the form of a beneficial interest in that Rule 144A Global Note in accordance with this Indenture and the applicable procedures of DTC;

(2) a registration of transfer of a Rule 144A Note or an Institutional Accredited Investor Global Note or a beneficial interest therein to an IAI shall be made upon receipt by the Registrar or its agent of a certificate substantially in the form set forth in Section 2.08, respectively, from the proposed transferee and the delivery of an Opinion of Counsel, certification and/or other information satisfactory to the Issuer; and

(3) a registration of transfer of a Rule 144A Note or an Institutional Accredited Investor Note or a beneficial interest therein to a Non-U.S. Person shall be made upon receipt by the Registrar or its agent of a certificate substantially in the form set forth in Section 2.09 from the proposed transferor and the delivery of an Opinion of Counsel, certification and/or other information satisfactory to the Issuer.

(c) Transfers of Regulation S Notes. The following provisions shall apply with respect to any proposed transfer of a Regulation S Note prior to the expiration of the Restricted Period:

(1) a transfer of a Regulation S Note or a beneficial interest therein to a QIB shall be made upon the representation of the transferee, in the form of assignment on the reverse of the certificate, that it is purchasing the Note for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A, is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Issuer as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon its foregoing representations in order to claim the exemption from registration provided by Rule 144A;

(2) a transfer of a Regulation S Note or a beneficial interest therein to an IAI shall be made upon receipt by the Registrar or its agent of a certificate substantially in the form set forth in Section 2.08, from the proposed transferee and the delivery of an Opinion of Counsel, certification and/or other information satisfactory to the Issuer; and

(3) a transfer of a Regulation S Note or a beneficial interest therein to a Non-U.S. Person shall be made upon receipt by the Registrar or its agent of a certificate substantially in the form set forth in Section 2.09 hereof from the proposed transferor and receipt by the Registrar or its agent of an Opinion of Counsel, certification and/or other information satisfactory to the Issuer.

After the expiration of the Restricted Period, interests in the Regulation S Note may be transferred in accordance with applicable law without requiring the certification set forth in Section 2.09 or any additional certification.

(d) Restricted Notes Legend. Upon the transfer, exchange or replacement of Notes not bearing a Restricted Notes Legend, the Registrar shall deliver Notes that do not bear a Restricted Notes Legend. Upon the transfer, exchange or replacement of Notes bearing a Restricted Notes Legend, the Registrar shall deliver only Notes that bear a Restricted Notes Legend unless (1) an Initial Note is being transferred pursuant to an effective registration statement, (2) [reserved] or (3) there is delivered to the Registrar an Opinion of Counsel reasonably satisfactory to the Issuer to the effect that neither such legend nor the related restrictions on transfer are required in order to maintain compliance with the provisions of the Securities Act. Any Additional Notes sold in a registered offering shall not be required to bear the Restricted Notes Legend.

(e) [Reserved].

(f) Retention of Written Communications. The Registrar shall retain copies of all letters, notices and other written communications received pursuant to Section 2.01 or this Section 2.06. The Issuer shall have the right to inspect and make copies of all such letters, notices or other written communications, at the Issuer's expense, at any reasonable time upon the giving of reasonable prior written notice to the Registrar.

(g) Obligations with Respect to Transfers and Exchanges of Notes. To permit registrations of transfers and exchanges, the Issuer shall, subject to the other terms and conditions of this Article II, execute and the Trustee shall authenticate Definitive Notes and Global Notes at the Issuer's and the Registrar's written request.

No service charge shall be made to a Holder for any registration of transfer or exchange, but the Issuer may require the Holder to pay a sum sufficient to cover any transfer tax, assessments or similar governmental charge payable in connection therewith (other than any such transfer taxes, assessments or similar governmental charges payable upon exchange or transfer pursuant to Sections 3.05, 3.09, 5.06, 5.09 or 9.05).

The Issuer (and the Registrar) shall not be required to register the transfer of or exchange of any Note (A) for a period beginning (1) fifteen calendar days before the mailing (or electronic delivery) of a notice of an offer to repurchase or redeem Notes and ending at the close of business on the day of such mailing (or electronic delivery) or (2) fifteen calendar days before an interest payment date and ending on such interest payment date or (B) called for redemption, except the unredeemed portion of any Note being redeemed in part.

Prior to the due presentation for registration of transfer of any Note, the Issuer, the Trustee, the Paying Agent or the Registrar may deem and treat the person in whose name a Note is registered as the owner of such Note for the purpose of receiving payment of principal of, premium, if any, and (subject to paragraph 2 of the forms of Notes attached hereto as Exhibit A) interest on such Note and for all other purposes whatsoever, including without limitation the transfer or exchange of such Note, whether or not such Note is overdue, and none of the Issuer, the Trustee, the Paying Agent or the Registrar shall be affected by notice to the contrary.

Any Definitive Note delivered in exchange for an interest in a Global Note pursuant to Section 2.01(f) shall, except as otherwise provided by Section 2.06(d), bear the applicable legend regarding transfer restrictions applicable to the Definitive Note set forth in Section 2.01(d)(1).

All Notes issued upon any transfer or exchange pursuant to the terms of this Indenture shall evidence the same debt and shall be entitled to the same benefits under this Indenture as the Notes surrendered upon such transfer or exchange.

(h) No Obligation of the Trustee. The Trustee shall have no responsibility or obligation to any beneficial owner of a Global Note, a member of, or a participant in, DTC or other Person with respect to the accuracy of the records of DTC or its nominee or of any participant or member thereof, with respect to any ownership interest in the Notes or with respect to the delivery to any participant, member, beneficial owner or other Person (other than DTC) of any notice (including any notice of redemption or purchase) or the payment of any amount or delivery of any Notes (or other security or property) under or with respect to such Notes. All notices and communications to be given to the Holders and all payments to be made to Holders in respect of the Notes shall be given or made only to or upon the order of the registered Holders (which shall be DTC or its nominee in the case of a Global Note). The rights of beneficial owners in any Global Note shall be exercised only through DTC subject to the applicable rules and procedures of DTC. The Trustee may rely and shall be fully protected in relying upon information furnished by DTC with respect to its members, participants and any beneficial owners.

Neither the Registrar nor the Trustee shall have any obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Note (including any transfers between or among DTC participants, members or beneficial owners in any Global Note) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof. Neither the Trustee nor any of its agents shall have any responsibility for any actions taken or not taken by DTC.

SECTION 2.07 [Reserved].

SECTION 2.08 Form of Certificate to be Delivered in Connection with Transfers to IAIs.

[Date]

U.S. Bank Trust Company, National Association
Global Corporate Trust
333 Commerce Street, Suite 900
Nashville, TN 37201
Attention: Knife River Holding Company Notes Administrator
Telephone: (615) 251-0733
E-mail: wally.jones@usbank.com

Re: Knife River Holding Company (to be renamed Knife River Corporation on the Spin-Off Date) (the "Issuer")

Ladies and Gentlemen:

This certificate is delivered to request a transfer of $[__] principal amount of the 7.750% Senior Notes due 2031 (the "Notes") of the Issuer.

Upon transfer, the Notes would be registered in the name of the new beneficial owner as follows:

Name:_____

Address: _____

Taxpayer ID Number: _____

The undersigned represents and warrants to you that:

1. We are an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act of 1933, as amended (the "Securities Act")) purchasing for our own account or for the account of such an institutional "accredited investor" of at least $250,000 principal amount of the Notes, and we are acquiring the Notes not with a view to, or for offer or sale in connection with, any distribution in violation of the Securities Act. We have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risk of our investment in the Notes and we invest in or purchase securities similar to the Notes in the normal course of our business. We and any accounts for which we are acting are each able to bear the economic risk of our or its investment.

2. We understand that the Notes have not been registered under the Securities Act and, unless so registered, may not be sold except as permitted in the following sentence. We agree on our own behalf and on behalf of any investor account for which we are purchasing Notes to offer, sell or otherwise transfer such Notes prior to the date that is one year after the later of the date of original issue and the last date on which the Issuer or any affiliate of the Issuer was the owner of such Notes (or any predecessor thereto) (the "Resale Restriction Termination Date") only (a) to the Issuer or any Subsidiary thereof, (b) pursuant to an effective registration statement under the Securities Act, (c) in a transaction complying with the requirements of Rule 144A under the Securities Act, to a person we reasonably believe is a "qualified institutional buyer" under Rule 144A of the Securities Act (a "QIB") that is purchasing for its own account or for the account of a QIB and to whom notice is given that the transfer is being made in reliance on Rule 144A, (d) pursuant to offers and sales to Non-U.S. Persons that occur outside the United States within the meaning of Regulation S under the Securities Act, (e) to an "accredited investor" within the meaning of Rule 501(a) (1), (2), (3), (4) or (7) under the Securities Act that is purchasing for its own account or for the account of such an institutional "accredited investor," in each case in a minimum principal amount of Notes of $250,000 for investment purposes and not with a view to or for offer or sale in connection with any distribution in violation of the Securities Act or (f) pursuant to any other available exemption from the registration requirements of the Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of our property or the property of such investor account or accounts be at all times within our or their control and in compliance with any applicable state securities laws. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date. If any resale or other transfer of the Notes is proposed to be made pursuant to clause (e) above prior to the Resale Restriction Termination Date, the transferor shall deliver a letter from the transferee substantially in the form of this letter to the Issuer and the Trustee, which shall provide, among other things, that the transferee is an "accredited investor" (within the meaning of Rule 501(a)(1), (2), (3), (4) or (7) under the Securities Act) and that it is acquiring such Notes for investment purposes and not for distribution in violation of the Securities Act. Each purchaser acknowledges that the Issuer and the Trustee reserve the right prior to any offer, sale or other transfer prior to the Resale Termination Date of the Notes pursuant to clauses (d), (e) or (f) above to require the delivery of an opinion of counsel, certifications and/or other information satisfactory to the Issuer.

3. We [are][are not] an Affiliate of the Issuer.

TRANSFEREE: _____

BY: _____

SECTION 2.09 Form of Certificate to be Delivered in Connection with Transfers Pursuant to Regulation S.

[Date]

U.S. Bank Trust Company, National Association
Global Corporate Trust
333 Commerce Street, Suite 900
Nashville, TN 37201
Attention: Knife River Holding Company Notes Administrator
Telephone: (615) 251-0733
E-mail: wally.jones@usbank.com

Re: Knife River Holding Company (to be renamed Knife River Corporation on the Spin-Off Date) (the "Issuer")

7.750% Senior Notes due 2031 (the "Notes")

Ladies and Gentlemen:

In connection with our proposed sale of $[_____] aggregate principal amount of the Notes, we confirm that such sale has been effected pursuant to and in accordance with Regulation S ("Regulation S") under the United States Securities Act of 1933, as amended (the "Securities Act"), and, accordingly, we represent that:

(a) the offer of the Notes was not made to a person in the United States;

(b) either (i) at the time the buy order was originated, the transferee was outside the United States or we and any person acting on our behalf reasonably believed that the transferee was outside the United States or (ii) the transaction was executed in, on or through the facilities of a designated off-shore securities market and neither we nor any person acting on our behalf knows that the transaction has been pre-arranged with a buyer in the United States;

(c) no directed selling efforts have been made in the United States in contravention of the requirements of Rule 903(a)(2) or Rule 904(a)(2) of Regulation S, as applicable; and

(d) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act.

In addition, if the sale is made during a restricted period and the provisions of Rule 903(b)(2), Rule 903(b)(3) or Rule 904(b)(1) of Regulation S are applicable thereto, we confirm that such sale has been made in accordance with the applicable provisions of Rule 903(b)(2), Rule 903(b)(3) or Rule 904(b)(1), as the case may be.

We also hereby certify that we [are][are not] an Affiliate of the Issuer and, to our knowledge, the transferee of the Notes [is][is not] an Affiliate of the Issuer.

The Trustee and the Issuer are entitled to conclusively rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby. Terms used in this certificate and not otherwise defined herein have the meanings set forth in Regulation S.

Very truly yours,

[Name of Transferor]

By: _____
Authorized Signature

SECTION 2.10 [Reserved].

SECTION 2.11 Mutilated, Destroyed, Lost or Stolen Notes.

If a mutilated Note is surrendered to the Registrar or if the Holder of a Note claims that the Note has been lost, destroyed or wrongfully taken, the Issuer shall issue and the Trustee shall authenticate a replacement Note if the requirements of Section 8-405 of the UCC are met, such that the Holder (a) satisfies the Issuer and the Trustee that such Note has been lost, destroyed or wrongfully taken within a reasonable time after such Holder has notice of such loss, destruction or wrongful taking and the Registrar has not registered a transfer prior to receiving such notification, (b) makes such request to the Issuer and the Trustee in writing prior to the Note being acquired by a protected purchaser as defined in Section 8-303 of the UCC (a "protected purchaser"), (c) satisfies any other reasonable requirements of the Trustee and (d) provides an indemnity bond, as more fully described below; *provided*, *however*, if after the delivery of such replacement Note, a protected purchaser of the Note for which such replacement Note was issued presents for payment or registration such replaced Note, the Trustee and/or the Issuer shall be entitled to recover such replacement Note from the Person to whom it was issued and delivered or any Person taking therefrom, except a protected purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Issuer or the Trustee in connection therewith. Such Holder shall furnish an indemnity bond sufficient in the judgment of the (i) Trustee to protect the Trustee and (ii) the Issuer to protect the Issuer, the Trustee, the Paying Agent and the Registrar, from any loss which any of them may suffer if a Note is replaced, and, in the absence of notice to the Issuer, any Guarantor or the Trustee that such Note has been acquired by a protected purchaser, the Issuer shall execute, and upon receipt of an Issuer Order, the Trustee shall authenticate and make available for delivery, in exchange for any such mutilated Note or in lieu of any such destroyed, lost or stolen Note, a new Note of like tenor and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Issuer in its discretion may, instead of issuing a new Note, pay such Note.

Upon the issuance of any new Note under this Section 2.11, the Issuer may require that such Holder pay a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of counsel and of the Trustee) in connection therewith.

Subject to the proviso in the initial paragraph of this Section 2.11, every new Note issued pursuant to this Section 2.11, in lieu of any mutilated, destroyed, lost or stolen Note shall constitute an original additional contractual obligation of the Issuer, any Guarantor (if applicable) and any other obligor upon the Notes, whether or not the mutilated, destroyed, lost or stolen Note shall be at any time enforceable by anyone, and shall be entitled to all benefits of this Indenture equally and proportionately with any and all other Notes duly issued hereunder.

The provisions of this Section 2.11 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

SECTION 2.12 Outstanding Notes. Notes outstanding at any time are all Notes authenticated by the Trustee except for those cancelled by it, those delivered to it for cancellation, those paid pursuant to Section 2.11 and those described in this Section 2.12 as not outstanding. A Note does not cease to be outstanding in the event the Issuer or an Affiliate of the Issuer holds the Note; *provided*, *however*, that (i) for purposes of determining which are outstanding for consent or voting purposes hereunder, the provisions of Section 12.04 shall apply and (ii) in determining whether the Trustee shall be protected in making a determination whether the Holders of the requisite principal amount of outstanding Notes are present at a meeting of Holders of Notes for quorum purposes or have consented to or voted in favor of any request, demand, authorization, direction, notice, consent, waiver, amendment or modification hereunder, or relying upon any such quorum, consent or vote, only Notes which a Responsible Officer of the Trustee actually knows to be held by the Issuer or an Affiliate of the Issuer shall not be considered outstanding.

If a Note is replaced pursuant to Section 2.11 (other than a mutilated Note surrendered for replacement), it ceases to be outstanding unless the Trustee and the Issuer receive proof satisfactory to them that the replaced Note is held by a protected purchaser. A mutilated Note ceases to be outstanding upon surrender of such Note and replacement pursuant to Section 2.11.

If the Paying Agent segregates and holds in trust, in accordance with this Indenture, on a Redemption Date or maturity date, money sufficient to pay all principal, premium, if any, and accrued interest payable on that date with respect to the Notes (or portions thereof) to be redeemed or maturing, as the case may be, and the Paying Agent is not prohibited from paying such money to the Holders on that date pursuant to the terms of this Indenture, then on and after that date such Notes (or portions thereof) cease to be outstanding and interest on them ceases to accrue.

SECTION 2.13 Temporary Notes. In the event that Definitive Notes are to be issued under the terms of this Indenture, until such Definitive Notes are ready for delivery, the Issuer may prepare and the Trustee shall, upon receipt of an Issuer Order, authenticate temporary Notes. Temporary Notes shall be substantially in the form, and shall carry all rights, of Definitive Notes but may have variations that the Issuer considers appropriate for temporary Notes. Without unreasonable delay, the Issuer shall prepare and the Trustee shall, upon receipt of an Issuer Order, authenticate Definitive Notes. After the preparation of Definitive Notes, the temporary Notes shall be exchangeable for Definitive Notes upon surrender of the temporary Notes at any office or agency maintained by the Issuer for that purpose and such exchange shall be without charge to the Holder. Upon surrender for cancellation of any one or more temporary Notes, the Issuer shall execute, and the Trustee shall, upon receipt of an Issuer Order, authenticate and make available for delivery in exchange therefor, one or more Definitive Notes representing an equal principal amount of Notes. Until so exchanged, the Holder of temporary Notes shall in all respects be entitled to the same benefits under this Indenture as a Holder of Definitive Notes.

SECTION 2.14 Cancellation. The Issuer at any time may deliver Notes to the Trustee for cancellation. The Registrar and the Paying Agent shall forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee and no one else shall cancel all Notes surrendered for registration of transfer, exchange, payment or cancellation and dispose of such Notes in accordance with its internal policies and customary procedures (subject to the record retention requirements of the Exchange Act and the Trustee). If the Issuer or any Guarantor acquires any of the Notes, such acquisition shall not operate as a redemption or satisfaction of the Indebtedness represented by such Notes unless and until the same are surrendered to the Trustee for cancellation pursuant to this Section 2.14. The Issuer may not issue new Notes to replace Notes it has paid or delivered to the Trustee for cancellation for any reason other than in connection with a transfer or exchange.

At such time as all beneficial interests in a Global Note have either been exchanged for Definitive Notes, transferred, redeemed, repurchased or canceled, such Global Note shall be returned by DTC to the Trustee for cancellation or retained and canceled by the Trustee. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for Definitive Notes, transferred in exchange for an interest in another Global Note, redeemed, repurchased or canceled, the principal amount of Notes represented by such Global Note shall be reduced and an adjustment shall be made on the books and records of the Trustee (if it is then the Notes Custodian for such Global Note) with respect to such Global Note, by the Trustee or the Notes Custodian, to reflect such reduction.

SECTION 2.15 Payment of Interest; Defaulted Interest. Interest on any Note which is payable, and is timely paid or duly provided for, on any interest payment date shall be paid to the Person in whose name such Note (or one or more Predecessor Notes) is registered at the close of business on the regular record date for such payment at the office or agency of the Issuer maintained for such purpose pursuant to Section 2.03. Interest on the Notes will be computed on the basis of a 360-day year comprised of twelve 30-day months (and therefore, for the avoidance of doubt, because the Notes will be issued on April 25, 2023 no interest will accrue on April 25, 2023, and the first day on which interest will accrue shall be April 26, 2023).

Any interest on any Note which is payable, but is not paid when the same becomes due and payable and such nonpayment continues for a period of 30 days shall forthwith cease to be payable to the Holder on the regular record date, and such defaulted interest and (to the extent lawful) interest on such defaulted interest at the rate borne by the Notes (such defaulted interest and interest thereon herein collectively called "Defaulted Interest") shall be paid by the Issuer, at its election, as provided in clause (a) or (b) of this Section 2.15:

(a) The Issuer may elect to make payment of any Defaulted Interest to the Persons in whose names the Notes (or their respective Predecessor Notes) are registered at the close of business on a Special Record Date (as defined below) for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Issuer shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Note and the date (not less than 30 days after such notice) of the proposed payment (the "Special Interest Payment Date"), and at the same time the Issuer shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this Section 2.15(a). Thereupon the Issuer shall fix a record date (the "Special Record Date") for the payment of such Defaulted Interest, which date shall be not more than twenty (20) calendar days and not less than fifteen calendar days prior to the Special Interest Payment Date and not less than ten (10) calendar days after the receipt by the Trustee of the notice of the proposed payment. The Issuer shall promptly notify the Trustee in writing of such Special Record Date, and in the name and at the expense of the Issuer, the Trustee shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date and Special Interest Payment Date therefor to be given in the manner provided for in Section 12.01, not less than ten (10) calendar days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date and Special Interest Payment Date therefor having been so given, such Defaulted Interest shall be paid on the Special Interest Payment Date to the Persons in whose names the Notes (or their respective Predecessor Notes) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the provisions in Section 2.15(b).

(b) The Issuer may make payment of any Defaulted Interest in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Notes may be listed, and upon such notice as may be required by such exchange, if, after written notice given by the Issuer to the Trustee of the proposed payment pursuant to this Section 2.15(b), such manner of payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section 2.15, each Note delivered under this Indenture upon registration of, transfer of or in exchange for or in lieu of any other Note shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Note.

SECTION 2.16 CUSIP and ISIN Numbers.

The Issuer in issuing the Notes may use "CUSIP" and "ISIN" numbers and, if so, the Trustee shall use "CUSIP" and "ISIN" numbers in notices of redemption or purchase as a convenience to Holders; *provided*, *however*, that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Notes or as contained in any notice of a redemption or purchase and that reliance may be placed only on the other identification numbers printed on the Notes, and any such redemption or purchase shall not be affected by any defect in or omission of such CUSIP and ISIN numbers. The Issuer shall promptly notify the Trustee in writing of any change in the CUSIP and ISIN numbers.

ARTICLE III

COVENANTS

SECTION 3.01 Payment of Notes. The Issuer shall promptly pay the principal of, premium, if any, and interest on the Notes on the dates and in the manner provided in the Notes and in this Indenture. Principal, premium, if any, and interest shall be considered paid on the date due if by 11:00 a.m. Chicago time on such date the Trustee or the Paying Agent holds in accordance with this Indenture money sufficient to pay all principal, premium, if any, and interest then due and the Trustee or the Paying Agent, as the case may be, is not prohibited from paying such money to the Holders on that date pursuant to the terms of this Indenture.

The Issuer shall pay interest on overdue principal at the rate specified therefor in the Notes, and it shall pay interest on overdue installments of interest at the same rate to the extent lawful.

Notwithstanding anything to the contrary contained in this Indenture, the Issuer may, to the extent it is required to do so by law, deduct or withhold income or other similar taxes imposed by the United States of America from principal or interest payments hereunder.

SECTION 3.02 Limitation on Indebtedness.

(a) From and after the Escrow Release Date, the Issuer shall not, and shall not permit any of its Restricted Subsidiaries to, incur any Indebtedness (including Acquired Indebtedness); *provided*, *however*, that the Issuer and any Restricted Subsidiary may incur Indebtedness (including Acquired Indebtedness), if on the date of such incurrence and after giving pro forma effect thereto (including pro forma application of the proceeds thereof), either (i) the Fixed Charge Coverage Ratio of the Issuer and its Restricted Subsidiaries is greater than 2.00 to 1.00 or (ii) the Consolidated Total Net Leverage Ratio would have been no greater than 5.00 to 1.00; *provided*, *further*, that Restricted Subsidiaries that are not Guarantors may not incur Indebtedness (including Acquired Indebtedness) under this Section 3.02(a) in excess of, when aggregated with the principal amount of all other Indebtedness (including Acquired Indebtedness) incurred by a Restricted Subsidiary that is not a Guarantor under this Section 3.02(a), after giving pro forma effect to the incurrence of such additional amount of Indebtedness and the application of the proceeds therefrom, the greater of (x) $135.0 million and (y) 45.0% of LTM EBITDA.

(b) Section 3.02(a) will not prohibit the incurrence of the following Indebtedness:

(1) Indebtedness incurred under any Credit Facility (including letters of credit or bankers' acceptances issued or created under any Credit Facility), and Guarantees in respect of such Indebtedness, up to an aggregate principal amount at the time of incurrence not exceeding the sum of (a) $750.0 million, (b) the greater of $300.0 million and 100.0% of LTM EBITDA, and (c) any additional amount if after giving pro forma effect to the incurrence of such additional amount and the application of the proceeds therefrom, the Consolidated Secured Net Leverage Ratio would be no greater than (i) 4.50 to 1.00 outstanding at any one time or (ii) to the extent such Indebtedness is incurred or issued to finance an acquisition or Investment, the Consolidated Secured Net Leverage Ratio immediately prior to the incurrence of such Indebtedness, and any Refinancing Indebtedness in respect thereof (or successive refinancings thereof that each constitute Refinancing Indebtedness);

(2) Guarantees by the Issuer or any Restricted Subsidiary of Indebtedness or other obligations of the Issuer or any Restricted Subsidiary so long as the incurrence of such Indebtedness or other obligations is not prohibited by the terms of this Indenture;

(3) Indebtedness of the Issuer to any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary to the Issuer or any Restricted Subsidiary; *provided*, *however*, that:

(i) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being held by a Person other than the Issuer or a Restricted Subsidiary, and

(ii) any sale or other transfer of any such Indebtedness to a Person other than the Issuer or a Restricted Subsidiary,

shall be deemed, in each case, to constitute an incurrence of such Indebtedness by the Issuer or such Restricted Subsidiary, as applicable;

(4) Indebtedness represented by (a) the Notes outstanding on the Escrow Release Date, including any Guarantee thereof, (b) any Indebtedness (other than Indebtedness incurred pursuant to clauses (1) and (4)(a) of this Section 3.02(b)) outstanding on the Escrow Release Date and any Guarantees thereof, (c) Refinancing Indebtedness (including with respect to the Notes and any Guarantee thereof) incurred in respect of any Indebtedness described in this clause (4) or clause (2) or (5) of this Section 3.02(b) or incurred pursuant to Section 3.02(a), and (d) Management Advances;

(5) Indebtedness of (x) the Issuer or any Restricted Subsidiary incurred or issued to finance an acquisition or Investment or (y) Persons that are acquired by the Issuer or any Restricted Subsidiary or merged into, amalgamated or consolidated with the Issuer or a Restricted Subsidiary in accordance with the terms of this Indenture (including designating an Unrestricted Subsidiary as a Restricted Subsidiary); *provided* that after giving pro forma effect to such acquisition, merger, amalgamation or consolidation, either:

(a) the Issuer would be permitted to incur at least $1.00 of additional Indebtedness pursuant to Section 3.02(a);

(b) either the Fixed Charge Coverage Ratio of the Issuer and its Restricted Subsidiaries would not be lower or the Consolidated Total Net Leverage Ratio of the Issuer and its Restricted Subsidiaries would not be higher, in each case, than it was immediately prior to such acquisition, merger, amalgamation or consolidation; or

(c) such Indebtedness constitutes Acquired Indebtedness (other than Indebtedness incurred in contemplation of the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary); *provided* that, in the case of this clause (c), the only obligors with respect to such Indebtedness shall be those Persons who were obligors of such Indebtedness prior to such acquisition, merger, amalgamation or consolidation;

(6) Hedging Obligations (excluding Hedging Obligations which are entered into for speculative purposes);

(7) Indebtedness (i) represented by Finance Lease Obligations or Purchase Money Obligations in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness incurred pursuant to this clause (7)(i) and then outstanding, does not exceed the greater of (a) $90.0 million and (b) 30.0% of LTM EBITDA at the time of incurrence, and any Refinancing Indebtedness in respect thereof and (ii) arising out of Sale and Leaseback Transactions in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness incurred pursuant to this clause (7)(ii) and then outstanding, shall not exceed the greater of (a) $90.0 million and (b) 30.0% of LTM EBITDA at the time of incurrence, and any Refinancing Indebtedness in respect thereof;

(8) Indebtedness in respect of (a) workers' compensation claims, health, disability or other employee benefits, property, casualty or liability insurance, self-insurance obligations, customer guarantees, performance, indemnity, surety, judgment, bid, appeal, advance payment (including progress premiums), customs, value added or other tax or other guarantees or other similar bonds, instruments or obligations, completion guarantees and warranties or relating to liabilities, obligations or guarantees incurred in the ordinary course of business or consistent with past practice; (b) the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business or consistent with past practice; (c) customer deposits and advance payments (including progress premiums) received from customers for goods or services purchased in the ordinary course of business or consistent with past practice; (d) letters of credit, bankers' acceptances, discounted bills of exchange, discounting or factoring of receivables or payables for credit management purposes, warehouse receipts, guarantees or other similar instruments or obligations issued or entered into, or relating to liabilities or obligations incurred in the ordinary course of business or consistent with past practice; (e) Cash Management Obligations; and (f) Settlement Indebtedness;

(9) Indebtedness arising from agreements providing for guarantees, indemnification, obligations in respect of earn-outs, deferred purchase price or other adjustments of purchase price or, in each case, similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business, assets, a Person (including any Capital Stock of a Subsidiary) or Investment (other than Guarantees of Indebtedness incurred by any Person acquiring or disposing of such business, assets, Person or Investment for the purpose of financing such acquisition or disposition);

(10) Indebtedness of Non-Guarantors in an aggregate principal amount not to exceed the greater of (i) $150.0 million and (ii) 50.0% of LTM EBITDA at the time of incurrence, and any Refinancing Indebtedness in respect thereof;

(11) (a) Indebtedness issued by the Issuer or any of its Subsidiaries to any future, present or former employee, director, officer, manager, contractor, consultant or advisor (or their respective Controlled Investment Affiliates) of the Issuer or any of its Subsidiaries or any Parent Entity, in each case to finance the purchase or redemption of Capital Stock of the Issuer or any direct or indirect parent thereof that is not prohibited by Section 3.03 and (b) Indebtedness consisting of obligations under deferred compensation or any other similar arrangements incurred in the ordinary course of business, consistent with past practice or in connection with the Transactions, any Investment or any acquisition (by merger, consolidation, amalgamation or otherwise);

(12) Indebtedness of the Issuer or any of its Restricted Subsidiaries consisting of (i) the financing of insurance premiums or (ii) take-or-pay obligations contained in supply arrangements, in each case incurred in the ordinary course of business or consistent with past practice;

(13) Indebtedness in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness incurred pursuant to this clause and then outstanding, will not exceed the greater of (i) $150.0 million and (ii) 50.0% of LTM EBITDA, and any Refinancing Indebtedness in respect thereof;

(14) Indebtedness in respect of any Qualified Securitization Financing or any Receivables Facility in an aggregate principal amount which, when taken together with the principal amount of all other Indebtedness incurred pursuant to this clause (14) and then outstanding, does not exceed the greater of (i) $150.0 million and (ii) 50.0% of LTM EBITDA, and any Refinancing Indebtedness in respect thereof;

(15) any obligation, or guaranty of any obligation, of the Issuer or any Restricted Subsidiary to reimburse or indemnify a Person extending credit to customers of the Issuer or a Restricted Subsidiary incurred in the ordinary course of business or consistent with past practice for all or any portion of the amounts payable by such customers to the Person extending such credit;

(16) Indebtedness to a customer to finance the acquisition of any equipment necessary to perform services for such customer; *provided* that the terms of such Indebtedness are consistent with those entered into with respect to similar Indebtedness prior to the Escrow Release Date, including, if so consistent, that (i) the repayment of such Indebtedness is conditional upon such customer ordering a specific amount or volume, as applicable, of goods or services and (ii) such Indebtedness does not bear interest or provide for scheduled amortization or maturity;

(17) Indebtedness incurred by the Issuer or any of its Restricted Subsidiaries to the extent that the net proceeds thereof are promptly deposited with the Trustee, another trustee or agent to satisfy or discharge the Notes or any other Indebtedness incurred pursuant to this Section 3.02 or exercise the applicable borrower's or issuer's legal defeasance or covenant defeasance, in each case, in accordance with this Indenture or the relevant documents governing such Indebtedness;

(18) Indebtedness of the Issuer or any of its Restricted Subsidiaries arising pursuant to any Permitted Intercompany Activities, Permitted Tax Restructuring and related transactions;

(19) obligations in respect of Disqualified Stock in an amount not to exceed the greater of (i) $30.0 million and (ii) 10.0% of LTM EBITDA outstanding at the time of incurrence;

(20) Indebtedness incurred for the benefit of joint ventures in an aggregate principal amount not to exceed the greater of (i) $30.0 million and (ii) 10.0% of LTM EBITDA outstanding at the time of incurrence, and any Refinancing Indebtedness in respect thereof; and

(21) to the extent constituting Indebtedness, Guarantees in the ordinary course of business of the obligations of suppliers, customers, franchisees and licensees of the Issuer and its Subsidiaries.

(c) For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness incurred pursuant to and in compliance with, this Section 3.02:

(1) subject to clause (3) of this Section 3.02(c), in the event that all or any portion of any item of Indebtedness meets the criteria of more than one of the types of Indebtedness described in Section 3.02(a) and Section 3.02(b), the Issuer, in its sole discretion, shall classify, and may from time to time reclassify pursuant to clause (2) of this Section 3.02(c), such item of Indebtedness (or any portion thereof) and only be required to include the amount and type of such Indebtedness in Section 3.02(a) or one of the clauses of Section 3.02(b);

(2) additionally, subject to clause (3) of this Section 3.02(c), all or any portion of any item of Indebtedness may later be reclassified as having been incurred pursuant to any type of Indebtedness described in Section 3.02(a) or (b) so long as such Indebtedness is permitted to be incurred pursuant to such provision and any related Liens are permitted to be incurred at the time of reclassification; *provided* that any Indebtedness incurred by the Issuer or any Guarantor pursuant to one of the clauses of Section 3.02(b) shall automatically cease to be deemed incurred or outstanding for purposes of such clause and shall automatically be deemed incurred for the purposes of the Section 3.02(a) from and after the first date on which the Issuer or its Restricted Subsidiaries could have incurred such Indebtedness under Section 3.02(a) without reliance on such clause;

(3) all Indebtedness under the Credit Agreement that is incurred on the Escrow Release Date and outstanding on the Escrow Release Date shall be deemed incurred on the Escrow Release Date under Section 3.02(b)(1)(a) and may not later be reclassified;

(4) in the case of any Refinancing Indebtedness, when measuring the outstanding amount of such Indebtedness, such amount shall not include the aggregate amount of accrued and unpaid interest, dividends, premiums (including tender premiums), defeasance costs, underwriting discounts, fees, costs and expenses (including original issue discount, upfront fees or similar fees) in connection with such refinancing;

(5) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(6) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are incurred pursuant to any Credit Facility and are being treated as incurred pursuant to Section 3.02(a) or any clause of Section 3.02(b) and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;

(7) the principal amount of any Disqualified Stock of the Issuer or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;

(8) Indebtedness permitted by this Section 3.02 need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this Section 3.02 permitting such Indebtedness;

(9) for all purposes under this Indenture, including for purposes of calculating the Fixed Charge Coverage Ratio, the Consolidated Secured Net Leverage Ratio or the Consolidated Total Net Leverage Ratio, as applicable, in connection with the incurrence, issuance or assumption of any Indebtedness pursuant to Section 3.02(a) or Section 3.02(b) or the incurrence or creation of any Lien pursuant to the definition of "Permitted Liens," the Issuer may elect, at its option, to treat all or any portion of the committed amount of any Indebtedness (and the issuance and creation of letters of credit and bankers' acceptances thereunder) which is to be incurred (or any commitment in respect thereof) or secured by such Lien, as the case may be (any such committed amount elected until revoked as described below, the "Reserved Indebtedness Amount"), as being incurred as of such election date, and, if such Fixed Charge Coverage Ratio, the Consolidated Secured Net Leverage Ratio, the Consolidated Total Net Leverage Ratio or other provision of this Indenture, as applicable, is complied with (or satisfied) with respect thereto on such election date, any subsequent borrowing or reborrowing thereunder (and the issuance and creation of letters of credit and bankers' acceptances thereunder) will be deemed to be permitted under this Indenture, whether or not the Fixed Charge Coverage Ratio, the Consolidated Secured Net Leverage Ratio, the Consolidated Total Net Leverage Ratio or other provision of this Indenture, as applicable, at the actual time of any subsequent borrowing or reborrowing (or issuance or creation of letters of credit or bankers' acceptances thereunder) is complied with (or satisfied) for all purposes (including as to the absence of any continuing Default or Event of Default); *provided* that for purposes of subsequent calculations of the Fixed Charge Coverage Ratio, the Consolidated Secured Net Leverage Ratio, the Consolidated Total Net Leverage Ratio or other provision of this Indenture, as applicable, the Reserved Indebtedness Amount shall be deemed to be outstanding, whether or not such amount is actually outstanding, for so long as such commitments are outstanding or until the Issuer revokes an election of a Reserved Indebtedness Amount;

(10) notwithstanding anything in this Section 3.02 to the contrary, in the case of any Indebtedness incurred to refinance Indebtedness initially incurred in reliance on Section 3.02(b) measured by reference to a percentage of LTM EBITDA at the time of incurrence, if such refinancing would cause the percentage of LTM EBITDA restriction to be exceeded if calculated based on the percentage of LTM EBITDA on the date of such refinancing, such percentage of LTM EBITDA restriction shall not be deemed to be exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced, plus accrued and unpaid interest, dividends, premiums (including tender premiums), defeasance costs, underwriting discounts, fees, costs and expenses (including original issue discount, upfront fees or similar fees) in connection with such refinancing; and

(11) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined in accordance with GAAP.

Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in GAAP, will not be deemed to be an incurrence of Indebtedness for purposes of this Section 3.02.

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be incurred by a Restricted Subsidiary as of such date (and, if such Indebtedness is not permitted to be incurred as of such date under this Section 3.02, the Issuer shall be in default of this Section 3.02).

For purposes of determining compliance with any Dollar-denominated restriction on the incurrence of Indebtedness, the Dollar equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred, in the case of term debt, or first committed, in the case of revolving credit debt; *provided* that if such Indebtedness is incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable Dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such Dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed (a) the principal amount of such Indebtedness being refinanced plus (b) the aggregate amount of accrued and unpaid interest, dividends, premiums (including tender premiums), defeasance costs, underwriting discounts, fees, costs and expenses (including original issue discount, upfront fees or similar fees) in connection with such refinancing.

Notwithstanding any other provision of this Section 3.02, the maximum amount of Indebtedness that the Issuer or a Restricted Subsidiary may incur pursuant to this Section 3.02 shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness incurred to refinance other Indebtedness, if incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective Indebtedness is denominated that is in effect on the date of such refinancing.

With respect to any Indebtedness that was permitted to be incurred hereunder on the date of such incurrence, any Increased Amount of such Indebtedness shall also be permitted hereunder after the date of such incurrence.

Unsecured Indebtedness will not be treated under this Indenture as subordinated or junior to Secured Indebtedness merely because it is unsecured. Senior Indebtedness will not be treated under this Indenture as subordinated or junior to any other senior Indebtedness merely because it has a junior priority with respect to the same collateral or is secured by different collateral or because it is guaranteed by different obligors.

SECTION 3.03 Limitation on Restricted Payments.

(a) From and after the Escrow Release Date, the Issuer shall not, and shall not permit any of its Restricted Subsidiaries, directly or indirectly, to:

(1) declare or pay any dividend or make any distribution on or in respect of the Issuer's or any Restricted Subsidiary's Capital Stock (including any such payment in connection with any merger or consolidation involving the Issuer or any of the Restricted Subsidiaries) except:

(i) dividends, payments or distributions payable in Capital Stock of the Issuer (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Issuer;

(ii) dividends, payments or distributions payable to the Issuer or a Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Issuer or another Restricted Subsidiary on no more than a *pro rata* basis); and

(iii) dividends or distributions payable to any Parent Entity to fund interest payments in respect of Indebtedness of such Parent Entity which is guaranteed by the Issuer or any Restricted Subsidiary;

(2) purchase, repurchase, redeem, retire or otherwise acquire or retire for value any Capital Stock of the Issuer or any Parent Entity held by Persons other than the Issuer or a Restricted Subsidiary;

(3) purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than (i) any such purchase, repurchase, redemption, defeasance or other acquisition or retirement in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of purchase, repurchase, redemption, defeasance or other acquisition or retirement and (ii) any Indebtedness incurred pursuant to Section 3.02(b)(3)); or

(4) make any Restricted Investment;

(any such dividend, distribution, payment, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (4) above are referred to herein as a "Restricted Payment"), if at the time the Issuer or such Restricted Subsidiary makes such Restricted Payment:

(i) (a) other than in the case of amounts attributable to clauses (A) through (E) of the Available Amount Builder Basket set forth below, an Event of Default shall have occurred and be continuing (or would immediately thereafter result therefrom) and (y) other than in the case of a Restricted Payment under Section 3.03(a)(4), immediately after giving effect to such transaction on a pro forma basis, the Issuer could incur $1.00 of additional Indebtedness pursuant to Section 3.02(a) hereof; and

(ii) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to the Escrow Release Date (and not returned or rescinded) (including Permitted Payments made pursuant to Section 3.03(b)(1) (without duplication) and Section 3.03(b)(7), but excluding all other Restricted Payments permitted by Section 3.03(b)) would exceed the sum of (without duplication):

(A) 50% of Consolidated Net Income for the period (treated as one accounting period) from the first day of the fiscal quarter in which the Escrow Release Date occurs to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which consolidated financial statements are available (which may, at the Issuer's election, be internal financial statements) (or, in the case such Consolidated Net Income is a deficit, minus 100% of such deficit);

(B) 100% of the aggregate amount of cash, and the fair market value of property or assets or marketable securities, received by the Issuer from the issue or sale of its Capital Stock or as the result of a merger or consolidation with another Person subsequent to the Escrow Release Date or otherwise contributed to the equity (in each case other than through the issuance of Disqualified Stock or Designated Preferred Stock) of the Issuer or a Restricted Subsidiary (including the aggregate principal amount of any Indebtedness of the Issuer or a Restricted Subsidiary contributed to the Issuer or a Restricted Subsidiary for cancellation) or that becomes part of the capital of the Issuer or a Restricted Subsidiary through consolidation or merger subsequent to the Escrow Release Date (other than (x) net cash proceeds or property or assets or marketable securities received from an issuance or sale of such Capital Stock to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any of its Subsidiaries for the benefit of their employees to the extent funded by the Issuer or any Restricted Subsidiary, (y) cash or property or assets or marketable securities to the extent that any Restricted Payment has been made from such proceeds in reliance on Section 3.03(b)(6) and (z) Excluded Contributions);

(C) 100% of the aggregate amount of cash, and the fair market value of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary from the issuance or sale (other than to the Issuer or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any of its Subsidiaries for the benefit of their employees to the extent funded by the Issuer or any Restricted Subsidiary) by the Issuer or any Restricted Subsidiary subsequent to the Escrow Release Date of any Indebtedness, Disqualified Stock or Designated Preferred Stock that has been converted into or exchanged for Capital Stock of the Issuer (other than Disqualified Stock or Designated Preferred Stock) plus, without duplication, the amount of any cash, and the fair market value of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary upon such conversion or exchange;

(D) 100% of the aggregate amount received in cash and the fair market value, as determined in good faith by the Issuer, of marketable securities or other property received by means of: (i) the sale or other disposition (other than to the Issuer or a Restricted Subsidiary) of, or other returns on Investment from, Restricted Investments made by the Issuer or its Restricted Subsidiaries and repurchases and redemptions of, or cash distributions or cash interest received in respect of, such Investments from the Issuer or its Restricted Subsidiaries and repayments of loans or advances, and releases of guarantees, which constitute Restricted Investments by the Issuer or its Restricted Subsidiaries, in each case after the Escrow Release Date; or (ii) the sale or other disposition (other than to the Issuer or a Restricted Subsidiary) of the Capital Stock of an Unrestricted Subsidiary or a dividend, payment or distribution from an Unrestricted Subsidiary (other than to the extent of the amount of the Investment that constituted a Permitted Investment or was made under Section 3.03(b)(17) and will increase the amount available under the applicable clause of the definition of "Permitted Investments" or Section 3.03(b)(17), as applicable) or a dividend from a Person that is not a Restricted Subsidiary after the Escrow Release Date;

(E) in the case of the redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary or the merger, amalgamation or consolidation of an Unrestricted Subsidiary into the Issuer or a Restricted Subsidiary or the transfer of all or substantially all of the assets of an Unrestricted Subsidiary to the Issuer or a Restricted Subsidiary after the Escrow Release Date, the fair market value of the Investment in such Unrestricted Subsidiary (or the assets transferred), as determined in good faith by the Issuer at the time of the redesignation of such Unrestricted Subsidiary as a Restricted Subsidiary or at the time of such merger, amalgamation or consolidation or transfer of assets (after taking into consideration any Indebtedness associated with the Unrestricted Subsidiary so designated or merged, amalgamated or consolidated or Indebtedness associated with the assets so transferred), other than to the extent of the amount of the Investment that constituted a Permitted Investment or was made under Section 3.03(b)(17) and will increase the amount available under the applicable clause of the definition of "Permitted Investments" or Section 3.03(b)(17), as the case may be; and

(F) the greater of (x) $105.0 million and (y) 35.0% of LTM EBITDA (the foregoing clause (ii), the "Available Amount Builder Basket").

For the avoidance of doubt, the acquisition by and/or transfer to the Issuer and/or any of its Subsidiaries of the SpinCo Business and the related transactions in connection with the Spin-Off shall be deemed not to increase the Available Amount Builder Basket.

(b) Section 3.03(a) will not prohibit any of the following (collectively, "Permitted Payments"):

(1) the payment of any dividend or distribution within 60 days after the date of declaration thereof, if at the date of declaration such payment would have complied with the provisions of this Indenture or the redemption, repurchase or retirement of Indebtedness if, at the date of any redemption notice, such payment would have complied with the provisions of this Indenture as if it were and is deemed at such time to be a Restricted Payment at the time of such notice;

(2) (a) any prepayment, purchase, repurchase, redemption, defeasance, discharge, retirement or other acquisition of Capital Stock, including any accrued and unpaid dividends thereon ("Treasury Capital Stock") or Subordinated Indebtedness made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent sale of, Capital Stock of the Issuer or any Parent Entity to the extent contributed to the Issuer (in each case, other than Disqualified Stock or Designated Preferred Stock) ("Refunding Capital Stock"), (b) the declaration and payment of dividends on Treasury Capital Stock out of the proceeds of the substantially concurrent sale or issuance (other than to a Subsidiary of the Issuer or to an employee stock ownership plan or any trust established by the Issuer or any of its Subsidiaries) of Refunding Capital Stock and (c) if immediately prior to the retirement of Treasury Capital Stock, the declaration and payment of dividends thereon was permitted under Section 3.03(b)(13), the declaration and payment of dividends on the Refunding Capital Stock (other than Refunding Capital Stock the proceeds of which were used to redeem, repurchase, retire or otherwise acquire any Capital Stock of a Parent Entity) in an aggregate amount per year no greater than the aggregate amount of dividends per annum that were declarable and payable on such Treasury Capital Stock immediately prior to such retirement;

(3) any prepayment, purchase, repurchase, exchange, redemption, defeasance, discharge, retirement or other acquisition of Subordinated Indebtedness made by exchange for, or out of the proceeds of the substantially concurrent sale of, Refinancing Indebtedness permitted to be incurred pursuant to Section 3.02;

(4) any prepayment, purchase, repurchase, exchange, redemption, defeasance, discharge, retirement or other acquisition of Preferred Stock of, the Issuer or a Restricted Subsidiary made by exchange for, or out of the proceeds of the substantially concurrent sale of, Preferred Stock of the Issuer or a Restricted Subsidiary, as applicable, that, in each case, is permitted to be incurred pursuant to Section 3.02;

(5) any prepayment, purchase, repurchase, exchange, redemption, defeasance, discharge, retirement or other acquisition of Subordinated Indebtedness of the Issuer or a Restricted Subsidiary or Disqualified Stock or Preferred Stock of a Restricted Subsidiary:

(i) from net cash proceeds to the extent permitted under Section 3.05, but only if the Issuer shall have first complied with Section 3.05 and purchased all Notes tendered pursuant to any offer to repurchase all the Notes required thereby, prior to prepaying, purchasing, repurchasing, redeeming, defeasing, discharging, retiring or otherwise acquiring such Subordinated Indebtedness, Disqualified Stock or Preferred Stock;

(ii) to the extent required by the agreement governing such Subordinated Indebtedness, Disqualified Stock or Preferred Stock, following the occurrence of (i) a Change of Control (or other similar event described therein as a "change of control") or (ii) an Asset Disposition (or other similar event described therein as an "asset disposition" or "asset sale"), but only if the Issuer shall have first complied with Section 3.05 or Section 3.09, as applicable, and purchased all Notes tendered pursuant to the offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness, Disqualified Stock or Preferred Stock; or

(iii) consisting of Acquired Indebtedness (other than Indebtedness incurred in connection with or contemplation of such acquisition);

(6) a Restricted Payment to pay for the prepayment, purchase, repurchase, redemption, defeasance, discharge, retirement or other acquisition of Capital Stock of the Issuer or any Parent Entity held by any future, present or former employee, director, officer, manager, contractor, consultant or advisor (or their respective Controlled Investment Affiliates) of the Issuer or any of its Subsidiaries or any Parent Entity pursuant to any management equity plan, stock option plan, phantom equity plan or any other management, employee benefit or other compensatory plan or agreement (and any successor plans or arrangements thereto), employment, termination or severance agreement, or any stock subscription or equityholder agreement (including, for the avoidance of doubt, any principal and interest payable on any Indebtedness issued by the Issuer or any Parent Entity in connection with such prepayment, purchase, repurchase, redemption, defeasance, discharge, retirement or other acquisition), including any Capital Stock rolled over, accelerated or paid out by or to any employee, director, officer, manager, contractor, consultant or advisor (or their respective Controlled Investment Affiliates) of the Issuer or any of its Subsidiaries or any Parent Entity in connection with any transaction; *provided*, *however*, that the aggregate Restricted Payments made under this clause do not exceed the greater of (i) $15.0 million and (ii) 5.0% of LTM EBITDA in any calendar year (with unused amounts in any calendar year being carried over to the immediately succeeding calendar year, so long as the aggregate amount of all Restricted Payments made in reliance on this clause (6) in any fiscal year does not exceed the sum of (a) the greater of (x) $30.0 million and (y) 10.0% of LTM EBITDA) and (b) any amounts described in the immediately following proviso; *provided*, *further*, that such amount in any calendar year may be increased by an amount not to exceed:

(i) the cash proceeds from the sale of Capital Stock (other than Disqualified Stock) of the Issuer and, to the extent contributed to the capital of the Issuer, the cash proceeds from the sale of Capital Stock of any Parent Entity, in each case, to any future, present or former employee, director, officer, manager, contractor, consultant or advisor (or their respective Controlled Investment Affiliates) of the Issuer or any of its Subsidiaries or any Parent Entity that occurred after the Escrow Release Date, to the extent the cash proceeds from the sale of such Capital Stock have not otherwise been applied to the payment of Restricted Payments by virtue of the Available Amount Builder Basket; *plus*

(ii) the cash proceeds of key man life insurance policies received by the Issuer or its Restricted Subsidiaries (or any Parent Entity to the extent contributed to the Issuer) after the Escrow Release Date; *less*

(iii) the amount of any Restricted Payments made in previous calendar years pursuant to clauses (i) and (ii) of this clause (6);

provided that the Issuer may elect to apply all or any portion of the aggregate increase contemplated by clauses (i) and (ii) of this clause (6) in any fiscal year; *provided*, *further*, that (i) cancellation of Indebtedness owing to the Issuer or any Restricted Subsidiary from any future, present or former employee, director, officer, manager, contractor, consultant or advisor (or their respective Controlled Investment Affiliates) of the Issuer or its Restricted Subsidiaries or any Parent Entity in connection with a repurchase of Capital Stock of the Issuer or any Parent Entity and (ii) the repurchase of Capital Stock deemed to occur upon the exercise of options, warrants or similar instruments if such Capital Stock represents all or a portion of the exercise price thereof and payments, in lieu of the issuance of fractional shares of such Capital Stock or withholding to pay other taxes payable in connection therewith, in the case of each of clauses (i) and (ii), will not be deemed to constitute a Restricted Payment for purposes of this Section 3.03 or any other provision of this Indenture;

(7) the declaration and payment of dividends on Disqualified Stock of the Issuer or any of its Restricted Subsidiaries or Preferred Stock of a Restricted Subsidiary, issued in accordance with Section 3.02;

(8) payments made or expected to be made by the Issuer or any Restricted Subsidiary (including payments by the Issuer or any Restricted Subsidiary to a Parent Entity so that such Parent Entity may make payments) in respect of withholding or similar taxes payable in connection with the exercise or vesting of Capital Stock or any other equity award by any future, present or former employee, director, officer, manager, contractor, consultant or advisor (or their respective Controlled Investment Affiliates) of the Issuer or any Restricted Subsidiary or any Parent Entity and purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise, conversion or exchange of stock options, warrants, equity-based awards or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof or payments in respect of withholding or similar taxes payable upon exercise or vesting thereof;

(9) dividends, loans, advances or distributions to any Parent Entity or other payments by the Issuer or any Restricted Subsidiary in amounts equal to (without duplication):

(i) the amounts required for any Parent Entity to pay any Parent Entity Expenses or any Permitted Tax Amounts; and

(ii) amounts constituting or to be used for purposes of making payments to the extent specified in Sections 3.08(b)(2), (3), (5), (11), (13), and (17).

(10) (a) the declaration and payment of dividends on the common stock or common equity interests of the Issuer or any Parent Entity (and any equivalent declaration and payment of a distribution of any security exchangeable for such common stock or common equity interests to the extent required by the terms of any such exchangeable securities and any Restricted Payment to any such Parent Entity to fund the payment by such Parent Entity of dividends on such entity's Capital Stock), in an amount in any fiscal year not to exceed $50.0 million (which permitted amount shall increase by 5.0% each year beginning with the first fiscal year after the fiscal year in which the Escrow Release Date occurs); or (b) in lieu of all or a portion of the dividends permitted by clause (a), any prepayment, purchase, repurchase, redemption, defeasance, discharge, retirement or other acquisition of the Issuer's Capital Stock (and any equivalent declaration and payment of a distribution of any security exchangeable for such common stock or common equity interests to the extent required by the terms of any such exchangeable securities and any Restricted Payment to any such Parent Entity to fund the payment by such Parent Entity of dividends on such entity's Capital Stock) for aggregate consideration that, when taken together with dividends permitted by clause (a), does not exceed the amount contemplated by clause (a);

(11) payments by the Issuer, or loans, advances, dividends or distributions to any Parent Entity to make payments, to holders of Capital Stock of the Issuer or any Parent Entity in lieu of the issuance of fractional shares of such Capital Stock; *provided*, *however*, that any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this Section 3.03 or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by the Issuer);

(12) Restricted Payments that are made (a) in an amount not to exceed the amount of Excluded Contributions or (b) in an amount equal to the amount of net cash proceeds from an asset sale or disposition in respect of property or assets acquired, if the acquisition of such property or assets was financed with Excluded Contributions;

(13) (i) the declaration and payment of dividends on Designated Preferred Stock of the Issuer or any of its Restricted Subsidiaries issued after the Escrow Release Date; (ii) the declaration and payment of dividends to a Parent Entity in an amount sufficient to allow such Parent Entity to pay dividends to holders of its Designated Preferred Stock issued after the Escrow Release Date; and (iii) the declaration and payment of dividends on Refunding Capital Stock that is Preferred Stock; *provided*, *however*, that, in the case of clause (ii), the amount of dividends paid to a Person pursuant to such clause shall not exceed the cash proceeds received by the Issuer or the aggregate amount contributed in cash to the equity of the Issuer (other than through the issuance of Disqualified Stock or an Excluded Contribution of the Issuer), from the issuance or sale of such Designated Preferred Stock; *provided* that in the case of clauses (i) and (iii), for the most recently ended four fiscal quarters for which consolidated financial statements are available (which may, at the Issuer's election, be internal financial statements) immediately preceding the date of issuance of such Designated Preferred Stock or declaration of such dividends on such Refunding Capital Stock, after giving effect to such payment on a pro forma basis, the Issuer would be permitted to incur at least $1.00 of additional Indebtedness pursuant to the test set forth in Section 3.02(a);

(14) distributions, by dividend or otherwise, or other transfer or disposition of shares of Capital Stock of, or equity interests in, an Unrestricted Subsidiary (or a Restricted Subsidiary that owns one or more Unrestricted Subsidiaries and no other material assets), or Indebtedness owed to the Issuer or a Restricted Subsidiary by an Unrestricted Subsidiary (or a Restricted Subsidiary that owns one or more Unrestricted Subsidiaries and no other material assets), in each case, other than Unrestricted Subsidiaries, substantially all the assets of which are cash and Cash Equivalents or proceeds thereof;

(15) distributions or payments of Securitization Fees, sales contributions and other transfers of Securitization Assets or Receivables Assets and purchases of Securitization Assets or Receivables Assets pursuant to a Securitization Repurchase Obligation, in each case in connection with a Qualified Securitization Financing or Receivables Facility not prohibited by this Indenture;

(16) any Restricted Payment made in connection with the Transactions (including, for the avoidance of doubt, the Repayment) and any fees, costs and expenses (including all legal, accounting and other professional fees, costs and expenses) related thereto, including Transaction Costs, or used to fund amounts owed to Affiliates in connection with the Transactions (including dividends to any Parent Entity to permit payment by such Parent Entity of such amounts);

(17) (i) Restricted Payments (including loans or advances) in an aggregate amount outstanding at the time made not to exceed the greater of (a) $105.0 million and (b) 35.0% of LTM EBITDA at such time, and (ii) any Restricted Payments, so long as, immediately after giving pro forma effect to the payment of any such Restricted Payment and the incurrence of any Indebtedness the net proceeds of which are used to make such Restricted Payment, the Consolidated Total Net Leverage Ratio shall be no greater than 3.00 to 1.00; *provided* that in the case of each of clauses (i) and (ii), no Event of Default shall have occurred or be continuing;

(18) mandatory redemptions of Disqualified Stock issued as a Restricted Payment or as consideration for a Permitted Investment;

(19) (i) the redemption, defeasance, repurchase, exchange or other acquisition or retirement of Subordinated Indebtedness of the Issuer or any Guarantor or the making of any Restricted Investment in an aggregate amount outstanding at the time made, taken together with all other redemptions, defeasances, repurchases, exchanges or other acquisitions or retirements of Subordinated Indebtedness or Restricted Investments made pursuant to this clause, not to exceed the greater of (a) $75.0 million and (b) 25.0% of LTM EBITDA at such time, and (ii) any redemption, defeasance, repurchase, exchange or other acquisition or retirement of Subordinated Indebtedness of the Issuer or any Guarantor, so long as (x) immediately after giving pro forma effect to the payment of any such Restricted Payment and the incurrence of any Indebtedness the net proceeds of which are used to make such Restricted Payment, the Consolidated Total Net Leverage Ratio shall be no greater than 3.25 to 1.00 and (y) no Event of Default shall have occurred or be continuing;

(20) payments or distributions to dissenting stockholders pursuant to applicable law (including in connection with, or as a result of, exercise of dissenters' or appraisal rights and the settlement of any claims or action (whether actual, contingent or potential)), pursuant to or in connection with a merger, amalgamation, consolidation or transfer of assets that complies with Section 4.01 hereof;

(21) Restricted Payments to a Parent Entity to finance Investments that would otherwise be permitted to be made pursuant to this Section 3.03 if made by the Issuer; *provided* that (a) such Restricted Payment shall be made substantially concurrently with the closing of such Investment (or anytime following the closing of such Investment with respect to earn-out or similar payments), (b) such Parent Entity shall, promptly following the closing thereof, cause (1) all property acquired (whether assets or Capital Stock) to be contributed to the capital of the Issuer or one of its Restricted Subsidiaries or (2) the merger or amalgamation of the Person formed or acquired by or merged or consolidated with the Issuer or one of its Restricted Subsidiaries (to the extent not prohibited by Section 4.01) to consummate such Investment, (c) such Parent Entity and its Affiliates (other than the Issuer or a Restricted Subsidiary) receives no consideration or other payment in connection with such transaction except to the extent such consideration or payment is made by the Issuer or a Restricted Subsidiary in compliance with this Indenture, (d) any property received by the Issuer shall not increase amounts available for Restricted Payments pursuant to the Available Amount Builder Basket, except to the extent the fair market value at the time of such receipt of such property exceeds the Restricted Payment made pursuant to this clause and (e) such Investment shall be deemed to be made by the Issuer or such Restricted Subsidiary pursuant to another provision of this Section 3.03 (other than pursuant to Section 3.03(b)(12) hereof) or pursuant to the definition of "Permitted Investments" (other than pursuant to clause (12) thereof);

(22) investments or other Restricted Payments in an aggregate amount not to exceed an amount equal to the sum of Total Leverage Excess Proceeds and Declined Excess Proceeds;

(23) any Restricted Payment made in connection with a Permitted Intercompany Activity, Permitted Tax Restructuring or related transactions; and

(24) any Restricted Payment payable solely in the Capital Stock of any Parent Entity.

For purposes of determining compliance with this Section 3.03, in the event that a Restricted Payment or Investment (or portion thereof) meets the criteria of more than one of the categories of Permitted Payments described in the clauses above, or is permitted pursuant to Section 3.03(a) and/or one or more of the clauses contained in the definition of "Permitted Investments," the Issuer will be entitled to divide or classify (or later divide, classify or reclassify in whole or in part in its sole discretion) such Restricted Payment or Investment (or portion thereof) in any manner that complies with this Section 3.03, including as an Investment pursuant to one or more of the clauses contained in the definition of "Permitted Investments;" *provided* that any Restricted Payment permitted pursuant to any clause of Section 3.03(b) (other than clause (17)(ii) or (19)(ii) of Section 3.03(b), as applicable) shall automatically cease to be deemed permitted or outstanding for purposes of such clause of Section 3.03(b), as applicable, and shall automatically be deemed permitted for the purposes of clause (17)(ii) or (19)(ii) of Section 3.03(b), as applicable, from and after the first date on which the Issuer or its Restricted Subsidiaries could have incurred such Restricted Payment under clause (17)(ii) or (19)(ii) of Section 3.03(b), as applicable, without reliance on such other clause of Section 3.03(b); *provided*, *further*, that any Investment permitted pursuant to one of the clauses of the definition of "Permitted Investments" (other than clause (34) thereof) shall automatically cease to be deemed permitted or outstanding for purposes of such clause of the definition of "Permitted Investments" and shall automatically be deemed permitted for the purposes of clause (34) thereof from and after the first date on which the Issuer or its Restricted Subsidiaries could have incurred such Investment under clause (34) of the definition of "Permitted Investments" without reliance on such other clause of such definition.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Issuer or such Restricted Subsidiary, as applicable, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment, property or assets other than cash shall be determined conclusively by the Issuer acting in good faith.

In connection with any commitment, definitive agreement or similar event relating to an Investment, the Issuer or the applicable Restricted Subsidiary may designate such Investment as having occurred on the date of the commitment, definitive agreement or similar event relating thereto (such date, the "Election Date") if, after giving pro forma effect to such Investment and all related transactions in connection therewith and any related pro forma adjustments, the Issuer or any of its Restricted Subsidiaries would have been permitted to make such Investment on the relevant Election Date in compliance with this Indenture, and any related subsequent actual making of such Investment will be deemed for all purposes under this Indenture to have been made on such Election Date, including for purposes of calculating any ratio, compliance with any test, usage of any baskets hereunder (if applicable) and Consolidated EBITDA and for purposes of determining whether there exists any Default or Event of Default (and all such calculations on and after the Election Date until the termination, expiration, passing, rescission, retraction or rescindment of such commitment, definitive agreement or similar event shall be made on a pro forma basis giving effect thereto and all related transactions in connection therewith); *provided* that the foregoing shall not limit the application of Section 1.04(e), to the extent applicable.

If the Issuer or a Restricted Subsidiary makes a Restricted Payment which at the time of the making of such Restricted Payment would in the good faith determination of the Issuer be permitted under the provisions of this Indenture, such Restricted Payment shall be deemed to have been made in compliance with this Indenture notwithstanding any subsequent adjustments made in good faith to the Issuer's financial statements affecting Consolidated Net Income or Consolidated EBITDA of the Issuer for any period.

For the avoidance of doubt, this Section 3.03 shall not restrict the making of, or dividends or other distributions in amounts sufficient to make, any "AHYDO catch-up payment" with respect to any Indebtedness of any Parent Entity, the Issuer or any of its Restricted Subsidiaries permitted to be incurred under this Indenture.

SECTION 3.04 Limitation on Restrictions on Distributions from Guarantors.

(a) From and after the Escrow Release Date, the Issuer shall not, and shall not permit any Guarantor to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Guarantor to pay dividends or make any other distributions on its Capital Stock; *provided* that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Issuer or any Restricted Subsidiary to other Indebtedness incurred by the Issuer or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

(b) The provisions of Section 3.04(a) shall not prohibit:

(1) any encumbrance or restriction pursuant to (x) the Credit Agreement or (y) any Credit Facility or any other agreement or instrument, in each case, in effect at or entered into on the Escrow Release Date;

(2) any encumbrance or restriction pursuant to the Note Documents;

(3) any encumbrance or restriction pursuant to applicable law, rule, regulation or order;

(4) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary, or was designated as a Restricted Subsidiary or on which such agreement or instrument is assumed by the Issuer or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Issuer or was merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary or entered into in contemplation of or in connection with such transaction) and outstanding on such date; *provided* that, for the purposes of this clause (4), if another Person is the Successor Issuer, any Subsidiary of such Person or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Issuer or any Restricted Subsidiary when such Person becomes the Successor Issuer;

(5) any encumbrance or restriction:

(i) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract or agreement, or the assignment or transfer of any lease, license or other contract or agreement;

(ii) contained in mortgages, pledges, charges or other security agreements permitted under this Indenture or securing Indebtedness of the Issuer or a Restricted Subsidiary permitted under this Indenture to the extent such encumbrances or restrictions restrict the transfer or encumbrance of the property or assets subject to such mortgages, pledges, charges or other security agreements;

(iii) contained in any trading, netting, operating, construction, service, supply, purchase, sale or other agreement to which the Issuer or any of its Restricted Subsidiaries is a party entered into in the ordinary course of business or consistent with past practice; *provided* that such agreement prohibits the encumbrance of solely the property or assets of the Issuer or such Restricted Subsidiary that are subject to such agreement, the payment rights arising thereunder or the proceeds thereof and does not extend to any other asset or property of the Issuer or such Restricted Subsidiary or the assets or property of another Restricted Subsidiary; or

(iv) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Issuer or any Restricted Subsidiary;

(6) any encumbrance or restriction pursuant to Purchase Money Obligations and Finance Lease Obligations permitted under this Indenture, in each case, that impose encumbrances or restrictions on the property so acquired;

(7) any encumbrance or restriction imposed pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of all or substantially all the Capital Stock or assets of the Issuer or any Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;

(8) customary provisions in leases, licenses, equityholder agreements, joint venture agreements, organizational documents and other similar agreements and instruments;

(9) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order, or required by any regulatory authority;

(10) any encumbrance or restriction on cash or other deposits or net worth imposed by customers under agreements entered into in the ordinary course of business or consistent with past practice;

(11) any encumbrance or restriction pursuant to Hedging Obligations;

(12) other Indebtedness, Disqualified Stock or Preferred Stock of Non-Guarantors permitted to be incurred or issued subsequent to the Escrow Release Date pursuant to Section 3.02 that impose restrictions solely on the Non-Guarantors party thereto and/or their Subsidiaries;

(13) restrictions created in connection with any Qualified Securitization Financing or Receivables Facility that, in the good faith determination of the Issuer, are necessary or advisable to effect such Securitization Facility or Receivables Facility;

(14) any encumbrance or restriction arising pursuant to an agreement or instrument relating to any Indebtedness permitted to be incurred subsequent to the Escrow Release Date pursuant to Section 3.02 if (i) the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders than the encumbrances and restrictions contained in the Credit Agreement, together with the security documents associated therewith, or this Indenture as in effect on the Escrow Release Date or (ii) either (A) the Issuer determines at the time of entry into such agreement or instrument that such encumbrances or restrictions will not adversely affect, in any material respect, the Issuer's ability to make principal or interest payments on the Notes or (B) such encumbrance or restriction applies only during the continuance of a default in respect of a payment relating to such agreement or instrument;

(15) any encumbrance or restriction existing by reason of any lien permitted under Section 3.06;

(16) any encumbrance or restriction arising pursuant to the Transaction Documents; or

(17) any encumbrance or restriction pursuant to an agreement or instrument effecting a refinancing of Indebtedness incurred pursuant to, or that otherwise refinances, an agreement or instrument referred to in the clauses above or this clause (17) (an "Initial Agreement") or contained in any amendment, supplement or other modification to an agreement referred to in the clauses above or this clause (17); *provided*, *however*, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement or instrument are no less favorable in any material respect to the Holders taken as a whole than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such refinancing or amendment, supplement or other modification relates (as determined in good faith by the Issuer).

SECTION 3.05 Limitation on Sales of Assets and Subsidiary Stock.

(a) From and after the Escrow Release Date, the Issuer shall not, and shall not permit any of its Restricted Subsidiaries to, make any Asset Disposition unless:

(1) the Issuer or such Restricted Subsidiary, as applicable, receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at least equal to the fair market value (such fair market value to be determined on the date of contractually agreeing to such Asset Disposition), as determined in good faith by the Issuer, of the shares and assets subject to such Asset Disposition (including, for the avoidance of doubt, if such Asset Disposition is a Permitted Asset Swap);

(2) in any such Asset Disposition, or series of related Asset Dispositions (except to the extent the Asset Disposition is a Permitted Asset Swap), with a purchase price in excess of the greater of (x) $60.0 million and (y) 20.0% of LTM EBITDA, at least 75% of the consideration from such Asset Disposition, together with all other Asset Dispositions since the Escrow Release Date as to which this clause (2) applies (on a cumulative basis), received by the Issuer or such Restricted Subsidiary, as applicable, is in the form of cash or Cash Equivalents; *provided* that, for purposes of this clause (2), the following shall be deemed to be cash:

(i) the assumption by the transferee of Indebtedness or other liabilities (including by way of relief from, or by any other Person assuming responsibility for, any such Indebtedness or other liabilities, contingent or otherwise) of the Issuer or a Restricted Subsidiary (other than Subordinated Indebtedness of the Issuer or a Guarantor) or the release of the Issuer or such Restricted Subsidiary from all liability on such Indebtedness or other liability in connection with such Asset Disposition;

(ii) securities, notes or other obligations or other property received by the Issuer or any Restricted Subsidiary from the transferee that are converted by the Issuer or such Restricted Subsidiary into cash or Cash Equivalents, or by their terms are required to be satisfied for cash and Cash Equivalents (to the extent of the cash or Cash Equivalents received), in each case, within 365 days following the closing of such Asset Disposition;

(iii) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, to the extent that, immediately following such Asset Disposition, neither the Issuer nor any other Restricted Subsidiary Guarantees the payment of such Indebtedness;

(iv) consideration consisting of Indebtedness of the Issuer (other than Subordinated Indebtedness) received after the Escrow Release Date from Persons who are not the Issuer or any Restricted Subsidiary; and

(v) any Designated Non-Cash Consideration received by the Issuer or any Restricted Subsidiary in such Asset Dispositions having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at that time outstanding, not to exceed the greater of (x) $67.5 million and (y) 22.5% of LTM EBITDA, with the fair market value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value; and

(3) within 540 days from the later of (A) the date of such Asset Disposition and (B) the receipt of the Net Available Cash from such Asset Disposition (as may be extended by an Acceptable Commitment as set forth below, the "Proceeds Application Period"), an amount equal to the Applicable Percentage of such Net Available Cash (the "Applicable Proceeds") is applied, to the extent the Issuer or any Restricted Subsidiary, as applicable, elects:

(i) (a) to reduce, prepay, repay or purchase any Secured Indebtedness, including Indebtedness under the Credit Agreement (or any Refinancing Indebtedness in respect thereof), (b) to reduce, prepay, repay or purchase Pari Passu Indebtedness; *provided* that in connection with this subclause (b), the Issuer ratably repays the Notes, (c) to make an offer (in accordance with the procedures pursuant to an Asset Disposition Offer) to redeem Notes pursuant to Section 5.07 or purchase Notes; or (d) to reduce, prepay, repay or purchase any Indebtedness of a Non-Guarantor (in each case, other than Indebtedness owed to the Issuer or any Restricted Subsidiary); *provided* that to the extent the Issuer or any Restricted Subsidiary makes an offer to reduce, prepay, repay or purchase any obligations pursuant to the foregoing subclauses (a)-(d) at a price no less than 100% of the principal amount thereof, to the extent the relevant creditors do not accept such offering, the Issuer and the Restricted Subsidiaries will be deemed to have applied an amount of the Applicable Proceeds equal to such amount not so accepted in such offer, and such amount shall not increase the amount of Excess Proceeds (and such amount shall instead constitute Declined Excess Proceeds); *provided*, *however*, that, in connection with any reduction, prepayment, repayment or purchase of Indebtedness pursuant to this clause (i), the Issuer or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (other than obligations in respect of any asset-based credit facility to the extent the assets sold or otherwise disposed of in connection with such Asset Disposition constituted "borrowing base assets") to be reduced in an amount equal to the principal amount so reduced, prepaid, repaid or purchased;

(ii) (a) to invest (including capital expenditures) in or commit to invest in Additional Assets (including by means of an investment in Additional Assets by a Restricted Subsidiary); or (b) to invest (including capital expenditures) in any one or more businesses, properties or assets that replace the businesses, properties and/or assets that are the subject of such Asset Disposition, with any such investment made by way of a capital or other lease valued at the present value of the minimum amount of payments under such lease (as reasonably determined by the Issuer); *provided*, *however*, that a binding agreement shall be treated as a permitted application of Applicable Proceeds from the date of such commitment with the good faith expectation that an amount equal to Applicable Proceeds will be applied to satisfy such commitment within 180 days after the end of such 540-day period (an "Acceptable Commitment");

(iii) to make any other Permitted Investment; or

(iv) any combination of the foregoing;

provided that (1) pending the final application of the amount of any such Applicable Proceeds pursuant to this Section 3.05, the Issuer or the applicable Restricted Subsidiaries may apply such Applicable Proceeds temporarily to reduce Indebtedness (including under the Credit Facilities) or otherwise apply such Applicable Proceeds in any manner not prohibited by this Indenture, and (2) the Issuer (or any Restricted Subsidiary, as applicable) may elect to invest in Additional Assets prior to receiving the Applicable Proceeds attributable to any given Asset Disposition (*provided* that such investment shall be made no earlier than the earliest of notice to the Trustee of the relevant Asset Disposition, execution of a definitive agreement for the relevant Asset Disposition, and consummation of the relevant Asset Disposition) and deem the amount so invested to be applied pursuant to and in accordance with clause (ii) above with respect to such Asset Disposition.

If, with respect to any Asset Disposition, at the expiration of the Proceeds Application Period with respect to such Asset Disposition, there remains Applicable Proceeds in excess of the greater of (i) $90.0 million and (ii) 30.0% of LTM EBITDA (such amount of Applicable Proceeds that are equal to the greater of (i) $90.0 million and (ii) 30.0% of LTM EBITDA, "Declined Excess Proceeds," and such amount of Applicable Proceeds that are in excess of the greater of (i) $90.0 million and (ii) 30.0% of LTM EBITDA, "Excess Proceeds"), then subject to the limitations with respect to Foreign Dispositions set forth below, the Issuer shall make an offer (an "Asset Disposition Offer") no later than ten Business Days after the expiration of the Proceeds Application Period to all Holders of Notes and, if required by the terms of any Pari Passu Indebtedness, to all holders of such Pari Passu Indebtedness, to purchase the maximum principal amount of such Notes and Pari Passu Indebtedness, as appropriate, on a pro rata basis, that may be purchased out of such Excess Proceeds, if any, at an offer price, in the case of the Notes, in cash in an amount equal to 100% of the principal amount thereof (or in the event such other Indebtedness was issued with original issue discount, 100% of the accreted value thereof), plus accrued and unpaid interest, if any (or such lesser price with respect to Pari Passu Indebtedness, if any, as may be provided by the terms of such other Indebtedness), to, but not including, the date fixed for the closing of such offer, in accordance with the procedures set forth in this Indenture and the agreement governing the Pari Passu Indebtedness, as applicable, in minimum denominations of $2,000 and in integral multiples of $1,000 in excess thereof. Notices of an Asset Disposition Offer shall be sent by first-class mail or sent electronically, at least 10 days but not more than 60 days before the purchase date to each Holder of the Notes at such Holder's registered address, with a copy to the Trustee, or otherwise in accordance with the applicable procedures of DTC. The Issuer may satisfy the foregoing obligation with respect to the Applicable Proceeds by making an Asset Disposition Offer prior to the expiration of the Proceeds Application Period (the "Advance Offer") with respect to all or a part of the Applicable Proceeds (the "Advance Portion") in advance of being required to do so by this Indenture.

(b) To the extent that the aggregate amount (or accreted value, as applicable) of Notes and, if applicable, any other Pari Passu Indebtedness validly tendered or otherwise surrendered in connection with an Asset Disposition Offer made with Excess Proceeds (or, in the case of an Advance Offer, the Advance Portion) is less than the amount offered in an Asset Disposition Offer, the Issuer may include any remaining Excess Proceeds (or, in the case of an Advance Offer, the Advance Portion) in Declined Excess Proceeds, and use such Declined Excess Proceeds for any purpose not otherwise prohibited by this Indenture. If the aggregate principal amount (or accreted value, as applicable) of the Notes or, if applicable, Pari Passu Indebtedness validly tendered pursuant to any Asset Disposition Offer exceeds the amount of Excess Proceeds (or, in the case of an Advance Offer, the Advance Portion), the Issuer shall allocate the Excess Proceeds among the Notes and Pari Passu Indebtedness to be purchased on a pro rata basis on the basis of the aggregate principal amount (or accreted value, as applicable) of tendered Notes and Pari Passu Indebtedness; *provided* that no Notes or other Pari Passu Indebtedness will be selected and purchased in an unauthorized denomination. Upon completion of any Asset Disposition Offer, the amount of Applicable Proceeds and Excess Proceeds shall be reset at zero.

To the extent that any portion of Net Available Cash or Applicable Proceeds payable in respect of the Notes is denominated in a currency other than Dollars, the amount thereof payable in respect of the Notes shall not exceed the net amount of funds in Dollars that is actually received by the Issuer upon converting such portion into Dollars.

(c) Notwithstanding any other provisions of this Section 3.05, (i) to the extent that any of or all the Net Available Cash or Applicable Proceeds of any Asset Disposition is received or deemed to be received by a Non-U.S. Subsidiary (or a U.S. Subsidiary of a Non-U.S. Subsidiary) (a "Foreign Disposition") giving rise to a prepayment event described above is (x) prohibited, restricted or delayed by applicable local law, rule or regulation (including, without limitation, (a) financial assistance and corporate benefit restrictions and (b) fiduciary and statutory duties of any director or officer of such Subsidiaries), (y) restricted by applicable organizational documents or any agreement or (z) subject to other onerous organizational or administrative impediments, in each case, from being repatriated or otherwise paid to the Issuer or so prepaid, or such repatriation or payment or prepayment would present a material risk of liability for the applicable Subsidiary or its directors or officers (or gives rise to a material risk of breach of fiduciary or statutory duties by any director or officer), an amount equal to the portion of such Net Available Cash so affected will not be required to be applied in compliance with this Section 3.05; and (ii) to the extent that the Issuer has determined in good faith that repatriation of any of or all the Net Available Cash of any Foreign Disposition could have an adverse Tax consequence (which for the avoidance of doubt, includes, but is not limited to, any prepayment out of such Net Available Cash whereby doing so the Issuer, any of its Subsidiaries, any Parent Entity or any of their respective affiliates and/or equity owners would incur a Tax liability, including a taxable dividend) (as determined by the Issuer in good faith), an amount equal to the Net Available Cash so affected will not be required to be applied in compliance with this Section 3.05. The non-application of any prepayment amounts as a consequence of the foregoing provisions will not, for the avoidance of doubt, constitute a Default or an Event of Default.

(d) To the extent that the provisions of any securities laws or regulations, including Rule 14e-1 under the Exchange Act, conflict with the provisions of this Indenture, the Issuer shall not be deemed to have breached its obligations described in this Indenture by virtue of compliance therewith. The Issuer may rely on any no-action letters issued by the SEC indicating that the staff of the SEC will not recommend enforcement action in the event a tender offer satisfies certain conditions.

(e) The provisions of this Indenture relative to the Issuer's obligation to make an offer to repurchase the Notes as a result of an Asset Disposition may be waived or modified with the written consent of the Holders of a majority in principal amount of the Notes then outstanding.

SECTION 3.06 Limitation on Liens. From and after the Escrow Release Date, the Issuer shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur or permit to exist any Lien (except Permitted Liens) (each, an "Initial Lien") that secures obligations under any Indebtedness, on any asset or property of the Issuer or any of its Restricted Subsidiaries, unless the Notes and Note Guarantees are secured equally and ratably on any such assets or property of the Issuer or any of its Restricted Subsidiaries with (or prior to) such Indebtedness secured by such Lien, except that the foregoing shall not apply to Liens securing the Notes and the Note Guarantees.

Any Lien created for the benefit of the Holders pursuant to the last clause of the preceding sentence shall provide by its terms that such Lien shall be automatically and unconditionally released and discharged upon the release and discharge of the Initial Lien.

With respect to any Lien that was permitted to secure such Indebtedness at the time of the incurrence of such Indebtedness, such Lien shall also be permitted to secure any Increased Amount of such Indebtedness.

SECTION 3.07 Limitation on Guarantees.

(a) From and after the Escrow Release Date, the Issuer shall not permit any of its Wholly Owned Subsidiaries that are Restricted Subsidiaries, other than a Guarantor or an Excluded Subsidiary, to incur Indebtedness for borrowed money under or Guarantee the payment of (i) any syndicated Credit Facility of the Issuer or any other Guarantor incurred pursuant to Section 3.02(b)(1) or (ii) capital markets debt securities of the Issuer or any other Guarantor, in each case, in a principal amount in excess of the greater of (x) $100.0 million and (y) 33.0% of LTM EBITDA, unless:

(1) such Restricted Subsidiary within sixty days executes and delivers a supplemental indenture to this Indenture substantially in the form attached hereto as Exhibit B providing for a Note Guarantee by such Restricted Subsidiary, except that with respect to a Guarantee of Indebtedness of the Issuer or any Guarantor, if such Indebtedness is by its express terms subordinated in right of payment to the Notes or such Guarantor's Note Guarantee, any such Guarantee by such Restricted Subsidiary with respect to such Indebtedness shall be subordinated in right of payment to such Note Guarantee substantially to the same extent as such Indebtedness is subordinated to the Notes or such Guarantor's Note Guarantee; and

(2) such Restricted Subsidiary waives and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Issuer or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Note Guarantee until payment in full of Obligations under this Indenture;

provided that this Section 3.07 shall not be applicable (i) to any Indebtedness or Guarantee of any Restricted Subsidiary that existed at the time such Person became a Restricted Subsidiary and was not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary, or (ii) in the event that the Guarantee of the Issuer's obligations under the Notes or this Indenture by such Subsidiary would not be permitted under applicable law.

(b) The Issuer may elect, in its sole discretion, to cause or allow, as the case may be, any Subsidiary of the Issuer or any of its Parent Entities that is not otherwise required to be a Guarantor to become a Guarantor, in which case, (i) such Subsidiary or Parent Entity shall not be required to comply with the 60-day period described in Section 3.07(a) and (ii) such Note Guarantee may be released at any time in the Issuer's sole discretion so long as any Indebtedness of such Subsidiary then outstanding could have been incurred by such Subsidiary (either (x) when so incurred or (y) at the time of the release of such Note Guarantee) and such Subsidiary is not otherwise required to be a Guarantor at the time of such release in accordance with the provisions above.

(c) If any Guarantor becomes an Immaterial Subsidiary, the Issuer shall have the right, by delivery of a supplemental indenture executed by the Issuer to the Trustee, to cause such Immaterial Subsidiary to automatically and unconditionally cease to be a Guarantor, subject to the requirement described in Section 3.07(a) above that such Subsidiary shall be required to become a Guarantor if it ceases to be an Immaterial Subsidiary (except that if such Subsidiary has been properly designated as an Unrestricted Subsidiary it shall not be so required to become a Guarantor or execute a supplemental indenture); *provided* that such Immaterial Subsidiary shall not be permitted to guarantee the Credit Agreement or other Indebtedness of the Issuer or the other Guarantors, unless it again becomes a Guarantor.

(d) Each of such Guarantee shall also be released in accordance with the provisions of this Indenture described under Article X.

SECTION 3.08 Limitation on Affiliate Transactions.

(a) From and after the Escrow Release Date, the Issuer shall not, and shall not permit any Restricted Subsidiary to enter into or conduct any transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Issuer (an "Affiliate Transaction") involving value in excess of the greater of (i) $15.0 million and (ii) 5.0% of LTM EBITDA unless:

(1) the terms of such Affiliate Transaction, taken as a whole, are not materially less favorable to the Issuer or such Restricted Subsidiary, as applicable, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's length dealings with a Person who is not such an Affiliate; and

(2) in the event such Affiliate Transaction involves an aggregate value in excess of the greater of (i) $45.0 million and (ii) 15.0% of LTM EBITDA, the terms of such transaction have been approved by a majority of the members of the Board of Directors of the Issuer.

Any Affiliate Transaction shall be deemed to have satisfied the requirements set forth in clause (2) of this Section 3.08(a) if such Affiliate Transaction is approved by a majority of the Disinterested Directors of the Issuer, if any.

(b) The provisions of Section 3.08(a) above shall not apply to:

(1) any Restricted Payment or other transaction permitted to be made or undertaken pursuant to Section 3.03 (including Permitted Payments) or any Permitted Investment;

(2) any issuance, transfer or sale of (a) Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise to any Parent Entity or future, current or former employee, director, officer, manager, contractor, consultant or advisor (or their respective Controlled Investment Affiliates) of the Issuer or any of its Subsidiaries or any of its Parent Entities and (b) directors' qualifying shares and shares issued to foreign nationals as required under applicable law;

(3) any Management Advances and any waiver or transaction with respect thereto;

(4) (a) any transaction between or among the Issuer and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries and (b) any merger, amalgamation or consolidation with any Parent Entity, *provided* that such Parent Entity shall have no material liabilities and no material assets other than cash, Cash Equivalents and the Capital Stock of the Issuer and such merger, amalgamation or consolidation is otherwise not prohibited under this Indenture;

(5) the payment of compensation, fees, costs, reimbursements and expenses to, and indemnities (including under insurance policies) and reimbursements, employment and severance arrangements, and employee benefit and pension expenses provided on behalf of, or for the benefit of, future, current or former employees, directors, officers, managers, contractors, consultants, distributors or advisors (or their respective Controlled Investment Affiliates) of the Issuer, any Parent Entity or any Restricted Subsidiary (whether directly or indirectly and including through their Controlled Investment Affiliates);

(6) the entry into and performance of obligations of the Issuer or any of its Restricted Subsidiaries under the terms of any transaction arising out of, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Escrow Release Date, as these agreements and instruments may be amended, modified, supplemented, extended, renewed or refinanced from time to time in accordance with the other terms of this Section 3.08 or to the extent not disadvantageous in any material respect in the reasonable determination of the Issuer to the Holders when taken as a whole as compared to the applicable agreement as in effect on the Escrow Release Date;

(7) any transaction effected as part of a Qualified Securitization Financing or Receivables Facility, any disposition or acquisition of Securitization Assets, Receivables Assets or related assets in connection with any Qualified Securitization Financing or Receivables Facility;

(8) transactions with customers, vendors, clients, joint venture partners, suppliers, contractors, distributors or purchasers or sellers of goods or services, in each case in the ordinary course of business or consistent with past practice, which are fair to the Issuer or its Restricted Subsidiaries, in the reasonable determination of the Issuer, or are on terms, taken as a whole, that are not materially less favorable as might reasonably have been obtained at such time from an unaffiliated party;

(9) any transaction between or among the Issuer or any Restricted Subsidiary (or any entity that becomes a Restricted Subsidiary as a result of such transaction) or joint venture (regardless of the form of legal entity) in which the Issuer or any Subsidiary has invested (and which Subsidiary or joint venture would not be an Affiliate of the Issuer but for the Issuer's or a Subsidiary's ownership of Equity Interests in such joint venture or Subsidiary);

(10) any issuance, sale or transfer of Capital Stock (other than Disqualified Stock or Designated Preferred Stock) of the Issuer, any Parent Entity or any of its Restricted Subsidiaries or options, warrants or other rights to acquire such Capital Stock and the granting of registration and other customary rights (and the performance of the related obligations) in connection therewith or any contribution to capital of the Issuer or any Restricted Subsidiary;

(11) the Transactions and the payment of all fees, costs and expenses (including all legal, accounting and other professional fees, costs and expenses) related to the Transactions, including Transaction Costs;

(12) transactions in which the Issuer or any Restricted Subsidiary, as applicable, delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is fair to the Issuer or such Restricted Subsidiary from a financial point of view or meets the requirements of Section 3.08(a)(1);

(13) the existence of, or the performance by the Issuer or any Restricted Subsidiary of its obligations under the terms of, any equityholders, investor rights or similar agreement (including any registration rights agreement or purchase agreements related thereto) to which it is party as of the Escrow Release Date and any similar agreement that it (or any Parent Entity) may enter into thereafter; *provided* that the existence of, or the performance by the Issuer or any Restricted Subsidiary (or any Parent Entity) of its obligations under any future amendment to any such existing agreement or under any similar agreement entered into after the Escrow Release Date will only be permitted under this clause to the extent that the terms of any such amendment or new agreement are not otherwise, when taken as a whole, more disadvantageous to the Holders in any material respect in the reasonable determination of the Issuer than those in effect on the Escrow Release Date;

(14) any purchases by Affiliates of the Issuer of Indebtedness or Disqualified Stock of the Issuer or any of the Restricted Subsidiaries the majority of which Indebtedness or Disqualified Stock is purchased by Persons who are not Affiliates of the Issuer; *provided* that such purchases by Affiliates of the Issuer are on the same terms as such purchases by such Persons who are not Affiliates of the Issuer;

(15) (i) investments by Affiliates in securities or loans of the Issuer or any of its Restricted Subsidiaries (and payment of reasonable out-of-pocket expenses incurred by such Affiliates in connection therewith) so long as the investment is being offered by the Issuer or such Restricted Subsidiary generally to other non-affiliated third party investors on the same or more favorable terms and (ii) payments to Affiliates in respect of securities or loans of the Issuer or any of its Restricted Subsidiaries contemplated in the foregoing subclause (i) or that were acquired from Persons other than the Issuer and its Restricted Subsidiaries, in each case, in accordance with the terms of such securities or loans;

(16) payments by any Parent Entity, the Issuer or its Subsidiaries pursuant to any tax sharing agreements or other agreements in respect of Permitted Tax Amounts among any such Parent Entity, the Issuer and/or its Subsidiaries on customary terms to the extent attributable to the ownership or operation of the Issuer and its Subsidiaries;

(17) payments, Indebtedness and Disqualified Stock (and cancellation of any thereof) of the Issuer and its Restricted Subsidiaries and Preferred Stock (and cancellation of any thereof) of any Restricted Subsidiary to any future, current or former employee, director, officer, manager, contractor, consultant or advisor (or their respective Controlled Investment Affiliates) of the Issuer, any of its Subsidiaries or any of its Parent Entities pursuant to any management equity plan, stock option plan, phantom equity plan or any other management, employee benefit or other compensatory plan or agreement (and any successor plans or arrangements thereto), employment, termination or severance agreement, or any stock subscription or equityholder agreement with any such employee, director, officer, manager, contractor, consultant or advisor (or their respective Controlled Investment Affiliates) that are, in each case, approved by the Issuer in good faith;

(18) any management equity plan, stock option plan, phantom equity plan or any other management, employee benefit or other compensatory plan or agreement (and any successor plans or arrangements thereto), employment, termination or severance agreement, or any stock subscription or equityholder agreement between the Issuer or its Restricted Subsidiaries and any distributor, employee, director, officer, manager, contractor, consultant or advisor (or their respective Controlled Investment Affiliates) approved by the reasonable determination of the Issuer or entered into in connection with the Transactions;

(19) any transition services arrangement, supply arrangement or similar arrangement entered into in connection with or in contemplation of the disposition of assets or Capital Stock in any Restricted Subsidiary permitted under Section 3.05 or entered into with any Business Successor, in each case, that the Issuer determines in good faith is either fair to the Issuer or otherwise on customary terms for such type of arrangements in connection with similar transactions;

(20) transactions entered into by an Unrestricted Subsidiary with an Affiliate prior to the day such Unrestricted Subsidiary is redesignated as a Restricted Subsidiary as described in Section 3.20 and pledges of Capital Stock of Unrestricted Subsidiaries;

(21) (i) any lease entered into between the Issuer or any Restricted Subsidiary, as lessee, and any Affiliate of the Issuer, as lessor and (ii) any operational services or other arrangement entered into between the Issuer or any Restricted Subsidiary and any Affiliate of the Issuer, in each case, which is approved by the reasonable determination of the Issuer;

(22) intellectual property licenses and research and development agreements in the ordinary course of business or consistent with past practice;

(23) payments to or from, and transactions with, any Subsidiary or any joint venture in the ordinary course of business or consistent with past practice (including any cash management arrangements or activities related thereto);

(24) the payment of fees, costs and expenses related to registration rights and indemnities provided to equityholders pursuant to equityholders, investor rights, registration rights or similar agreements;

(25) transactions undertaken in the ordinary course of business pursuant to membership in a purchasing consortium; and

(26) Permitted Intercompany Activities, Permitted Tax Restructurings, Intercompany License Agreements and related transactions.

In addition, if the Issuer or any of its Restricted Subsidiaries (i) purchases or otherwise acquires assets or properties from a Person which is not an Affiliate, the purchase or acquisition by an Affiliate of the Issuer of an interest in all or a portion of the assets or properties acquired shall not be deemed an Affiliate Transaction (or cause such purchase or acquisition by the Issuer or such Restricted Subsidiary to be deemed an Affiliate Transaction) or (ii) sells or otherwise disposes of assets or other properties to a Person who is not an Affiliate, the sale or other disposition by an Affiliate of the Issuer of an interest in all or a portion of the assets or properties sold shall not be deemed an Affiliate Transaction (or cause such sale or other disposition by the Issuer or such Restricted Subsidiary to be deemed an Affiliate Transaction).

SECTION 3.09 Change of Control.

(a) If a Change of Control occurs, unless a third party makes a Change of Control Offer or the Issuer has previously or substantially concurrently therewith delivered a redemption notice with respect to all the outstanding Notes as set forth under Section 5.07, the Issuer shall make an offer to purchase all of the Notes pursuant to the offer described below (the "Change of Control Offer") at a price in cash (the "Change of Control Payment") equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase; *provided* that if the repurchase date is on or after the record date and on or before the corresponding interest payment date, then Holders in whose names the Notes are registered at the close of business on such record date will receive the interest due on the repurchase date. Within 30 days following any Change of Control, the Issuer shall deliver or cause to be delivered a notice of such Change of Control Offer electronically in accordance with the applicable procedures of DTC or by first-class mail, with a copy to the Trustee, to each Holder of Notes at the address of such Holder appearing in the security register or otherwise in accordance with the applicable procedures of DTC, with the following information:

(1) a description of the transaction or transactions that constitute the Change of Control;

(2) that a Change of Control Offer is being made pursuant to this Section 3.09, and that all Notes properly tendered pursuant to such Change of Control Offer will be accepted for payment by the Issuer;

(3) the purchase price and the purchase date, which will be no earlier than 10 days and no later than 60 days from the date such notice is delivered (the "Change of Control Payment Date"), except in the case of a conditional Change of Control Offer as described below;

(4) that any Note not properly tendered will remain outstanding and continue to accrue interest;

(5) that unless the Issuer defaults in the payment of the Change of Control Payment, all Notes accepted for payment pursuant to the Change of Control Offer will cease to accrue interest on the Change of Control Payment Date;

(6) that Holders electing to have any Notes purchased pursuant to a Change of Control Offer will be required to surrender such Notes, with the form entitled "Option of Holder to Elect Purchase" on the reverse of such Notes completed, to the applicable Paying Agent specified in the notice at the address specified in the notice prior to the close of business on the third Business Day preceding the Change of Control Payment Date, or otherwise comply with DTC procedures;

(7) that Holders will be entitled to withdraw their tendered Notes and their election to require the Issuer to purchase such Notes; *provided* that the applicable Paying Agent receives, not later than the close of business on the second Business Day prior to the expiration date of the Change of Control Offer, a facsimile transmission, electronic message or letter setting forth the name of the Holder of the Notes, the principal amount of Notes tendered for purchase, and a statement that such Holder is withdrawing its tendered Notes and its election to have such Notes purchased, or otherwise comply with DTC procedures;

(8) that Holders whose Notes are being purchased only in part will be issued new Notes and such new Notes will be equal in principal amount to the unpurchased portion of the Notes surrendered. The unpurchased portion of the Notes must be equal to at least $2,000 or any integral multiple of $1,000 in excess of $2,000;

(9) if such notice is delivered prior to the occurrence of a Change of Control, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control; and

(10) the other instructions, as determined by the Issuer, consistent with this Section 3.09, that a Holder must follow.

The applicable Paying Agent will promptly deliver to each Holder of the Notes tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book-entry) to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; *provided* that each such new Note will be in a minimum principal amount of $2,000 or an integral multiple of $1,000 in excess thereof. The Issuer will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

If the Change of Control Payment Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest will be paid on the Change of Control Payment Date to the Person in whose name a Note is registered at the close of business on such record date.

(b) On the Change of Control Payment Date, the Issuer will, to the extent permitted by law,

(1) accept for payment all Notes issued by it or portions thereof properly tendered pursuant to the Change of Control Offer,

(2) deposit with the applicable Paying Agent an amount equal to the aggregate Change of Control Payment in respect of all Notes or portions thereof so tendered, and

(3) deliver, or cause to be delivered, to the Trustee for cancellation the Notes so accepted together with an Officer's Certificate to the Trustee stating that such Notes or portions thereof have been tendered to and purchased by the Issuer.

(c) The Issuer will not be required to make a Change of Control Offer following a Change of Control if (x) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer or (y) a notice of redemption of all outstanding Notes has been given pursuant to Section 5.07 hereof unless and until there is a default in the payment of the redemption price on the applicable Redemption Date or the redemption is not consummated due to the failure of a condition precedent contained in the applicable redemption notice to be satisfied.

(d) Notwithstanding anything to the contrary in this Section 3.09, a Change of Control Offer may be made in advance of a Change of Control, conditional upon such Change of Control, on analogous terms as those described in the last paragraph of Section 5.03.

(e) [Reserved]

(f) While the Notes are in global form and the Issuer makes an offer to purchase all of the Notes pursuant to the Change of Control Offer, a Holder may exercise its option to elect for the purchase of the Notes through the facilities of DTC, subject to its rules and regulations.

(g) The Issuer will comply, to the extent applicable, with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws, rules and regulations thereunder to the extent such laws or regulations are applicable in connection with the repurchase of the Notes pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws, rules or regulations conflict with the provisions of this Indenture, the Issuer shall not be deemed to have breached its obligations described in this Indenture by virtue of compliance therewith. The Issuer may rely on any no-action letters issued by the SEC indicating that the staff of the SEC will not recommend enforcement action in the event a tender offer satisfies certain conditions.

(h) The provisions of this Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be amended, supplemented, waived or modified with the written consent of the Holders of a majority in principal amount of the Notes then outstanding.

SECTION 3.10 Reports.

(a) From and after the Escrow Release Date, the Issuer shall furnish to the Trustee, within 15 days after the time periods specified below:

(1) within 90 days after the end of each fiscal year (or if such day is not a Business Day, on the next succeeding Business Day) of the Issuer, a consolidated balance sheet of the Issuer and its Subsidiaries as at the end of such fiscal year, and the related consolidated statements of income or operations, shareholders' equity and cash flows for such fiscal year, setting forth in each case, starting with the second fiscal year for which annual financial statements are required to be delivered pursuant to this clause (1), in comparative form the figures for the previous fiscal year, all in reasonable detail and prepared in accordance with GAAP, audited and accompanied by a report and opinion of any independent certified public accountant of nationally recognized standing, which report and opinion shall be prepared in accordance with generally accepted auditing standards; and

(2) within 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Issuer (or if such day is not a Business Day, on the next succeeding Business Day), a consolidated balance sheet of the Issuer and its Subsidiaries as at the end of such fiscal quarter, and the related consolidated statements of income or operations and cash flows for such fiscal quarter and for the portion of the fiscal year then ended, setting forth in each case, starting only with the first delivery required to be made pursuant to this clause (2) which occurs after a full year of financial statements have previously been delivered pursuant to clauses (1) and (2), in comparative form the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, all in reasonable detail in accordance with GAAP;

in each case, except as described above or below and subject to exceptions consistent with the presentation of information in the Offering Memorandum; *provided*, *however*, that the Issuer shall not be required to (A) provide (i) segment reporting and disclosure (including any required by FASB Accounting Standards Codification Topic 280), (ii) separate financial statements or other information contemplated by Rules 3-05, 3-09, 3-10, 3-16, Rule 13-01 and Rule 13-02 or 4-08 of Regulation S-X (or any successor provisions) or any schedules required by Regulation S-X, (iii) information required by Regulation G under the Exchange Act or Item 10, Item 302, Item 402 or Item 601 of Regulation S-K (or any successor provision), (iv) XBRL exhibits, (v) earnings per share information, (vi) information regarding executive compensation and related party disclosure related to SEC Release Nos. 33-8732A, 34-54302A and IC-27444A, (vii) other information customarily excluded from an offering memorandum, including any information that is not otherwise of the type and form currently included in the Offering Memorandum relating to the Notes and (viii) purchase accounting adjustments relating to the Transactions or any other transactions permitted under this Indenture to the extent it is not practicable to include any such adjustments in such financial statements or (B) (i) comply with Sections 302, 906 and 404 of the Sarbanes-Oxley Act of 2002, as amended, or (ii) otherwise furnish any information, certificates or reports required by Items 307 or 308 of Regulation S-K (or any successor provision). In addition, notwithstanding the foregoing, following the consummation of an acquisition in the applicable period or the period thereafter, the obligations in clauses (1) and (2) above, with respect to the target of such acquisition may be satisfied by, at the option of the Issuer, (x) furnishing management accounts for the target of such acquisition or (y) omitting the target of such acquisition from the required financial statements of the Issuer and its Subsidiaries for the applicable period and the period thereafter.

(3) To the extent any such information is not so filed or furnished, as applicable, within the time periods specified above and such information is subsequently filed or furnished, as applicable, the Issuer will be deemed to have satisfied its obligations with respect thereto at such time and any Default with respect thereto shall be deemed to have been cured; *provided* that such cure shall not otherwise affect the rights of the Holders under Section 6.01 if Holders of at least 25% in principal amount of the outstanding Notes have declared the principal, premium, if any, interest and any other monetary obligations on all the outstanding notes to be due and payable immediately and such declaration shall not have been rescinded or cancelled prior to such cure.

(b) The Issuer shall furnish to Holders and to securities analysts and prospective investors, upon their request, the information of the Issuer required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

(c) Substantially concurrently with the furnishing or making of such information available to the Trustee pursuant to Section 3.10(a), the Issuer shall also use its commercially reasonable efforts to post copies of such information required by the immediately preceding paragraph on a website (which may be nonpublic and may be maintained by the Issuer, its Subsidiaries or a third party) to which access will be given to Holders, bona fide prospective investors in the Notes (which prospective investors may be limited to "qualified institutional buyers" within the meaning of Rule 144A of the Securities Act or Non-U.S. Persons (as defined in Regulation S under the Securities Act) that certify their status as such to the reasonable satisfaction of the Issuer), and securities analysts (to the extent providing analysis of an investment in the Notes) and market making financial institutions that are reasonably satisfactory to the Issuer who agree to treat such information and reports as confidential; *provided* that the Issuer or its Subsidiaries, as applicable, may deny access to any competitively-sensitive information and reports otherwise to be provided pursuant to this covenant to any person that is a competitor of the Issuer and its Subsidiaries to the extent that the Issuer determines in good faith that the provision of such information and reports to such Person would be competitively harmful to the Issuer and its Subsidiaries. The Issuer may condition the delivery of any such reports on the agreement of such Persons to (i) treat all such reports (and the information contained therein) and information as confidential, (ii) not use such reports (and the information contained therein) and information for any purpose other than their investment or potential investment in the Notes and (iii) not publicly disclose any such reports (and the information contained therein) and information.

(d) So long as any Notes are outstanding, the Issuer will also, (1) at any time after the Issuer releases its earnings for any annual or quarterly period, hold a conference call on which one or more employees or representatives of the Issuer present such financial information and the results of operations for the relevant reporting period (which conference call may, at the option of the Issuer, be the same conference call to which the Issuer's stockholders and/or equity research analysts are invited); and (2) issue a press release or otherwise announce (which announcement may be made available on the nonpublic website referred to in clause (c) of this Section 3.10 prior to the time of the conference call required to be held in accordance with subclause (1) of this clause (d), announcing the time and date of such conference call and either including all information necessary to access the call or directing Holders to contact the appropriate person at the Issuer to obtain such information.

(e) If the Issuer has designated any of its Subsidiaries as an Unrestricted Subsidiary, and such Unrestricted Subsidiary would, if taken as a whole with all other Unrestricted Subsidiaries, constitute a Material Subsidiary, then the annual and quarterly information required by Section 3.10(a)(1) and (a)(2) shall include a presentation, either on the face of the financial statements or in footnotes thereto, to reflect the adjustments which would be necessary to eliminate the accounts of Unrestricted Subsidiaries from such financial statements (and which presentation, for the avoidance of doubt, need not be audited).

(f) The Issuer may satisfy its obligations pursuant to this Section 3.10 with respect to financial information relating to the Issuer by furnishing financial information relating to a Parent Entity; *provided* that the same is accompanied by consolidating information that explains in reasonable detail the differences between the information relating to such Parent Entity (and other Parent Entities included in such information, if any), on the one hand, and the information relating to the Issuer and its Restricted Subsidiaries on a standalone basis, on the other hand. For the avoidance of doubt, the consolidating information referred to in the proviso in the preceding sentence need not be audited.

(g) Notwithstanding anything to the contrary set forth in this Section 3.10, (i) if the Issuer or any Parent Entity has furnished the Holders of Notes the reports described in this Section 3.10 with respect to the Issuer or any Parent Entity, the Issuer shall be deemed to be in compliance with the provisions of this Section 3.10 and (ii) the Issuer will be deemed to have furnished the reports referred to in this Section 3.10 to the Trustee and the holders if the Issuer has filed such reports or other reports or filings which contain the information contemplated herein with the SEC via the EDGAR filing system (or any successor thereto) and such reports are publicly available.

(h) The Trustee shall have no duty to determine whether any filings or postings described in this Section 3.10 have been made.

(i) Delivery of reports, information and documents to the Trustee under this Indenture is for informational purposes only and the information and Trustee's receipt of the foregoing shall not constitute actual or constructive notice of any information contained therein, or determinable from information contained therein including the Issuer's compliance with any of its covenants hereunder (as to which the Trustee is entitled to conclusively rely on an Officer's Certificate). The Trustee shall have no duty to review or analyze such reports, information or documents. The Trustee shall have no liability or responsibility for the filing, timeliness or content of any such reports, information or documents, and the Trustee shall have no duty to participate in or monitor any conference calls.

SECTION 3.11 [Reserved].

SECTION 3.12 Maintenance of Office or Agency.

The Issuer will maintain an office or agency where the Notes may be presented or surrendered for payment where, if applicable, the Notes may be surrendered for registration of transfer or exchange. The corporate trust office of the Trustee, which initially shall be located at 333 Commerce Street, Suite 900, Nashville, TN 37201, Attention: Knife River Holding Company Notes Administrator, shall be such office or agency of the Issuer, unless the Issuer shall designate and maintain some other office or agency for one or more of such purposes. The Issuer will give prompt written notice to the Trustee of any change in the location of any such office or agency. If at any time the Issuer shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations and surrenders may be made or served at the corporate trust office of the Trustee, and the Issuer hereby appoints the Trustee as its agent to receive all such presentations and surrenders.

The Issuer may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind any such designation. The Issuer will give prompt written notice to the Trustee of any such designation or rescission and any change in the location of any such other office or agency. No office of the Trustee shall be an office or agency of the Issuer for the purposes of service of legal process on the Issuer or any Guarantor.

SECTION 3.13 [Reserved].

SECTION 3.14 [Reserved].

SECTION 3.15 [Reserved].

SECTION 3.16 Compliance Certificate. The Issuer shall deliver to the Trustee within 120 days after the end of each fiscal year of the Issuer an Officer's Certificate, the signer of which shall be the principal executive officer, principal financial officer, principal accounting officer, principal legal officer, secretary or treasurer of the Issuer, stating that in the course of the performance by the signer of his or her duties as an Officer of the Issuer he or she would normally have knowledge of any Default or Event of Default and whether or not the signer knows of any Default or Event of Default that occurred during the previous fiscal year; *provided* that no such Officer's Certificate shall be required for any fiscal year ended prior to the Escrow Release Date. If such Officer does have such knowledge, the certificate shall describe the Default or Event of Default, its status and the action the Issuer is taking or proposes to take with respect thereto.

SECTION 3.17 [Reserved].

SECTION 3.18 [Reserved].

SECTION 3.19 Statement by Officers as to Default. The Issuer shall deliver to the Trustee, within 30 days after the Issuer becomes aware of the occurrence of any Default or Event of Default, an Officer's Certificate setting forth the details of such Default or Event of Default, its status and the actions which the Issuer is taking or proposes to take with respect thereto. The Trustee will not be deemed to have knowledge of any Defaults or Events of Default unless a Responsible Officer of the Trustee has obtained actual knowledge thereof.

SECTION 3.20 Designation of Restricted and Unrestricted Subsidiaries. The Issuer may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause an Event of Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate fair market value of all outstanding Investments owned by the Issuer and its Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments pursuant to Section 3.03 hereof or under one or more clauses of the definition of "Permitted Investments," as determined by the Issuer. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an "Unrestricted Subsidiary." The Issuer may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if that redesignation would not cause an Event of Default.

Any designation of a Subsidiary of the Issuer as an Unrestricted Subsidiary will be evidenced to the Trustee by delivering to the Trustee an Officer's Certificate certifying that such designation complies with the preceding conditions and was not prohibited by Section 3.03 hereof. If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of this Indenture and any Indebtedness and Liens of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary as of such date and, if such Indebtedness or Liens are not permitted to be incurred as of such date by Section 3.02 or Section 3.06 hereof, the Issuer will be in default of such covenant.

The Issuer may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that such designation will be deemed to be an incurrence of Indebtedness and Liens by a Restricted Subsidiary of any outstanding Indebtedness and Liens of such Unrestricted Subsidiary, and such designation will only be permitted if (1) such Indebtedness is permitted under Section 3.02 hereof (including pursuant to Section 3.02(b)(5) treating such redesignation as an acquisition for the purpose of such clause) and Section 3.06 hereof, calculated on a *pro forma* basis as if such designation had occurred at the beginning of the applicable reference period; and (2) no Event of Default would be in existence following such designation. Any such designation by the Issuer shall be evidenced to the Trustee by delivering to the Trustee an Officer's Certificate certifying that such designation complies with the preceding conditions.

SECTION 3.21 Suspension of Certain Covenants on Achievement of Investment Grade Status

(a) Following the first day following the Escrow Release Date that (i) the Notes have achieved Investment Grade Status and (ii) no Default or Event of Default has occurred and is continuing under this Indenture (the occurrence of the events described in the foregoing clause (i) and this clause (ii) being collectively referred to as a "Covenant Suspension Event"), then, beginning on that day and continuing until the Reversion Date (such period of time between the date of occurrence of a Covenant Suspension Event and the Reversion Date, "Suspension Period"), the Issuer and its Restricted Subsidiaries will not be subject to Sections 3.02, 3.03, 3.04, 3.05, 3.07, 3.08 and 4.01(a)(3) (collectively, the "Suspended Covenants").

(b) If at any time the Notes cease to have such Investment Grade Status, then the Suspended Covenants shall thereafter be reinstated as if such covenants had never been suspended (the "Reversion Date") and be applicable pursuant to the terms of this Indenture (including in connection with performing any calculation or assessment to determine compliance with the terms of this Indenture), unless and until the Notes subsequently attain Investment Grade Status and no Default or Event of Default is in existence (in which event the Suspended Covenants shall no longer be in effect for such time that the Notes maintain an Investment Grade Status); *provided*, *however*, that no Default, Event of Default or breach of any kind shall be deemed to exist under this Indenture, the Notes or the Note Guarantees with respect to the Suspended Covenants based on, and none of the Issuer or any of its Subsidiaries shall bear any liability for, any actions taken or events occurring during the Suspension Period, or any actions taken at any time pursuant to any contractual obligation arising prior to the Reversion Date, regardless of whether such actions or events would have been permitted if the applicable Suspended Covenants remained in effect during such period.

(c) On the Reversion Date, all Indebtedness incurred during the Suspension Period will be deemed to have been outstanding on the Escrow Release Date, so that it is classified as permitted under Section 3.02(b)(4)(b). On and after the Reversion Date, all Liens created during the Suspension Period will be considered Permitted Liens pursuant to clause (11) of such definition. Accordingly, Restricted Payments made during the Suspension Period will not reduce the amount available to be made as Restricted Payments under Section 3.03(a).

(d) On the Reversion Date, the amount of Excess Proceeds shall be reset at zero. Any Affiliate Transaction entered into after the Reversion Date pursuant to an agreement entered into during any Suspension Period will be deemed to have been outstanding on the Escrow Release Date, so that it is classified as permitted under Section 3.08(b)(6). Any encumbrance or restriction on the ability of any Restricted Subsidiary to take any action described in Section 3.04(a) that becomes effective during the Suspension Period will be deemed to have existed on the Escrow Release Date, so that it is classified as permitted under Section 3.04(b)(1).

(e) During the Suspension Period, the Note Guarantees of the Guarantors shall be released and any obligation to grant further Note Guarantees shall be suspended. All obligations to grant Note Guarantees (including any such future obligations) shall be reinstated upon the Reversion Date, and within the time frame required under Section 3.07, the Issuer must comply with the terms of the covenant described under Section 3.07.

(f) No Default, Event of Default or breach of any kind shall be deemed to have occurred on the Reversion Date as a result of any actions taken or the performance of obligations under agreements entered into by the Issuer or its Restricted Subsidiaries during the Suspension Period other than agreements to take actions after the Reversion Date that would not be permitted outside of the Suspension Period entered into in contemplation of the Reversion Date.

(g) On and after each Reversion Date, the Issuer and any of its Subsidiaries will be permitted to consummate the transactions contemplated by any contract entered into during the Suspension Period, so long as such contract and such consummation would have been permitted during such Suspension Period.

(h) The Trustee shall have no duty to monitor the ratings of the Notes, shall not be deemed to have any knowledge of the ratings of the Notes and shall have no duty to notify Holders if the Notes achieve Investment Grade Status or of the occurrence of a Reversion Date or to independently determine or verify if such events have occurred.

ARTICLE IV

MERGER AND CONSOLIDATION

SECTION 4.01 Merger and Consolidation.

(a) From and after the Escrow Release Date, the Issuer shall not consolidate with or merge with or into, or convey, transfer or lease all or substantially all of the assets of the Issuer and its Restricted Subsidiaries, taken as a whole, in one transaction or a series of related transactions, to any Person, unless:

(1) the Issuer is the surviving Person or the resulting, surviving or transferee Person (the "Successor Issuer") will be a Person organized or existing under the laws of an Applicable Jurisdiction and the Successor Issuer (if not the Issuer) will expressly assume all the obligations of the Issuer under the Notes and this Indenture pursuant to supplemental indentures or other documents and instruments;

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the applicable Successor Issuer or any Subsidiary of the applicable Successor Issuer as a result of such transaction as having been incurred by the applicable Successor Issuer or such Subsidiary at the time of such transaction), no Event of Default shall have occurred and be continuing;

(3) immediately after giving pro forma effect to such transaction, either (a) the applicable Successor Issuer or the Issuer would be able to incur at least an additional $1.00 of Indebtedness pursuant to Section 3.02(a) hereof, (b) the Fixed Charge Coverage Ratio of the Issuer and its Restricted Subsidiaries would not be lower than it was immediately prior to giving effect to such transaction or (c) the Consolidated Total Net Leverage Ratio of the Issuer and its Restricted Subsidiaries would not be higher than it was immediately prior to giving effect to such transactions; and

(4) the Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indenture (if any) comply with this Indenture and an Opinion of Counsel stating that such supplemental indenture (if any) is a legal and binding agreement enforceable against the Successor Issuer; *provided* that, in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate as to any matters of fact, including as to satisfaction of clause (2) above.

(b) [Reserved].

(c) The Successor Issuer will succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Notes and this Indenture, and the Issuer will automatically and unconditionally be released and discharged from its obligations under the Notes and this Indenture.

(d) Notwithstanding any other provision of this Section 4.01, (i) the Issuer may consolidate or otherwise combine with or merge into or transfer all or substantially all or part of its properties and assets to one or more Guarantors, (ii) the Issuer may consolidate or otherwise combine with or merge into an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Issuer, reincorporating the Issuer in another jurisdiction, or changing the legal form of the Issuer, (iii) the Issuer may complete any Permitted Tax Restructuring, (iv) the Issuer may consolidate or otherwise combine with or merge into or transfer all or substantially all or part of its properties and assets to any Person in connection with the Transactions, and (v) any Permitted Investment and/or permitted disposition may be structured as a merger, consolidation or amalgamation.

(e) The foregoing provisions shall not apply to the creation of a new Subsidiary as a Restricted Subsidiary. For the avoidance of doubt, notwithstanding anything else contained herein, any LLC Conversion shall be permitted under this Indenture.

(f) Subject to Section 10.02(b), on and following the Escrow Release Date, no Guarantor may consolidate with or merge with or into, or convey, transfer or lease all or substantially all its assets, in one transaction or a series of related transactions, to any Person, unless:

(1)(a) the other Person is the Issuer or any Restricted Subsidiary that is a Guarantor or becomes a Guarantor concurrently with the transaction; or either (x) the Issuer or a Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person expressly assumes all the obligations of such Guarantor under its Note Guarantee and this Indenture; and

(b) immediately after giving effect to the transaction, no Event of Default shall have occurred and be continuing; or

(2) the transaction constitutes a sale, disposition or transfer of the Guarantor or the conveyance, transfer or lease of all or substantially all of the assets of the Guarantor (in each case other than to the Issuer or a Restricted Subsidiary) otherwise not prohibited by this Indenture.

Notwithstanding any other provision of this Section 4.01, any Guarantor may (a) consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to another Guarantor or the Issuer, (b) consolidate or otherwise combine with or merge into an Affiliate (i) organized or existing under the laws of an Applicable Jurisdiction or (ii) incorporated or organized for the purpose of changing the legal domicile of the Guarantor, reincorporating the Guarantor in another jurisdiction, or changing the legal form of the Guarantor, (c) convert into a corporation, partnership, limited partnership, limited liability company or trust organized or existing under the laws of the jurisdiction of organization of such Guarantor, (d) liquidate or dissolve or change its legal form if the Issuer determines in good faith that such action is in the best interests of the Issuer, (e) complete any Permitted Tax Restructuring, (f) consolidate or otherwise combine with, merge into or otherwise transfer all or party of its properties and assets to (upon voluntary liquidation or otherwise) any Person if (x) such transaction is undertaken in good faith to improve the tax efficiency of any Parent Entity, the Issuer and/or any of its Subsidiaries and (y) after giving effect to such transaction, the value of the Guarantees, taken as a whole, is not materially impaired (as determined in good faith by the Issuer), (g) consolidate or otherwise combine with or merge into any Person in connection with the Transactions and (h) consolidate with or merge with or into, or transfer all or part of its properties and assets to, any Person in connection with any Permitted Investment and/or permitted disposition. Notwithstanding anything to the contrary in this Section 4.01, the Issuer may contribute Capital Stock of any or all of its Subsidiaries to any Guarantor.

Any reference herein to a merger, consolidation, amalgamation, assignment, sale, disposition or transfer, or similar term, shall be deemed to apply to a division of or by a limited liability company, limited partnership or trust, or an allocation of assets to a series of a limited liability company, limited partnership or trust (or the unwinding of such a division or allocation), as if it were a merger, consolidation, amalgamation, assignment, sale, disposition or transfer, or similar term, as applicable, to, of or with a separate Person. Any division of a limited liability company, limited partnership or trust shall constitute a separate Person hereunder (and each division of any limited liability company, limited partnership or trust that is a Subsidiary, Restricted Subsidiary, Unrestricted Subsidiary, joint venture or any other like term shall also constitute such a Person or entity).

Notwithstanding any other provision of this Section 4.01, this Section 4.01 will not apply to the Transactions.

ARTICLE V

REDEMPTION OF SECURITIES

SECTION 5.01 Notices to Trustee. Except with respect to a Special Mandatory Redemption pursuant to Section 5.09 hereof, if the Issuer elects to redeem Notes pursuant to the optional redemption provisions of Section 5.07 hereof, it must furnish to the Trustee, at least 10 days but not more than 60 days before a redemption date, an Officer's Certificate setting forth:

(1) the paragraph of the Notes and/or Section of this Indenture pursuant to which the Notes called for redemption are to be redeemed;

(2) the redemption date;

(3) the principal amount of Notes to be redeemed; and

(4) the redemption price.

Any optional redemption referenced in such Officer's Certificate may be cancelled by the Issuer at any time prior to notice of redemption being sent to any Holder and thereafter shall be null and void.

SECTION 5.02 Selection of Notes to Be Redeemed or Purchased. If less than all of the Notes are to be redeemed or purchased pursuant to Section 5.07, Section 3.05 or Section 5.09, as applicable, the Trustee will select Notes for redemption or purchase (a) in compliance with the requirements of the principal securities exchange, if any, on which the Notes are listed, as certified to the Trustee by the Issuer, and otherwise in compliance with the requirements of DTC, or (b) if the Notes are not so listed or such exchange prescribes no method of selection and the Notes are not held through DTC or DTC prescribes no method of selection, on a pro rata basis or by lot (subject to adjustments to maintain the authorized Notes denomination requirements and to any applicable policies and procedures of DTC), except if otherwise required by law.

In the event of partial redemption, the particular Notes to be redeemed or purchased will be selected, unless otherwise provided herein, not less than 10 days nor more than 60 days prior to the redemption or purchase date by the Trustee from the outstanding Notes not previously called for redemption or purchase; *provided* that the Issuer shall provide the Trustee with sufficient notice of such partial redemption to enable the Trustee to select the Notes for partial redemption.

The Trustee will promptly notify the Issuer in writing of the Notes selected for redemption or purchase and, in the case of any Note selected for partial redemption or purchase, the principal amount thereof to be redeemed or purchased. Notes and portions of Notes selected will be in minimum principal amounts of $2,000 and whole multiples of $1,000 in excess of $2,000; except that if all of the Notes of a Holder are to be redeemed or purchased, the entire outstanding amount of Notes held by such Holder, even if not in a minimum principal amount of $2,000 or a multiple of $1,000 in excess thereof, shall be redeemed or purchased. Except as provided in the preceding sentence, provisions of this Indenture that apply to Notes called for redemption or purchase also apply to portions of Notes called for redemption or purchase.

SECTION 5.03 Notice of Redemption. Except with respect to a Special Mandatory Redemption pursuant to Section 5.09 hereof, at least 10 days but not more than 60 days before the applicable Redemption Date, the Issuer will send or cause to be sent, by electronic delivery or by first-class mail postage prepaid, a notice of redemption to each Holder (with a copy to the Trustee) whose Notes are to be redeemed at the address of such Holder appearing in the security register or otherwise in accordance with the applicable procedures of DTC, except that redemption notices may be delivered electronically or mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of this Indenture pursuant to Articles VIII or XI hereto. Other than the timing, notices of a Special Mandatory Redemption shall be given to Holders in the same manner as notices of redemption.

The notice will identify the Notes (including the CUSIP or ISIN number) to be redeemed and will state:

(1) the redemption date;

(2) the redemption price;

(3) if any Note is being redeemed in part, the portion of the principal amount of such Note to be redeemed and that, after the redemption date upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note;

(4) the name and address of the Paying Agent;

(5) that Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price;

(6) that, unless the Issuer defaults in making such redemption payment, interest on Notes called for redemption ceases to accrue on and after the redemption date;

(7) the paragraph of the Notes and/or Section of this Indenture pursuant to which the Notes called for redemption are being redeemed; and

(8) that no representation is made as to the correctness or accuracy of the CUSIP number, if any, listed in such notice or printed on the Notes.

At the Issuer's request, the Trustee will give the notice of redemption in the Issuer's name and at its expense; *provided*, *however*, that the Issuer has delivered to the Trustee, at least three Business Days (or if any of the Notes to be redeemed are in definitive form, five Business Days) prior to the date on which the notice of redemption is to be sent (or such shorter period as the Trustee may agree), an Officer's Certificate requesting that the Trustee give such notice and setting forth the information to be stated in such notice as provided in the preceding paragraph (which may be the Officer's Certificate referenced in Section 5.01).

The Issuer may redeem the Notes pursuant to one or more of the relevant provisions of this Indenture, and a single notice of redemption may be delivered with respect to redemptions made pursuant to different provisions. Any such notice may provide that redemptions made pursuant to different provisions may have different redemption dates or may specify the order in which redemptions taking place on the same redemption date are deemed to occur.

Subject to the terms of the applicable redemption notice (including any conditions contained therein), Notes called for redemption become due on the date fixed for redemption.

Notice of any redemption of the Notes may, at the Issuer's discretion, be given prior to the completion of a transaction (including an Equity Offering, an incurrence of Indebtedness, a Change of Control or other transaction) and any redemption notice may, at the Issuer's discretion, be subject to one or more conditions precedent, including, but not limited to, completion of a related transaction. If such redemption or purchase is so subject to satisfaction of one or more conditions precedent, such notice shall describe each such condition, and if applicable, shall state that, in the Issuer's discretion, the redemption date may be delayed until such time (including more than 60 days after the date the notice of redemption was mailed or delivered, including by electronic transmission) as any or all such conditions shall be satisfied, or such redemption or purchase may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied (or waived by the Issuer in its sole discretion) by the redemption date, or by the redemption date as so delayed. In addition, the Issuer may provide in such notice that payment of the redemption price and performance of the Issuer's obligations with respect to such redemption may be performed by another Person.

SECTION 5.04 [Reserved].

SECTION 5.05 Deposit of Redemption or Purchase Price. Prior to 11:00 a.m. Chicago time on the redemption or purchase date, the Issuer will deposit with the Trustee or with the Paying Agent money sufficient to pay the redemption or purchase price of and accrued interest, if any, on all Notes to be redeemed or purchased on that date. The Trustee or the Paying Agent will promptly return, on or following the applicable redemption or repurchase date, to the Issuer any money deposited with the Trustee or the Paying Agent by the Issuer in excess of the amounts necessary to pay the redemption or purchase price of, and accrued interest, if any, on all Notes to be redeemed or purchased.

If the Issuer complies with the provisions of the preceding paragraph, on and after the applicable redemption or purchase date, interest will cease to accrue on the Notes or the portions of Notes called for redemption or purchase. If a Note is redeemed or purchased on or after a record date but before the corresponding interest payment date, then any accrued and unpaid interest, if any, to, but excluding, the redemption date or purchase date shall be paid on the applicable Redemption Date or purchase date to the Person in whose name such Note was registered at the close of business on such record date in accordance with the applicable procedures of DTC. If any Note called for redemption or purchase is not so paid upon surrender for redemption or purchase because of the failure of the Issuer to comply with the preceding paragraph, interest shall be paid on the unpaid principal, from the redemption or purchase date until such principal is paid, and to the extent lawful on any interest not paid on such unpaid principal, in each case at the rate provided in the Notes and in Section 3.01 hereof.

SECTION 5.06 Notes Redeemed or Purchased in Part. Upon surrender of a Note issued in physical form that is redeemed or purchased in part, the Issuer will issue and the Trustee will authenticate for the Holder at the expense of the Issuer a new Note equal in principal amount to the unredeemed or unpurchased portion of the Note surrendered; *provided* that each such new Note will be in a minimum principal amount of $2,000 or integral multiple of $1,000 in excess thereof.

In the case of a Note issued as a global note, an appropriate notation will be made on such Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof; *provided* that the unredeemed portion thereof will be in a minimum principal amount of $2,000 or integral multiple of $1,000 in excess thereof.

SECTION 5.07 Optional Redemption.

(a) At any time and from time to time prior to May 1, 2026, the Issuer may redeem the Notes, in whole or in part, upon at least 10 but not more than 60 days' prior notice, with a copy to the Trustee, to each Holder of Notes to the address of such Holder appearing in the Notes Register, at a redemption price equal to 100% of the principal amount of such Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, to, but excluding, the applicable redemption date (the "Redemption Date").

(b) At any time and from time to time on or after May 1, 2026, the Issuer may redeem the Notes, in whole or in part, upon at least 10 but not more than 60 days' prior notice, with a copy to the Trustee, to each Holder of Notes to the address of such Holder appearing in the Notes Register at a redemption price equal to the percentage of the principal amount of the Notes to be redeemed as set forth in the table below, plus accrued and unpaid interest, if any, to, but excluding, the applicable Redemption Date, subject to the right of Holders of record of the Notes on the relevant record date to receive interest due on the relevant interest payment date, if redeemed during the twelve-month period beginning on May 1 of each of the years indicated in the table below:

Year	Percentage
2026	103.875%
2027	101.938%
2028 and thereafter	100.000%

(c) At any time and from time to time on or prior to May 1, 2026, the Issuer may redeem in the aggregate up to 40% of the original aggregate principal amount of the Notes (calculated after giving effect to any issuance of Additional Notes) with the net cash proceeds of one or more Equity Offerings (1) by the Issuer or (2) by any Parent Entity to the extent the net cash proceeds thereof are contributed to the common equity capital of the Issuer or used to purchase Capital Stock (other than Disqualified Stock) of the Issuer, at a redemption price of 107.750% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the applicable Redemption Date; *provided*, *however*, that at least 50% of the original aggregate principal amount of the Notes (calculated after giving effect to any issuance of Additional Notes) must remain outstanding after each such redemption; *provided*, *further*, that such redemption shall occur within 180 days after the date on which any such Equity Offering is consummated, upon at least 10 but not more than 60 days' prior notice and otherwise in accordance with the procedures set forth in this Indenture.

(d) Notwithstanding the foregoing, in connection with any tender offer for the Notes, including a Change of Control Offer or Asset Disposition Offer, if Holders of not less than 90.0% in aggregate principal amount of the outstanding Notes validly tender and do not validly withdraw such Notes in such tender offer and the Issuer, or any third party making such tender offer in lieu of the Issuer, purchases all of the Notes validly tendered and not validly withdrawn by such Holders, the Issuer or such third party shall have the right upon not less than 10 nor more than 60 days' prior notice, with a copy to the Trustee, to each Holder of Notes to the address of such Holder appearing in the Notes Register, to redeem all Notes that remain outstanding following such purchase at a redemption price equal to the price offered to each other Holder (excluding any early tender or incentive fee) in such tender offer plus, to the extent not included in the tender offer payment, accrued and unpaid interest, if any, thereon, to, but excluding, the applicable Redemption Date. In determining whether the Holders of at least 90% of the aggregate principal amount of the outstanding Notes have validly tendered and not validly withdrawn such Notes in a tender offer, including a Change of Control Offer or Asset Disposition Offer, Notes owned by the Issuer or its Affiliates or by funds controlled or managed by any Affiliate of the Issuer, or any successor thereof, shall be deemed to be outstanding for the purposes of such tender offer.

(e) Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable Redemption Date.

(f) Any redemption pursuant to this Section 5.07 shall be made pursuant to the provisions of Sections 5.01 through 5.06.

SECTION 5.08 Mandatory Redemption. Except as described under Section 5.09, the Issuer is not required to make mandatory redemption payments or sinking fund payments with respect to the Notes; *provided*, *however*, that under certain circumstances, the Issuer may be required to offer to purchase Notes under Section 3.05 and Section 3.09. As market conditions warrant, the Issuer and its equity holders, its respective Affiliates and members of its management, may from time to time seek to purchase its outstanding debt securities or loans, including the Notes.

SECTION 5.09 Escrow of Proceeds; Special Mandatory Redemption.

(a) The Issuer will, pursuant to the terms of the Escrow Agreement, deposit (or cause to be deposited) into the Escrow Account the net proceeds of the offering of the Initial Notes.

(b) The Escrow Agreement provides that subject to the terms and conditions set forth therein, the Escrow Agent will liquidate all Escrowed Property then held by it and cause the release of the proceeds of such liquidated Escrowed Property to the Issuer or to such other Person as the Issuer directs in accordance with the terms of the Escrow Agreement.

(c) The Trustee is hereby authorized and directed to execute and deliver the Escrow Agreement.

(d) In the event that (x) the Issuer has not delivered the Spin Certificate to the Trustee and the Escrow Agent prior to 11:59 p.m. (New York City time) on the date that is five months after the Issue Date, (y) the Escrowed Property is released to the Issuer or to such other person as the Issuer directs but the Spin-Off is not consummated at or prior to 11:59 p.m. (New York City time) on the fifth Business Day following the date on which such Escrowed Property is so released or (z) the Issuer notifies the Escrow Agent and the Trustee in writing that the Issuer will not pursue the Spin-Off (the earliest such event described in the foregoing clauses (x), (y) or (z) being the "Special Mandatory Redemption Event"), the Issuer will be required to redeem all of the Notes (the "Special Mandatory Redemption") then outstanding at a redemption price equal to 100% of the aggregate principal amount of the Notes to be redeemed, plus accrued and unpaid interest on the Notes to be redeemed, to, but excluding, the Special Mandatory Redemption Date (the "Special Mandatory Redemption Price").

(e) In the event that the Issuer becomes obligated to redeem the Notes pursuant to the Special Mandatory Redemption, the Issuer will promptly, and in any event not more than five Business Days after the Special Mandatory Redemption Event, deliver to the Trustee and the Escrow Agent notice (the date on which such notice is delivered, the "Special Mandatory Redemption Notice Date") of the Special Mandatory Redemption and the date upon which such Notes shall be redeemed (the "Special Mandatory Redemption Date," which date shall be no later than the third Business Day following the Special Mandatory Redemption Notice Date) and to the Trustee a notice of Special Mandatory Redemption for the Trustee to deliver to each registered Holder of Notes to be redeemed. Upon delivery by the Issuer to the Trustee of notice of Special Mandatory Redemption, the Trustee will promptly mail, or deliver electronically if such Notes are held by any Depositary (including, without limitation, DTC) in accordance with such Depositary's customary procedures, such notice of Special Mandatory Redemption to each registered Holder of Notes to be redeemed at its registered address (so long as such notice is delivered to the Trustee at least one Business Day prior to the date such notice is sent (or such shorter period as the Trustee may agree)). Where applicable, on or about the Business Day immediately following the Special Mandatory Redemption Notice Date (and no later than the Business Day prior to the Special Mandatory Redemption Date), the Escrow Agent, without the requirement of further notice to or action by the Issuer or any other person, shall liquidate all Escrowed Property, if any, and release any such Escrowed Property to the Trustee. On or prior to the Special Mandatory Redemption Date, if necessary, the Issuer shall deposit or cause to be deposited with the Trustee immediately available funds in U.S. dollars in an amount sufficient, when taken together with any such liquidated Escrowed Property, to pay the Special Mandatory Redemption Price on all Notes to be redeemed on such date. The Trustee shall apply such liquidated Escrowed Property and such deposited funds on the Special Mandatory Redemption Date to the Special Mandatory Redemption. Unless the Issuer defaults in payment of the Special Mandatory Redemption Price, on and after such Special Mandatory Redemption Date, interest will cease to accrue on the Notes to be redeemed. The Trustee will release to the Issuer any liquidated Escrowed Property or other deposited funds remaining after the Notes are redeemed.

(f) Notwithstanding the foregoing, installments of interest on the Notes that are due and payable on Interest Payment Dates falling on or prior to the Special Mandatory Redemption Date will be payable on such Interest Payment Dates to the registered Holders as of the close of business on the relevant record dates in accordance with the Notes and this Indenture.

ARTICLE VI

DEFAULTS AND REMEDIES

SECTION 6.01 Events of Default.

(a) Each of the following is an "Event of Default" hereunder:

(1) default in any payment of interest on any Note when due and payable, continued for 30 days;

(2) default in the payment of the principal amount of or premium, if any, on any Note issued under this Indenture when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;

(3) failure by the Issuer or any Guarantor to comply for 60 days after written notice by the Trustee on behalf of the Holders or by the Holders of at least 25% in aggregate principal amount of the outstanding Notes with any agreement or obligation contained in this Indenture; *provided* that in the case of a failure to comply with this Indenture provisions described under Section 3.10, such period of continuance of such default or breach shall be 120 days after written notice described in this clause (3) has been given;

(4) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Issuer or any Material Subsidiary (or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Issuer and its Restricted Subsidiaries) would constitute a Material Subsidiary) (or the payment of which is Guaranteed by the Issuer or any Material Subsidiary (or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Issuer and its Restricted Subsidiaries) would constitute a Material Subsidiary)) other than Indebtedness owed to the Issuer or a Restricted Subsidiary whether such Indebtedness or Guarantee now exists, or is created after the date hereof, which default:

(A) is caused by a failure to pay principal of such Indebtedness, at its stated final maturity (after giving effect to any applicable grace periods) provided in such Indebtedness; or

(B) results in the acceleration of such Indebtedness prior to its stated final maturity;

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a payment default of principal at its stated final maturity (after giving effect to any applicable grace periods) or the maturity of which has been so accelerated, aggregates to an amount that is equal to or greater than $75.0 million (measured at the date of such non-payment or acceleration) or more at any one time outstanding;

(5) failure by the Issuer or a Material Subsidiary (or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Issuer and its Restricted Subsidiaries) would constitute a Material Subsidiary) to pay final judgments aggregating in excess of $75.0 million (measured at the date of such judgment) other than any judgments covered by indemnities provided by, or insurance policies issued by, reputable and creditworthy companies, which final judgments remain unpaid, undischarged and unstayed for a period of more than 60 days after such judgment becomes final, and in the event such judgment is covered by insurance, an enforcement proceeding has been commenced by any creditor upon such judgment or decree which is not promptly stayed;

(6) any Guarantee of the Notes by a Material Subsidiary ceases to be in full force and effect, other than (A) in accordance with the terms of this Indenture, or (B) in connection with the bankruptcy of a Guarantor, so long as the aggregate assets of such Guarantor and any other Guarantor whose Note Guarantee ceased or ceases to be in full force as a result of a bankruptcy are less than $75.0 million (measured at the date of such bankruptcy);

(7) the Issuer or a Material Subsidiary (or any group of Restricted Subsidiaries that, taken together as of the latest audited consolidated financial statements of the Issuer and its Material Subsidiaries, would constitute a Material Subsidiary) pursuant to or within the meaning of any Bankruptcy Law:

(A) commences a voluntary case or proceeding;

(B) consents to the entry of an order for relief against it in an involuntary case or proceeding;

(C) consents to the appointment of a Custodian of it or for substantially all of its property;

(D) makes a general assignment for the benefit of its creditors;

(E) consents to or acquiesces in the institution of a bankruptcy or an insolvency proceeding against it; or

(F) takes any comparable action under any foreign laws relating to insolvency;

(8) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(A) is for relief against the Issuer or a Material Subsidiary (or any group of Restricted Subsidiaries that, taken together as of the latest audited consolidated financial statements for the Issuer and its Restricted Subsidiaries, would constitute a Material Subsidiary) in an involuntary case;

(B) appoints a Custodian of the Issuer or a Material Subsidiary (or any group of Restricted Subsidiaries that, taken together as of the latest audited consolidated financial statements for the Issuer and its Restricted Subsidiaries, would constitute a Material Subsidiary) for substantially all of its property; or

(C) orders the winding up or liquidation of the Issuer or a Material Subsidiary (or any group of Restricted Subsidiaries that, taken together as of the latest audited consolidated financial statements for the Issuer and its Restricted Subsidiaries, would constitute a Material Subsidiary); or

any similar relief is granted under any foreign laws and, in each case, the order, decree or relief remains unstayed and in effect for 60 consecutive days;

(9) the failure by the Issuer to timely deliver a notice of the Special Mandatory Redemption, if applicable, and to pay the Special Mandatory Redemption Price on the Special Mandatory Redemption Date, as described above under Section 5.09.

provided that a Default under clause (3), (4) or (5) will not constitute an Event of Default until the Trustee or the Holders of at least 25% in principal amount of the outstanding Notes notify the Issuer in writing of the Default (with a copy to the Trustee if notice is given by the Holders) and, with respect to clauses (3) and (5), the Issuer does not cure such Default within the time specified in clause (3) or (5) after receipt of such notice; *provided* that a notice of Default may not be given with respect to any action taken, and reported publicly or to Holders and the Trustee, more than two years prior to such notice of Default. Any notice of Default, notice of acceleration or instruction to the Trustee to provide a notice of Default, notice of acceleration or take any other action (a "Noteholder Direction") provided by any one or more Holders (each, a "Directing Holder") shall be accompanied by a written representation from each such Holder delivered to the Issuer and the Trustee that such Holder is not (or, in the case such Holder is DTC or its nominee, that such Holder is being instructed solely by beneficial owners that have represented to such Holder that they are not) Net Short (a "Position Representation"), which representation, in the case of a Noteholder Direction relating to the delivery of a notice of Default shall be deemed a continuing representation until the resulting Event of Default is cured or otherwise ceases to exist or the Notes are accelerated. In addition, each Directing Holder shall be deemed, at the time of providing a Noteholder Direction, to covenant to provide the Issuer with such other information as the Issuer may reasonably request from time to time in order to verify the accuracy of such Noteholder's Position Representation within five Business Days of request therefor (a "Verification Covenant"). In any case in which the Holder is DTC or its nominee, any Position Representation or Verification Covenant required hereunder shall be provided by the beneficial owner of the Notes in lieu of DTC or its nominee and DTC shall be entitled to conclusively rely on such Position Representation and Verification Covenant in delivering its direction to the Trustee.

In no event shall the Trustee have any liability or obligation to ascertain, monitor or inquire as to whether any Holder is Net Short and/or whether such Holder has delivered any Position Representation, Verification Covenant, Noteholder Direction, or any related certifications under this Indenture or in connection with the Notes or if any such Position Representation, Verification Covenant, Noteholder Direction, or any related certifications comply with this Indenture, the Notes, or any other document. It is understood and agreed that the Issuer and the Trustee shall be entitled to conclusively rely on each representation, deemed representation and certification made by, and covenant of, each beneficial owner provided for in this paragraph. Notwithstanding any other provision of this Indenture, the Notes or any other document, the provisions of this paragraph shall apply and survive with respect to each beneficial owner notwithstanding that any such Person may have ceased to be a beneficial owner, this Indenture may have been terminated or the Notes may have been redeemed in full.

If, following the delivery of a Noteholder Direction, but prior to acceleration of the Notes, the Issuer determines in good faith that there is a reasonable basis to believe a Directing Holder was, at any relevant time, in breach of its Position Representation and provides to the Trustee an Officer's Certificate stating that the Issuer has initiated litigation in a court of competent jurisdiction seeking a determination that such Directing Holder was, at such time, in breach of its Position Representation, and seeking to invalidate any Default, Event of Default or acceleration (or notice thereof) that resulted from the applicable Noteholder Direction, the cure period with respect to such Default or Event of Default shall be automatically stayed and the cure period with respect to such Default or Event of Default shall be automatically reinstituted and any remedy stayed pending a final and non-appealable determination of a court of competent jurisdiction on such matter if, without the participation of such Holder, the percentage of Notes held by the remaining Holders that provided such Noteholder Direction would have been insufficient to validly provide such Noteholder Direction. If, following the delivery of a Noteholder Direction, but prior to acceleration of the Notes, the Issuer provides to the Trustee an Officer's Certificate stating that a Directing Holder failed to satisfy its Verification Covenant, the cure period with respect to such Default or Event of Default shall be automatically stayed and the cure period with respect to any Default or Event of Default that resulted from the applicable Noteholder Direction shall be automatically reinstituted and any remedy stayed pending satisfaction of such Verification Covenant. Any breach of the Position Representation shall result in such Holder's participation in such Noteholder Direction being disregarded; and, if, without the participation of such Holder, the percentage of Notes held by the remaining Holders that provided such Noteholder Direction would have been insufficient to validly provide such Noteholder Direction, such Noteholder Direction shall be void *ab initio* (other than any indemnity such Directing Holder may have offered the Trustee), with the effect that such Default or Event of Default shall be deemed never to have occurred, acceleration voided and the Trustee shall be deemed not to have received such Noteholder Direction or any notice of such Default or Event of Default.

Notwithstanding anything in the preceding two paragraphs to the contrary, any Noteholder Direction delivered to the Trustee during the pendency of an Event of Default as the result of a bankruptcy or similar proceeding shall not require compliance with the foregoing paragraphs.

For the avoidance of doubt, the Trustee shall be entitled to conclusively rely on any Noteholder Direction delivered to it in accordance with this Indenture, shall have no duty to inquire as to or investigate the accuracy of any Position Representation, enforce compliance with any Verification Covenant, verify any statements in any Officer's Certificate delivered to it, or otherwise make calculations, investigations or determinations with respect to Derivative Instruments, Net Shorts, Long Derivative Instruments, Short Derivative Instruments or otherwise. The Trustee shall have no liability or responsibility to the Issuer, any Holder or any other Person in connection with any Noteholder Direction or to determine whether or not any Holder has delivered any Position Representation, Verification Covenant, Noteholder Direction or any related certification or that such Position Representation, Verification Covenant, Noteholder Direction or any related certification conforms with this Indenture or any other agreement.

(b) If a Default for a failure to report or failure to deliver a required certificate in connection with another default (the "Initial Default") occurs, then at the time such Initial Default is cured, such Default for a failure to report or failure to deliver a required certificate in connection with another default that resulted solely because of that Initial Default shall also be cured without any further action.

(c) Any Default or Event of Default for the failure to comply with the time periods prescribed in Section 3.10 hereof or otherwise to deliver any notice or certificate pursuant to any other provision of this Indenture shall be deemed to be cured upon the delivery of any such report required by such covenant or such notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in this Indenture.

(d) Any time period provided in this Indenture to cure any actual or alleged Default or Event of Default may be extended or stayed by a court of competent jurisdiction.

SECTION 6.02 Acceleration. If an Event of Default (other than an Event of Default described in clause (7), (8) or (9) of Section 6.01(a) with respect to the Issuer) occurs and is continuing, the Trustee by written notice to the Issuer or the Holders of at least 25% in principal amount of the outstanding Notes by written notice to the Issuer and the Trustee may declare the principal of and accrued and unpaid interest, if any, on all the Notes to be due and payable. Upon such a declaration, such principal and accrued and unpaid interest, if any, will be due and payable immediately.

In the event of a declaration of acceleration of the Notes because an Event of Default specified in clause (4)(B) of Section 6.01(a) has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled, waived and rescinded, automatically and without any action by the Trustee or the Holders, if within 30 days after the declaration of acceleration with respect thereto:

(1) (x) the Indebtedness that gave rise to such Event of Default shall have been discharged in full; or

(y) the holders of such Indebtedness have rescinded or waived the acceleration, notice or action (as the case may be) giving rise to such Event of Default; or

(z) if the default that is the basis for such Event of Default has been remedied or cured; and

(2) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction.

If an Event of Default described in clause (7), (8) or (9) of Section 6.01(a) with respect to the Issuer occurs and is continuing, the principal of and accrued and unpaid interest, if any, on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

SECTION 6.03 Other Remedies. If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy by proceeding at law or in equity to collect the payment of principal of, or premium, if any, or interest, if any, on the Notes or to enforce the performance of any provision of the Notes or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative.

SECTION 6.04 Waiver of Past Defaults. The Holders of a majority in aggregate principal amount of the then outstanding Notes by written notice to the Trustee may, on behalf of all of the Holders, (a) waive, by their consent (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), any past or existing Default or Event of Default and its consequences under this Indenture except (i) a Default or Event of Default in the payment of the principal of, or interest, on a Note or (ii) a Default or Event of Default in respect of a provision that under Section 9.02 cannot be amended or waived without the consent of each Holder affected and (b) rescind any acceleration with respect to the Notes and its consequences if (1) such rescission would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default have been cured or waived except nonpayment of principal, premium, if any, or interest, if any, that has become due solely because of the acceleration. No such rescission shall affect any subsequent Default or impair any right consequent thereto. When a Default or Event of Default is waived, it is deemed cured, but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any consequent right except as provided in Section 6.01(b).

SECTION 6.05 Control by Majority. The Holders of a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture or the Notes or, subject to Sections 7.01 and 7.02, that the Trustee determines is unduly prejudicial to the rights of any other Holders or would involve the Trustee in personal liability; *provided*, *however*, that the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction; *provided*, *further*, that the Trustee has no duty to determine whether any action is prejudicial to any Holder. Prior to taking any action hereunder, the Trustee shall be entitled to indemnification satisfactory to the Trustee against all fees, losses, liabilities and expenses (including attorneys' fees and expenses) that may be caused by taking or not taking such action and the Trustee will be under no obligation to exercise any of the rights or powers under this Indenture at the request or direction of any of the Holders unless such Holders have offered and, if requested, provided to the Trustee such indemnification or security to the Trustee satisfactory to the Trustee against any loss, liability or expense.

SECTION 6.06 Limitation on Suits. Subject to Section 6.07, a Holder may not pursue any remedy with respect to this Indenture or the Notes unless:

(1) such Holder has previously given the Trustee written notice that an Event of Default is continuing;

(2) Holders of at least 25% in aggregate principal amount of the outstanding Notes have requested in writing the Trustee to pursue the remedy;

(3) such Holders have offered in writing and, if requested, provided to the Trustee security or indemnity satisfactory to the Trustee against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the written request and the offer of security or indemnity; and

(5) the Holders of a majority in aggregate principal amount of the outstanding Notes have not given the Trustee a written direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

A Holder may not use this Indenture to prejudice the rights of another Holder or to obtain a preference or priority over another Holder (it being understood that the Trustee does not have an affirmative duty to ascertain whether or not such actions or forbearances are unduly prejudicial to such Holders).

SECTION 6.07 Rights of Holders to Receive Payment. Notwithstanding any other provision of this Indenture (including, without limitation, Section 6.06), the contractual right of any Holder to receive payment of interest on the Notes held by such Holder or to institute suit for the enforcement of any such payment on or with respect to such Holder's Notes shall not be impaired or affected without the consent of such Holder (and, for the avoidance of doubt, the amendment, supplement or modification in accordance with the terms of this Indenture of Article III and IV and Sections 6.01(a)(3), (4), (5) and (6) and the related definitions shall be deemed not to impair the contractual right of any Holder to receive payments of principal of and interest on such Holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any such payment on or with respect to such Holder's Note).

SECTION 6.08 Collection Suit by Trustee. If an Event of Default specified in clauses (1) or (2) of Section 6.01(a) occurs and is continuing, the Trustee may recover judgment in its own name and as trustee of an express trust against the Issuer for the whole amount then due and owing (together with interest on any unpaid interest to the extent lawful) and the amounts provided for in Section 7.07.

SECTION 6.09 Trustee May File Proofs of Claim. The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Holders allowed in any judicial proceedings relative to the Issuer, its Subsidiaries or its or their respective creditors or properties and, unless prohibited by law or applicable regulations, may be entitled and empowered to participate as a member of any official committee of creditors appointed in such matter and may vote on behalf of the Holders in any election of a trustee in bankruptcy or other Person performing similar functions, and any Custodian in any such judicial proceeding is hereby authorized by each Holder to make payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the compensation, expenses, disbursements and advances of the Trustee, its agents and its counsel, and any other amounts due the Trustee under Section 7.07.

No provision of this Indenture shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

SECTION 6.10 Priorities.

(a) If the Trustee collects any money or property pursuant to this Article VI, it shall pay out the money or property in the following order:

FIRST: to the Trustee for amounts due to it under Section 7.07;

SECOND: to Holders for amounts due and unpaid on the Notes for principal of, or premium, if any, and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal of, or premium, if any, and interest, respectively; and

THIRD: to the Issuer, or to the extent the Trustee collects any amount for any Guarantor, to such Guarantor.

(b) The Trustee may fix a record date and payment date for any payment to Holders pursuant to this Section 6.10. At least 15 days before such record date, the Issuer shall send or cause to be sent to each Holder and the Trustee a notice that states the record date, the payment date and amount to be paid.

SECTION 6.11 Undertaking for Costs. In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by the Issuer, a suit by a Holder pursuant to Section 6.07 or a suit by Holders of more than 20.0% in outstanding aggregate principal amount of the Notes.

ARTICLE VII

TRUSTEE

SECTION 7.01 Duties of Trustee.

(a) If an Event of Default has occurred and is continuing and is actually known to a Responsible Officer of the Trustee, the Trustee shall exercise the rights and powers vested in it by this Indenture and use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default actually known to the Trustee:

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of gross negligence or willful misconduct on its part, as determined in a final and non-appealable order of a court of competent jurisdiction, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates, opinions or orders furnished to the Trustee and conforming to the requirements of this Indenture or the Notes, as the case may be. However, in the case of any such certificates or opinions which by any provisions hereof are specifically required to be furnished to the Trustee, the Trustee shall examine such certificates and opinions to determine whether or not they conform to the requirements of this Indenture or the Notes, as the case may be (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

(c) The Trustee may not be relieved from liability for its own grossly negligent action, its own grossly negligent failure to act or its own willful misconduct, as determined in a final and non-appealable order of a court of competent jurisdiction, except that:

(1) this paragraph does not limit the effect of Section 7.01(b);

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer of the Trustee unless it is proved that the Trustee was negligent in ascertaining the pertinent facts;

(3) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05; and

(4) no provision of this Indenture or the Notes shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder or thereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds to believe that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Every provision of this Indenture that in any way relates to the Trustee is subject to clauses (a), (b) and (c) of this Section 7.01.

(e) The Trustee shall not be liable for (i) interest on any money received by it except as the Trustee may agree in writing with the Issuer or (ii) any exchange of currency or any foreign exchange risk.

(f) Every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section 7.01.

SECTION 7.02 Rights of Trustee. Subject to Section 7.01:

(a) The Trustee may conclusively rely on and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, judgment, order or other paper or document (whether in its original, facsimile or other electronic form) reasonably believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document. The Trustee shall receive and retain financial reports and statements of the Issuer or the Issuer, as applicable, as provided herein, but shall have no duty to review or analyze such reports or statements to determine compliance with covenants or other obligations of the Issuer.

(b) Before the Trustee acts or refrains from acting, it may require an Officer's Certificate and/or an Opinion of Counsel. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on an Officer's Certificate or Opinion of Counsel.

(c) The Trustee may execute any of the trusts and powers hereunder or perform any duties hereunder either directly or by or through its attorneys and agents and shall not be responsible for the misconduct or negligence of any agent or attorney appointed with due care by it hereunder.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers conferred upon it by this Indenture.

(e) The Trustee may consult with counsel of its selection, and the advice or opinion of counsel relating to this Indenture or the Notes shall be full and complete authorization and protection from liability in respect of any action taken, omitted or suffered by it hereunder or under the Notes in good faith and in accordance with the advice or opinion of such counsel.

(f) The Trustee shall not be deemed to have notice of any Default or Event of Default or whether any entity or group of entities constitutes a Material Subsidiary unless a Responsible Officer of the Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a Default or of any such Material Subsidiary is actually received by a Responsible Officer of the Trustee at the corporate trust office of the Trustee specified in Section 3.12, and such notice references the Notes and this Indenture.

(g) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and to each agent, custodian and other Person employed to act hereunder.

(h) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture or the Notes at the request, order or direction of any of the Holders pursuant to the provisions of this Indenture, unless such Holders shall have offered, and, if requested, provided to the Trustee security or indemnity satisfactory to the Trustee against the costs, expenses and liabilities which may be incurred therein or thereby.

(i) The Trustee shall not be deemed to have knowledge of any fact or matter unless such fact or matter is known to a Responsible Officer of the Trustee.

(j) Whenever in the administration of this Indenture or the Notes the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder or thereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of gross negligence or willful misconduct on its part (as determined by a final nonappealable order of a court of competent jurisdiction), conclusively rely upon an Officer's Certificate.

(k) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, report, notice, request, direction, consent, judgment, order, bond, debenture, coupon or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine, during business hours and upon reasonable notice, the books, records and premises of the Issuer and the Restricted Subsidiaries, personally or by agent or attorney at the sole cost of the Issuer and shall incur no liability or additional liability of any kind by reason of such inquiry or investigation.

(l) The Trustee shall not be required to give any bond or surety in respect of the performance of its powers and duties hereunder.

(m) The Trustee may request that the Issuer deliver an Officer's Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture or the Notes.

(n) In no event shall the Trustee be liable to any Person for special, punitive, indirect, consequential or incidental loss or damage of any kind whatsoever (including, but not limited to, lost profits), even if the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(o) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Issuer shall be sufficient if signed by one Officer of the Issuer.

(p) The permissive rights of the Trustee to take or refrain from taking any action enumerated in this Indenture and the other Note Documents shall not be construed as obligations or duties.

SECTION 7.03 Individual Rights of Trustee. The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Issuer, Guarantors or their Affiliates with the same rights it would have if it were not Trustee. Any Paying Agent, Registrar, co-registrar or co-paying agent may do the same with like rights. However, the Trustee must comply with Sections 7.10 and 7.11. In addition, the Trustee shall be permitted to engage in transactions with the Issuer and its Affiliates and Subsidiaries.

SECTION 7.04 Trustee's Disclaimer. The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Notes, shall not be accountable for the Issuer's use of the proceeds from the sale of the Notes, shall not be responsible for the use or application of any money received by any Paying Agent other than the Trustee or any money paid to the Issuer pursuant to the terms of this Indenture and shall not be responsible for any statement of the Issuer in this Indenture or in any document issued in connection with the sale of the Notes or in the Notes other than the Trustee's certificate of authentication.

SECTION 7.05 Notice of Defaults. If a Default or Event of Default occurs and is continuing and if a Responsible Officer of the Trustee has been informed in writing of such occurrence by the Issuer or has actual knowledge thereof, the Trustee shall send electronically or by first-class mail to each Holder at the address set forth in the Notes Register notice of the Default or Event of Default within 60 days after such notification or such date that it is actually known to a Responsible Officer of the Trustee. Except in the case of a Default or Event of Default in payment of principal of or interest, if any, on any Note (including payments pursuant to the optional redemption or required repurchase provisions of such Note), the Trustee may withhold the notice if and so long it determines that withholding the notice is in the interests of Holders.

SECTION 7.06 [Reserved].

SECTION 7.07 Compensation and Indemnity. The Issuer shall pay to the Trustee from time to time compensation for its services hereunder and under the Notes as the Issuer and the Trustee shall from time to time agree in writing. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Issuer shall reimburse the Trustee upon request for all reasonable out-of-pocket expenses incurred or made by it, including, but not limited to, costs of collection, costs of preparing reports, certificates and other documents, costs of preparation and mailing of notices to Holders. Such expenses shall include the reasonable compensation and expenses, disbursements and advances of the agents, counsel, accountants and experts of the Trustee. The Issuer and the Guarantors, jointly and severally, shall indemnify the Trustee, its directors, officers, employees and agents against any and all loss, liability, damages, claims or expense, including taxes (other than taxes based upon the income of the Trustee) (including reasonable attorneys' and agents' fees and expenses) incurred by it without willful misconduct or gross negligence, as determined by a final nonappealable order of a court of competent jurisdiction, on its part in connection with the administration of this trust and the performance of its duties hereunder and under the Notes, including the costs and expenses of enforcing this Indenture (including this Section 7.07) and the Notes and of defending itself against any claims (whether asserted by any Holder, the Issuer, any Guarantor or otherwise). The Trustee shall notify the Issuer promptly of any claim for which it may seek indemnity of which it has received written notice. Failure by the Trustee to so notify the Issuer shall not relieve the Issuer of its obligations hereunder. The Issuer shall defend the claim and the Trustee shall provide reasonable cooperation at the Issuer's expense in the defense. The Trustee may have separate counsel and the Issuer shall pay the fees and expenses of such counsel; *provided* that the Issuer shall not be required to pay the fees and expenses of such separate counsel if it assumes the Trustee's defense, and, in the reasonable judgment of outside counsel to the Trustee, there is no conflict of interest between the Issuer and the Trustee in connection with such defense; *provided*, *further*, that, the Issuer shall be required to pay the reasonable fees and expenses of such counsel in evaluating such conflict.

To secure the Issuer's payment obligations in this Section 7.07, the Trustee shall have a lien prior to the Notes on all money or property held or collected by the Trustee other than money or property held in trust to pay principal of and interest on particular Notes. Such lien shall survive the satisfaction and discharge of this Indenture. The Trustee's respective right to receive payment of any amounts due under this Section 7.07 shall not be subordinate to any other liability or Indebtedness of the Issuer.

The Issuer's payment obligations pursuant to this Section 7.07 shall survive the discharge of this Indenture and any resignation or removal of the Trustee under Section 7.08. Without prejudice to any other rights available to the Trustee under applicable law, when the Trustee incurs fees, expenses or renders services after the occurrence of a Default specified in clause (7) or clause (8) of Section 6.01(a), the fees and expenses (including the reasonable fees and expenses of its counsel) are intended to constitute expenses of administration under any Bankruptcy Law.

SECTION 7.08 Replacement of Trustee. The Trustee may resign at any time by so notifying the Issuer in writing not less than 30 days' prior to the effective date of such resignation. The Holders of a majority in aggregate principal amount of the outstanding Notes may remove the Trustee by so notifying the removed Trustee in writing not less than 30 days prior to the effective date of such removal and may appoint a successor Trustee with the Issuer's written consent, which consent will not be unreasonably withheld. The Issuer may remove the Trustee (or any Holder, who has been a bona fide holder of a Note for at least six (6) months, may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee) if:

(1) the Trustee fails to comply with Section 7.10 hereof;

(2) the Trustee is adjudged bankrupt or insolvent;

(3) a receiver or other public officer takes charge of the Trustee or its property;

(4) the Trustee has or acquires a conflict of interest that is not promptly eliminated; or

(5) the Trustee otherwise becomes incapable of acting as Trustee.

If the Trustee resigns or is removed by the Issuer or by the Holders of a majority in principal amount of the outstanding Notes and such Holders do not reasonably promptly appoint a successor Trustee as described in the preceding paragraph, or if a vacancy exists in the office of the Trustee for any reason (the Trustee in such event being referred to herein as the retiring Trustee), the Issuer shall promptly appoint a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Issuer. Thereupon the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture; *provided* that the removal or resignation of the Trustee shall not become effective until the acceptance of the appointment by the successor Trustee. The successor Trustee shall mail a notice of its succession to Holders. The retiring Trustee shall, at the expense of the Issuer, promptly transfer all property held by it as Trustee to the successor Trustee, subject to the lien provided for in Section 7.07.

If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee or the Holders of at least 10.0% in aggregate principal amount of the Notes may petition, at the Issuer's expense, any court of competent jurisdiction for the appointment of a successor Trustee.

Notwithstanding the replacement of the Trustee pursuant to this Section 7.08, the Issuer's obligations under Section 7.07 shall continue for the benefit of the retiring Trustee. The predecessor Trustee shall have no liability for any action or inaction of any successor Trustee.

SECTION 7.09 Successor Trustee by Merger. Any organization or entity into which the Trustee may be merged or converted or with which it may be consolidated, or any organization or entity resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any organization or entity succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such organization or entity shall be otherwise qualified and eligible under this Article VII, without the execution or filing of any paper or any further act on the part of any of the parties hereto.

In case at the time such successor or successors by merger, conversion or consolidation to the Trustee shall succeed to the trusts created by this Indenture, any of the Notes shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver such Notes so authenticated; and in case at that time any of the Notes shall not have been authenticated, any successor to the Trustee may authenticate such Notes either in the name of any predecessor hereunder or in the name of the successor to the Trustee; *provided* that the right to adopt the certificate of authentication of any predecessor Trustee or authenticate Notes in the name of any predecessor Trustee shall only apply to its successor or successors by merger, consolidation or conversion.

SECTION 7.10 Eligibility; Disqualification. This Indenture shall always have a Trustee. The Trustee shall have a combined capital and surplus of at least $100 million as set forth in its most recent published annual report of condition.

SECTION 7.11 Preferential Collection of Claims against the Issuer. The Trustee shall comply with Section 311(a) of the Trust Indenture Act, excluding any creditor relationship listed in Section 311(b) of the Trust Indenture Act. A Trustee who has resigned or been removed shall be subject to Section 311(a) of the Trust Indenture Act to the extent indicated.

SECTION 7.12 Trustee's Application for Instruction from the Issuer. Any application by the Trustee for written instructions from the Issuer may, at the option of the Trustee, set forth in writing any action proposed to be taken or omitted by the Trustee under this Indenture and the date on and/or after which such action shall be taken or such omission shall be effective. The Trustee shall not be liable for any action taken by, or omission of, the Trustee in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than three Business Days after the date any Officer of the Issuer actually receives such application, unless any such Officer shall have consented in writing to any earlier date) unless prior to taking any such action (or the effective date in the case of an omission), the Trustee shall have received written instructions in response to such application specifying the action to be taken or omitted.

ARTICLE VIII

LEGAL DEFEASANCE AND COVENANT DEFEASANCE

SECTION 8.01 Option to Effect Legal Defeasance or Covenant Defeasance; Defeasance. The Issuer may, at its option and at any time, elect to have either Section 8.02 or 8.03 hereof be applied to all outstanding Notes upon compliance with the conditions set forth below in this Article VIII.

SECTION 8.02 Legal Defeasance and Discharge. Upon the Issuer's exercise under Section 8.01 hereof of the option applicable to this Section 8.02, the Issuer and each of the Guarantors will, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be deemed to have been discharged from their obligations with respect to all outstanding Notes (including the Guarantees) on the date the conditions set forth below are satisfied (hereinafter, "Legal Defeasance"). For this purpose, Legal Defeasance means that the Issuer and the Guarantors will be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes (including the Guarantees), which will thereafter be deemed to be "outstanding" only for the purposes of Section 8.05 hereof and the other Sections of this Indenture referred to in clauses (1) and (2) of this Section 8.02, and to have satisfied all of their other obligations under the Note Documents (and the Trustee, on written demand of and at the expense of the Issuer, shall execute such instruments reasonably requested by the Issuer acknowledging the same) and to have cured all then existing Events of Default, except for the following provisions which will survive until otherwise terminated or discharged hereunder:

(1) the rights of Holders of Notes issued under this Indenture to receive payments in respect of the principal of, premium, if any, and interest, if any, on the Notes when such payments are due solely out of the trust referred to in Section 8.04 hereof;

(2) the Issuer's obligations with respect to the Notes under Article II concerning issuing temporary Notes, registration of such Notes, mutilated, destroyed, lost or stolen Notes and Section 3.12 hereof concerning the maintenance of an office or agency for payment and money for security payments held in trust;

(3) the rights, powers, trusts, duties, immunities and indemnities of the Trustee and the Issuer's or Guarantors' obligations in connection therewith; and

(4) this Article VIII with respect to provisions relating to Legal Defeasance.

SECTION 8.03 Covenant Defeasance. Upon the Issuer's exercise under Section 8.01 hereof of the option applicable to this Section 8.03, the Issuer and each of the Guarantors will, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be released from each of their obligations under the covenants contained in Section 3.02, 3.03, 3.04, 3.05, 3.06, 3.07, 3.08, 3.09, 3.10, 3.16, 3.19, 3.20, 3.21 and Section 4.01 (except Section 4.01(a)(1) and (a)(2)) hereof with respect to the outstanding Notes on and after the date the conditions set forth in Section 8.04 hereof are satisfied (hereinafter, "Covenant Defeasance"), and the Notes will thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but will continue to be deemed "outstanding" for all other purposes hereunder. For this purpose, Covenant Defeasance means that, with respect to the outstanding Notes and Guarantees, the Issuer and the Guarantors may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 6.01(a) hereof, but, except as specified above, the remainder of this Indenture and such Notes and Guarantees will be unaffected thereby. In addition, upon the Issuer's exercise under Section 8.01 hereof of the option applicable to this Section 8.03, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, Sections 6.01(a)(3) (other than with respect to Section 4.01(a)(1) and (a)(2)), 6.01(a)(4), 6.01(a)(5), 6.01(a)(6), 6.01(a)(7) (with respect only to Material Subsidiaries) and 6.01(a)(8) (with respect only to Material Subsidiaries) hereof shall not constitute Events of Default. The Issuer at its option at any time may exercise its option to have Section 8.02 hereof be applied to all outstanding Notes notwithstanding its prior exercise under this Section 8.03.

SECTION 8.04 Conditions to Legal or Covenant Defeasance. In order to exercise either Legal Defeasance or Covenant Defeasance, as applicable, under either Section 8.02 or 8.03 hereof:

(1) the Issuer must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders, cash in Dollars, U.S. Government Obligations, or a combination thereof, in such amounts as will be sufficient, to pay the principal of and premium, if any, and interest, due on the Notes issued under this Indenture on the Stated Maturity date or on the applicable redemption date, as the case may be, and the Issuer must specify whether such Notes are being defeased to maturity or to a particular redemption date; *provided* that upon any redemption that requires the payment of the Applicable Premium, the amount deposited shall be sufficient for purposes of this Indenture to the extent that an amount is deposited with the Trustee equal to the Applicable Premium calculated as of the date of the notice of redemption, as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall have designated, with any deficit as of the applicable redemption date (any such amount, the "Applicable Premium Deficit") only required to be deposited with the Trustee on or prior to the applicable redemption date, consistent with the provisions of this Indenture governing the deposit of any redemption amount. Any Applicable Premium Deficit shall be set forth in an Officer's Certificate delivered to the Trustee at least two Business Days prior to the deposit of such Applicable Premium Deficit that confirms that such Applicable Premium Deficit shall be applied toward such redemption;

(2) in the case of Legal Defeasance, the Issuer shall have delivered to the Trustee an Opinion of Counsel to the effect that, subject to customary assumptions and exclusions;

(A) the Issuer has received from, or there has been published by, the United States Internal Revenue Service a ruling; or

(B) since the Issue Date, there has been a change in the applicable U.S. federal income tax law;

in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, subject to customary assumptions and exclusions, the beneficial owners of the Notes, in their capacity as beneficial owners of the Notes, will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Issuer shall have delivered to the Trustee an Opinion of Counsel to the effect that, subject to customary assumptions and exclusions, the beneficial owners of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Event of Default (other than that resulting from borrowing funds to be applied to make such deposit and the granting of Liens in connection therewith) shall have occurred and be continuing on the date of such deposit;

(5) such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under the Credit Facilities or any other material agreement or instrument (other than this Indenture) to which the Issuer or any Guarantor is a party or by which the Issuer or any Guarantor is bound;

(6) [reserved];

(7) the Issuer shall have delivered to the Trustee an Officer's Certificate to the effect that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Issuer or any Guarantor; and

(8) the Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel (which Opinion of Counsel may be subject to customary assumptions and exclusions) each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance, as the case may be, have been complied with.

SECTION 8.05 Deposited Money and U.S. Government Obligations to be Held in Trust; Other Miscellaneous Provisions. Subject to Section 8.06 hereof, all money and U.S. Government Obligations (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 8.05, the "Trustee") pursuant to Section 8.04 hereof in respect of the outstanding Notes will be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer acting as Paying Agent) as the Trustee may determine, to the Holders of such Notes of all sums due and to become due thereon in respect of principal, premium, if any, and interest, but such money need not be segregated from other funds except to the extent required by law.

The Issuer will pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or U.S. Government Obligations deposited pursuant to Section 8.04 hereof or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Notes.

Notwithstanding anything in this Article VIII to the contrary, the Trustee will deliver or pay to the Issuer from time to time upon the request of the Issuer any money or U.S. Government Obligations held by it as provided in Section 8.04 hereof which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (which may be the certificate delivered under Section 8.04(1) hereof), are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

SECTION 8.06 Repayment to the Issuer. Any money deposited with the Trustee or any Paying Agent, or then held by the Issuer, in trust for the payment of the principal of, premium, if any, or interest on, any Note and remaining unclaimed for two years after such principal, premium, if any, or interest has become due and payable shall be paid to the Issuer on its written request unless an abandoned property law designates another Person or (if then held by the Issuer) will be discharged from such trust; and the Holder of such Note will thereafter be permitted to look only to the Issuer for payment thereof unless an abandoned property law designates another Person, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Issuer as trustee thereof, will thereupon cease; *provided*, *however*, that the Issuer, before being required to make any such repayment, shall at its own expense cause to be published once, in The New York Times and The Wall Street Journal (national edition), notice that such money remains unclaimed and that, after a date specified therein, which will not be less than 30 days from the date of such notification or publication, any unclaimed balance of such money then remaining will be repaid to the Issuer.

SECTION 8.07 Reinstatement. If the Trustee or Paying Agent is unable to apply any money or Dollars or U.S. Government Obligations in accordance with Section 8.02 or 8.03 hereof, as the case may be, by reason of any order or judgment of any court or Governmental Authority enjoining, restraining or otherwise prohibiting such application, then the Issuer's and the Guarantors' obligations under this Indenture and the Notes and the Guarantees will be revived and reinstated as though no deposit had occurred pursuant to Section 8.02 or 8.03 hereof until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 8.02 or 8.03 hereof, as the case may be; *provided*, *however*, that, if the Issuer makes any payment of principal of, premium, or interest on, any Note following the reinstatement of its obligations, the Issuer will be subrogated to the rights of the Holders of such Notes to receive such payment from the money or U.S. Government Obligations held by the Trustee or Paying Agent.

ARTICLE IX

AMENDMENTS

SECTION 9.01 Without Consent of Holders. Notwithstanding Section 9.02 of this Indenture, the Issuer and the Trustee may amend, supplement or modify this Indenture, any Guarantee, the Notes, and any other Note Document without the consent of any Holder to:

(1) cure any ambiguity, omission, mistake, defect, error or inconsistency, conform any provision to any provision under the heading "Description of notes" in the Offering Memorandum or reduce the minimum denomination of the Notes;

(2) provide for the assumption by a successor Person of the obligations of the Issuer or a Guarantor under any Note Document or to comply with Section 4.01;

(3) provide for uncertificated Notes in addition to or in place of certificated Notes or to alter the provisions of this Indenture relating to the form of the Notes (including related definitions);

(4) add to or modify the covenants or provide for a Note Guarantee for the benefit of the Holders or to surrender any right or power conferred upon the Issuer or any Restricted Subsidiary;

(5) make any change (including changing the CUSIP or other identifying number on any Notes) that would provide any additional rights or benefits to the Holders or that does not materially and adversely affect the rights of any Holder in any material respect;

(6) at the Issuer's election, comply with any requirement of the SEC in connection with the qualification of this Indenture under the Trust Indenture Act, if such qualification is required;

(7) make such provisions as necessary for the issuance of Additional Notes;

(8) provide for any Restricted Subsidiary to provide a Guarantee in accordance with Section 3.07, to add Guarantees with respect to the Notes, to add security to or for the benefit of the Notes, or to confirm and evidence the release, termination, subordination, discharge or retaking of any Guarantee or Lien with respect to or securing the Notes when such release, termination, subordination, discharge or retaking is provided for under this Indenture;

(9) evidence and provide for the acceptance and appointment under this Indenture of a successor Trustee or successor Paying Agent hereunder pursuant to the requirements hereof or to provide for the accession by the Trustee to any Note Document;

(10) secure the Notes and/or the related Note Guarantees or to add collateral thereto;

(11) (a) add an obligor or a Guarantor under this Indenture and (b) when permitted or required by this Indenture, to release any Guarantor from its Note Guarantee pursuant to this Indenture;

(12) make any amendment to the provisions of this Indenture relating to the transfer and legending of Notes not prohibited by this Indenture, including to facilitate the issuance and administration of Notes; *provided*, *however*, that such amendment does not materially and adversely affect the rights of Holders to transfer the Notes;

(13) comply with the rules and procedures of any applicable securities depositary; or

(14) make any amendment to the provisions of this Indenture, the Guarantees and/or the Notes to eliminate the effect of any Accounting Change or in the application thereof as described in the last paragraph of the definition of "GAAP."

Upon the request of the Issuer and upon receipt by the Trustee of the documents described in Sections 9.06 and 12.02 hereof, the Trustee will join with the Issuer and the Guarantors in the execution of such amended or supplemental indenture unless such amended or supplemental indenture affects the Trustee's own rights, duties, liabilities or immunities under this Indenture or otherwise, in which case each of the Trustee may in its discretion, but will not be obligated to, enter into such amended or supplemental indenture.

SECTION 9.02 With Consent of Holders. Except as provided below in this Section 9.02, the Issuer, the Guarantors and the Trustee may amend or supplement this Indenture, any Guarantee, the Notes issued hereunder and any other Note Document with the consent of the Holders of at least a majority in principal amount of all the outstanding Notes issued under this Indenture, including, without limitation, consents obtained before or after a Change of Control or in connection with a purchase of, or tender offer or exchange offer for, Notes, and any existing Default or Event of Default or compliance with any provision of this Indenture, the Notes, the Guarantees and any other Note Document may be waived with the consent of the Holders of at least a majority in principal amount of all the outstanding Notes issued under this Indenture (including consents obtained before or after a Change of Control or in connection with a purchase of or tender offer or exchange offer for Notes). Section 2.12 hereof and Section 12.04 hereof shall determine which Notes are considered to be "outstanding" for the purposes of this Section 9.02.

Upon the request of the Issuer, and upon delivery to the Trustee of evidence of the consent of the Holders of Notes as aforesaid, and upon receipt by the Trustee of the documents described in Section 9.06 and Section 12.02 hereof, the Trustee will join with the Issuer and the Guarantors in the execution of such amended or supplemental indenture unless such amended or supplemental indenture affects the Trustee's own rights, duties, liabilities or immunities under this Indenture or otherwise, in which case each of the Trustee may in its discretion, but will not be obligated to, enter into such amended or supplemental indenture.

Without the consent of each Holder of Notes affected, an amendment, supplement or waiver may not, with respect to any Notes issued hereunder and held by a nonconsenting Holder:

(1) reduce the principal amount of such Notes whose Holders must consent to an amendment;

(2) reduce the stated rate of or extend the stated time for payment of interest on any such Note (other than provisions relating to Section 3.05 and Section 3.09);

(3) reduce the principal of or extend the Stated Maturity of any such Note (other than provisions relating to Section 3.05 and Section 3.09);

(4) reduce the premium payable upon the redemption of any such Note or change the time at which any such Note may be redeemed, in each case as set forth in Section 5.07 (excluding, for greater certainty, any change to notice periods with respect to the Notes that are otherwise redeemable);

(5) make any such Note payable in currency other than that stated in such Note;

(6) impair the right of any Holder to institute suit for the enforcement of any payment of principal of and interest on such Holder's Notes on or after the due dates therefor;

(7) waive a Default or Event of Default with respect to the nonpayment of principal, premium or interest (except pursuant to a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of such Notes outstanding and a waiver of the payment default that resulted from such acceleration); or

(8) except as contemplated by this Indenture, release all or substantially all of the Guarantors from their Guarantees.

Notwithstanding anything to the contrary herein, the provisions of this Indenture relative to the Issuer's obligation to (i) make a Change of Control Offer may be amended, supplemented, waived or modified with the written consent of Holders of at least a majority in principal amount of all the outstanding Notes issued under this Indenture and (ii) make an offer to repurchase the Notes as a result of an Asset Disposition may be amended, supplemented, waived or modified with the written consent of the Holders of at least a majority in principal amount of the Notes then outstanding.

The consent of the Holders is not necessary under this Indenture to approve the particular form of any proposed amendment, supplement or waiver of any Note Document. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment, supplement or waiver under this Indenture by any Holder of Notes given in connection with a tender or exchange of such Holder's Notes will not be rendered invalid by such tender or exchange.

SECTION 9.03 [Reserved].

SECTION 9.04 Revocation and Effect of Consents and Waivers. Until an amendment, supplement or waiver becomes effective, a consent to it by a Holder of a Note is a continuing consent by the Holder of a Note and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent or waiver is not made on any Note. However, any such Holder of a Note or subsequent Holder of a Note may revoke the consent or waiver as to such Holder's Note or portion of its Note if the Trustee receives written notice of revocation before the date the amendment, supplement or waiver becomes effective. An amendment, supplement or waiver becomes effective in accordance with its terms and thereafter binds every Holder.

The Issuer may, but shall not be obligated to, fix a record date for the purpose of determining the Holders entitled to give their consent or take any other action described in this Section 9.04 or required or permitted to be taken pursuant to this Indenture. If a record date is fixed, then notwithstanding the immediately preceding paragraph, those Persons who were Holders at such record date (or their duly designated proxies), and only those Persons, shall be entitled to give such consent or to revoke any consent previously given or to take any such action, whether or not such Persons continue to be Holders after such record date. No such consent shall be valid or effective for more than 120 days after such record date.

SECTION 9.05 Notation on or Exchange of Notes. The Trustee may place an appropriate notation about an amendment, supplement or waiver on any Note thereafter authenticated. The Issuer in exchange for all Notes may issue and the Trustee shall, upon receipt of an Issuer Order, authenticate new Notes that reflect the amendment, supplement or waiver.

Failure to make the appropriate notation or issue a new Note will not affect the validity and effect of such amendment, supplement or waiver.

SECTION 9.06 Trustee to Sign Amendments. The Trustee shall sign any amended or supplemental indenture authorized pursuant to this Article IX if the amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee, in which case the Trustee may in its discretion, but will not be obligated to, enter into such amended or supplemental indenture. In executing any amended or supplemental indenture, the Trustee will be entitled to receive and (subject to Sections 7.01 and 7.02 hereof) shall be fully protected in conclusively relying upon, in addition to the documents required by Section 12.02 hereof, an Officer's Certificate and an Opinion of Counsel stating that the execution of such amended or supplemental indenture is authorized or permitted by this Indenture and is valid, binding and enforceable against the Issuer or any Guarantor, as the case may be, in accordance with its terms. Notwithstanding the foregoing, no Opinion of Counsel shall be required in connection with the Supplemental Indenture to be delivered pursuant to Section 10.01(a).

ARTICLE X

GUARANTEE

SECTION 10.01 Guarantee.

(a) On the Escrow Release Date, each of the Subsidiaries of the Issuer that is required to guarantee the obligations under the Credit Agreement on the Escrow Release Date shall execute and deliver to the Trustee the supplemental indenture, dated as of the Escrow Release Date, substantially in the form attached hereto as Exhibit B (the "Supplemental Indenture" and each such Subsidiary, a "Subsidiary Guarantor" and collectively, the "Subsidiary Guarantors" and such guarantees therefrom, the "Subsidiary Guarantees").

(b) Subject to the provisions of this Article X, from and after the Escrow Release Date, by its execution of a supplemental indenture pursuant to which it agrees to become a Guarantor hereunder, each Guarantor hereby fully, unconditionally and irrevocably guarantee on a senior unsecured basis, as primary obligor and not merely as surety, jointly and severally with each other Guarantor, to each Holder, and the Trustee the full and punctual payment when due, whether at maturity, by acceleration, by redemption or otherwise, of the principal of, premium, if any, and interest on the Notes and all other Obligations and liabilities of the Issuer under this Indenture and the Notes when and as the same shall be due and payable (including without limitation interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Issuer or any Guarantor whether or not a claim for post-filing or post-petition interest is allowed in such proceeding and the obligations under Section 7.07) (all the foregoing being hereinafter collectively called the "Guaranteed Obligations").

To evidence its Guarantee set forth in this Section 10.01, each Guarantor hereby agrees that this Indenture or any supplemental indenture, as applicable, shall be executed on behalf of such Guarantor by an Officer of such Guarantor.

Each Guarantor hereby agrees that its Guarantee set forth in this Section 10.01 shall remain in full force and effect notwithstanding the absence of the endorsement of any notation of such Guarantee on the Notes.

If an Officer whose signature is on this Indenture or any supplemental indenture, as applicable, no longer holds that office at the time the Trustee authenticates the Note, the Guarantee shall be valid nevertheless.

Each Guarantor further agrees (to the extent permitted by law) that the Guaranteed Obligations may be extended or renewed, in whole or in part, without notice or further assent from it, and that it will remain bound under this Article X notwithstanding any extension or renewal of any Guaranteed Obligation.

Each Guarantor waives presentation to, demand of payment from and protest to the Issuer of any of the Guaranteed Obligations and also waives notice of protest for nonpayment. Each Guarantor waives notice of any default under the Notes or the Guaranteed Obligations.

Each Guarantor further agrees that its Guarantee herein constitutes a Guarantee of payment when due (and not a Guarantee of collection) and waives any right to require that any resort be had by any Holder to any security held for payment of the Guaranteed Obligations.

Except as set forth in Section 10.02, the obligations of each Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason (other than payment of the Guaranteed Obligations in full), including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense of setoff, counterclaim, recoupment or termination whatsoever or by reason of the invalidity, illegality or unenforceability of the Guaranteed Obligations or otherwise. Without limiting the generality of the foregoing, the Guaranteed Obligations of each Guarantor herein shall not be discharged or impaired or otherwise affected by (a) the failure of any Holder to assert any claim or demand or to enforce any right or remedy against the Issuer or any other person under this Indenture, the Notes or any other agreement or otherwise; (b) any extension or renewal of any thereof; (c) any rescission, waiver, amendment or modification of any of the terms or provisions of this Indenture, the Notes or any other agreement; (d) the release of any security held by any Holder for the Guaranteed Obligations; (e) the failure of any Holder to exercise any right or remedy against any other Guarantor; (f) any change in the ownership of the Issuer; (g) any default, failure or delay, willful or otherwise, in the performance of the Guaranteed Obligations; or (h) any other act or thing or omission or delay to do any other act or thing which may or might in any manner or to any extent vary the risk of any Guarantor or would otherwise operate as a discharge of such Guarantor as a matter of law or equity.

Each Guarantor agrees that its Guarantee herein shall remain in full force and effect until payment in full of all the Guaranteed Obligations or such Guarantor is released from its Guarantee in compliance with Section 10.02, Article VIII or Article XI. Each Guarantor further agrees that its Guarantee herein shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of principal of, premium, if any, or interest on any of the Guaranteed Obligations is rescinded or must otherwise be restored by any Holder upon the bankruptcy or reorganization of the Issuer or otherwise.

In furtherance of the foregoing and not in limitation of any other right which any Holder has at law or in equity against any Guarantor by virtue hereof, upon the failure of the Issuer to pay any of the Guaranteed Obligations when and as the same shall become due, whether at maturity, by acceleration, by redemption or otherwise, each Guarantor hereby promises to and will, upon receipt of written demand by the Trustee, forthwith pay, or cause to be paid, in cash, to the Holders or the Trustee on behalf of the Holders an amount equal to the sum of (i) the unpaid amount of such Guaranteed Obligations then due and owing and (ii) (without duplication of the amounts described in the preceding clause (i)) accrued and unpaid interest on such Guaranteed Obligations then due and owing (but only to the extent not prohibited by law) (including interest accruing after the filing of any petition in bankruptcy or the commencement of any insolvency, reorganization or like proceeding relating to the Issuer or any Guarantor whether or not a claim for post-filing or post-petition interest is allowed in such proceeding).

Each Guarantor further agrees that, as between such Guarantor, on the one hand, and the Holders, on the other hand, (x) the maturity of the Guaranteed Obligations guaranteed hereby may be accelerated as provided in this Indenture for the purposes of its Guarantee herein, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Guaranteed Obligations guaranteed hereby and (y) in the event of any such declaration of acceleration of such Guaranteed Obligations, such Guaranteed Obligations (whether or not due and payable) shall forthwith become due and payable by the Guarantor for the purposes of this Guarantee.

Each Guarantor also agrees to pay any and all fees, costs and expenses (including attorneys' fees and expenses) incurred by the Trustee or the Holders in enforcing any rights under this Section 10.01.

SECTION 10.02 Limitation on Liability; Termination, Release and Discharge.

(a) Any term or provision of this Indenture to the contrary notwithstanding, the obligations of each Guarantor hereunder will be limited to the maximum amount as will, after giving effect to all other contingent and fixed liabilities of such Guarantor and after giving effect to any collections from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under its Guarantee or pursuant to its contribution obligations under this Indenture, result in the obligations of such Guarantor under its Guarantee not constituting a fraudulent conveyance or fraudulent transfer under federal, foreign, state or provincial law and not otherwise being void or voidable under any similar laws affecting the rights of creditors generally.

(b) Any Note Guarantee shall be automatically and unconditionally released and discharged upon:

(1) a sale, exchange, transfer or other disposition (including by way of merger, amalgamation, consolidation, dividend distribution or otherwise) of the Capital Stock of such Guarantor or the sale, exchange, transfer or other disposition of all or substantially all of the assets of the Guarantor to a Person other than to the Issuer or a Restricted Subsidiary if such sale, exchange, transfer or other disposition is not prohibited by this Indenture;

(2) the designation in accordance with this Indenture of the Guarantor as an Unrestricted Subsidiary or the occurrence of any event not prohibited by this Indenture after which the Guarantor is no longer a Restricted Subsidiary;

(3) defeasance or discharge of the Notes pursuant to Article VIII or Article XI;

(4) to the extent that such Guarantor is not an Immaterial Subsidiary solely due to the operation of clause (i) of the definition of "Immaterial Subsidiary," upon the release of the guarantee referred to in such clause;

(5) such Guarantor being (or being substantially concurrently) released or discharged from all of (i) its guarantees of payment of any Indebtedness of the Issuer under the Credit Agreement and (ii) its guarantee of all other Indebtedness of the Issuer or a Guarantor guaranteed pursuant to Section 3.07 hereof, except in the case of clause (i) or (ii) above, a release as a result of payment under such Guarantee (it being understood that a release subject to a contingent reinstatement is still considered a release);

(6) upon the merger, amalgamation or consolidation of any Guarantor with and into the Issuer or another Guarantor or upon the liquidation of such Guarantor, in each case, in compliance with the applicable provisions of this Indenture;

(7) the occurrence of a Covenant Suspension Event; *provided* that following a Reversion Date, if any, each such Note Guarantee of any Guarantor shall be reinstated to the extent and within the time frame required under Section 3.07;

(8) as described under Article IX;

(9) to the extent that such Guarantor has become an Excluded Subsidiary as a result of a transaction or designation in compliance with the applicable provisions of this Indenture;

(10) upon payment in full of the principal amount of Notes outstanding at such time, plus accrued and unpaid interest, if any, and all other Obligations (other than contingent indemnification obligations as to which no claim has been asserted) under this Indenture and the Note Guarantees that are due and payable at or prior to the time such principal, together with accrued and unpaid interest, is paid, whether by redemption or otherwise in accordance with this Indenture; and

(11) to the extent that such Guarantor has provided a Note Guarantee in the Issuer's discretion in accordance with Section 3.07(b), upon the Issuer's delivering written notice to the Trustee of its election to release such Guarantor from its Note Guarantee, so long as any Indebtedness of such Subsidiary then outstanding could have been incurred by such Subsidiary (either (x) when so incurred or (y) at the time of the release of such Note Guarantee) and such Subsidiary is not otherwise required to be a Guarantor at the time of such release in accordance with the provisions of this Indenture.

(c) The Issuer shall provide the Trustee with written notice of any such release of a Guarantor; *provided* that failure to deliver such notice shall not affect such release.

SECTION 10.03 Right of Contribution. Each Guarantor hereby agrees that to the extent that any Guarantor shall have paid more than its proportionate share of any payment made on the obligations under the Guarantees, such Guarantor shall be entitled to seek and receive contribution from and against the Issuer or any other Guarantor who has not paid its proportionate share of such payment. The provisions of this Section 10.03 shall in no respect limit the obligations and liabilities of each Guarantor to the Trustee and the Holders and each Guarantor shall remain liable to the Trustee and the Holders for the full amount guaranteed by such Guarantor hereunder.

SECTION 10.04 No Subrogation. Notwithstanding any payment or payments made by each Guarantor hereunder, no Guarantor shall be entitled to be subrogated to any of the rights of the Trustee or any Holder against the Issuer or any other Guarantor or any collateral security or guarantee or right of offset held by the Trustee or any Holder for the payment of the Guaranteed Obligations, nor shall any Guarantor seek or be entitled to seek any contribution or reimbursement from the Issuer or any other Guarantor in respect of payments made by such Guarantor hereunder, until all amounts owing to the Trustee and the Holders by the Issuer on account of the Guaranteed Obligations are paid in full. If any amount shall be paid to any Guarantor on account of such subrogation rights at any time when all of the Guaranteed Obligations shall not have been paid in full, such amount shall be held by such Guarantor in trust for the Trustee and the Holders, segregated from other funds of such Guarantor, and shall, forthwith upon receipt by such Guarantor, be turned over to the Trustee in the exact form received by such Guarantor (duly indorsed by such Guarantor to the Trustee, if required), to be applied against the Guaranteed Obligations.

ARTICLE XI

SATISFACTION AND DISCHARGE

SECTION 11.01 Satisfaction and Discharge. This Indenture will be discharged and will cease to be of further effect as to all Notes issued hereunder, when:

(a) either:

(1) all Notes that have been authenticated and delivered, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust, have been delivered to the Trustee for cancellation; or

(2) all such Notes not theretofore delivered to the Trustee for cancellation (i) have become due and payable by reason of the making of a notice of redemption or otherwise, (ii) will become due and payable within one year at their Stated Maturity or (iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee, in the name, and at the expense of the Issuer;

(b) the Issuer has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the Holders, cash in Dollars, U.S. Government Obligations, or a combination thereof, as applicable, in an amount sufficient to pay and discharge the entire indebtedness on the Notes not previously delivered to the Trustee for cancellation, for principal, premium, if any, and interest to the date of deposit (in the case of Notes that have become due and payable), or to the Stated Maturity or applicable redemption date, as the case may be; *provided* that upon any redemption that requires the payment of the Applicable Premium, the amount deposited shall be sufficient for purposes of this Indenture to the extent that an amount is deposited with the Trustee equal to the Applicable Premium calculated as of the date of the notice of redemption, as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall have designated, with any Applicable Premium Deficit only required to be deposited with the Trustee on or prior to the applicable redemption date, consistent with the provisions of this Indenture governing the deposit of any redemption amount, and any Applicable Premium Deficit shall be set forth in an Officer's Certificate delivered to the Trustee at least two Business Days prior to the deposit of such Applicable Premium Deficit that confirms that such Applicable Premium Deficit shall be applied toward such redemption;

(c) no Default or Event of Default with respect to the Issuer specified in clause (7) or clause (8) of Section 6.01(a) shall have occurred and be continuing on the date of such deposit;

(d) the Issuer has paid or caused to be paid all other sums payable by the Issuer under this Indenture; and

(e) the Issuer has delivered irrevocable instructions to the Trustee to apply the deposited money in Dollars toward the payment of such Notes issued hereunder at maturity or the redemption date, as the case may be.

In addition, the Issuer shall deliver an Officer's Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge of this Indenture have been complied with; *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (a) through (e)).

Notwithstanding the satisfaction and discharge of this Indenture, the Issuer's obligations to the Trustee in Section 7.07 hereof and, if money in Dollars has been deposited with the Trustee pursuant to clause (a)(2) of this Section 11.01, the provisions of Sections 11.02 and 8.06 hereof will survive.

SECTION 11.02 Application of Trust Money. Subject to the provisions of Section 8.06 hereof, all money in Dollars or U.S. Government Obligations deposited with the Trustee pursuant to Section 11.01 hereof shall be held in trust and applied by it, in accordance with the provisions of the Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal (and premium) and interest for whose payment such money in Dollars or U.S. Government Obligations has been deposited with the Trustee; but such money in Dollars or U.S. Government Obligations need not be segregated from other funds except to the extent required by law.

If the Trustee or Paying Agent is unable to apply any money or U.S. Government Obligations in accordance with Section 11.01 hereof by reason of any legal proceeding or by reason of any order or judgment of any court or Governmental Authority enjoining, restraining or otherwise prohibiting such application, the Issuer's and any Guarantor's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 11.01 hereof; *provided* that if the Issuer have made any payment of principal of, premium or interest on, any Notes because of the reinstatement of its obligations, the Issuer shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money or U.S. Government Obligations held by the Trustee or Paying Agent.

ARTICLE XII

MISCELLANEOUS

SECTION 12.01 Notices. Any notice, request, direction, consent or communication made pursuant to the provisions of this Indenture or the Notes shall be in writing and delivered in person, sent by facsimile, sent by electronic mail in pdf format, delivered by commercial courier service or mailed by first-class mail, postage prepaid, addressed as follows:

if to the Issuer or to any Guarantor:

Knife River Holding Company (to be renamed Knife River Corporation on the Spin-Off Date)
1150 West Century Avenue
Bismarck, North Dakota 58503
Attention: Nathan Ring
Telephone: (701) 530-1415
E-mail: Nathan.ring@kniferiver.com

if to the Trustee, Paying Agent or Registrar, at its corporate trust office, which corporate trust office for purposes of this Indenture is at the date hereof located at:

U.S. Bank Trust Company, National Association
Global Corporate Trust
333 Commerce Street, Suite 900
Nashville, TN 37201
Attention: Knife River Holding Company Notes Administrator
Telephone: (615) 251-0733
E-mail: wally.jones@usbank.com

The Issuer, the Trustee, the Paying Agent and the Registrar by written notice to the others may designate additional or different addresses for subsequent notices or communications.

Any notice or communication shall be deemed to have been given or made as of the date so delivered if personally delivered or if delivered electronically, in pdf format; when receipt is acknowledged, if telecopied; and five calendar days after mailing if sent by registered or certified mail, postage prepaid (except that a notice of change of address shall not be deemed to have been given until actually received by the addressee).

Any notice or communication sent to a Holder shall be electronically delivered or mailed to the Holder at the Holder's address as it appears in the Notes Register and shall be sufficiently given if so sent or mailed within the time prescribed.

Failure to mail or deliver electronically a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is sent in the manner provided above, it is duly given, whether or not the addressee receives it.

Notwithstanding any other provision of this Indenture or any Note, where this Indenture or any Note provides for notice of any event (including any notice of redemption or purchase) to a Holder of a Global Note (whether by mail or otherwise), such notice shall be sufficiently given if given to DTC (or its designee) pursuant to the standing instructions from DTC or its designee.

SECTION 12.02 Certificate and Opinion as to Conditions Precedent.

Upon any request or application by the Issuer or any of the Guarantors to the Trustee to take or refrain from taking any action under this Indenture, the Issuer or such Guarantor, as the case may be, shall furnish to the Trustee (except, as to clause (2) of this Section 12.02, in the case of the initial issuance of the Notes on the date hereof):

(1) an Officer's Certificate in form satisfactory to the Trustee (which shall include the statements set forth in Section 12.03 hereof) stating that, in the opinion of the signers, all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been satisfied; and

(2) an Opinion of Counsel in form satisfactory to the Trustee (which shall include the statements set forth in Section 12.03 hereof) stating that, in the opinion of such counsel, all such conditions precedent have been satisfied and all covenants have been complied with.

SECTION 12.03 Statements Required in Certificate or Opinion. Each certificate or opinion with respect to compliance with a covenant or condition provided for in this Indenture shall include:

(1) a statement that the individual making such certificate or opinion has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of such individual, such individual has made such examination or investigation as is necessary to enable such individual to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether or not, in the opinion of such individual, such covenant or condition has been complied with.

In giving such Opinion of Counsel, counsel may rely as to factual matters on an Officer's Certificate or on certificates of public officials.

SECTION 12.04 When Notes Disregarded. In determining whether the Holders of the required aggregate principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by the Issuer, any Guarantor or any Affiliate of them shall be disregarded and deemed not to be outstanding, except that, for the purpose of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Notes which a Responsible Officer of the Trustee actually knows are so owned shall be so disregarded. Also, subject to the foregoing, only Notes outstanding at the time shall be considered in any such determination.

SECTION 12.05 Rules by Trustee, Paying Agent and Registrar. The Trustee may make reasonable rules for action by, or at meetings of, Holders. The Registrar and the Paying Agent may make reasonable rules for their functions.

SECTION 12.06 Legal Holidays. A "Legal Holiday" is a Saturday, a Sunday or other day on which commercial banking institutions are authorized or required to be closed in New York, New York or the jurisdiction of the place of payment. If a payment date or a Redemption Date is a Legal Holiday, payment shall be made on the next succeeding day that is not a Legal Holiday, and no interest shall accrue on such payment for the intervening period. If a regular record date is a Legal Holiday, the record date shall not be affected.

SECTION 12.07 Governing Law. THIS INDENTURE, THE NOTES AND THE NOTE GUARANTEES AND THE RIGHTS OF THE PARTIES HEREUNDER AND THEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 12.08 Jurisdiction. The parties hereto agree that any suit, action or proceeding brought by any Holder or the Trustee arising out of or based upon this Indenture, the Guarantee or the Notes may be instituted in any state or Federal court in the Borough of Manhattan, New York, New York, and any appellate court from any thereof, and each of them irrevocably submits to the exclusive jurisdiction of such courts in any suit, action or proceeding. The parties hereto irrevocably waive, to the fullest extent permitted by law, any objection to any suit, action, or proceeding that may be brought in connection with this Indenture, the Guarantee or the Notes, including such actions, suits or proceedings relating to securities laws of the United States of America or any state thereof, in such courts whether on the grounds of venue, residence or domicile or on the ground that any such suit, action or proceeding has been brought in an inconvenient forum or that such courts do not have jurisdiction over such party. The parties hereto agree that final judgment in any such suit, action or proceeding brought in such court shall be conclusive and binding upon the Issuer or the Guarantors, as the case may be, and may be enforced in any court to the jurisdiction of which the Issuer or the Guarantors, as the case may be, are subject by a suit upon such judgment.

SECTION 12.09 Waivers of Jury Trial. **EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE NOTES OR THE GUARANTEES AND FOR ANY COUNTERCLAIM THEREIN.**

SECTION 12.10 USA PATRIOT Act. The parties hereto acknowledge that in accordance with Section 326 of the USA PATRIOT Act, the Trustee, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account. The parties hereto agree that they will provide the Trustee with such information as it may request in order to satisfy the requirements of the USA PATRIOT Act.

SECTION 12.11 No Recourse against Others. No past, present or future director, officer, employee, incorporator, or stockholder of the Issuer or any of its Subsidiaries or Affiliates, as such (other than the Issuer and the Guarantors), shall have any liability for any obligations of the Issuer or the Guarantors under the Note Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the SEC that such a waiver is against public policy.

SECTION 12.12 Successors. All agreements of the Issuer and each Guarantor in this Indenture and the Notes shall bind their respective successors. All agreements of the Trustee, the Paying Agent and the Registrar, as applicable, in this Indenture shall bind its successors.

SECTION 12.13 Multiple Originals. The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. This Indenture may be executed in multiple counterparts, which, when taken together, shall constitute one instrument. The exchange of copies of this Indenture and of signature pages by facsimile, PDF or other electronic transmission shall constitute effective execution and delivery of this Indenture as to the parties hereto and may be used in lieu of the original Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile, PDF or other electronic format shall be deemed to be their original signatures for all purposes.

SECTION 12.14 Electronic Transmission; Electronic Signatures. The Trustee shall not have any duty to confirm that the person sending any notice, instruction or other communication (a "Notice") by electronic transmission (including by e-mail, facsimile transmission, web portal or other electronic methods) is, in fact, a person authorized to do so. Electronic signatures believed by the Trustee to comply with the ESIGN Act of 2000 or other applicable law (including electronic images of handwritten signatures and digital signatures provided by DocuSign, Orbit, Adobe Sign or any other digital signature provider acceptable to the Trustee) shall be deemed original signatures for all purposes. Each other party assumes all risks arising out of the use of electronic signatures and electronic methods to send Notices to the Trustee, including without limitation the risk of the Trustee acting on an unauthorized Notice, and the risk of interception or misuse by third parties. Notwithstanding the foregoing, the Trustee may in any instance and in its sole discretion require that an original document bearing a manual signature be delivered to it in lieu of, or in addition to, any such electronic Notice.

SECTION 12.15 Table of Contents; Headings. The table of contents, cross-reference table and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not intended to be considered a part hereof and shall not be deemed to alter or affect the meaning or interpretation of any of the terms or provisions hereof.

SECTION 12.16 Force Majeure. In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, epidemics, pandemics, civil or military disturbances, nuclear or natural catastrophes or acts of God, interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services, or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility, it being understood that the Trustee shall use reasonable best efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

SECTION 12.17 Severability. In case any provision in this Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 12.18 Waiver of Immunities. To the extent that the Issuer or any Guarantor or any of its properties, assets or revenues may have or may hereafter become entitled to, or have attributed to them, any right of immunity, on the grounds of sovereignty, from any legal action, suit or proceeding, from set-off or counterclaim, from the jurisdiction of any court, from service of process, from attachment upon or prior to judgment, or from attachment in aid of execution of judgment, or from execution of judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of any judgment, in any jurisdiction in which proceedings may at any time be commenced, with respect to their obligations, liabilities or any other matter under or arising out of or in connection with this Indenture, the Notes or the Note Guarantees, the Issuer and each Guarantor hereby irrevocably and unconditionally, to the extent permitted by applicable law, waives and agrees not to plead or claim any such immunity and consents to such relief and enforcement.

[Signatures on following pages]

IN WITNESS WHEREOF, the parties have caused this Indenture to be duly executed all as of the date and year first written above.

Knife River Holding Company

By: /s/ Brian R. Gray
Name: Brian R. Gray
Title: President

[Signature Page to Indenture]

U.S. Bank Trust Company, National Association,
as Trustee

By: /s/ Wally Jones
Name: Wally Jones
Title: Vice President

[Signature Page to Indenture]

EXHIBIT A

[FORM OF FACE OF GLOBAL RESTRICTED NOTE]

[Applicable Restricted Notes Legend]
[Depository Legend, if applicable]
[OID Legend, if applicable]

No. [___]

Principal Amount $[_____] [as revised by the Schedule of Increases and Decreases in Global Note attached hereto][1]
CUSIP NO. _____

ISIN NO. _____

Knife River Holding Company
(to be renamed Knife River Corporation on the Spin-Off Date)

7.750% Senior Notes due 2031

Knife River Holding Company (to be renamed Knife River Corporation on the Spin-Off Date), a Delaware corporation (the "Issuer"), promises to pay to [Cede & Co.],[2] or its registered assigns, the principal sum of _____ U.S. dollars, [as revised by the Schedule of Increases and Decreases in Global Note attached hereto],[3] on May 1, 2031.

Interest Payment Dates: May 1 and November 1, commencing on November 1, 2023.

Record Dates: April 15 and October 15

Additional provisions of this Note are set forth on the other side of this Note.

1 Insert in Global Notes only.

2 Insert in Global Notes only.

3 Insert in Global Notes only.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be duly executed.

Knife River Holding Company

By: _____

Name:
Title:

TRUSTEE CERTIFICATE OF AUTHENTICATION

This Note is one of the 7.750% Senior Notes due 2031 referred to in the within-mentioned Indenture.

U.S. Bank Trust Company, National Association,
as Trustee

By: _____
Authorized Signatory

Dated: _____

[FORM OF REVERSE SIDE OF NOTE]
Knife River Holding Company
(to be renamed Knife River Corporation on the Spin-Off Date)

7.750% Senior Notes due 2031

Capitalized terms used herein and not defined herein have the meanings ascribed thereto in the Indenture.

1. Interest

The Issuer promises to pay interest on the principal amount of this Note at 7.750% per annum from April 25, 2023 (if any) until maturity. The Issuer will pay interest semi-annually in arrears every May 1 and November 1 of each year, or if any such day is not a Business Day, on the next succeeding Business Day (each, an "Interest Payment Date") to Holders of record on the immediately preceding April 15 and October 15 of each year, respectively. Interest on the Notes shall accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of issuance to, but excluding, the relevant Interest Payment Date; *provided* that the first Interest Payment Date shall be November 1, 2023. The Issuer shall pay interest on overdue principal at the rate specified herein, and it shall pay interest on overdue installments of interest at the same rate to the extent lawful. Interest on the Notes will be computed on the basis of a 360-day year comprised of twelve 30-day months (and therefore, for the avoidance of doubt, because the Notes will be issued on April 25, 2023, no interest will accrue on April 25, 2023, and the first day on which interest will accrue shall be April 26, 2023).

2. Method of Payment

By no later than 11:00 a.m. (Chicago time) on the date on which any principal of, premium, if any, or interest on any Note is due and payable, the Issuer shall deposit with the Paying Agent a sum sufficient in immediately available funds to pay such principal, premium, if any, or interest then due. Interest on any Note which is payable, and is timely paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name such Note (or one or more Predecessor Notes) is registered at the close of business on the preceding April 15 and October 15 at the office or agency of the Issuer maintained for such purpose pursuant to Section 2.03 of the Indenture. The principal of and premium, if any, and interest on the Notes shall be payable at the office or agency of Paying Agent designated by the Issuer maintained for such purpose (which shall initially be the office of the Trustee maintained for such purpose), or at such other office or agency of the Issuer as may be maintained for such purpose pursuant to Section 2.03 of the Indenture; *provided*, *however*, that, at the option of the Paying Agent, payment of interest, if any, may be paid by (i) check mailed to addresses of the Persons entitled thereto as such addresses shall appear on the Notes Register or (ii) wire transfer to an account located in the United States maintained by the payee, subject to the third to the last sentence of this paragraph. Payments in respect of Notes represented by a Global Note (including principal, premium, if any, and interest) will be made by wire transfer of immediately available funds to the accounts specified by The Depository Trust Company or any successor depository. Payments in respect of Notes represented by Definitive Notes (including principal, premium, if any, and interest) held by a Holder of at least $1,000,000 aggregate principal amount of Notes represented by Definitive Notes will be made in accordance with the Notes Register, or by wire transfer to a Dollar account maintained by the payee with a bank in the United States if such Holder elects payment by wire transfer by giving written notice to the Trustee or the Paying Agent to such effect designating such account no later than 15 days immediately preceding the relevant due date for payment (or such other date as the Trustee or Paying Agent, as applicable, may accept in its discretion). If an Interest Payment Date or a Redemption Date is a Legal Holiday, payment shall be made on the next succeeding day that is not a Legal Holiday, and no interest shall accrue on such payment for the intervening period. If a regular record date is a Legal Holiday, the record date shall not be affected.

3. Paying Agent and Registrar

The Issuer initially appoints U.S. Bank Trust Company, National Association as trustee (the "Trustee"), Registrar and Paying Agent for the Notes. The Issuer may change any Registrar or Paying Agent without prior notice to the Holders. The Issuer or any Guarantor may act as Paying Agent, Registrar or transfer agent.

4. Indenture

The Issuer issued the Notes under an Indenture, dated as of April 25, 2023, among the Issuer, the Guarantors party thereto from time to time and the Trustee (as it may be amended or supplemented from time to time in accordance with the terms thereof, the "Indenture"), to be supplemented by the Supplemental Indenture, dated as of the Escrow Release Date, among the Issuer, the Subsidiary Guarantors and the Trustee. The terms of the Notes include those stated in the Indenture. The Notes are subject to all terms and provisions of the Indenture, and Holders are referred to the Indenture for a statement of those terms. In the event of a conflict between the terms of the Notes and the terms of the Indenture, the terms of the Indenture shall control.

The Notes are senior obligations of the Issuer. The aggregate principal amount of Notes that may be authenticated and delivered under the Indenture is unlimited. This Note is one of the 7.750% Senior Notes due 2031 referred to in the Indenture. The Notes include (i) $425,000,000 principal amount of the Issuer's 7.750% Senior Notes due 2031 issued under the Indenture on April 25, 2023 (the "Initial Notes") and (ii) if and when issued, additional Notes that may be issued from time to time under the Indenture subsequent to April 25, 2023 (the "Additional Notes") as provided in Section 2.01(a) of the Indenture. The Initial Notes and the Additional Notes shall be considered collectively as a single class for all purposes of the Indenture, including with respect to waivers, amendments, redemptions and offers to purchase; *provided* that any Additional Notes will not be issued with the same CUSIP, ISIN or other identifying number as the Initial Notes if such Additional Notes are not fungible with the Initial Notes for U.S. federal income tax purposes or if the Issuer otherwise determines that any such Additional Notes should be differentiated from the Initial Notes. The Indenture imposes certain limitations on the incurrence of indebtedness, the making of restricted payments, the sale of assets, the incurrence of certain liens, the entering into of agreements that restrict distribution from guarantors and the consummation of mergers and consolidations. The Indenture also imposes requirements with respect to the provision of financial information to the Trustee and the provision of guarantees of the Notes by certain subsidiaries.

5. Guarantees

On the Escrow Release Date, each of the Subsidiaries of the Issuer that is required to guarantee the obligations under the Credit Agreement on the Escrow Release Date shall execute and deliver to the Trustee the Supplemental Indenture and subject to the provisions of Article X of the Indenture, from and after the Escrow Release Date, each Subsidiary of the Issuer that executes a supplemental indenture pursuant to which it agrees to become a Guarantor under the Indenture will, in each case, fully, unconditionally and irrevocably guarantee on a senior unsecured basis, as primary obligor and not merely as surety, jointly and severally with each other Guarantor, to each Holder, and the Trustee the full and punctual payment when due, whether at maturity, by acceleration, by redemption or otherwise, of the principal of, premium, if any, and interest on the Notes and all other Obligations and liabilities of the Issuer under the Indenture and the Notes when and as the same shall be due and payable.

6. Redemption

(a) At any time and from time to time prior to May 1, 2026, the Issuer may redeem the Notes, in whole or in part, upon at least 10 but not more than 60 days' prior notice, at a redemption price equal to 100% of the principal amount of such Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, to, but excluding, the applicable Redemption Date.

(b) At any time and from time to time on or after May 1, 2026, the Issuer may redeem the Notes, in whole or in part, upon at least 10 but not more than 60 days' prior notice, with a copy to the Trustee, to each Holder of Notes to the address of such Holder appearing in the Notes Register at a redemption price equal to the percentage of the principal amount of the Notes to be redeemed as set forth in the table below, plus accrued and unpaid interest, if any, to, but excluding, the applicable Redemption Date, subject to the right of Holders of record of the Notes on the relevant record date to receive interest due on the relevant interest payment date, if redeemed during the twelve-month period beginning on May 1 of each of the years indicated in the table below:

Year	Percentage
2026	103.875%
2027	101.938%
2028 and thereafter	100.000%

(c) At any time and from time to time on or prior to May 1, 2026, the Issuer may redeem in the aggregate up to 40% of the original aggregate principal amount of the Notes (calculated after giving effect to any issuance of Additional Notes) with the net cash proceeds of one or more Equity Offerings (1) by the Issuer or (2) by any Parent Entity to the extent the net cash proceeds thereof are contributed to the common equity capital of the Issuer or used to purchase Capital Stock (other than Disqualified Stock) of the Issuer, at a redemption price of 107.750% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the applicable Redemption Date; provided, however, that at least 50% of the original aggregate principal amount of the Notes (calculated after giving effect to any issuance of Additional Notes) must remain outstanding after each such redemption; provided, further, that such redemption shall occur within 180 days after the date on which any such Equity Offering is consummated, upon at least 10 but not more than 60 days' prior notice and otherwise in accordance with the procedures set forth in the Indenture.

(d) Notwithstanding the foregoing, in connection with any tender offer for the Notes, including a Change of Control Offer or Asset Disposition Offer, if Holders of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not validly withdraw such Notes in such tender offer and the Issuer, or any third party making such tender offer in lieu of the Issuer, purchases all of the Notes validly tendered and not validly withdrawn by such Holders, the Issuer or such third party shall have the right upon at least 10 but not more than 60 days' prior notice, with a copy to the Trustee, to each Holder of Notes to the address of such Holder appearing in the Notes Register, to redeem all Notes that remain outstanding following such purchase at a redemption price equal to the price offered to each other Holder (excluding any early tender or incentive fee) in such tender offer plus, to the extent not included in the tender offer payment, accrued and unpaid interest, if any, thereon, to, but excluding, the applicable Redemption Date. In determining whether the Holders of at least 90% of the aggregate principal amount of the outstanding Notes have validly tendered and not validly withdrawn such Notes in a tender offer, including a Change of Control Offer or Asset Disposition Offer, Notes owned by the Issuer or its Affiliates or by funds controlled or managed by any Affiliate of the Issuer, or any successor thereof, shall be deemed to be outstanding for the purposes of such tender offer.

(e) Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable Redemption Date.

(f) Any redemption pursuant to this paragraph 6 shall be made pursuant to the provisions of Section 5.01 through 5.06 of the Indenture.

Except as set forth in Section 5.09 of the Indenture, the Issuer is not required to make mandatory redemption payments or sinking fund payments with respect to the Notes; *provided*, *however*, that under certain circumstances, the Issuer may be required to offer to purchase Notes under Sections 3.05 and 3.09 of the Indenture.

7. Escrow of Proceeds; Special Mandatory Redemption

The provisions governing the Escrowed Property and Special Mandatory Redemption are set forth in Section 5.09 of the Indenture.

8. Repurchase Provisions

The provisions governing Asset Dispositions and Change of Control Offers are set forth in Sections 3.05 and 3.09, respectively, of the Indenture.

9. Denominations; Transfer; Exchange

The Notes shall be issuable only in fully registered form in minimum denominations of $2,000 and any integral multiple of $1,000 in excess thereof. A Holder may transfer or exchange Notes in accordance with the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements or transfer documents and the Issuer may require a Holder to pay a sum sufficient to cover any tax and fees required by law or permitted by the Indenture. The Registrar need not register the transfer of or exchange of any Note (A) for a period beginning (1) fifteen calendar days before the mailing (or electronic delivery) of a notice of an offer to repurchase or redeem Notes and ending at the close of business on the day of such mailing (or electronic delivery) or (2) fifteen calendar days before an Interest Payment Date and ending on such Interest Payment Date or (B) called for redemption, except the unredeemed portion of any Note being redeemed in part.

10. Persons Deemed Owners

The registered Holder of this Note may be treated as the owner of it for all purposes.

11. Unclaimed Money

Any money deposited with the Trustee or any Paying Agent, or then held by the Issuer, in trust for the payment of the principal of, premium, if any, or interest remaining unclaimed for two years after such principal, premium, if any, or interest has become due and payable shall be paid to the Issuer on its written request unless an abandoned property law designates another person or (if then held by the Issuer) will be discharged from such trust; and the Holder of this Note will thereafter be permitted to look only to the Issuer for payment thereof unless an abandoned property law designates another person, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Issuer as trustee thereof, will thereupon cease.

12. Discharge and Defeasance

Subject to certain exceptions and conditions set forth in the Indenture, the Issuer at any time may terminate some or all of its obligations under the Notes and the Indenture if the Issuer deposits with the Trustee cash, U.S. Government Obligations or a combination thereof, for the payment of principal of and premium, if any and interest on the Notes on the maturity date or on the applicable redemption date, as the case may be.

13. Amendment, Supplement, Waiver

The Indenture, the Notes and the Note Guarantees may be amended or supplemented as provided in Article IX of the Indenture.

14. Defaults and Remedies

The Events of Default relating to the Notes are set forth in Article VI of the Indenture.

15. Trustee Dealings with the Issuer

Subject to certain limitations set forth in the Indenture, the Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Issuer, Guarantors or their Affiliates with the same rights it would have if it were not Trustee. In addition, the Trustee shall be permitted to engage in transactions with the Issuer and its Affiliates and Subsidiaries.

16. No Recourse Against Others

No director, officer, employee, incorporator or shareholder of the Issuer or any of its Subsidiaries or Affiliates, as such (other than the Issuer and the Guarantors), shall have any liability for any obligations of the Issuer or the Guarantors under the Notes, the Guarantees or the Indenture or for any claim based on, in respect of, or by reason of such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the SEC that such a waiver is against public policy.

17. Authentication

This Note shall not be valid until an authorized officer of the Trustee manually signs the certificate of authentication on the other side of this Note.

18. Abbreviations

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (= tenants in common), TEN ENT (= tenants by the entirety), JT TEN (= joint tenants with rights of survivorship and not as tenants in common), CUST (= custodian) and U/G/M/A (= Uniform Gift to Minors Act).

19. CUSIP and ISIN Numbers

The Issuer has caused CUSIP and ISIN numbers to be printed on the Notes. The Trustee shall use CUSIP and ISIN numbers in notices of redemption or purchase as a convenience to Holders. No representation is made as to the correctness of such numbers either as printed on the Notes or as contained in any notice of a redemption or purchase and reliance may be placed only on the other identification numbers placed thereon.

20. Governing Law

This Note shall be governed by, and construed in accordance with, the laws of the State of New York.

ASSIGNMENT FORM

To assign this Note, fill in the form below:

I or we assign and transfer this Note to:

_____

(Print or type assignee's name, address and zip code)

_____

(Insert assignee's social security or tax I.D. No.)

and irrevocably appoint _____ agent to transfer this Note on the books of the Issuer. The agent may substitute another to act for him.

Date: Your Signature: _____

Signature Guarantee:

(Signature must be guaranteed)

_____

Sign exactly as your name appears on the other side of this Note.

The signature(s) should be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions with membership in an approved signature guarantee medallion program), pursuant to Exchange Act Rule 17Ad-15.

The undersigned hereby certifies that it ☐ is / ☐ is not an Affiliate of the Issuer and that, to its knowledge, the proposed transferee ☐ is / ☐ is not an Affiliate of the Issuer.

In connection with any transfer or exchange of any of the Notes evidenced by this certificate occurring prior to the date that is one year after the later of the date of original issuance of such Notes and the last date, if any, on which such Notes were owned by the Issuer or any Affiliate of the Issuer, the undersigned confirms that such Notes are being:

CHECK ONE BOX BELOW:

(1) ☐ acquired for the undersigned's own account, without transfer; or

(2) ☐ transferred to the Issuer; or

(3) ☐ transferred pursuant to and in compliance with Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"); or

(4) ☐ transferred pursuant to an effective registration statement under the Securities Act; or

(5) ☐ transferred pursuant to and in compliance with Regulation S under the Securities Act; or

(6) ☐ transferred to an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) or an "accredited investor" (as defined in Rule 501(a)(4) under the Securities Act), that has furnished to the Trustee a signed letter containing certain representations and agreements (the form of which letter appears as Section 2.08 or 2.10 of the Indenture, respectively); or

(7) ☐ transferred pursuant to another available exemption from the registration requirements of the Securities Act of 1933, as amended.

Unless one of the boxes is checked, the Trustee will refuse to register any of the Notes evidenced by this certificate in the name of any person other than the registered Holder thereof; *provided*, *however*, that if box (5), (6) or (7) is checked, the Issuer may require, prior to registering any such transfer of the Notes, in its sole discretion, such legal opinions, certifications and other information as the Issuer may reasonably request to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act of 1933, as amended, such as the exemption provided by Rule 144 under such Act.

_____

Signature

Signature Guarantee:

_____ _____

(Signature must be guaranteed) Signature

The signature(s) should be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions with membership in an approved signature guarantee medallion program), pursuant to Exchange Act Rule 17Ad-15.

TO BE COMPLETED BY PURCHASER IF BOX (1) OR (3) ABOVE IS CHECKED.

The undersigned represents and warrants that it is purchasing this Note for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act of 1933, as amended, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Issuer as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned's foregoing representations in order to claim the exemption from registration provided by Rule 144A.

_____

Dated:

[TO BE ATTACHED TO GLOBAL NOTES]

SCHEDULE OF INCREASES OR DECREASES IN GLOBAL NOTES

The following increases or decreases in this Global Note have been made:

Date of Exchange	Amount of decrease in Principal Amount of this Global Note	Amount of increase in Principal Amount of this Global Note	Principal Amount of this Global Note following such decrease or increase	Signature of authorized signatory of Trustee or Notes Custodian

OPTION OF HOLDER TO ELECT PURCHASE

If you elect to have this Note purchased by the Issuer pursuant to Section 3.05 or Section 3.09 of the Indenture, check either box:

Section 3.05 ☐ Section 3.09 ☐

If you want to elect to have only part of this Note purchased by the Issuer pursuant to Section 3.05 or Section 3.09 of the Indenture, state the principal amount (must be in minimum denominations of $2,000 or an integral multiple of $1,000 in excess thereof): $_____ and specify the denomination or denominations (which shall not be less than the minimum authorized denomination) of the Notes to be issued to the Holder for the portion of the within Note not being repurchased (in the absence of any such specification, one such Note will be issued for the portion not being repurchased): _____.

Date: _____ Your Signature _____

(Sign exactly as your name appears on the other side of the Note)

Signature Guarantee: _____

(Signature must be guaranteed)

The signature(s) should be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions with membership in an approved signature guarantee medallion program), pursuant to Exchange Act Rule 17Ad-15.

EXHIBIT B

Form of Supplemental Indenture to Add Guarantors

[ ] SUPPLEMENTAL INDENTURE, dated as of [ ] (this "Supplemental Indenture"), by and among the parties that are signatories hereto as Guarantors (each, a "Guaranteeing Subsidiary" and together, the "Guaranteeing Subsidiaries"), Knife River Holding Company (to be renamed Knife River Corporation on the Spin-Off Date), a Delaware Corporation (the "Issuer"), and U.S. Bank Trust Company, National Association, as trustee under the Indenture referred to below (the "Trustee").

W I T N E S S E T H:

WHEREAS, the Issuer and the Trustee have heretofore executed and delivered an indenture, dated as of April 25, 2023 (as it may be amended or supplemented from time to time in accordance with the terms thereof, the "Indenture"), providing for the issuance of $425,000,000 aggregate principal amount of 7.750% Senior Notes due 2031 (the "Notes");

WHEREAS, the Indenture provides that, under certain circumstances, each Guaranteeing Subsidiary shall execute and deliver to the Trustee a supplemental indenture pursuant to which such Guaranteeing Subsidiary shall unconditionally guarantee, on a joint and several basis with the other Guaranteeing Subsidiaries and the other Guarantors, all of the Issuer's Obligations under the Notes and the Indenture on the terms and conditions set forth herein and under the Indenture (the "Guarantee"); and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Issuer, any Guarantor and the Trustee are authorized to execute and deliver this Supplemental Indenture without the consent of any Holder of the Notes;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Guaranteeing Subsidiary, the Issuer, the other Guarantors and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders as follows:

ARTICLE I

DEFINITIONS

Section 1.1. *Defined Terms*. As used in this Supplemental Indenture, terms defined in the Indenture or in the preamble or recitals hereto are used herein as therein defined. The words "herein," "hereof" and "hereby" and other words of similar import used in this Supplemental Indenture refer to this Supplemental Indenture as a whole and not to any particular Section hereof.

ARTICLE II

AGREEMENT TO BE BOUND; GUARANTEE

Section 2.1. *Agreement to be Bound*. Each Guaranteeing Subsidiary hereby becomes a party to the Indenture as a Guarantor and as such will have all of the rights and be subject to all of the obligations and agreements of a Guarantor under the Indenture.

Section 2.2. *Guarantee*. Each Guaranteeing Subsidiary agrees, on a joint and several basis with all the existing Guarantors [and the other Guaranteeing Subsidiaries], to fully, unconditionally and irrevocably Guarantee to each Holder of the Notes and the Trustee the Guaranteed Obligations pursuant to Article X of the Indenture on a senior basis.

ARTICLE III

MISCELLANEOUS

Section 3.1. *Notices*. All notices and other communications to the Issuer and the Guaranteeing Subsidiaries shall be given as provided in the Indenture to such Guaranteeing Subsidiaries, at their addresses set forth below, with a copy to the Issuer as provided in the Indenture for notices to the Issuer.

[INSERT ADDRESS]

Section 3.2. [*Reserved*].

Section 3.3. *Release of Guarantee*. This Guarantee shall be released in accordance with Section 10.02 of the Indenture.

Section 3.4. *Parties*. Nothing expressed or mentioned herein is intended or shall be construed to give any Person, firm or corporation, other than the Holders and the Trustee, any legal or equitable right, remedy or claim under or in respect of this Supplemental Indenture or the Indenture or any provision herein or therein contained.

Section 3.5. *Governing Law*. This Supplemental Indenture and the rights of the parties hereunder shall be governed by, and construed in accordance with, the laws of the State of New York.

Section 3.6. *Severability*. In case any provision in this Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and such provision shall be ineffective only to the extent of such invalidity, illegality or unenforceability.

Section 3.7. *Benefits Acknowledged*. Each Guaranteeing Subsidiary's Guarantee is subject to the terms and conditions set forth in the Indenture. Each Guaranteeing Subsidiary acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated by the Indenture and this Supplemental Indenture and that the guarantee and waivers made by it pursuant to this Guarantee are knowingly made in contemplation of such benefits.

Section 3.8. *Ratification of Indenture; Supplemental Indentures Part of Indenture*. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder of Notes heretofore or hereafter authenticated and delivered shall be bound hereby.

Section 3.9. *The Trustee*. The Trustee does not make any representation or warranty as to the validity or sufficiency of this Supplemental Indenture or with respect to the recitals contained herein, all of which recitals are made solely by the other parties hereto.

Section 3.10. *Counterparts*. The parties hereto may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. This Supplemental Indenture may be executed in multiple counterparts, which, when taken together, shall constitute one instrument. The exchange of copies of this Supplemental Indenture and of signature pages by facsimile, PDF or other electronic transmission shall constitute effective execution and delivery of this Supplemental Indenture as to the parties hereto and may be used in lieu of the original Supplemental Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile, PDF or other electronic format shall be deemed to be their original signatures for all purposes.

Section 3.11. *Execution and Delivery*. Each Guaranteeing Subsidiary agrees that its Guarantee shall remain in full force and effect notwithstanding any failure to endorse on each Note a notation of any such Guarantee.

Section 3.12. *Headings*. The headings of the Articles and the Sections in this Supplemental Indenture are for convenience of reference only, are not intended to be considered a part hereof, and shall not be deemed to alter or affect the meaning or interpretation of the terms or provisions hereof.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

[GUARANTEEING SUBSIDIARY],
as a Guarantor

By: _____
Name:
Title:

KNIFE RIVER HOLDING COMPANY, as Issuer

By: _____
Name:
Title:

[Signature Page to Supplemental Indenture]

U.S. Bank Trust Company, National Association,
as Trustee

By: _____

Name:
Title:

[Signature Page to Supplemental Indenture]

Exhibit 10.3

FORM OF KNIFE RIVER CORPORATION
DIRECTOR COMPENSATION POLICY

This Director Compensation Policy (the "Policy") was adopted by the Board of Directors (the "Board") of Knife River Corporation formerly known as Knife River Holding Company (the "Company") in connection with the distribution of 80.1% or more of the outstanding shares of the Company's common stock to the stockholders of MDU Resources Group, Inc. in 2023, pursuant to the Separation and Distribution Agreement between the Company and MDU Resources Group, Inc. entered into in connection with such distribution (the "Spin-Off") and is effective as of the date on which the Spin-Off occurs (the "Effective Date").

Each member of the Board who is not an employee of the Company or any of its subsidiaries (a "Director") shall receive compensation made up of annual cash retainers and shares of the Company's common stock ("Common Stock"), as set forth in this policy.

Director Compensation

	Annual Cash Retainers
Base Retainer	$110,000
Additional Retainers:	
Non-Executive Chair of the Board	$125,000
Chair of Audit Committee	$20,000
Chair of Compensation Committee	$15,000
Chair of Environmental and Sustainability Committee	$15,000
Chair of Nominating and Governance Committee	$15,000

Such cash retainers shall be paid in monthly installments.

The Knife River Corporation Deferred Compensation Plan for Directors (the "Plan") permits a Director to defer all or any portion of the annual cash retainers. The amount deferred is recorded in each participant's deferred compensation account and credited with income in the manner prescribed in the Plan.

Common Stock

Each person, other than the Non-Executive Chair of the Board, who is a Director of the Company at any time during the calendar year shall receive a $150,000 stock payment, and any person who is the Non-Executive Chair of the Board shall receive a $175,000 stock payment, on or about the Wednesday following the Board of Directors' regularly-scheduled November meeting. The stock payment shall be made under the Company's Long-Term Performance-Based Incentive Plan (the "LTIP"). The stock payment shall be made by providing the Director or Non-Executive Chair with the number of whole shares of Common Stock determined (i) if the shares are original issue or treasury stock, by dividing the amount of the applicable stock payment by the closing price of the Common Stock on the New York Stock Exchange on the grant date and (ii) if the shares are purchased on the open market, by dividing the amount of the applicable stock payment by the weighted average price paid to purchase shares for the Director or Non-Executive Chair for that stock payment, excluding any related brokerage commissions or other service fees. Any fractional shares shall be paid in cash. The stock payment shall be prorated for any Director or Non-Executive Chair who does not serve the entire calendar year by multiplying the applicable stock payment by a fraction, the numerator of which is the number of actual or expected months (with a partial month counted as a full month) of service on the Board during the calendar year and the denominator of which is twelve.

By written election a Director may reduce his or her annual cash retainers and have that amount instead delivered in the form of additional shares of Common Stock under the LTIP. The annual election shall specify the percentage of the annual cash retainers to be applied toward the purchase of additional shares and must be received by the Company by the last business day of the year prior to the year in which the election is to be effective. No election may be changed or revoked for the current year but an election may be changed for a subsequent year. The additional stock payments will be made on the last business day of March, June, September, and December. The stock payment shall be made by providing the Director with the number of whole shares of Common Stock determined (i) if the shares are original issue or treasury stock, by dividing the amount of the applicable stock payment by the closing price of the Common Stock on the New York Stock Exchange on the grant date or (ii) if the shares are purchased on the open market, by dividing the amount of the applicable stock payment by the weighted average price paid to purchase shares for the Director for that stock payment, excluding any related brokerage commissions or other service fees. No fractional shares shall be purchased and cash in lieu of any fractional shares shall be paid to the Director.

Travel Expense Reimbursement

All Directors will be reimbursed for reasonable travel expenses incurred while serving as a Director, including spouse's expenses, in connection with attendance at meetings of the Company's Board of Directors and its committees. If the travel expense is related to the reimbursement of airfare, such reimbursement will not exceed full-coach rate. Spousal travel expenses paid by the Company are treated as taxable income to the Director. See the paragraph below entitled "Code Section 409A" for further rules relating to travel expense reimbursements.

Life Insurance Coverage

All Directors are protected by a non-contributory group life insurance policy with coverage of $100,000. The coverage begins the day the Director is elected to the Board of Directors and terminates when the Director ceases to be a Director. A Summary Plan Description (SPD) will be provided to the Director. The beneficiary of the insurance will be the beneficiary recorded on a beneficiary designation provided by the Company. The group life insurance policy is considered taxable compensation under current tax laws. Consequently, the Company will provide each Director annually on Form 1099 the amount of taxable income related to this coverage.

Code Section 409A

To the extent any reimbursements or in-kind benefits provided to a Director pursuant to this policy constitute "deferred compensation" under Internal Revenue Code Section 409A, any such reimbursement or in-kind benefit shall be paid in a manner consistent with Treasury Regulation Section 1.409A-3(i)(1)(iv), including the requirements that the amount of reimbursable expenses or in-kind benefits provided during a year may not affect the expenses eligible for reimbursement or in-kind benefits provided in any other year and that any reimbursement be made on or before the last day of the calendar year following the calendar year in which the expense was incurred.

Exhibit 10.4

FORM OF

KNIFE RIVER CORPORATION

DEFERRED COMPENSATION PLAN FOR DIRECTORS

I. PURPOSE

The Board of Directors of Knife River Corporation (the "Company") established this Deferred Compensation Plan for Directors (the "Plan") in connection with the distribution of 80.1% or more of the outstanding shares of the Company's common stock to the stockholders of MDU Resources Group, Inc. ("MDU") in 2023, pursuant to the Separation and Distribution Agreement between the Company and MDU entered into in connection with such distribution (the "Spin-Off"). The Plan is effective as of the date on which the Spin-Off occurs (the "Distribution Date") and shall continue until terminated by the Board of Directors of the Company, subject to the provisions of Article XI, below.

The purpose of this Plan is to aid the Company in attracting and retaining as members of the Board of Directors of the Company ("Directors") persons whose abilities, experience and judgment can contribute to the continued progress of the Company. The Plan will provide a method of deferring compensation to the Directors.

In connection with the Spin-Off and pursuant to the terms of an Employee Matters Agreement entered into by and between the Company and MDU, the Company and the Plan assumed all the obligations and liabilities of MDU and its subsidiaries under the MDU Deferred Compensation Plan for Directors (the "MDU Director DCP") with respect to Transferred Directors (as such term is defined in the Employee Matters Agreement) so that any benefits due under the MDU DCP with respect to a Transferred Director or beneficiaries of a Transferred Director will now be the responsibility of the Company and this Plan. Any benefits due under the MDU Director DCP with respect to a Transferred Director or Beneficiaries of a Transferred Director will now be the responsibility of the Company and this Plan. All service of a Transferred Director recognized under the MDU Director DCP shall be recognized under this Plan. All distribution elections and designation of Beneficiaries made under the MDU Director DCP by a Transferred Director and in effect as of immediately prior to the Distribution Date shall continue to apply and shall be administered under the Plan until such election or designation expires or is otherwise changed or revoked in accordance with the terms of the Plan. All valid domestic relations orders filed with the MDU Director DCP as of immediately prior to the Distribution Date with respect to the benefits of a Transferred Director shall continue to apply under the Plan.

II. DEFINITIONS

A. Beneficiary. "Beneficiary" means the person or persons designated as such in accordance with Article X.

B. Change in Control. "Change in Control" means the earliest of the following to occur: (a) any person (which shall not include the Company, any subsidiary of the Company or any employee benefit plan of the Company or of any subsidiary of the Company) ("Person") or group (as that term is defined in Treasury Regulations Section 1.409A-3(i)(5)(v)(B)) acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such Person or Persons) ownership of stock of the Company possessing 30% or more of the total voting power of the stock of the Company; (b) any Person or group (as that term is defined in Treasury Regulations Section 1.409A-3(i)(5)(v)(B)) acquires ownership of the stock of the Company that, together with stock held by such Person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of the Company (this part (b) applies only when there is a transfer of stock of the Company and the Company's stock remains outstanding after the transaction); (c) a majority of the members of the Board of Directors of the Company is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board of Directors of the Company; or (d) any Person or group (as that term is defined in Treasury Regulations Section 1.409A-3(i)(5)(v)(B)) acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such Person or Persons) assets from the Company that have a gross fair market value equal to or more than 40% of the total gross fair market value of all of the assets of the Company immediately before such acquisition or acquisitions.

Notwithstanding anything contained herein to the contrary, no transaction or event shall constitute a Change in Control for purposes of the Plan unless the transaction or event constitutes a change in the ownership of a corporation (as defined in Treasury Regulations Section 1.409A-3(i)(5)(v)), a change in effective control of a corporation (as defined in Treasury Regulations Section 1.409A-3(i)(5)(vi)) or a change in the ownership of a substantial portion of the assets of a corporation (as defined in Treasury Regulations Section 1.409A-3(i)(5)(vii)) and the term Change in Control shall be interpreted in a manner consistent with the proper interpretation of the similar provisions in the Section 409A Treasury Regulations.

C. Code. "Code" means the Internal Revenue Code of 1986, as amended.

D. Compensation. "Compensation" means any cash retainer, meeting fees and any other cash compensation payable to Eligible Directors by the Company for services as a Director.

E. Deferral Amount. "Deferral Amount" means the Compensation Participants elect to defer and have credited to their Deferred Compensation Accounts.

F. Deferred Compensation Account. "Deferred Compensation Account" means the account maintained on the books of account of the Company for each Participant pursuant to Article VI.

G. Disability. "Disability" means those circumstances where the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months.

H. Effective Date. "Effective Date" means the Distribution Date, the date on which the amendment and restatement of the Plan became effective.

I. Eligible Director. "Eligible Director" means those Directors of the Company who are not employees of the Company.

J. Investment Units. "Investment Units" has the meaning defined in Article VI.B.

K. Market Price. "Market Price" means the average of the highest and lowest transaction prices for the Company's common stock on the New York Stock Exchange for a given day.

L. Participant. "Participant" means an Eligible Director participating in the Plan in accordance with the provisions of Article IV and any Transferred Director who participated in the MDU Directors DCP as of immediately prior to the Distribution Date.

M. Separation from Service. "Separation from Service" means a Participant's separation from service (as that term is used in Section 409A(a)(2)(A)(i) of the Code) with the Company.

III. ADMINISTRATION OF THE PLAN

The Board of Directors shall be the sole administrator of the Plan.

The Board of Directors may from time to time establish rules and regulations for the administration of the Plan.

All determinations of the Board of Directors, irrespective of their character or nature, including, but not limited to, all questions of construction and interpretation, shall be final, binding and conclusive upon all parties. Without limiting the generality of the foregoing, the determination of the Board of Directors as to whether a Participant has had a Separation from Service and the date thereof shall be final, binding and conclusive upon all persons.

The Company and/or the Board of Directors may consult with legal counsel, who may be counsel for the Company or other counsel, with respect to its obligations and duties hereunder or with respect to any claim, action or proceeding or any other matter, and shall not be liable for any action taken or not taken by it in good faith pursuant to the advice of such counsel.

The Chairman, at the direction of the Board of Directors, shall be responsible for maintaining books and records for the Plan and adopting standard forms for such matters as Beneficiary designations and applications for benefits, provided such rules and forms are not inconsistent with the provisions of the Plan. Such books and records shall only be open for examination by a Participant or his duly designated Beneficiary to the extent that they specifically involve the Deferred Compensation Account created for his benefit or any payments which are to be made to him or his Beneficiary hereunder. Each Participant or his duly designated Beneficiary shall be notified no less frequently than annually of the balance in his account.

Neither the Board of Directors nor any member of the Board of Directors nor the Company nor any other person who is acting on behalf of the Board of Directors or the Company shall be liable for any act or failure to act hereunder except for gross negligence or fraud.

IV. PARTICIPATION

All Eligible Directors, including any person who becomes a Director after the Effective Date, shall be Participants in the Plan.

Each Participant in the Plan shall have the right to elect to defer the payment of all or any part of his Compensation, with such Deferral Amount to be payable at the time or times and in the manner hereinafter stated.

Each Participant who elects to defer the payment of all or any part of his Compensation shall execute and deliver to the Board of Directors a "Notice of Election." Such Notice will specify the percentage of Compensation to be deferred and, if a Beneficiary designation has not been made or the Participant wishes to change an existing Beneficiary designation, the Beneficiary designations of the Director.

Except as provided in the last sentence of this paragraph, a Notice of Election shall be valid only if it is delivered prior to the first day of the calendar year in which the services giving rise to the Compensation being deferred are to be performed. A Participant's Notice of Election shall become irrevocable as of the last date the Notice of Election could be delivered or such earlier date as may be established by the Board of Directors. A Participant may revoke or change a Notice of Election at any time prior to the date the election becomes irrevocable, subject to such restrictions as the Board of Directors may establish from time to time. Any such revocation or change shall be made in a form and manner determined by the Board of Directors. In the first calendar year in which a Participant becomes eligible to participate in the Plan, the Participant may execute and deliver a Notice of Election within thirty (30) days of the date the Participant first becomes eligible to participate in the Plan, with respect to Compensation that would be paid for services to be performed after the election.

V. VESTING OF DEFERRED COMPENSATION ACCOUNT

A Participant's interest in his Deferred Compensation Account shall vest immediately with regard to Deferral Amounts and earnings thereon.

VI. ACCOUNTS AND VALUATIONS

A. Deferred Compensation Accounts. The Board of Directors shall establish and maintain a separate Deferred Compensation Account for each Participant. The Participant's Deferral Amount shall be credited to the Participant's Deferred Compensation Account quarterly on the last business day of March, June, September, and December in amounts as nearly equal as possible.

B. Conversion to Investment Units. At the time a Deferral Amount or dividend equivalent under Article VII is credited to the Deferred Compensation Account, it shall be converted to Investment Units, by dividing the amount credited by the Market Price of the Company's stock on the last trading day immediately preceding the date the amount is credited. Fractional share Investment Units will be maintained in the Account. The Investment Units initially credit to the Deferred Compensation Account of a Transferred Director on the Distribution Date shall be determined by adjusting the investment units credited to the Transferred Director's deferred compensation account under the MDU Directors DCP immediately prior to the Distribution Date in accordance with the adjustment methodology set forth in the Employee Matters Agreement.

VII. DIVIDEND EQUIVALENTS

If a dividend is paid on the common stock of the Company, an equivalent amount shall be credited to the Participant's Deferred Compensation Account for each Investment Unit in the Participant's Deferred Compensation Account on the dividend record date. Crediting of any such dividend equivalents shall occur on the dividend payment date. Such amounts shall be converted to additional Investment Units, pursuant to Article VI.B.

VIII. DISTRIBUTION

A. Conversion of Investment Units to Dollars. When a Participant has a Separation from Service, dies, or experiences a Disability, Investment Units in the Participant's Deferred Compensation Account shall be converted into dollars, on the dates set forth below, based on the Market Price of the Company's common stock on the date of conversion. If the New York Stock Exchange is not open that day, then it shall be the Market Price on the next day the New York Stock Exchange is open. Participants shall remain eligible to receive dividend equivalents pursuant to Article VII with respect to any Investment Units that have not been converted into dollars as of the dividend record date.

B. Payment. During the first week (the "Payment Commencement Week") of the first full month that begins at least six months after the date of the Participant's Separation from Service, death or Disability (the "Payment Commencement Month"), 20 percent of the value of the Investment Units credited to the Participant's Deferred Compensation Account shall be converted to dollars and paid to the Participant in equal monthly payments over a one-year period, with the first such monthly payment made during the Payment Commencement Week and the following monthly payments made during the first week of each of the next 11 months. During the first week of the 12th month following the Payment Commencement Month, 25 percent of the remaining value of the Investment Units credited to the Participant's Deferred Compensation Account shall be converted to dollars and paid to the Participant in equal monthly payments over a one-year period, with the first such monthly payment made during that week and the following monthly payments made during the first week of each of the next 11 months. During the first week of the 24th month following the Payment Commencement Month, 33 1/3 percent of the remaining value of the Investment Units credited to the Participant's Deferred Compensation Account shall be converted to dollars and paid to the Participant in equal monthly payments over a one-year period, with the first such monthly payment made during that week and the following monthly payments made during the first week of each of the next 11 months. During the first week of the 36th month following the Payment Commencement Month, 50 percent of the remaining value of the Investment Units credited to the Participant's Deferred Compensation Account shall be converted to dollars and paid to the Participant in equal monthly payments over a one-year period, with the first such monthly payment made during that week and the following monthly payments made during the first week of each of the next 11 months. During the first week of the 48th month following the Payment Commencement Month, the remaining balance of the Participant's Deferred Compensation Account shall be converted to dollars and paid to the Participant in equal monthly payments over a one-year period, with the first such monthly payment made during that week and the following monthly payments made during the first week of each of the next 11 months. For avoidance of doubt, if a dividend is paid on the common stock of the Company, an equivalent amount shall be credited to Participants' Deferred Compensation Accounts pursuant to Article VII with respect to any Investment Units that have not been converted into dollars as of the dividend record date. No interest will be paid on amounts in the Deferred Compensation Accounts.

C. Change in Control. The terms of this Article VIII.C shall immediately become operative, without further action or consent by any person or entity, upon a Change in Control, and once operative shall supersede and take control over any other provisions of the Plan.

Upon a Change in Control, all Investment Units in a Participant's Deferred Compensation Account shall be multiplied by the Market Price of the Company's common stock on such day. If the New York Stock Exchange is not open on that day, then it shall be the Market Price on the next day the New York Stock Exchange is open. The dollar value of the Investment Units contained in each Participant's Deferred Compensation Account shall be paid out immediately thereafter to the Participant (a "Change in Control Payment").

IX. TAX WITHHOLDING UPON DISTRIBUTION

To the extent required by law, the Company shall withhold from payments made hereunder any taxes required to be withheld by the federal or any state or local government.

X. BENEFICIARY DESIGNATION

Each Participant shall have the right at any time to designate any person or persons as Beneficiary or Beneficiaries (both principal and contingent) to whom payment under this Plan shall be paid in the event of death prior to complete distribution of the deferred amounts under the Plan. Each Beneficiary designation shall become effective only when filed in writing with the Board of Directors during the Participant's lifetime on a form provided by the Board of Directors.

The filing of a new Beneficiary designation form will cancel all Beneficiary designations previously filed. Any finalized divorce of a Participant subsequent to the date of filing of a Beneficiary designation form shall revoke such designation. The spouse of a married Participant domiciled in a community property jurisdiction shall join in any designation of Beneficiary or Beneficiaries other than the spouse.

If a Participant fails to designate a Beneficiary as provided above or if the Beneficiary designation is revoked by divorce, or otherwise, without execution of a new designation, or if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then the distribution of such benefits shall be made to the Participant's estate.

XI. AMENDMENT AND TERMINATION OF PLAN

A. Amendment. The Company may at any time amend the Plan in whole or in part, provided, however, that except as provided in Article XI.B., no amendment shall act to reduce the benefits under the Plan payable to any Participant with respect to any Deferral Amount credited to the Participant's Deferred Compensation Account prior to the date of the amendment. Written notice of any amendments shall be given to each Participant.

B. Termination of Plan.

1. Company's Right to Terminate. The Board of Directors may at any time terminate the Plan.

2. Payments Upon Termination. To the extent consistent with the rules relating to plan terminations and liquidations in Treasury Regulations Section 1.409A-3(j)(4)(ix) or otherwise consistent with Section 409A of the Code, the Board of Directors may provide that, without the prior written consent of Participants, the Investment Units recorded in the Participants' Deferred Compensation Accounts shall be converted into dollars pursuant to Article VIII.A and all of the Participants' Deferred Compensation Accounts shall be distributed in a lump sum upon (or as soon as is permitted following) termination of the Plan. Unless so distributed, in the event of a Plan termination, the Company shall continue to maintain the Deferred Compensation Accounts until distributed pursuant to the terms of the Plan and Participants shall remain 100% vested in all amounts credited to their Deferred Compensation Accounts.

XII. MISCELLANEOUS

A. Unsecured General Creditor. Participants and their beneficiaries, heirs, successors, and assigns shall have no legal or equitable rights, interests, or other claims in any property or assets of the Company, nor shall they be beneficiaries of, or have any rights, claims, or interests in any specified assets of the Company. Any and all of the Company's assets shall be and remain general, unpledged, unrestricted assets of the Company. The Company's obligation under the Plan shall be that of an unfunded and unsecured promise of Company to pay money in the future.

B. No Right to Nomination or Reelection. Establishment of this Plan and the participation by any person shall not be construed to confer any right on the part of such person to be nominated for reelection, or to be reelected, to the Board of Directors of the Company.

C. Nonassignability. Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage, or otherwise encumber, transfer, hypothecate, or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be unassignable and nontransferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

D. Protective Provisions. A Participant will cooperate with the Company by furnishing any and all information requested by the Company in order to facilitate the payment of any amounts hereunder. If a Participant refuses to cooperate, the Company shall have no further obligation to the Participant under the Plan.

E. Gender, Singular and Plural. Wherever the context so requires, words in the masculine include the feminine and words in the feminine include the masculine and the definition of any term in the singular may include the plural.

F. Captions. The captions to the articles, sections, and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

G. Applicable Law. This Plan shall be construed, administered and governed in accordance with the laws of the State of North Dakota.

H. Validity. In the event any provision of this Plan is held invalid, void, or unenforceable, the same shall not affect, in any respect whatsoever, the validity of any other provision of this Plan.

I. Notice. Any notice or filing required or permitted to be given to the Board of Directors shall be sufficient if in writing and hand delivered, or sent by registered or certified mail, to the principal office of the Company, directed to the attention of the Secretary of the Company. Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

J. Section 409A. It is intended that this Plan will comply with Section 409A of Code and any regulations and guidelines issued thereunder, to the extent the Plan is subject thereto, and the Plan shall be interpreted accordingly.

Exhibit 10.5

FORM OF

KNIFE RIVER CORPORATION
DEFERRED COMPENSATION PLAN
PLAN DOCUMENT

THE KNIFE RIVER CORPORATION DEFERRED COMPENSATION PLAN

Section 1. Purpose

By execution of the Adoption Agreement, the Company has adopted the Plan set forth herein, and in the Adoption Agreement, to provide a means by which certain management Employees or Independent Contractors of the Employer may elect to defer receipt of current Compensation from the Employer to provide retirement and other benefits on behalf of such Employees or Independent Contractors of the Employer, as selected in the Adoption Agreement. The Plan is intended to be a nonqualified deferred compensation plan that complies with the provisions of Section 409A of the Internal Revenue Code (the "Code"). The Plan is also intended to be an unfunded plan maintained primarily for the purpose of providing deferred compensation benefits for a select group of management or highly compensated employees under Sections 201(2), 301(a)(3) and 401(a)(l) of the Employee Retirement Income Security Act of 1974 ("ERISA") or independent contractors. Notwithstanding any other provision of this Plan, this Plan shall be interpreted, operated and administered in a manner consistent with these intentions.

Section 2. Definitions

2.0 "401(k) Refund Offset" means a deferral of the Participant's base salary equal to the gross amount of a 401(k)-refund caused by Average Deferral Percentage (ADP) testing failures in the qualified plan. The 401(k) refund itself shall be paid to the Participant from the 401(k) plan and reported on Form 1099-R. This deferral shall not apply to Roth 401(k) refunds or any other refund not generated due to failed testing.

2.1 "Active Participant" means, with respect to any day or date, a Participant who is in Service on such day or date; provided, that a Participant shall cease to be an Active Participant (i) immediately upon a determination by the Committee that the Participant has ceased to be an Employee or Independent Contractor, or (ii) at the end of the Plan Year that the committee determines the Participant no longer meets the eligibility requirements of the Plan.

2.2 "Adoption Agreement" means the written agreement pursuant to which the Company adopts the Plan. The Adoption Agreement is a part of the Plan as applied to the Company.

2.3 "Beneficiary" means the person, persons, entity or entities designated or determined pursuant to the provisions of Section 13 of the Plan.

2.4 "Board" means the Board of Directors of the Company.

2.5 "Change in Control Event" means an event described in Section 409A(a)(2)(A)(v) of the Code (or any successor provision thereto) and the regulations thereunder with respect to a Participant's direct Employer.

2.6 "Committee" means the Compensation Committee of the Company's Board of Directors, or any other person or persons as designated by the Compensation Committee, in its discretion, to perform responsibilities of the Committee under the Plan, or any other person or persons noted in the Adoption Agreement. The Recordkeeper is not the Committee.

2.7 "Company" means the company designated in the Adoption Agreement.

2.8 "Compensation" shall have the meaning designated in the Adoption Agreement.

2.9 "Crediting Date" means the date any corresponding asset payment used to informally finance the Plan, if applicable, is credited to the Employer's corporate owned investment account or any other day directed by the Employer. Otherwise, all Credits shall be credited on any business day as specified by the Company.

2.10 "Deferred Compensation Account" means the account maintained with respect to each Participant under the Plan. The Deferred Compensation Account shall be credited with Participant Deferral Credits and Employer Credits, credited or debited for deemed investment gains or losses, and adjusted for payments in accordance with the rules and elections in effect under Section 8. As permitted in the Adoption Agreement, the Deferred Compensation Account of a Participant may consist of one or more accounts. A Participant may elect payment options for each account as described in Section 7.1 and deemed investments for each account as described in Section 8.2.

2.11 "Disabled or Disability" means Disabled or Disability within the meaning of Section 409A of the Code and the regulations thereunder. Generally, this means that the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering Employees of the Employer.

2.12 [Reserved].

2.13 "Effective Date" shall be the date designated in the Adoption Agreement.

2.14 "Employee" means an individual in the Service of the Employer if the relationship between the individual and the Employer is the legal relationship of employer and employee. An individual shall cease to be an Employee upon the Employee's Separation from Service.

2.15 "Employer" means the Company, as identified in the Adoption Agreement, and its subsidiaries.

2.16 "Employer Credits" means the amounts credited to the Participant's Deferred Compensation Account by the Employer pursuant to the provisions of Section 4.2.

2.17 [Reserved]

2.18 "Independent Contractor" means an individual in the Service of the Employer if the relationship between the individual and the Employer is not the legal relationship of employer and employee. An individual shall cease to be an Independent Contractor upon the termination of the Independent Contractor's Service. An Independent Contractor shall include a director of the Company who is not an Employee.

2.19 "In-Service Account" means a separate account to be kept for each Participant that has elected to take in-service distributions as described in Section 5.4. The In-Service Account shall be adjusted in the same manner and at the same time as the Deferred Compensation Account under Section 8 and in accordance with the rules and elections in effect under Section 8.

2.20 "Normal Retirement Age", which may also be called "Full Vesting Age", of a Participant means the age designated in the Adoption Agreement.

2.21 "Participant" means with respect to any Plan Year an Employee or Independent Contractor who has been designated by the Committee as a Participant and who has entered the Plan or who has a Deferred Compensation Account under the Plan; provided that if the Participant is an Employee, the individual must be a member of a select group of management or highly compensated employee of the Employer within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA.

2.22 "Participant Deferral Credits" means the amounts credited to the Participant's Deferred Compensation Account pursuant to the provisions of Section 4.1.

2.23 “Participating Employer” means any subsidiary of Company with employees who are Participants.

2.24 “Participation Agreement” means a written agreement, including electronic submissions by the Participant or at the Participant’s direction, entered into between a Participant and the Employer pursuant to the provisions of Section 4.1

2.25 “Performance-Based Compensation” means compensation where the amount of, or entitlement to, the compensation is contingent on the satisfaction of preestablished organizational or individual performance criteria relating to a performance period of at least twelve months. Organizational or individual performance criteria are considered preestablished if established in writing within 90 days after the commencement of the period of service to which the criteria relates, provided that the outcome is substantially uncertain at the time the criteria are established. Performance-based compensation may include payments based upon subjective performance criteria as provided in regulations and administrative guidance promulgated under Section 409A of the Code.

2.26 “Plan” means the name of the Plan as designated in the Adoption Agreement.

2.27 “Plan-Approved Domestic Relations Order” shall mean a judgment, decree, or order (including the approval of a settlement agreement) which is:

2.27.1 Issued pursuant to a State’s domestic relations law;

2.27.2 Relates to the provision of child support, alimony payments or marital property rights to a Spouse, former Spouse, child or other dependent of the Participant;

2.27.3 Creates or recognizes the right of a Spouse, former Spouse, child or other dependent of the Participant to receive all or a portion of the Participant’s benefits under the Plan;

2.27.4 Requires payment to such person of an interest in the Participant’s benefits in a lump sum payment or any other form of payment allowed under the Plan at a specific time; and

2.27.5 Meets such other requirements established by the Committee.

2.28 "Plan Year" means the twelve-month period ending on the last day of December, unless otherwise noted in the Adoption Agreement.

2.29 "Recordkeeper" means the individual or entity responsible for keeping records of Plan activity including the tracking of Participant Deferred Compensation Account balances. As to applicable tax and regulatory rules, the actions of the Recordkeeper are limited to executing the decisions and directions of the Committee. The Recordkeeper does not make plan administration decisions.

2.30 "Qualifying Distribution Event" means (i) the Separation from Service of the Participant, (ii) the date the Participant becomes Disabled, (iii) the death of the Participant, (iv) the time specified by the Participant for an In-Service Distribution, (v) a Change in Control Event, or (vi) an Unforeseeable Emergency, each to the extent provided in Section 5.

2.31 "Seniority Date" which may also be called "Installment Eligibility Date" shall have the meaning designated in the Adoption Agreement and shall apply to both the initial deferral election described in Section 4 and the Subsequent deferral election described in Section 7.5.

2.32 "Separation from Service" or "Separates from Service" means a "separation from service" within the meaning of Section 409A of the Code.

2.33 "Service" as an Employee means employment by the Employer and, for a KRC Employee (as defined in the Adoption Agreement), shall include any Service credited for such KRC Employee under the MDU DCP (as defined in the Adoption Agreement) as in effect immediately prior to the Effective Date. For purposes of the Plan, the employment relationship is treated as continuing intact while the Employee is on military leave, sick leave, or other bona fide leave of absence if the period of such leave does not exceed six months, or if longer, so long as the Employee's right to reemployment is provided either by statute or contract. If the Participant is an Independent Contractor, "Service" shall mean the period during which the contractual relationship exists between the Employer and the Participant. The contractual relationship is not terminated if the Participant anticipates a renewal of the contract or becomes an Employee. A Participant who has a Deferred Compensation Account which contains amounts deferred or contributed as an Employee and a member of the Board (Dual Status), Services performed in those capacities will be looked at independently when determining if a Separation from Service has occurred. Services as a member of the Board and Independent Contractor (in a capacity not on the Board) will be looked collectively when determining if a Separation from Service has occurred.

2.34 "Service Bonus" means any bonus that does not meet the definition of Performance-Based Compensation that is paid to a Participant by the Employer as noted in the Adoption Agreement.

2.35 "Specified Employee" means an Employee who meets the requirements for key employee treatment under Section 416(i)(l)(A)(i), (ii) or (iii) of the Code (applied in accordance with the regulations thereunder and without regard to Section 416(i)(5) of the Code) at any time during the twelve-month period ending on December 31 of each year (the "identification date"). If the person is a key employee as of any identification date, the person is treated as a Specified Employee for the twelve-month period beginning on the first day of the fourth month following the identification date. Unless binding corporate action is taken to establish different rules for determining Specified Employees for all plans of the Company and its controlled group members that are subject to Section 409A of the Code, the foregoing rules and the other default rules under the regulations of Section 409A of the Code shall apply.

2.36 "Spouse" or "Surviving Spouse" means, except as otherwise provided in the Plan, a person who is the legally married spouse or surviving spouse of a Participant.

2.37 "Unforeseeable Emergency" means an "unforeseeable emergency" within the meaning of Section 409A of the Code.

2.38 "Years of Service" means each Year of Service completed by the Participant.

For vesting purposes, Years of Service shall be calculated from the date designated in the Adoption Agreement and Service shall be based on service with the Company and all Participating Employers and for a KRC Employee (as defined in the Adoption Agreement) shall include Service credited under the MDU DCP (as defined in the Adoption Agreement), as in effect immediately prior to the Effective Date.

Section 3. Participation

The Committee in its discretion shall designate each Employee or Independent Contractor who is eligible to participate in the Plan. Each KRC Employee (as defined in the Adoption Agreement) who is a participant in the MDU DCP (as defined in the Adoption Agreement) is hereby designated as eligible to participate in the Plan effective as of the Effective Date. A Participant who Separates from Service with the Employer and who later returns to Service may be eligible consistent with Section 409A of the Code and upon satisfaction of such terms and conditions as the Committee shall establish.

Section 4. Credits to Deferred Compensation Account

4.1 Participant Deferral Credits. To the extent provided in the Adoption Agreement, each Active Participant may elect, by entering into a Participation Agreement, to defer the receipt of Compensation from the Employer by a dollar amount or percentage specified in the Participation Agreement. The amount of Compensation the Participant elects to defer, the Participant Deferral Credit, shall be credited to the Deferred Compensation Account maintained for the Participant pursuant to Section 8. The following special provisions shall apply with respect to the Participant Deferral Credits of a Participant:

4.1.1 The Employer shall credit to the Participant's Deferred Compensation Account on each Crediting Date an amount equal to the total Participant Deferral Credit for the period ending on such Crediting Date.

4.1.2 An election pursuant to this Section 4.1 shall be made by the Participant by executing and delivering a Participation Agreement to the Committee. Except as otherwise provided in this Section 4.1, the Participation Agreement shall become effective with respect to such Participant as of the first day of January following the date such Participation Agreement is received by the Committee. A Participant's election may be changed at any time prior to the last permissible date for making the election as permitted in this Section 4.1 and shall thereafter be irrevocable. Any election of a Participant shall continue in effect for the time period as set forth in the Adoption Agreement.

4.1.3 A Participant may execute and deliver a Participation Agreement to the Committee within 30 days after the date the Participant first becomes eligible to participate in the Plan. After the 30-day period expires, or after any shorter time period as agreed to by the Participant and the Committee, the latest election made by the Participant during that period becomes irrevocable. Such election shall then be effective as of the first payroll period commencing following the date the Participation Agreement becomes irrevocable. Whether a Participant is treated as newly eligible for participation under this Section shall be determined in accordance with Section 409A of the Code and the regulations thereunder, including (i) rules that treat all elective deferral account balance plans as one plan, and (ii) rules that treat a previously eligible Employee as newly eligible if the Participant's benefits had been previously distributed or if the Participant has been ineligible for 24 months. For Compensation that is earned based upon a specified performance period (for example, an annual bonus), where a deferral election is made under this Section but after the beginning of the performance period, the election will only apply to the portion of the Compensation equal to the total amount of the Compensation for the service period multiplied by the ratio of the number of days remaining in the performance period after the date the election becomes irrevocable over the total number of days in the performance period.

4.1.4 A Participant may unilaterally modify a Participation Agreement (either to terminate, increase or decrease future Compensation which is subject to deferral within the percentage limits set forth in Section 4.1 of the Adoption Agreement) by providing a written modification of the Participation Agreement to the Committee. The modification shall become effective as of the first day of January following the date such written modification is received by the Committee, or at such later date as required under Section 409A of the Code.

4.1.5 If the Participant performed services continuously from the later of the beginning of the performance period or the date upon which the performance criteria are established through the date upon which the Participant makes an initial deferral election, a Participation Agreement relating to the deferral of Performance-Based Compensation may be executed and delivered to the Committee no later than the date which is 6 months prior to the end of the performance period, provided that in no event may an election to defer Performance-Based Compensation be made after such Compensation has become readily ascertainable.

4.1.6 If the Employer has a fiscal year other than the calendar year, Compensation relating to Service in the fiscal year of the Employer (such as a bonus based on the fiscal year of the Employer), of which no amount is paid or payable during the fiscal year, may be deferred at the Participant's election if the election to defer is made not later than the close of the Employer's fiscal year next preceding the first fiscal year in which the Participant performs any services for which such Compensation is payable.

4.1.7 Compensation payable after the last day of the Participant's taxable year solely for services provided during the final payroll period containing the last day of the Participant's taxable year (i.e., generally December 31) is treated for purposes of this Section 4.1 as Compensation for services performed in the subsequent taxable year.

4.1.8 The Committee may from time to time establish policies or rules consistent with the requirements of Section 409A of the Code to govern the manner in which Participant Deferral Credits may be made.

4.1.9 If a Participant becomes Disabled all currently effective deferral elections for such Participant shall be cancelled. At the time the participant is no longer Disabled, subsequent elections to defer future compensation will be permitted under this Section 4.

4.1.10 If a Participant applies for and receives a distribution on account of an Unforeseeable Emergency, all currently effective deferral elections for such Participant shall be cancelled. Subsequent elections to defer future compensation will be permitted under this Section 4. Furthermore, a Participant may apply to the Committee to cancel all deferral elections due to an Unforeseeable Emergency.

4.2 Employer Credits. The Committee shall credit to the Deferred Compensation Account of each Active Participant an Employer Credit as determined in accordance with the Adoption Agreement. A Participant must make distribution elections with respect to any Employer Credits credited to the Deferred Compensation Account by the deadline that would apply under Section 4.1 for distribution elections with respect to Participant Deferral Credits credited at the same time, on a Participation Agreement that is timely executed and delivered to the Committee pursuant to Section 4.1. If no distribution election is made, vested amounts in the Deferred Compensation Account will be distributed in a lump sum upon the earliest of any Qualifying Distribution Event limited to Separation from Service, Disability, Death or Change in Control.

4.3 Deferred Compensation Account. All Participant Deferral Credits and Employer Credits shall be credited to the Deferred Compensation Account of the Participant as provided in Section 8.

4.4 Forfeiture of Employer Credits. Notwithstanding any provision of the Plan to the contrary, if any Participant is discharged from employment with the Employer for cause due to willful misconduct, dishonesty, or conviction of a crime or felony, all as determined in the sole discretion of the Committee, the rights of such Participant (or any Beneficiary of such Participant) to any Employer Credits accrued to the Participant's account and all income, gains, and losses attributable thereto (whether or not vested) shall be forfeited, to the extent not otherwise prohibited by applicable law.

Section 5. Qualifying Distribution Events

5.1 Separation from Service. If the Participant Separates from Service with the Employer, the vested balance in the Deferred Compensation Account shall be paid to the Participant by the Company as provided in Section 7. Notwithstanding the foregoing, no distribution shall be made earlier than six months after the date of Separation from Service (or, if earlier, the date of death) with respect to a Participant who as of the date of Separation from Service is a Specified Employee of a corporation (or a member of such corporation's controlled group) the stock in which is traded on an established securities market (either foreign or domestic) or otherwise. Any payments to which such Specified Employee would be entitled during the first six months following the date of Separation from Service shall be accumulated and paid on the first day of the seventh month following the date of Separation from Service, and shall be adjusted for deemed investment gain and loss incurred during the six month period.

5.2 Disability. If the Adoption Agreement designates that distributions are permitted under the Plan when a Participant becomes Disabled, and the Participant becomes Disabled while in Service, the vested balance in the Deferred Compensation Account shall be paid to the Participant as provided in Section 7.

5.3 Death. If the Participant dies while in Service, the Company shall pay a benefit to the Participant's Beneficiary in the amount of the vested balance in the Deferred Compensation Account and any additional amount designated in the Adoption Agreement. Payment of such benefit shall be made as provided in Section 7.

5.4 In-Service Distributions. If the Adoption Agreement designates that in-service distributions are permitted under the Plan, a Participant may designate in the Participation Agreement to have a specified amount credited to the Participant's In-Service Account for in- service distributions at the date specified by the Participant. In no event may an in- service distribution of an amount be made before the date that is two years after the first day of the year in which any deferral election to such In-Service Account became effective. Notwithstanding the foregoing, if a Participant incurs a Qualifying Distribution Event prior to the date on which the entire balance in the In-Service Account has been distributed, then the vested balance in the In-Service Account on the date of the Qualifying Distribution Event shall be paid as provided under Section 7.1 for payments on such Qualifying Distribution Event.

5.5 Change in Control Event. If the Adoption Agreement designates that distributions are permitted under the Plan upon the occurrence of a Change in Control Event, the Participant may designate in the Participation Agreement to have the vested balance in the Deferred Compensation Account paid to the Participant upon a Change in Control Event by the Employer as provided in Section 7.

5.6 Unforeseeable Emergency. If the Adoption Agreement designates that distributions are permitted under the Plan upon the occurrence of an Unforeseeable Emergency event, a distribution from the Deferred Compensation Account may be made to a Participant in the event of an Unforeseeable Emergency, subject to the following provisions:

5.6.1 A Participant may, make an application to the Committee to cancel all active deferral elections or to cancel deferral elections and receive a distribution in a lump sum of all or a portion of the vested balance in the Deferred Compensation Account (determined as of the date the distribution, if any, is made under this Section 5.6) because of an Unforeseeable Emergency. A distribution because of an Unforeseeable Emergency shall not exceed the amount required to satisfy the Unforeseeable Emergency plus amounts necessary to pay taxes reasonably anticipated as a result of such distribution, after taking into account the extent to which the Unforeseeable Emergency may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship) or by stopping current deferrals under the Plan pursuant to Section 4.1.10.

5.6.2 The Participant's request for a distribution on account of Unforeseeable Emergency must be made in writing to the Committee. The request must specify the nature of the financial hardship, the total amount requested to be distributed from the Deferred Compensation Account, and the total amount of the actual expense incurred or to be incurred on account of the Unforeseeable Emergency.

5.6.3 If a cancellation of deferral elections is approved such cancellation will be effective as soon as practicable. If a distribution under this Section 5.6 is approved by the Committee, such distribution will be made as soon as practicable following the date it is approved. The processing of the request shall be completed as soon as practicable from the date on which the Committee receives the properly completed written request for a distribution on account of an Unforeseeable Emergency. If a Participant's Separation from Service occurs after a request is approved in accordance with this Section 5.6.3, but prior to distribution of the full amount approved, the approval of the request shall be automatically null and void and the benefits which the Participant is entitled to receive under the Plan shall be distributed in accordance with the applicable distribution provisions of the Plan.

5.6.4 The Committee may from time to time adopt additional policies or rules consistent with the requirements of Section 409A of the Code to govern the manner in which such distributions may be made so that the Plan may be conveniently administered.

Section 6. Vesting

A Participant shall be fully vested in the portion of the Deferred Compensation Account attributable to Participant Deferral Credits, and all income, gains and losses attributable thereto. A Participant shall become fully vested in the portion of the Deferred Compensation Account attributable to Employer Credits, and income, gains and losses attributable thereto, in accordance with the vesting schedule and provisions designated in the Adoption Agreement. Once a Participant achieves vesting on an Employer Credit, it cannot be reduced or eliminated. If Change in Control was elected as a vesting event in the Adoption Agreement, participants accounts shall be fully vested upon a Change in Control of the Participant's direct employer, however new vesting schedules may be applied to future Employer Credits. If a Participant's Deferred Compensation Account is not fully vested upon Separation from Service, the portion of the Deferred Compensation Account that is not fully vested shall be forfeited.

Section 7. Distribution Rules

7.1 Payment Options. The Adoption Agreement designates the payment options which may be elected by the Participant. The Participant may elect a method of payment for Qualifying Distribution Events as specified in the Adoption Agreement. If the Participant is permitted by the Adoption Agreement to elect different payment options and does not make a valid election, the vested balance in the Deferred Compensation Account will be distributed as a lump sum upon the Qualifying Distribution Event.

Notwithstanding the foregoing, if certain Qualifying Distribution Events occur prior to the date on which the vested balance of a Participant's Deferred Compensation Account is completely paid pursuant to this Section 7.1 following the occurrence of certain Qualifying Distribution Events, the following rules apply:

7.1.1 If the currently effective Qualifying Distribution Event is a Separation from Service or Disability, and the Participant subsequently dies, the remaining unpaid vested balance of a Participant's Deferred Compensation Account shall be paid as a lump sum.

7.1.2 If the currently effective Qualifying Distribution Event is a Change in Control Event, and any subsequent Qualifying Distribution Event occurs (except an In-Service Distribution described in Section 2.29(iv)), the remaining unpaid vested balance of a Participant's Deferred Compensation Account shall be paid as provided under Section 7.1 for payments on such subsequent Qualifying Distribution Event.

7.2 Timing of Payments. Payment shall be made in the manner elected by the Participant and shall commence as soon as practicable after the distribution date specified for the Qualifying Distribution Event. Distribution shall be no later than within 60 days following the day after the Qualifying Distribution Event. Such payment shall not be deemed late if the payment is made on or before the later of (i) December 31 of the calendar year in which the Qualifying Distribution Event occurs, or (ii) the date that is 2-1/2 months after the Qualifying Distribution Event occurs. Participants shall not have any influence as to the tax year or timing of the distribution. For each payment, the Committee must specify a date for the Deferred Compensation Account(s) to be valued. In the event the Participant fails to make a valid election of the payment method, the distribution will be made in a single lump sum payment as soon as practicable after the Qualifying Distribution Event. A payment may be further delayed to the extent permitted in accordance with regulations and guidance under Section 409A of the Code.

7.3 Installment Payments. If the Participant elects to receive installment payments upon a Qualifying Distribution Event, the payment of each installment shall be made on the anniversary of the date of the first installment payment, and the amount of the installment shall be adjusted on such anniversary for credits or debits to the Participant's account pursuant to Section 8 of the Plan. Such adjustment shall be made by dividing the balance in the Deferred Compensation Account on such date by the number of installments remaining to be paid hereunder; provided that the last installment due under the Plan shall be the entire amount credited to the Participant's account on the date of payment.

7.4 De Minimis Amounts. Notwithstanding any payment election made by the Participant, if a pre-determined de minimis amount is designated in the Adoption Agreement, the vested balance in all Deferred Compensation Accounts of the Participant will be distributed in a single lump sum payment if at the time of a permitted Qualifying Distribution Event the vested balance does not exceed such pre-determined de minimis amount; provided, however, that such distribution will be made only where the Qualifying Distribution Event is a Separation from Service, death, Disability, or Change in Control Event. In addition, the Company may distribute a Participant's vested balance in all of the Participant's Deferred Compensation Accounts at any time if the balance does not exceed the limit in Section 402(g)(1)(B) of the Code and results in the termination of the Participant's entire interest in the Plan as provided under Section 409A of the Code.

7.5 Subsequent Elections. With the consent of the Committee, a Participant may delay or change the method of payment of the Deferred Compensation Account subject to the following requirements:

7.5.1 The new election may not take effect until at least 12 months after the date on which the new election is made.

7.5.2 If the new election relates to a payment for a Qualifying Distribution Event other than the death of the Participant, the Participant becoming Disabled, or an Unforeseeable Emergency, the new election must provide for the deferral of the payment for a period of at least five years from the date such payment would otherwise have been made.

7.5.3 If the new election relates to a payment from the In-Service Account, the new election must be made at least 12 months prior to the date of the first scheduled payment from such account.

For purposes of this Section 7.5 and Section 7.6, a payment is each separately identified amount to which the Participant is entitled under the Plan; provided, that entitlement to a series of installment payments is treated as the entitlement to a single payment.

7.6 Acceleration Prohibited. The acceleration of the time or schedule of any payment due under the Plan is prohibited except as expressly provided in regulations and administrative guidance promulgated under Section 409A of the Code (such as accelerations for domestic relations orders and employment taxes). It is not an acceleration of the time or schedule of payment if the Company waives or accelerates the vesting requirements applicable to a benefit under the Plan.

7.7 Residual Distributions. If calculation of the amount of any credit to a Participant's Deferred Compensation Account is not administratively practicable due to events beyond the control of the Company, payments may be made to the Participant for residual amounts contributed to or remaining in a Deferred Compensation Account after payments under the provisions of this Section 7 have commenced or been completed. The residual amount shall be credited to the Deferred Compensation Account when the calculation of the amount becomes administratively practicable. Examples of residual amounts include, but are not limited to, additional investment returns credited after payment (due to dividends or pricing changes) or additional contributions made after payment (such as an annual bonus deferral or an Employer Credit). Payments that would have been made had the residual amount been calculable at the benefit commencement date shall be made up as soon as practicable after crediting to the Deferred Compensation Account, in no case later than the end of the year in which calculation of the amount becomes administratively practicable.

7.8 Ineffective Deferrals. If a Participant deferral election under Section 4 to contribute to an In-Service Account carries over to a subsequent year (an evergreen election) and the deferral election is ineffective (i.e., the distribution election would cause payment in the current or prior years), the amount deferred will be credited to a Deferred Compensation Account that is not an In-Service Account. If the Participant only has one account of this type, the amount deferred will be credited to that account. If the Participant has multiple accounts of this type, and one of the accounts has a lump sum at Separation from Service distribution election, the amount deferred will be credited to that account. If the Participant has multiple accounts of this type and does not have an account with a lump sum at Separation from Service distribution election, one will be established with a lump sum at Separation from Service distribution election and the amount deferred will be credited to this account.

Section 8. Accounts; Deemed Investment; Adjustments to Account

8.1 Accounts. The Committee shall establish a book reserve account, entitled the "Deferred Compensation Account," on behalf of each Participant. The Committee shall also establish an In-Service Account as a part of the Deferred Compensation Account of each Participant, if applicable. The amount credited to the Deferred Compensation Account shall be adjusted pursuant to the provisions of Section 8.3.

8.2 Deemed Investments. The Deferred Compensation Account of a Participant shall be credited with an investment return determined as if the account were invested in one or more investment funds made available by the Committee. The Participant shall elect the investment funds in which the Participant's Deferred Compensation Account shall be deemed to be invested. Such election shall be made in the manner prescribed by the Committee and shall take effect upon the entry of the Participant into the Plan. The investment election of the Participant shall remain in effect until a new election is made by the Participant. In the event the Participant fails for any reason to make an effective election of the investment return to be credited to the account, the investment return shall be determined by the Committee.

8.3 Adjustments to Deferred Compensation Account. With respect to each Participant who has a Deferred Compensation Account under the Plan, the amount credited to such account shall be adjusted by the following debits and credits, at the times and in the order stated:

8.3.1 The Deferred Compensation Account shall be debited each business day with the total amount of any payments made from such account since the last preceding business day. Unless otherwise specified by the Committee, each deemed investment fund will be debited pro-rata based on the value of the investment funds as of the end of the preceding business day.

8.3.2 The Deferred Compensation Account shall be credited on each Crediting Date with the total amount of any Participant Deferral Credits and Employer Credits to such account since the last preceding Crediting Date.

8.3.3 The Deferred Compensation Account shall be credited or debited on each day securities are traded on a national stock exchange with the amount of deemed investment gain or loss resulting from the performance of the deemed investment funds elected by the Participant in accordance with Section 8.2. The amount of such deemed investment gain or loss shall be determined by the Committee and such determination shall be final and conclusive upon all concerned.

Section 9. Administration by Committee

9.1 Membership of Committee. If the Committee consists of individuals appointed by the Board, they will serve at the pleasure of the Board. Any member of the Committee may resign, and any successor shall be appointed by the Board.

9.2 General Administration. The Committee shall be responsible for the operation and administration of the Plan and for carrying out its provisions. The Committee shall have the full authority and discretion to make, amend, interpret, and enforce all appropriate rules and regulations for the administration of this Plan and decide or resolve any and all questions, including interpretations of this Plan, as may arise in connection with this Plan. Any such action taken by the Committee shall be final and conclusive on any party. To the extent the Committee has been granted discretionary authority under the Plan, the Committee's prior exercise of such authority shall not obligate it to exercise its authority in a like fashion thereafter. The Committee shall be entitled to rely conclusively upon all tables, valuations, certificates, opinions and reports furnished by any actuary, accountant, controller, counsel or other person employed or engaged by the Company with respect to the Plan. The Committee may, from time to time, employ agents and delegate to such agents, including Employees of the Employer, such administrative or other duties as it sees fit.

9.3 Indemnification. To the extent not covered by insurance, the Company shall indemnify the Committee, each Employee, officer, director, and agent of the Employer, and all persons formerly serving in such capacities, against any and all liabilities or expenses, including all legal fees relating thereto, arising in connection with the exercise of duties and responsibilities with respect to the Plan, provided however that the Company shall not indemnify any person for liabilities or expenses due to that person's own gross negligence or willful misconduct.

Section 10. Contractual Liability, Trust

10.1 Contractual Liability. Unless otherwise elected in the Adoption Agreement, the Company shall be obligated to make all payments hereunder. This obligation shall constitute a contractual liability of the Company to the Participants, and such payments shall be made from the general funds of the Company. The Company shall not be required to establish or maintain any special or separate fund, or otherwise to segregate assets to assure that such payments shall be made, and the Participants shall not have any interest in any particular assets of the Company by reason of its obligations hereunder. To the extent that any person acquires a right to receive payment from the Company under the Plan, such right shall be no greater than the right of an unsecured creditor of the Company.

10.2 Trust. The Employer may establish a trust to assist it in meeting its obligations under the Plan. Any such trust shall conform to the requirements of a grantor trust under Revenue Procedures 92-64 and 92-65 and at all times during the continuance of the trust the principal and income of the trust shall be subject to claims of general creditors of the Employer under federal and state law. The establishment of such a trust would not be intended to cause Participants to realize current income on amounts contributed thereto, and the trust would be so interpreted and administered.

Section 11. Allocation of Responsibilities

The persons responsible for the Plan and the duties and responsibilities allocated to each are as follows:

11.1 Board.

(i) To amend the Plan;

(ii) To appoint and remove members of the Committee; and

(iii) To terminate the Plan as permitted in Section 14.

11.2 Committee or its designee(s).

(i) To designate Participants;

(ii) To interpret the provisions of the Plan and to determine the rights of the Participants under the Plan, except to the extent otherwise provided in Section 16 relating to claims procedure;

(iii) To administer the Plan in accordance with its terms, except to the extent powers to administer the Plan are specifically delegated to another person or persons as provided in the Plan;

(iv) To account for the amount credited to the Deferred Compensation Account of a Participant;

(v) To direct the Employer in the payment of benefits;

(vi) To file such reports as may be required with the United States Department of Labor, the Internal Revenue Service and any other government agency to which reports may be required to be submitted from time to time; and

(vii) To administer the claims procedure to the extent provided in Section 16.

Section 12. Benefits Not Assignable; Facility of Payments

12.1 Benefits Not Assignable. No portion of any benefit credited or paid under the Plan with respect to any Participant shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any attempt so to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge the same shall be void, nor shall any portion of such benefit be in any manner payable to any assignee, receiver or any one trustee.

12.2 Plan-Approved Domestic Relations Orders. The Committee shall establish procedures for determining whether an order directed to the Plan is a Plan- Approved Domestic Relations Order. If the Committee determines that an order is a Plan- Approved Domestic Relations Order, the Committee shall cause the payment of amounts pursuant to or segregate a separate account as provided by (and to prevent any payment or act which might be inconsistent with) the Plan-Approved Domestic Relations Order notwithstanding Section 12.1.

12.3 Payments to Minors and Others. If any individual entitled to receive a payment under the Plan shall be physically, mentally or legally incapable of receiving or acknowledging receipt of such payment, the Committee, upon the receipt of satisfactory evidence of incapacity and satisfactory evidence that another person or institution is maintaining custody of that person and that no guardian or committee has been appointed, may cause any payment otherwise payable to that person to be made to such person or institution so maintaining custody. Payment to such person or institution shall be in full satisfaction of all claims by or through the Participant to the extent of the amount thereof.

Section 13. Beneficiary

The Participant's Beneficiary shall be the person, persons, entity or entities designated by the Participant on the Beneficiary designation form provided by and filed with the Committee or its designee. If the Participant does not designate a Beneficiary, the Beneficiary shall be the Surviving Spouse. If the Participant does not designate a Beneficiary and has no Surviving Spouse, the Beneficiary shall be the Participant's estate. The designation of a Beneficiary may be changed or revoked only by filing a new Beneficiary designation form with the Committee or its designee. If a Beneficiary (the "primary Beneficiary") is receiving or is entitled to receive payments under the Plan and dies before receiving all of the payments due, the balance to which the Beneficiary is entitled shall be paid to the contingent Beneficiary, if any, named in the Participant's current Beneficiary designation form. If there is no contingent Beneficiary, the balance shall be paid to the estate of the primary Beneficiary. Any Beneficiary may disclaim all or any part of any benefit to which such Beneficiary shall be entitled hereunder by filing a written disclaimer with the Committee before payment of such benefit is to be made. Such a disclaimer shall be made in a form satisfactory to the Committee and shall be irrevocable when filed. Any benefit disclaimed shall be payable from the Plan in the same manner as if the Beneficiary who filed the disclaimer had predeceased the Participant.

Section 14. Amendment and Termination of Plan

The Company may amend any provision of the Plan or terminate the Plan at any time; provided, that in no event shall such amendment or termination reduce the balance in any Participant's Deferred Compensation Account, including reduction in vesting percentage, as of the date of such amendment or termination, nor shall any such amendment materially adversely affect the Participant relating to the payment of such Deferred Compensation Account. Notwithstanding the foregoing, the following special provisions shall apply:

14.1 Termination and liquidation of the Plan in the Discretion of the Company. The Company in its discretion may terminate the Plan and distribute vested benefits in a single lump sum to Participants subject to the following requirements and any others specified under Section 409A of the Code:

14.1.1 All arrangements sponsored by the Company that would be aggregated with the Plan under Section 1.409A-l(c) of the Treasury Regulations are terminated.

14.1.2 No payments other than payments that would be payable under the terms of the Plan if the termination had not occurred are made within 12 months of the termination date.

14.1.3 All benefits under the Plan are paid within 24 months of the termination date.

14.1.4 The Company does not adopt a new arrangement that would be aggregated with the Plan under Section 1.409A-1(c) of the Treasury Regulations providing for the deferral of compensation at any time within 3 years following the date of termination of the Plan.

14.1.5 The termination does not occur proximate to a downturn in the financial health of the Company.

Distribution of benefits shall occur in the same tax year for all Participants.

14.2 Termination and liquidation of the Plan Upon Change in Control Event of the Company. If the Company terminates the Plan within thirty days preceding or twelve months following a Change in Control Event of the Company, the vested Deferred Compensation Account of each Participant shall become payable to the Participant in a lump sum within twelve months following the date of termination, subject to the requirements of Section 409A of the Code. Distribution of benefits shall occur in the same tax year for all Participants.

14.3 Termination and liquidation of the Plan upon Corporate Dissolution. The Plan may be terminated within 12 months of a corporate dissolution of the Company taxed under Section 331, or with the approval of a bankruptcy court provided the amounts deferred under the plan are included in the Participant's gross income as required under Section 409A of the Code.

Section 15. Communication to Participants

The Company shall make a copy of the Plan available for inspection by Participants and Beneficiaries during reasonable hours at the principal office of the Employer.

Section 16. Claims Procedure

The following claims procedure shall apply with respect to the Plan:

16.1 Filing of a Claim for Benefits. If a Participant or Beneficiary (the "claimant") believes there is an entitlement to benefits by the claimant under the Plan which is not being paid or which is not being accrued for the claimant's benefit, the claimant shall file a written claim therefore with the Committee.

16.2 Notification to Claimant of Decision. Within 90 days after receipt of a claim by the Committee (or within 180 days if special circumstances require an extension of time), the Committee shall notify the claimant of the decision with regard to the claim. In the event of such special circumstances requiring an extension of time, there shall be furnished to the claimant prior to expiration of the initial 90-day period written notice of the extension, which notice shall set forth the special circumstances and the date by which the decision shall be furnished. If such claim shall be wholly or partially denied, notice thereof shall be in writing and worded in a manner calculated to be understood by the claimant, and shall set forth: (i) the specific reason or reasons for the denial; (ii) specific reference to pertinent provisions of the Plan on which the denial is based; (iii) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and (iv) an explanation of the procedure for review of the denial and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under ERISA following an adverse benefit determination on review.

16.3 Procedure for Review. Within 60 days following receipt by the claimant of notice of denying a claim, in whole or in part, or, if such notice shall not be given, within 60 days following the latest date on which such notice could have been timely given, the claimant may appeal denial of the claim by filing a written application for review with the Committee. Following such request for review, the Committee shall fully and fairly review the decision denying the claim. Prior to the decision of the Committee, the claimant shall be given an opportunity to review pertinent documents and to submit issues and comments in writing.

16.4 Decision on Review. The decision on review of a claim denied in whole or in part by the Committee shall be made in the following manner:

16.4.1 Within 60 days following receipt by the Committee of the request for review (or within 120 days if special circumstances require an extension of time), the Committee shall notify the claimant in writing of its decision with regard to the claim. In the event of such special circumstances requiring an extension of time, written notice of the extension shall be furnished to the claimant prior to the commencement of the extension.

16.4.2 With respect to a claim that is denied in whole or in part, the decision on review shall set forth specific reasons for the decision, shall be written in a manner calculated to be understood by the claimant, and shall set forth:

(i) the specific reason or reasons for the adverse determination;

(ii) specific reference to pertinent Plan provisions on which the adverse determination is based;

(iii) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits; and

(iv) a statement describing any voluntary appeal procedures offered by the Plan and the claimant's right to bring an action under ERISA section 502(a).

16.4.3 The decision of the Committee shall be final and conclusive.

16.5 Action by Authorized Representative of Claimant. All actions set forth in this Section 16 to be taken by the claimant may likewise be taken by a representative of the claimant duly authorized by the claimant to act on the claimant's behalf on such matters. The Committee may require such evidence of the authority to act of any such representative as it may reasonably deem necessary or advisable.

16.6 Disability Claims. Notwithstanding any provision of the Plan to the contrary, if a claim for benefits is based on Disability, the following claims procedures shall apply: The Committee shall maintain a procedure under which any Participant or Beneficiary can file a claim for benefits under this Plan based on Disability.

16.6.1 After receiving a claim for benefits, the Committee will notify the Participant or Beneficiary of its claim determination within 45 days of the receipt of the claim. This period may be extended by 30 days if an extension is necessary to process the claim due to matters beyond the control of the Committee. A written notice of the extension, the reason for the extension and when the Committee expects to decide the claim, will be furnished to the Participant or Beneficiary within the initial 45-day period. This period may be extended for an additional 30 days beyond the original extension. A written notice of the additional extension, the reason for the additional extension and when the Committee expects to decide the claim, will be furnished to the Participant or Beneficiary within the first 30-day extension period if an additional extension of time is needed. However, if a period of time is extended due to a Participant or Beneficiary's failure to submit information necessary to decide a claim, the period for making the benefit determination by the Committee will be tolled from the date on which the notification of the extension is sent to the Participant or Beneficiary until the date on which the Participant or Beneficiary responds to the request for additional information.

16.6.2 If a claim for benefits is denied, in whole or in part, a Participant or Beneficiary or an authorized representative, will receive a written notice of the denial. The notice will follow the rules of 29 C.F.R. Sec. 2560.503-1(o) for culturally and linguistically appropriate notices and will be written in a manner calculated to be understood by the Participant or Beneficiary. The notice will include:

(i) the specific reason(s) for the denial,

(ii) references to the specific Plan provisions on which the benefit determination was based,

(iii) a description of any additional material or information necessary to perfect a claim and an explanation of why such information is necessary,

(iv) a description of the Committee's appeals procedures and applicable time limits, including, to the extent applicable, a statement of the right to bring a civil action under section 502(a) of ERISA following an adverse benefit determination on review,

(v) a discussion of the decision, including an explanation of the basis for disagreeing with or not following: (i) the views presented by the claimant to the Committee of health care professionals treating the claimant and vocational professionals who evaluated the claimant; (ii) the views of medical or vocational experts whose advice was obtained on behalf of the Committee in connection with a claimant's adverse benefit determination, without regard to whether the advice was relied upon in making the benefit determination; and (iii) a disability determination regarding the claimant presented by the claimant to the Committee made by the Social Security Administration,

(vi) if the determination is based on medical necessity or experimental treatment or similar exclusion or limit, either an explanation of the scientific or clinical judgment for the determination, applying the terms of the Plan to the relevant medical circumstances, or a statement that such explanation will be provided free of charge upon request,

(vii) either the specific internal rules, guidelines, protocols, standards or other similar criteria of the Plan relied upon in making the adverse benefit determination, or a statement that such rules, guidelines, protocols, standards, or other similar criteria of the Plan do not exist, and

(viii) a statement that the Participant or Beneficiary is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claim for benefits.

16.6.3 If a claim for benefits is denied, a Participant, Beneficiary, or representative, may appeal the denied claim in writing within 180 days of receipt of the written notice of denial. The Participant or Beneficiary may submit any written comments, documents, records and any other information relating to the claim. Upon request, the Participant or Beneficiary will also have access to, and the right to obtain copies of, all documents, records and information relevant to the claim free of charge.

16.6.4 A full review of the information in the claim file and any new information submitted to support the appeal will be conducted. The claim decision will be made by an appeals committee appointed by the Company. This committee will consist of individuals who were not involved in the initial benefit determination, nor will such individuals be subordinate to any person involved in the initial benefit determination. This review will not afford any deference to the initial benefit determination.

16.6.5 If the initial adverse decision was based in whole or in part on a medical judgment, the appeals committee will consult with a healthcare professional who has appropriate training and experience in the field of medicine involved in the medical judgment, was not consulted in the initial adverse benefit determination and is not a subordinate of the healthcare professional who was consulted in the initial adverse benefit determination.

16.6.6 Before an adverse benefit determination on review is issued, the appeals committee will provide the Participant or Beneficiary, free of charge, with any new or additional evidence considered, relied upon, or generated by the committee or other person making the benefit determination (or at the direction of the committee or such other person) in connection with the claim. Such evidence will be provided as soon as possible and sufficiently in advance of the date on which the notice of adverse benefit determination on review is required to be provided to give the Participant or Beneficiary a reasonable opportunity to respond prior to that date.

16.6.7 Before the appeals committee issues an adverse benefit determination on review based on a new or additional rationale, the committee will provide the Participant or Beneficiary, free of charge, with the rationale. The rationale will be provided as soon as possible and sufficiently in advance of the date on which the notice of adverse benefit determination on review is required to be provided to give the Participant or Beneficiary a reasonable opportunity to respond prior to that date.

16.6.8 The appeals committee will make a determination on an appealed claim within 45 days of the receipt of an appeal request. This period may be extended for an additional 45 days if the committee determines that special circumstances require an extension of time. A written notice of the extension, the reason for the extension and the date that the committee expects to render a decision will be furnished to the Participant or Beneficiary within the initial 45-day period. However, if the period of time is extended due to a Participant's or Beneficiary's failure to submit information necessary to decide the appeal, the period for making the benefit determination will be tolled from the date on which the notification of the extension is sent until the date on which the Participant or Beneficiary responds to the request for additional information.

16.6.9 If the claim on appeal is denied in whole or in part, a Participant or Beneficiary will receive a written notification of the denial. The notice will follow the rules of 29 C.F.R. Sec. 2560.503-1(o) for culturally and linguistically appropriate notices and will be written in a manner calculated to be understood by the claimant. The notice will include:

(i) the specific reason(s) for the adverse determination,

(ii) references to the specific Plan provisions on which the determination was based,

(iii) a statement regarding the right to receive upon request and free of charge reasonable access to, and copies of, all records, documents and other information relevant to the benefit claim,

(iv) a description of the appeals committee's review procedures and applicable time limits, including a statement of the right to bring a civil action under section 502(a) of ERISA following an adverse benefit determination on review,

(v) a discussion of the decision, including an explanation of the basis for disagreeing with or not following: (i) the views presented by the claimant to the committee of health care professionals treating the claimant and vocational professionals who evaluated the claimant; (ii) the views of medical or vocational experts whose advice was obtained by or on behalf of the committee in connection with a claimant's adverse benefit determination, without regard to whether the advice was relied upon in making the benefit determination; and (iii) a disability determination regarding the claimant presented by the claimant to the committee made by the Social Security Administration,

(vi) if the determination is based on medical necessity or experimental treatment or similar exclusion or limit, either an explanation of the scientific or clinical judgment for the determination, applying the terms of the Plan to the relevant medical circumstances, or a statement that such explanation will be provided free of charge upon request, and

(vii) either the specific internal rules, guidelines, protocols, standards or other similar criteria of the Plan relied upon in making the adverse benefit determination, or a statement that such rules, guidelines, protocols, standards, or other similar criteria of the Plan do not exist.

16.6.10 [Reserved].

16.6.11 [Reserved].

16.6.12 [Reserved].

16.6.13 [Reserved].

16.6.14 [Reserved].

16.6.15 [Reserved].

16.6.16 [Reserved].

16.6.17 A claimant may not commence a judicial proceeding against any person, including the Committee, the Employer, the Board, the appeals review committee(s), or any other person or committee, with respect to a claim for benefits without first exhausting the claims procedures set forth in the preceding paragraphs. No suit or legal action contesting in whole or in part any denial of benefits under the Plan shall be commenced later than the earlier of (i) the first anniversary of (A) the date of the notice of the final decision on appeal, or (B) if the claimant fails to request any level of administrative review within the timeframe permitted under this Section 16.6, the deadline for requesting the next level of administrative review, and (ii) the last date on which such legal action could be commenced under the applicable statute of limitations under ERISA (including, for this purpose, any applicable state statute of limitations that applies under ERISA to such legal action).

16.6.18 A claimant has the right to request a written explanation of any violation of these claims procedures. The Committee will provide an explanation within 10 days of the request.

Section 17. Miscellaneous Provisions

17.1 Set off. The Company may at any time offset a Participant's Deferred Compensation Account by an amount up to $5,000 to collect the amount of any loan, cash advance, extension of other credit or other obligation of the Participant to the Employer that is then due and payable in accordance with the requirements of Section 409A of the Code.

17.2 Notices. Each Participant who is not in Service and each Beneficiary shall be responsible for furnishing the Company with the current address, and direct deposit information if desired, for the mailing of notices and benefit payments. Any notice required or permitted to be given to such Participant or Beneficiary shall be deemed given if directed to such address and mailed by regular United States mail, first class, postage prepaid. If any benefit distribution is rejected or returned to the Company, benefit payments will be suspended until the Participant or Beneficiary furnishes the proper information. This provision shall not be construed as requiring the mailing of any notice or notification otherwise permitted to be given by posting or by other publication.

17.3 Lost Distributees. A benefit shall be deemed forfeited if the Committee is unable to locate the Participant or Beneficiary to whom payment is due by the fifth anniversary of the date payment is to be made or commence; provided, that the deemed investment rate of return pursuant to Section 8.2 shall cease to be applied to the Participant's account following the first anniversary of such date; provided further, however, that such benefit shall be reinstated if a valid claim is made by or on behalf of the Participant or Beneficiary for all or part of the forfeited benefit. The Company will be responsible for determining whether unclaimed property laws are applicable to forfeited benefits.

17.4 Reliance on Data. The Company and the Committee shall have the right to rely on any data provided by the Participant or by any Beneficiary. Representations of such data shall be binding upon any party seeking to claim a benefit through a Participant, and the Company and the Committee shall have no obligation to inquire into the accuracy of any representation made at any time by a Participant or Beneficiary.

17.5 Headings. The headings and subheadings of the Plan have been inserted for convenience of reference and are to be ignored in any construction of the provisions hereof.

17.6 Continuation of Employment. The establishment of the Plan shall not be construed as conferring any legal or other rights upon any Employee or any persons for continuation of employment, nor shall it interfere with the right of the Employer to discharge any Employee without regard to the effect thereof under the Plan.

17.7 Merger or Consolidation; Assumption of Plan. The Company shall not consolidate or merge into or with another corporation or entity, or transfer all or substantially all of its assets to another corporation, partnership, trust or other entity (a "Successor Entity") unless such Successor Entity shall assume the rights, obligations and liabilities of the Company under the Plan and upon such assumption, the Successor Entity shall become obligated to perform the terms and conditions of the Plan. Nothing herein shall prohibit the assumption of the obligations and liabilities of the Company under the Plan by any Successor Entity.

17.8 Construction. The Company shall designate in the Adoption Agreement the state or commonwealth according to whose laws the provisions of the Plan shall be construed and enforced, except to the extent that such laws are superseded by ERISA and the applicable requirements of the Code.

17.9 Taxes. The Employer or other payor may withhold a benefit payment under the Plan or a Participant's wages, or the Company may reduce a Participant's Deferred Compensation Account balance, in order to meet any federal, state, or local or employment tax withholding obligations with respect to Plan benefits, as permitted under Section 409A of the Code. The Employer or other payor shall report Plan payments and other Plan-related information to the appropriate governmental agencies as required under applicable laws.

17.10 Administration Fees. Any Plan or Plan related fees related to the administration of the Plan shall be paid by the Company.

17.11 Savings Clause. To the extent that any of the provisions of the Plan are found by a court of competent jurisdiction to be illegal, invalid, or unenforceable for any reason, such provision shall be deleted, and the balance of the Plan shall not be affected.

FORM OF

THE KNIFE RIVER CORPORATION DEFERRED COMPENSATION PLAN

ADOPTION AGREEMENT

THIS AGREEMENT is the adoption by **Knife River Corporation** (formerly known as Knife River Holding Company) ("KRC" or the "Company") of the Knife River Corporation Deferred Compensation Plan ("Plan") in connection with the distribution of 80.1% or more of the outstanding shares of KRC's common stock to the stockholders of MDU Resources Group, Inc. ("MDU") in 2023, pursuant to the Separation and Distribution Agreement between the Company and MDU entered into in connection with such distribution (the "Spin-Off") and is effective as of [ ] (the "Effective Date").

W I T N E S S E T H:

WHEREAS, in connection with the Spin-Off and pursuant to the terms of an Employee Matters Agreement entered into by and between the Company and MDU, the Company and the Plan assumed all the obligations and liabilities of MDU and its subsidiaries under the MDU Deferred Compensation Plan (the "MDU DCP") with respect to SpinCo Group Employees and Former SpinCo Group Employees (as such terms are defined in the Employee Matters Agreement, and collectively referred to herein as "KRC Employees") so that any benefits due under the MDU DCP with respect to KRC Employees or beneficiaries of KRC Employees will now be the responsibility of the Company and this Plan;

WHEREAS, the Company desires to adopt the Plan as an unfunded, nonqualified deferred compensation plan; and

WHEREAS, the provisions of the Plan are intended to comply with the requirements of Section 409A of the Code and the regulations thereunder and shall apply to amounts subject to section 409A; and

WHEREAS, the Company has been advised by Principal Life Insurance Company to obtain legal and tax advice from its professional advisors before adopting the Plan,

NOW, THEREFORE, the Company hereby adopts the Plan in accordance with the terms and conditions set forth in this Adoption Agreement:

ARTICLE I

Terms used in this Adoption Agreement shall have the same meaning as in the Plan, unless some other meaning is expressly herein set forth. The Company hereby represents and warrants that the Plan has been adopted by the Company upon proper authorization and the Company hereby elects to adopt the Plan for the benefit of its Participants as referred to in the Plan. By the execution of this Adoption Agreement, the Company, for itself and its subsidiaries, hereby agrees to be bound by the terms of the Plan.

Any benefits due under the MDU DCP with respect to KRC Employees or Beneficiaries of KRC Employees will now be the responsibility of the Company and this Plan. All service of a KRC Employee recognized under the MDU DCP shall be recognized under this Plan. All investment and distribution elections and designation of Beneficiaries made under the MDU DCP by a KRC Employee and in effect as of immediately prior to the Effective Date shall continue to apply and shall be administered under the Plan until such election or designation expires or is otherwise changed or revoked in accordance with the terms of the Plan. All valid domestic relations orders filed with the MDU DCP as of immediately prior to the Effective Date with respect to the benefits of a KRC Employee shall continue to apply under the Plan.

ARTICLE II

The Employer hereby makes the following designations or elections for the purpose of the Plan:

2.6 Committee: The duties of the Committee set forth in the Plan shall be satisfied by:

(a) Company

(b) The administrative committee appointed by the Board to serve at the pleasure of the Board.

(c) Board.

XX (d) Other (specify): **The Compensation Committee of the Knife River Corporation Board of Directors, or its designee**.

2.8 Compensation: The "Compensation" of a Participant shall mean all of a Participant's:

XX (a) Base salary.

XX (b) Service Bonus.

XX Service Bonus earned from 1/1 – 12/31, paid on or around first quarter of the following Plan Year.

— Service Bonus earned each calendar quarter, paid on or around the following calendar quarter.

— Service Bonus with no defined earnings period (e.g.: a “spot bonus”)

XX (c) Performance-Based Compensation earned in a period of 12 months or more.

XX Performance Based Bonus earned from 1/1 – 12/31, paid on or around first quarter the following Plan Year and whose elections must be made no later than 6/30 of the Plan Year it is earned.

___ Performance Based Bonus earned from _____, paid on or around the following _____ Plan Year and whose elections must be made no later than _____ of the Plan Year it is earned.

___ (d) Commissions.

XX (e) Compensation received as an Independent Contractor reportable on Form 1099.

___ (f) Other:

2.9 Crediting Date: The Deferred Compensation Account of a Participant shall be credited as follows:

Participant Deferral Credits at the time designated below:

XX (a) On any business day as specified by the Employer.

__ (b) Each pay day as reported by the Employer.

__ (c) The last business day of each payroll period during the Plan Year.

Employer Credits at the time designated below:

XX (a) On any business day as specified by the Employer.

2.13 Effective Date:

XX (a) This is a newly-established Plan, and the Effective Date is as defined in the preamble language to this Adoption Agreement.

__ (b) This is an amendment of a plan named _____ dated _____ and governing all contributions to the plan through _____. The Effective Date of this amended Plan is _____.

2.20 Normal Retirement Age: The Normal Retirement Age of a Participant shall be:

(a) Age **65**.

__ (b) The later of age __ or the _____ anniversary of the participation commencement date. The participation commencement date is the first day of the first Plan Year in which the Participant commenced participation in the Plan.

__ (c) Other: _____.

2.23 **Participating Employer(s):** As of the Effective Date, the following Participating Employer(s) are parties to the Plan:

Name of Employer	EIN
Knife River Corporation for itself and its subsidiaries	92-1008893

2.26 **Plan:** The name of the Plan is

Knife River Corporation Deferred Compensation Plan.

2.28 **Plan Year:** The Plan Year shall end each year on the last day of the month of **December**.

2.30 **Seniority Date:** The date on which a Participant has:

__ (a) Attained age __.

__ (b) Completed ____ Years of Service from First Date of Service.

__ (c) Attained age __and completed __Years of Service from First Date of Service.

XX (d) Not applicable – distribution elections for Separation from Service are not based on Seniority Date.

4.1 Participant Deferral Credits: Subject to the limitations in Section 4.1 of the Plan, a Participant may elect to have his Compensation (as selected in Section 2.8 of this Adoption Agreement) deferred within the annual limits below by the following percentage or amount as designated in writing to the Committee:

XX (a) Base salary:

minimum deferral: _____%

maximum deferral: **80** %

XX (b) Service Bonus:

XX Service Bonus

minimum deferral: _____%

maximum deferral: **100** %

XX (c) Performance-Based Compensation:

XX Performance Based Bonus

minimum deferral: _____%

maximum deferral: **100** %

__ (d) Commissions:

minimum deferral: _____%

maximum deferral: _____%

XX (e) Form 1099 Compensation:

minimum deferral: _____%

maximum deferral: **100** %

__ (f) Other:

minimum deferral: _____%

maximum deferral: _____%

__ (g) Participant deferrals not allowed.

4.1.2 Participant Deferral Credits and Employer Credits – Election Period: Participant elections regarding Participant Deferral Credits and Employer Credits shall be subject to the following effective periods (one must be selected):

XX (a) Evergreen election. An election made by the Participant shall continue in effect for subsequent years until modified by the Participant as permitted in Section 4.1 and Section 4.2. (This option is not permitted if source year accounts are elected in Section 4.3).

__ (b) Non-Evergreen election. Any election made by the Participant shall only remain in effect for the current election period and will then expire. An election for each subsequent year will be required as permitted in Sections 4.1 and 4.2.

4.2 Employer Credits: Employer Credits will be made in the following manner:

XX (a) **Employer Credits 1 (Employer Discretionary Credits)**: The Employer may make discretionary credits to the Deferred Compensation Account of each Active Participant in an amount determined as follows:

XX (i) An amount determined each Plan Year by the Employer.

___ (ii) Other:_____.

___ (b) **Employer Credits 2 (Other Employer Credits)**: The Employer may make other credits to the Deferred Compensation Account of each Active Participant in an amount determined as follows:

___ (i) An amount determined each Plan Year by the Employer.

___ (ii) Other:_____.

___ (c) Employer Credits not allowed.

4.3 Deferred Compensation Account: The Participant is permitted to establish the following accounts:

XX (a) Non-source year account(s). Deferred Compensation Account(s) will not be established on a source year basis:

___ (i) A Participant may establish only one account to be distributed upon Separation from Service. One set of payment options for that account is allowed as permitted in Section 7.1. Additional In-Service or Education accounts may be established as permitted in Section 5.4.

XX (ii) A Participant may establish multiple accounts to be distributed upon Separation from Service. Each account may have one set of payment options as permitted in Section 7.1 Additional In-Service or Education accounts may be established as permitted in Section 5.4. If this multiple account option is elected, the Participant will also be required to elect Separation from Service payment options for each In-Service or Education account established.

___ (b) Source year account(s): Annual Deferred Compensation Account(s) will be established each year in which Participant Deferral Credits or Employer Credits are credited to the Participant. Only one account may be established each year for distribution upon Separation from Service. One set of payment options for that account is allowed as permitted in Section 7.1. Additional In-Service or Education accounts may be established for each source year as permitted in Section 5.4. If this option is selected, Evergreen elections as described in Section 4.1.2 are not permitted.

5.2 Disability of a Participant:

XX (a) A Participant's becoming Disabled shall be a Qualifying Distribution Event and the Deferred Compensation Account shall be paid by the Employer as provided in Section 7.1.

__ (b) A Participant becoming Disabled shall not be a Qualifying Distribution Event.

5.3 Death of a Participant: If the Participant dies while in Service, the Employer shall pay a benefit to the Beneficiary in an amount equal to the vested balance in the Deferred Compensation Account of the Participant determined as of the date payments to the Beneficiary commence, plus:

__ (a) An amount to be determined by the Committee.

XX (b) No additional benefits.

5.4 In-Service or Education Distributions: In-Service and Education Accounts are permitted under the Plan:

XX (a) In-Service Accounts are allowed with respect to:
- **XX** Participant Deferral Credits only.
- __ Employer Credits only.
- __ Participant Deferral and Employer Credits.

In-service distributions may be made in the following manner:
- **XX** Single lump sum payment.
- **XX** Annual installments over a term certain not to exceed **5** years.

Education Accounts are allowed with respect to:
- __ Participant Deferral Credits only.
- __ Employer Credits only.
- __ Participant Deferral and Employer Credits.

Education Accounts distributions may be made in the following manner:
- __ Single lump sum payment.
- __ Annual installments over a term certain not to exceed __years.

If applicable, amounts not vested at the time payments due under this Section cease will be:
- __ Forfeited
- __ Distributed at Separation from Service if vested at that time

__ (b) No In-Service or Education Distributions permitted.

5.5 Change in Control Event:

__ (a) Participants may elect upon initial enrollment to have accounts distributed upon a Change in Control Event.

XX (b) A Change in Control shall not be a Qualifying Distribution Event.

5.6 Unforeseeable Emergency Event:

XX (a) Participants may apply to have accounts distributed upon an Unforeseeable Emergency event.

__ (b) An Unforeseeable Emergency shall not be a Qualifying Distribution Event.

6. **Vesting:** An Active Participant shall be vested in the Employer Credits made to the Deferred Compensation Account upon the first to occur of the following events:

__ (a) Normal Retirement Age.

XX (b) Full vesting upon Death.

XX (c) Full vesting upon Disability.

XX (d) Full vesting upon separation from service with the Company (within the meaning of Code Section 409A) after attaining age sixty-five (65) and completing at least ten (10) "years of continuous service" with the Company.

XX (e) Involuntary separation from service with the Company within twelve (12) months of a "change in control" of the Participant's direct Employer (within the meaning of Code Section 409A), then such Participant shall have a nonforfeitable (vested) right to 100% of the amounts credited to the Participant's account(s).

XX (f) Satisfaction of the vesting requirement as specified below:

__ (i) Immediate 100% vesting.

__ (ii) 100% vesting after __ Years of Service.

__ (iii) 100% vesting at age __.

XX (iv)

Number of Years of Service		Vested Percentage
Less than	1	0 %
	1	34 %
	2	67 %
	3	100 %
	4	%
	5	%
	6	%
	7	%
	8	%
	9	%
	10 or more	%

For this purpose, Years of Service of a Participant shall be calculated from the date designated below:

__ (1) First day of Service.

__ (2) Effective date of Plan participation.

XX (3) Each Crediting Date. Under this option (3), each Employer Credit shall vest based on the Years of Service of a Participant from the Crediting Date on which each Employer Discretionary Credit is made to his or her Deferred Compensation Account.

__ **Employer Credits 2 (Other Employer Credits)**:

__ (i) Immediate 100% vesting.

__ (ii) 100% vesting after __Years of Service.

__ (iii) 100% vesting at age __.

XX (iv)

Number of Years of Service	Vested Percentage
Less than 1	____%
1	____%
2	____%
3	____%
4	____%
5	____%
6	____%

For this purpose, Years of Service of a Participant shall be calculated from the date designated below:

__ (1) First day of Service.

__ (2) Effective date of Plan participation.

__ (3) Each Crediting Date. Under this option (3), each Employer Credit shall vest based on the Years of Service of a Participant from the Crediting Date on which each Employer Discretionary Credit is made to his or her Deferred Compensation Account.

7.1 Payment Options: Any benefit payable under the Plan upon a permitted Qualifying Distribution Event may be made to the Participant or his Beneficiary (as applicable) in any of the following payment forms, as selected by the Participant in the Participation Agreement:

(a) Separation from Service (Seniority Date is Not Applicable)

XX (i) A lump sum.

XX (ii) Annual installments over a term certain as elected by the Participant not to exceed **10** years.

(b) Separation from Service prior to Seniority Date (If Applicable)

___ (i) A lump sum.

XX (ii) Not Applicable

(c) Separation from Service on or After Seniority Date (If Applicable)

___ (i) A lump sum.

___ (ii) Annual installments over a term certain as elected by the Participant not to exceed____years.

XX (iii) Not Applicable

(d) Separation from Service Upon a Change in Control Event

XX (i) A lump sum.

(e) Death

XX (i) A lump sum.

___ (ii) Annual installments over a term certain as elected by the Participant not to exceed____years.

(f) Disability

XX (i) A lump sum.

XX (ii) Annual installments over a term certain as elected by the Participant not to exceed **10** years.

___ (iii) Not applicable.

If applicable, amounts not vested at the time payments due under this Section cease will be:

___ Forfeited

___ Distributed at Separation from Service if vested at that time

(g) Change in Control Event

___ (i) A lump sum.

XX (ii) Not Applicable

If applicable, amounts not vested at the time payments due under this Section cease will be:

___ Forfeited

___ Distributed at Separation from Service if vested at that time

7.4 De Minimis Amounts.

XX (a) Notwithstanding any payment election made by the Participant, the vested balance in all Deferred Compensation Account(s) of the Participant will be distributed in a single lump sum payment at the time designated under the Plan if at the time of a permitted Qualifying Distribution Event that is either a Separation from Service, death, Disability (if applicable) or Change in Control Event (if applicable) the vested balance does not exceed **$50,000**. In addition, the Employer may distribute a Participant's vested balance in all Deferred Compensation Account(s) of the Participant at any time if the balance does not exceed the limit in Section 402(g)(1)(B) of the Code and results in the termination of the Participant's entire interest in the Plan and any other Employer plan subject to aggregation under Section 409A of the Code.

___ (b) There shall be no pre-determined de minimis amount under the Plan; however, the Employer may distribute a Participant's vested balance at any time if the balance does not exceed the limit in Section 402(g)(1)(B) of the Code and results in the termination of the Participant's entire interest in the Plan and any other Employer plan subject to aggregation under Section 409A of the Code.

10.1 Contractual Liability: Liability for payments under the Plan shall be the responsibility of the:

XX (a) Company.

___ (b) There shall be no pre-determined de minimis amount under the Plan; however, the Employer may distribute a Participant's vested balance at any time if the balance does not exceed the limit in Section 402(g)(1)(B) of the Code and results in the termination of the Participant's entire interest in the Plan and any other Employer plan subject to aggregation under Section 409A of the Code.

14. Amendment and Termination of Plan: Notwithstanding any provision in this Adoption Agreement or the Plan to the contrary, Section ____ of the Plan shall be amended to read as provided in attached Exhibit ____

XX There are no amendments to the Plan.

17.8 Construction: The provisions of the Plan shall be construed and enforced according to the laws of the State of **North Dakota**, except to the extent that such laws are superseded by ERISA and the applicable provisions of the Code.

IN WITNESS WHEREOF, this Agreement has been executed as of the day and year stated below.

Knife River Corporation
Name of Employer

By:_____
Authorized Person
Date:_____

Exhibit 10.6

FORM OF

KNIFE RIVER CORPORATION

SUPPLEMENTAL INCOME SECURITY PLAN

TABLE OF CONTENTS

INTRODUCTION

Knife River Corporation (formerly known as Knife River Holding Company) ("KRC" or the "Company") has adopted this Plan in connection with the distribution of 80.1% or more of the outstanding shares of KRC's common stock to the stockholders of MDU Resources Group, Inc. ("MDU"), pursuant to the Separation and Distribution Agreement between the Company and MDU entered into in connection with such distribution (the "Spin-Off"). This Plan is effective as of [ ] (the "Effective Date").

The objective of the Plan is to provide certain levels of death benefits and retirement income for a select group of management or highly compensated employees and their families. The MDU Resources Group, Inc. Supplemental Income Security Plan as sponsored by MDU (the "MDU SISP") became effective January 1, 1982 and has been amended from time to time thereafter. The Plan is a continuation of the MDU SISP but only with respect to SpinCo Group Employees and Former SpinCo Group Employees (as such terms are defined in the Employee Matters Agreement entered into by MDU and KRC in connection with the Spin-Off, collectively referred to herein as "KRC Employees"). Any benefits due under the MDU SISP with respect to KRC Employees or Beneficiaries of KRC Employees will now be the responsibility of the Company and this Plan. All service of a KRC Employee recognized under the MDU SISP shall be recognized under this Plan. All distribution elections and designation of Beneficiaries made under the MDU SISP by a KRC Employee that were in effect as of immediately prior to the Effective Date shall continue to apply and shall be administered under the Plan until such election or designation expires or is otherwise changed or revoked in accordance with the terms of the Plan. All valid domestic relations orders filed with the MDU SISP as of immediately prior to the Effective Date with respect to the benefits of a KRC Employee shall continue to apply under the Plan.

The Plan is intended to constitute an unfunded deferred compensation plan maintained by the Company primarily for the purpose of providing non-elective deferred compensation for a select group of management or highly compensated employees.

ARTICLE I -- DEFINITIONS

Unless a different meaning is plainly implied by the context, the following terms as used in this Plan shall have the following meanings:

1.1 "Administrator" means the Compensation Committee of the Board of Directors of the Company or any other person to whom the Compensation Committee has delegated the authority to administer the Plan. The Vice President of Administration of the Company is initially delegated the authority to perform the administrative responsibilities required under the Plan.

1.2 "Affiliated Company" means any current or future corporation which (a) is in a controlled group of corporations (within the meaning of Section 414(b) of the Code) of which the Company is a member and (b) has been approved by the Compensation Committee upon recommendation of the Chief Executive Officer to adopt the Plan for the benefit of its Employees.

1.3 "Beneficiary" means an individual or individuals, any entity or entities (including corporations, partnerships, estates, or trusts) that shall be entitled to receive benefits payable pursuant to the provisions of this Plan by virtue of a Participant's death; provided, however, that if more than one such person is designated as a Beneficiary hereunder, each such person's proportionate share of the death benefit hereunder must clearly be set forth in a written statement of the Participant received by and filed with the Administrator prior to the Participant's death. If such proportionate share for each Beneficiary is not set forth in the designation, each Beneficiary shall receive an equal share of the death benefits provided hereunder.

1.4 [Reserved.]

1.5 "Effective Date" has the meaning set forth in the first paragraph of the Plan.

1.6 "Eligible Retirement Date" means the First Eligible Retirement Date and the last day of each subsequent calendar month.

1.7 "Employee" means each person actively employed by an Employer, as determined by such Employer in accordance with its practices and procedures.

1.8 "Employer" means the Company and any Affiliated Company which shall adopt this Plan with respect to its Employees with the prior approval of the Company as set forth in Article 7 of the Plan; provided that with respect to any period prior to the Effective Date, the term Employer shall have the meaning set forth in the MDU SISP.

1.9 "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

1.10 "First Eligible Retirement Date" for a Participant means the last day of the month during which such Participant is both no longer actively employed by the Employer and has attained at least age 65. For a Key Employee whose employment ceases (for reasons other than death) within six months of becoming age 65 or any time thereafter, the First Eligible Retirement Date that applies to the Monthly Post-Jobs Act Benefit will be six months after the last day of the month during which such Key Employee is both no longer actively employed by the Employer and has attained at least age 65.

1.11 "Frozen" in conjunction with the Pension Plan means that benefit accruals ceased for all participants in these plans as of December 31, 2009.

1.12 "Key Employee" is a Participant determined to be a Specified Employee under the Company's *Specified Employee Policy Regarding Compensation* attached as Appendix C.

1.13 "Limitation on Benefits" shall mean the statutory limitation on the maximum benefit that may be payable to participants under a Pension Plan due to the application of certain provisions contained in the Code.

1.14 "Monthly Post-Jobs Act Benefit" is the Participant's total monthly benefit specified in Section 3.1, minus the Monthly Pre-Jobs Act Benefit.

1.15 "Monthly Pre-Jobs Act Benefit" is the Participant's total monthly vested benefit specified in Section 3.3(a), 3.3(b) or 3.3(c), if any, as of December 31, 2004.

1.16 "Participant" means an Employee or former Employee specified in Section 2.1.

1.17 "Pension Plan" means the Knife River Corporation Salaried Employees' Pension Plan, as in effect on the Effective Date, amended from time to time, and Frozen as of December 31, 2009.

1.18 "Plan" means the Knife River Corporation's Supplemental Income Security Plan, as embodied herein, and any amendments thereto; provided that, where the context requires, with respect to periods prior to the Effective Date, the term Plan shall be deemed to refer to the MDU SISP.

1.19 "Plan Year" means the calendar year. The first Plan Year for the MDU SISP was the 1982 calendar year.

1.20 "Salary" means annual base salary payable by an Employer to a Participant excluding (a) bonuses, (b) incentive compensation, and (c) any other form of supplemental income.

1.21 "Standard Actuarial Factors" means, with respect to a Participant, the actuarial factors and assumptions commonly used for the calculation of actuarial equivalents for retirement plans as determined by the Administrator.

1.22 "Standard Life Insurance" means life insurance that could be purchased from a commercial life insurance company at standard rates without a surcharge assessed, based on an individual's general good health.

1.23 "Standard Underwriting Factors" means life insurance rating factors utilized by a commercial life insurance company selected by the Administrator which are based on the risk assessment classifications utilized by such insurer to determine if an applicant qualifies for insurance at standard rates or if health or other factors might require a surcharge.

1.24 "Year of Participation" means each 12 consecutive months of participation in the Plan by a Participant while actively employed by one or more of the Employers (including while such Participant is qualified as totally disabled as defined in Article IV), as determined at the sole discretion of the Administrator; provided that the term Year of Participation shall include participation recognized under the MDU Plan, as in effect immediately prior to the Effective Date.

ARTICLE II -- ELIGIBILITY

2.1 Eligibility for Participation. KRC Employees who were participants in the MDU Plan immediately prior to the Effective Date shall be Participants in the Plan. No employee shall be selected as an additional Participant in the Plan.

2.2 Requirements for Participation. In order to be eligible to participate in the Plan, an Employee selected by the Compensation Committee must (a) be actively at work for one or more of the Employers; (b) have a current state of health and physical condition that would satisfy customary requirements for insurability under Standard Life Insurance; provided, however, that no provision of this Plan shall be construed or interpreted to limit participation in the Plan in contravention of the Americans With Disabilities Act and related federal and state laws; and (c) consent to supply information or to otherwise cooperate as necessary to allow the Company to obtain life insurance on behalf of such Employee (as set forth under Section 6.3 of the Plan).

2.3 Eligibility for Benefits. Subject to the provisions of Article III, Plan benefits may commence as of the earlier to occur of (a) the first day of the month following the date of the Participant's death or (b) the Participant's First Eligible Retirement Date if the Participant elects to receive retirement benefits under Article III hereof.

2.4 Relationship to Other Plans. Participation in the Plan shall not preclude or limit the participation of the Participant in any other benefit plan sponsored by one or more of the Employers for which such Participant otherwise would be eligible. However, any benefits payable under this Plan shall not be deemed salary or compensation to the Participant for purposes of determining benefits under any other employee benefit plan maintained by one or more of the Employers.

2.5 Forfeiture of Benefits. Notwithstanding any provision of this Plan to the contrary, if any Participant is discharged from employment by one or more of the Employers for cause due to willful misconduct, dishonesty, or conviction of a crime or felony, all as determined at the sole discretion of the Compensation Committee, the rights of such Participant (or any Beneficiary of such Participant) to any present or future benefit under this Plan shall be forfeited to the extent not prohibited by applicable law.

ARTICLE III -- SUPPLEMENTAL DEATH AND RETIREMENT BENEFITS

3.1 Amount of Benefit.

(a) Subject to the vesting requirements of Section 3.2 and provisions of Section 3.3 and 3.4 of the Plan, the monthly supplemental death and/or retirement benefits payable on behalf of (or to) a Participant as of such Participant's date of death (or First Eligible Retirement Date) will be an amount determined by the Compensation Committee upon recommendation of the Chief Executive Officer of the Company (the "Chief Executive Officer") at the time of the Participant's commencement of participation in the Plan, and may be increased from time to time thereafter by the Compensation Committee upon recommendation of the Chief Executive Officer; provided, however, no benefit level increases shall be granted after February 11, 2016. Subject to the discretion of the Compensation Committee upon recommendation of the Chief Executive Officer, a Participant shall generally be entitled to have a monthly supplemental death benefit paid on such Participant's behalf (or be entitled to receive a monthly supplemental retirement benefit) equal to the monthly death benefit or monthly retirement benefit (as applicable) corresponding to the Participant's Salary in effect at the date such initial or revised benefit determination is to be effective, all as set forth herein

(i) Appendix A for Participants in the MDU SISP before January 1, 2010, and who have not received a benefit level increase after December 31, 2009, or

(ii) Appendix A-1 for Participants in the MDU SISP before January 1, 2010, and who have received a benefit level increase on or after January 1, 2010, or

(iii) Appendix A-1 for Participants who join the MDU SISP between January 1, 2010 and February 11, 2016.

(b) Participants who died, terminated employment with, or retired from, the Employers prior to January 1, 2002, will receive benefits hereunder in accordance with the terms of the MDU SISP as in effect at the time of the Participant's death, termination of employment or retirement from the Employers.

(c) The benefit amounts determined by the Compensation Committee upon recommendation of the Chief Executive Officer pursuant to Section 3.1(a) above are based on the assumption that each Participant's health and physical condition at the time of such Participant's commencement of participation in the Plan meets customary requirements for Standard Life Insurance. Benefits under the Plan may be reduced by the Compensation Committee upon recommendation of the Chief Executive Officer within a reasonable period following the establishment of such benefit level in accordance with Standard Underwriting Factors, but only with respect to that portion of the monthly death or retirement benefit for which the criteria for health and physical condition are not met. Participants will be notified of any such reduction within a reasonable period following participation in the Plan. Once benefits have been reduced under this Section 3.1, such benefits shall not be further reduced for the remainder of the Participant's participation in the Plan.

(d) Participants who die while actively employed will be considered to be 100% vested for the death benefit, and not subject to the vesting schedule. However, once the participant is no longer actively employed (e.g. resignation, termination, disability, etc.) Section 3.2 applies.

3.2 Vesting.

(a) If a Participant retires or terminates employment with an Employer before the Participant completes at least 10 Years of Participation, the monthly death and/or retirement benefits to which such Participant otherwise would be entitled under the terms of Section 3.1 hereof shall vest as follows:

Vesting Schedule

Years of Participation Completed by the Participant	Percent of Section 3.1 Benefits Payable
1	0%
2	0%
3	20%
4	40%
5	50%
6	60%
7	70%
8	80%
9	90%
10	100%

(b) Participants receiving a benefit increase on or after January 1, 2010 under the MDU SISP, will be subject to an additional vesting period with respect to the benefit level increase. The additional vesting period will be the longer of:

(i) Three Years of Participation, or

(ii) Ten Years of Participation minus the Participant's number of Years of Participation at the time the benefit level increase is granted to the Participant.

If, after receiving a benefit level increase, a Participant's employment terminates, for reasons other than death or being an officer of the Employer who attains age 65 and retires, prior to the end of the additional vesting period associated with the benefit level increase, the benefit level increase will be forfeited. In this case, the Participant's benefit level will revert to the benefit level in effect immediately prior to the benefit level increase.

If, after receiving a benefit level increase, a Participant's employment is terminated due to death, then the additional vesting period is waived and the survivor's benefits will reflect the benefit level increase.

If, after receiving a benefit level increase, the Participant is a) an officer of the Employer, b) attains age 65, and c) retires prior to the end of the additional vesting period associated with the benefit level increase, he or she will vest in the benefit level increase as follows:

"Years of Participation" After Benefit Level Increase	Vesting Percentage of Benefit Level Increase
Less than 1	0%
Between 1 and 2	33%
Between 2 and 3	66%
3 or More	100%

The above vesting schedule under Section 3.2(b) applies only to Participants who are officers of the Employer, attain age 65, retires, and who have satisfied the vesting requirements under Section 3.2(a).

The Compensation Committee, upon recommendation of the Chief Executive Officer, may waive any or all of the additional vesting requirement associated with a benefit level increase.

3.3 Participant's Election of Monthly Pre-Jobs Act Benefit. Upon attainment of age 65 or, as of such Participant's First Eligible Retirement Date (if later), a Participant will be entitled to determine the form of benefit payable under subsection (a) hereof, and the date of commencement of such benefits, subject to the approval of the Administrator, in accordance with the terms of the Plan. The Participant may elect:

(a) to defer any payments and retain a future monthly death benefit in amounts determined pursuant to Section 3.1 hereof, multiplied by the appropriate percentage amount set forth in Section 3.2, or

(b) in lieu of any death benefits under this Plan, a monthly retirement benefit determined in accordance with Section 3.1, multiplied by the appropriate percentage amount set forth in Section 3.2, with no death benefit, or

(c) a percentage of each benefit described in subsections (a) and (b) above. The percentage of each benefit must be in even increments of ten percent (10%).

(i) If a Participant has elected to receive less than one hundred percent (100%) of such Participant's monthly retirement benefit (e.g. 50%), the Participant may subsequently elect to begin receiving an additional percentage retirement benefit (e.g. another 20%.). There may be no more than two (2) such additions during the Participant's lifetime, and no more than one (1) such addition during any calendar year.

(ii) Any such addition in retirement benefit payments will result in an equal percentage reduction in death benefits, to the percentage change in retirement benefit.

(iii) Once retirement benefit payments have started, Participants shall not be entitled to subsequently decrease retirement benefit payments.

(d) Elections under this Section 3.3 must be communicated in writing to the Administrator and will be effective as of the first day of the first month following the Administrator's receipt and the approval of such request by the Chief Executive Officer.

3.4 Participant's Election of Monthly Post-Jobs Act Benefit. Upon attainment of age 65, or as of such Participant's First Eligible Retirement Date (if later), the Participant's Monthly Post-Jobs Act Benefit will automatically be designated as a retirement benefit. A Participant may, however, make a one-time written election to avoid the automatic designation of the Monthly Post-Jobs Act Benefit as a retirement benefit, and instead designate such benefit as a death benefit (or a combination of retirement and death benefit). The written election must be made by the Participant on or before the Participant reaches age 64, and once the written election is made it may not be changed. Should a Participant elect a retirement benefit and subsequently die before attaining age 65, the Monthly Post-Jobs Act Benefit will revert to a death benefit. Should a Participant who is a Key Employee elect a retirement benefit and subsequently die before their First Eligible Retirement Date, the Monthly Post-Jobs Act Benefit will revert to a death benefit.

3.5 Payment of Monthly Benefits.

(a) Death Benefits. Any death benefits payable with respect to a Participant pursuant to Sections 3.3(a), (b), or (c) or Section 3.4 shall commence on the first day of the calendar month following the date of the Participant's death and shall be payable in monthly installments for a period of 180 months.

(b) Retirement Benefit for the Monthly Pre-Jobs Act Benefit. The Monthly Pre-Jobs Act Benefit elected as retirement benefits payable under this Plan shall commence on the Eligible Retirement Date selected by the Participant (upon 30 day's written notice to the Administrator) and will be payable to such Participant in monthly installments for a period of 180 months. In the event the Participant dies prior to the completion of such 180-month period, the balance of such retirement benefits shall be paid to the Participant's Beneficiary at such times and in such amounts as if the Participant had not died, such payment being made in addition to any death benefits payable under Section 3.3(c) hereof. To the extent a Participant elects to commence receiving increased retirement benefits pursuant to Section 3.3(c) (i), the amount of increase of retirement benefits shall be in the form of a monthly benefit payable for a separate 180-month period.

(c) Retirement Benefit for the Monthly Post-Jobs Act Benefit. Unless the Participant elects in writing to receive the Monthly Post-Jobs Act Benefit in the form of a monthly death benefit (as specified in Section 3.4), the Monthly Post-Jobs Act Benefit will take the form of a retirement payment and will be payable as follows:

(i) to a Key Employee, payments will begin the later of (I) the First Eligible Retirement Date, or (II) six months after the last day of the month during which such Key Employee is both no longer actively employed by the Employer and has attained at least age 65. If such payments begin on (c) (i) (II), the first monthly payment to the Key Employee will include a total of seven months' payments. Also, such first monthly payment will include an interest credit on the first six months' payments equivalent to one-half of the annual prime interest rate contained in the *Wall Street Journal* on the Key Employee's last day of employment (or the first business day after the Key Employee's last day of employment should the last day of employment be a non-business day). Payments to the Key Employee will last 173 months. Should the Key Employee die prior to the completion of the 173 month period, the balance of such retirement benefits shall be paid to the Participant's Beneficiary at such times and in such amounts as if the Participant had not died, such payment being made in addition to any death benefits payable under Section 3.3(a) hereof.

(ii) to a Participant who is not a Key Employee, payments will begin on the First Eligible Retirement Date and be payable to such Participant in monthly installments for a period of 180 months. In the event the Participant dies prior to the completion of such 180-month period, the balance of such retirement benefits shall be paid to the Participant's Beneficiary at such times and in such amounts as if the Participant had not died, such payment being made in addition to any death benefits payable under Section 3.3(a).

(d) Actuarial Equivalent Alternative Forms for the Monthly Pre-Jobs Act Benefit. The normal form of retirement benefit for the Monthly Pre-Jobs Act Benefit to which a Participant shall be entitled shall be determined under Section 3.4(b). Alternatively, a participant may elect to receive their Monthly Pre-Jobs Act Benefit in the form of a retirement benefit in one of the following actuarially equivalent forms (as determined by the Administrator); provided, however, that each alternative form shall also be payable for a certain period of 180 months: (i) the lifetime of the Participant; (ii) the lifetime of the Participant with the same amount payable to the Participant continued thereafter for the lifetime of the Participant's spouse; or (iii) the lifetime of the Participant with 67% of the amount payable to the Participant continued thereafter for the lifetime of the Participant's spouse. However, in no event will the Company incur more costs in providing the actuarial equivalent alternative form to the Participant than it would otherwise incur in providing the normal form of retirement benefit. Applying the discount rate used by the Company to calculate the FAS 87 expense, the present value of the Participant's retirement benefit will be calculated by the Administrator. The Administrator will then purchase an annuity at a cost no greater than the present value of the retirement benefit.

(e) Actuarial Equivalent Alternative Forms for the Monthly Post-Jobs Act Benefit. There are no Actuarial Equivalent Alternative Forms relating to the Monthly Post-Jobs Act Benefit.

(f) Single Sum Payment. Notwithstanding the provisions of subsections (a), (b), and (c) of this Section 3.5, the Administrator reserves the right to pay the Monthly Pre-Jobs Act Benefit in the form of an actuarially equivalent single sum (as determined by the Administrator) when retirement or death benefits are payable due to termination of employment, excluding disability, or death prior to the Participant's attainment of age 55, or upon the death of the Participant and the primary beneficiary(ies). The Single Sum Payment will not apply to the Monthly Post-Jobs Act Benefits.

3.6 Exclusions and Limitations.

(a) No death benefits will be payable with respect to a Participant in the event of such Participant's death by suicide within two (2) years after commencement of participation in the Plan, and no benefit increase will apply in the event of any such Participant's death by suicide within two (2) years after such Participant becomes eligible for an increase in death benefits.

(b) In the event that a Participant misrepresents any health or physical condition at the time of commencement of participation in the Plan or at the time of a retirement or death benefit increase, no retirement or death benefit or retirement or death benefit increase will be payable under the Plan within two (2) years of such misrepresentation.

3.7 Death of a Beneficiary.

(a) In the event any Beneficiary predeceases the Participant, is not in existence, is not ascertainable, or is not locatable (see Section 6.11) as of the date benefits under the Plan become payable to such Beneficiary, Plan benefits shall be paid to such contingent Beneficiary or Beneficiaries as shall have been named by the Participant on the Participant's most recent Beneficiary election form that has been received and filed with the Administrator prior to the Participant's death. If no contingent Beneficiary has been named, the contingent Beneficiary shall be the Participant's estate.

(b) In the event any Beneficiary dies after commencing to receive monthly benefits under the Plan but prior to the payment of all monthly benefits to which such Beneficiary is entitled, remaining benefits shall be paid to a beneficiary designated by the deceased Beneficiary (the "Secondary Beneficiary"); provided such designation has been received and filed with the Administrator prior to the death of the Beneficiary. If no such person has been designated by the deceased Beneficiary, the Secondary Beneficiary shall be the estate of the Beneficiary. In the event the Secondary Beneficiary shall die prior to the payment of all benefits to which such Secondary Beneficiary is entitled, the remainder of such payments shall be made to such Secondary Beneficiary's estate. If the Administrator is in doubt as to the right of any person to receive benefits under the Plan, the Administrator may retain such amount, without liability for any interest thereon, until the rights thereto are determined, or the Administrator may pay a single sum amount in accordance with Section 3.5(f) into any court of competent jurisdiction and such payment shall be a complete discharge of the liability of the Plan and the Employer.

3.8 Discretion As To Benefit Amount. Notwithstanding the foregoing, the Compensation Committee upon recommendation of the Chief Executive Officer of the Company may, with full and complete discretion, disregard Standard Underwriting Factors and customary requirements for Standard Life Insurance in establishing and/or increasing the amount of any Participant's retirement or death benefit under the Plan.

3.9 Suspension of Benefits Upon Reemployment. Employment with any Employer subsequent to the commencement of Pre-Jobs Act benefits under this Article III may, at the sole discretion of the Compensation Committee upon recommendation of the Chief Executive Officer of the Company, result in the suspension of Pre-Jobs Act benefits for the period of such employment or reemployment.

ARTICLE IV – [RESERVED.]

ARTICLE V -- DISABILITY BENEFITS

5.1 Monthly Disability Benefit.

(a) If a Participant becomes totally disabled following commencement of participation in the Plan, the Participant shall continue to receive credit for up to two (2) years of Participation under the Plan for so long as the Participant is totally disabled. Following termination of the participant's employment with the Employer, the Participant's monthly retirement benefits under Article III of the Plan shall commence beginning on or after the Participant's First Eligible Retirement Date.

(b) A Participant is "totally disabled" if such Participant is disabled within the meaning of the applicable long-term disability plan sponsored by such Participant's Employer, or as determined by Social Security.

(c) If a Participant who is totally disabled dies before attaining age 65, any death benefit payable to the Participant's Beneficiary will be determined and paid in accordance with the vesting schedule terms of Article III.

ARTICLE VI -- MISCELLANEOUS

6.1 Amendment and Termination. Any action to amend, modify, suspend or terminate the Plan may be taken at any time, and from time to time, by resolution of the Board of Directors of the Company (or any person or persons duly authorized by resolution of the Board of Directors of the Company to take such action) in its sole discretion and without the consent of any Participant or Beneficiary, but no such action shall retroactively reduce any benefits accrued by any Participant under this Plan prior to the time of such action.

6.2 No Guarantee of Employment. Nothing contained herein shall be construed as a contract of employment between a Participant and any Employer or shall be deemed to give any Participant the right to be retained in the employ of any Employer.

6.3 Funding of Plan and Benefit Payments. This Plan is unfunded within the meaning of ERISA. Each Employer will make Plan benefit payments from its general assets. Each Employer may purchase policies of life insurance on the lives of Plan Participants and to refuse participation in the Plan to any Employee who, if requested to do so, declines to supply information or to otherwise cooperate so that the Employer may obtain life insurance on behalf of such Participant. The Employer will be the owner and the beneficiary of any such policy, and Plan benefits will be neither limited to nor secured by any such policy or its proceeds. Participants and their Beneficiaries shall have no right, title or interest in any such life insurance policies, in any other assets of any Employer or in any investments any Employer may make to assist it in meeting its obligations under the Plan. All such assets shall be solely the property of such Employer and shall be subject to the claims of such Employer's general creditors. There are no assets of any Employer that are identified or segregated for purposes of the payment of any benefits under this Plan. To the extent a Participant or any other person acquires a right to receive payments from an Employer under the Plan, such right shall be no greater than the right of any unsecured general creditor of such Employer and such person shall have only the unsecured promise of the Employer that such payments shall be made.

6.4 Payment Not Assignable. Except in the case of a Qualified Domestic Relations Order described under Code Section 414(p), Participants and their Beneficiaries shall not have the right to alienate, anticipate, commute, sell, assign, transfer, pledge, encumber or otherwise convey the right to receive any payments under the Plan, and any payments under the Plan or rights thereto shall not be subject to the debts, liabilities, contracts, engagements or torts of Participants or their Beneficiaries nor to attachment, garnishment or execution, nor shall they be transferable by operation of law in the event of bankruptcy or insolvency. Any attempt, whether voluntary or involuntary, to effect any such action shall be null, void and of no effect.

6.5 Applicable Law. The Plan and all rights hereunder shall be governed by and construed according to the laws of the State of Delaware, except to the extent such laws are preempted by the laws of the United States of America.

6.6 Claims Procedure.

(a) Right to File a Claim. Participants and Beneficiaries are entitled to file a claim with respect to benefits or other aspects of the operation of the Plan. The claim is required to be in writing and must be made to the Administrator.

(b) Denial of Claim. If the claim is denied by the Administrator, the claimant shall be notified in writing within ninety (90) days after receipt of the claim or within one hundred eighty (180) days after such receipt if special circumstances require an extension of time. If special circumstances require an extension of time in order to review the claim, the claimant will be furnished with a written notice of the extension of time within the initial ninety (90) day period. The notice will include an explanation of the special circumstances that require an extension and the date by which the Administrator expects to make its determination. In no event, however, will the extension of time exceed 180 days from the date of the receipt of the claim by the Administrator. A written notice of denial of the claim shall contain the following information:

(i) Specific reason or reasons for the denial;

(ii) Specific reference to the pertinent provisions of the Plan on which the denial is based;

(iii) A description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why the material or information is necessary; and

(iv) A description of the Plan's review procedures and the time limits applicable to the procedures, including a statement of the claimant's right to bring a civil action under Section 502(a) of ERISA following a denial upon review of the claim.

(c) Claims Review Procedure.

(i) Participants or Beneficiaries may request that the Administrator review the denial of the claim. Such request must be made within sixty (60) days following the date the claimant received written notice of the denial of the claim. The Administrator shall afford the claimant a full and fair review of the decision denying the claim and shall:

(A) Provide, upon request and free of charge, reasonable access to and copies of all documents, records, and other information relevant to the claim; and

(B) Permit the claimant to submit written comments, documents, records, and other information relating to the claim.

(ii) The decision on review by the Administrator shall be in writing and shall be issued within sixty (60) days following receipt of the request for review. The period for decision may be extended to a date not later than one-hundred and twenty (120) days after such receipt if the Administrator determines that special circumstances require extension. If special circumstances require an extension of time, the claimant shall be furnished written notice prior to the termination of the initial sixty (60) day period which explains the special circumstances requiring an extension of time and the date by which the Administrator expects to render its decision on review. The decision on review shall include:

(A) Specific reason or reasons for the adverse determination;

(B) References to the specific provisions in the Plan on which the determination is based;

(C) A statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of all documents, records, and other information relevant to the claimant's claim; and

(D) A statement of the claimant's right to bring an action under Section 502(c) of ERISA.

(iii) Any action required or authorized to be taken by the claimant pursuant to this Section may be taken by a representative authorized in writing by the claimant to represent the claimant.

6.7 Plan Administration.

(a) The Plan shall be administered by the Administrator. The Administrator shall serve as the final review under the Plan and shall have sole and complete discretionary authority to determine conclusively for all persons, and in accordance with the terms of the documents or instruments governing the Plan, any and all questions arising from the administration of the Plan and interpretation of all Plan provisions. The Administrator shall make the final determination of all questions relating to participation of employees and eligibility for benefits, and the amount and type of benefits payable to any Participant or Beneficiary. In no way limiting the foregoing, the Administrator shall have the following specific duties and obligations in connection with the administration of the Plan:

(i) to promulgate and enforce such rules, regulations and procedures as may be proper for the efficient administration of the Plan;

(ii) to determine all questions arising in the administration, interpretation and application of the Plan, including questions of eligibility and of the status and rights of Participants and any other persons hereunder;

(iii) to decide any dispute arising hereunder; provided, however, that the Administrator shall not participate in any matter involving any questions relating solely to the Administrator's own participation or benefit under this Plan;

(iv) to advise the Boards of Directors of the Employers regarding the known future need for funds to be available for distribution;

(v) to compute the amount of benefits and other payments which shall be payable to any Participant or Beneficiary in accordance with the provisions of the Plan and to determine the person or persons to whom such benefits shall be paid;

(vi) to make recommendations to the Board of Directors of the Company with respect to proposed amendments to the Plan;

(vii) to file all reports with government agencies, Participants and other parties as may be required by law, whether such reports are initially the obligation of the Employers, or the Plan;

(viii) to engage an actuary to the Plan, if necessary, and to cause the liabilities of the Plan to be evaluated by such actuary; and

(ix) to have all such other powers as may be necessary to discharge its duties hereunder.

(b) Decisions by the Administrator shall be final, conclusive and binding on all parties and not subject to further review.

(c) The Administrator may employ attorneys, consultants, accountants or other persons (who may be attorneys, consultants, actuaries, accountants or persons performing other services for, or are employed by, any Employer or any affiliate of any Employer), and the Administrator, the Employers and their other officers and directors shall be entitled to rely upon the advice, opinions or valuations of any such persons. No member of the Board of Directors of any Employer, the Chief Executive Officer, the Administrator, nor any other officer, director or employee of the Company or of any Employer acting on behalf of the Board of Directors of any Employer or the Chief Executive Officer or the Administrator, shall be personally liable for any action, determination or interpretation taken or made in good faith with respect to the Plan, and all members of the Boards of Directors of the Employers, the Chief Executive Officer and the Administrator and each officer or employee of the Company or of an Employer acting on their behalf shall be fully indemnified and protected by the Company for all costs, liabilities and expenses (including, but not limited to, reasonable attorneys' fees and court costs) relating to any such action, determination or interpretation.

6.8 Binding Nature. This Plan shall be binding upon and inure to the benefit of the Employers and their successors and assigns and to the Participants, their Beneficiaries and their estates. Nothing in this Plan shall preclude any Employer from consolidating or merging into or with, or transferring all or substantially all of its assets to another company or corporation, whether or not such company or corporation assumes this Plan and any obligation of the Employer hereunder.

6.9 Withholding Taxes. The Employers may withhold from any benefits payable under this Plan all federal, state, city or other taxes as shall be required pursuant to any law or governmental regulation or ruling.

6.10 Action Affecting Chief Executive Officer. To the extent any action required to be taken by the Chief Executive Officer of the Company would decrease, increase, accelerate, delay or otherwise materially impact such individual's benefits under the Plan, such action shall be taken instead by the Compensation Committee of the Board of Directors of the Company.

6.11 Payments Due Missing Persons. The Administrator shall make a reasonable effort to locate all persons entitled to benefits (including retirement benefits and death benefits for Beneficiaries) under the Plan; however, notwithstanding any provisions of this Plan to the contrary, if, after a period of five years from the date such benefits first become due, any such persons entitled to benefits have not been located, their rights under the Plan shall stand suspended. Before this provision becomes operative, the Administrator shall send a certified letter to all such persons at their last known address advising them that their benefits under the Plan shall be suspended. Any such suspended amounts shall be held by the Employer for a period of three additional years (or a total of eight years from the time the benefits first became payable) and thereafter such amounts shall be forfeited and non-payable.

6.12 Liability Limited. Neither the Employers, the Administrator, nor any agents, employees, officers, directors or shareholders of any of them, nor any other person shall have any liability or responsibility with respect to this Plan, except as expressly provided herein.

6.13 Incapacity. If the Administrator shall receive evidence satisfactory to it that a Participant or Beneficiary entitled to receive any benefit under the Plan is, at the time when such benefit becomes payable, a minor or is physically or mentally incompetent to receive such benefit and to give a valid release therefore, and that another person or an institution is then maintaining or has custody of such Participant or Beneficiary and that no guardian, committee or other representative of the estate of such Participant or Beneficiary shall have been duly appointed, the Administrator may make payment of such benefit otherwise payable to such Participant or Beneficiary (or to such guardian, committee or other representative of such person's estate) to such other person or institution, and the release of such other person or institution shall be a valid and complete discharge for the payment of such benefit.

6.14 Plurals. Where appearing in the Plan, this singular shall include the plural, and vice versa, unless the context clearly indicates a different meaning.

6.15 Headings. The headings and sub-headings in this Plan are inserted for the convenience of reference only and are to be ignored in any construction of the provisions hereof.

6.16 Severability. In case any provision of this Plan shall be held illegal or void, such illegality or invalidity shall not affect the remaining provisions of this Plan, but shall be fully severable, and the Plan shall be construed and enforced as if said illegal or invalid provisions had never been inserted herein.

6.17 Payment of Benefits. All amounts payable hereunder may be paid directly by the Employer or pursuant to the terms of the grantor trust, if any, established as a funding vehicle for benefits provided hereunder.

ARTICLE VII -- ADDITIONAL AFFILIATED COMPANIES

7.1 Participation in the Plan.

(a) Any Affiliated Company may become an Employer with respect to this Plan with the consent of the Compensation Committee upon recommendation of the Chief Executive Officer, upon the following conditions:

(i) such Employer shall make, execute and deliver such instruments as the Company requires; and

(ii) such Employer shall designate the Company, the Chief Executive Officer of the Company and the Administrator, as its agents for purposes of this Plan.

(b) Any such Employer may by action of its Board of Directors withdraw from participation, subject to approval by the Compensation Committee upon recommendation of the Chief Executive Officer.

7.2 Effect of Participation. Each Employer which with the consent of the Compensation Committee upon recommendation of the Chief Executive Officer of the Company complies with Section 7.1(a) shall be deemed to have adopted this Plan for the benefit of its Employees who participate in this Plan.

APPENDIX A
SCHEDULE OF RETIREMENT AND SURVIVORS BENEFITS

For Participants in the MDU SISP prior to January 1, 2010

AND

Who have not received a benefit level increase after December 31, 2009

Level	Salary			Monthly Retirement Benefit	Monthly Death Benefit
50	$50,000	-	$59,999	$1,330	$2,660
51				$1,728	$3,456
52	$60,000	-	$74,999	$1,800	$3,600
53				$2,160	$4,320
54	$75,000	-	$99,999	$2,580	$5,160
55				$2,880	$5,760
56	$100,000	-	$124,999	$3,600	$7,200
57	$125,000	-	$149,999	$4,470	$8,940
58	$150,000	-	$174,999	$5,360	$10,720
59	$175,000	-	$199,999	$6,250	$12,500
60	$200,000	-	$224,999	$7,300	$14,600
61	$225,000	-	$249,999	$8,215	$16,430
62	$250,000	-	$274,999	$9,125	$18,250
63	$275,000	-	$299,999	$10,475	$20,950
64	$300,000	-	$324,999	$12,145	$24,290
65	$325,000	-	$349,999	$13,670	$27,340
66	$350,000	-	$399,999	$16,110	$32,220
67	$400,000	-	$449,999	$19,525	$39,050
68	$450,000	-	$499,999	$22,850	$45,700
69	$500,000	-	$599,999	$28,800	$57,600
70	$600,000	-	$699,999	$36,500	$73,000
71	$700,000	-	$799,999	$42,710	$85,420
72	$800,000	-	$899,999	$49,220	$98,440
73	$900,000	-	$999,999	$55,310	$110,620
74	$1,000,000	-	$1,099,999	$60,200	$120,400

APPENDIX A-1
SCHEDULE OF RETIREMENT AND SURVIVORS BENEFITS

For Participants in the MDU SISP prior to January 1, 2010, and who have received a benefit level increase on or after January 1, 2010

OR

For Participants who join the Plan between January 1, 2010 and February 11, 2016

Level	Salary Range			Monthly Retirement Benefit	Monthly Death Benefit
58	$165,000	-	$174,999	$4,288	$8,576
59	$175,000	-	$199,999	$5,000	$10,000
60	$200,000	-	$224,999	$5,840	$11,680
61	$225,000	-	$249,999	$6,572	$13,144
62	$250,000	-	$274,999	$7,300	$14,600
63	$275,000	-	$299,999	$8,380	$16,760
64	$300,000	-	$324,999	$9,716	$19,432
65	$325,000	-	$349,999	$10,936	$21,872
66	$350,000	-	$399,999	$12,888	$25,776
67	$400,000	-	$449,999	$15,620	$31,240
68	$450,000	-	$499,999	$18,280	$36,560
69	$500,000	-	$599,999	$23,040	$46,080
70	$600,000	-	$699,999	$29,200	$58,400
71	$700,000	-	$799,999	$34,168	$68,336
72	$800,000	-	$899,999	$39,376	$78,752
73	$900,000	-	$999,999	$44,248	$88,496
74	$1,000,000	-	$1,099,999	$48,160	$96,320

APPENDIX C

KNIFE RIVER CORPORATION

Specified Employee Policy Regarding Compensation

For purposes of all plans, agreements and other arrangements of Knife River Corporation (the "Company") and its affiliates that are subject to Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), the determination of individuals who are "specified employees," as that term is defined in Code Section 409A, shall be determined under this policy, as may be amended from time to time pursuant to paragraph 4 ("Policy").

1. **Establishment of Specified Employee List.** Between January 1st and April 1st of each calendar year, the Company shall establish a "Specified Employee List." The Specified Employee List shall become effective on April 1st of the calendar year in which the Specified Employee List is established and shall cease to be effective on March 31st of the following calendar year. Any individual who, as of his or her "separation from service" (within the meaning of Code Section 409A(a)(2)(A)(i)), is on the Specified Employee List then in effect shall be considered a "specified employee" for purposes of Section 409A.

2. **Inclusion on the Specified Employee List.** The Specified Employee List shall include all individuals who, at any time during the Determination Year, met the requirements of Code Section 416(i)(l)(A)(i), (ii) or (iii) and the related regulations (but without regard to Code Section 415(i)(5)). For this purpose, "Determination Year" shall mean the calendar year ending on the December 31st prior to the April 1st when the Specified Employee List becomes effective. For purposes of determining which individuals meet the requirements of Code Section 416(i)(l)(A)(i), (ii) or (iii) and the related regulations (but without regard to Code Section 415(i)(5)), the term gross compensation shall have the meaning set forth in the Knifer River Corporation 401(k) Retirement Plan, as may be amended from time to time (the "Retirement Plan").

3. **Delayed Payments.** If any employee is determined to be a specified employee under this Policy, any compensation to be provided to such specified employee that is required to be delayed to comply with Code Section 409A(a)(2)(B)(i) shall not be provided before the date that is six months after the date of such separation from service (or, if earlier than the end of such six-month period, the date of death of the specified employee). This Policy shall not apply to any payment that is not treated as deferred compensation under, or is otherwise excluded from, the requirements of Code Section 409A and the regulations promulgated thereunder.

4. **Changes to Policy.** The Company may amend or modify this Policy at any time; provided, however, that any changes made to the period during which the Specified Employee List is effective or the Determination Year shall not take effect for a period of at least 12 months and any changes made to the definition of compensation (either in the Policy or in the Retirement Plan) shall not be used to identify specified employees until the next Specified Employee List is established.

FORM OF

KNIFE RIVER CORPORATION
NONQUALIFIED DEFINED CONTRIBUTION PLAN

WHEREAS, the Board of Directors of Knife River Corporation (formerly known as Knife River Holding Company) (the "Company") established this Knife River Corporation Nonqualified Defined Contribution Plan (the "Plan") in connection with the distribution of 80.1% or more of the outstanding shares of the Company's common stock to the stockholders of MDU Resources Group, Inc. ("MDU"), pursuant to the Separation and Distribution Agreement between the Company and MDU entered into in connection with such distribution (the "Spin-Off"). The Plan is effective as of [ ] (the "Effective Date");

WHEREAS, in connection with the Spin-Off and pursuant to the terms of an Employee Matters Agreement entered into by and between the Company and MDU, the Company and the Plan assumed all the obligations and liabilities of MDU and its subsidiaries under the MDU Nonqualified Defined Contribution Plan (the "MDU NQDC Plan") with respect to SpinCo Group Employees and Former SpinCo Group Employees (as such terms are defined in the Employee Matters Agreement, and collectively referred to herein as "KRC Employees") so that any benefits due under the MDU NQDC Plan with respect to KRC Employees or beneficiaries of KRC Employees will now be the responsibility of the Company and this Plan;

NOW, THEREFORE, the Plan is hereby adopted as of the Effective Date as follows:

SECTION 1. PURPOSE OF PLAN; SPECIAL RULES FOR KRC EMPLOYEES

The Plan is unfunded for purposes of Title I of ERISA and is maintained for the purpose of providing deferred compensation to a select group of management or highly compensated employees of the Company (within the meaning of the United States Code of Federal Regulations Section 2520.104- 23 and Sections 201(2), 301(a)(3) and 401(a)(1) of the ERISA). The Plan shall be administered in accordance with such purpose and in accordance with the provisions of Section 409A of the Code.

Any benefits due under the MDU NQDC Plan with respect to KRC Employees or Beneficiaries of KRC Employees shall now be the responsibility of the Company and this Plan. All service of a KRC Employee recognized under the MDU NQDC Plan shall be recognized under this Plan. All investment and distribution elections and designation of Beneficiaries made under the MDU NQDC Plan by a KRC Employee that were in effect as of immediately prior to the Effective Date shall continue to apply and shall be administered under the Plan until such election or designation expires or is otherwise changed or revoked in accordance with the terms of the Plan. All valid domestic relations orders filed with the MDU NQDC Plan as of immediately prior to the Effective Date with respect to the benefits of a KRC Employee shall continue to apply under the Plan.

SECTION 2. DEFINITIONS

"Administrator" means the Compensation Committee of the Board.

"Beneficiary" means the person or entity determined to be a Participant's beneficiary pursuant to Section 11.

"Board" means the Board of Directors of the Company.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Company" means Knife River Corporation, and any current or future corporation that (a) is in a controlled group of corporations (within the meaning of Section 414(b) of the Code) of which Knife River Corporation is a member and (b) has been approved by the Compensation Committee of the Board upon recommendation of the Chief Executive Officer to adopt the Plan for the benefit of its eligible employees. For purposes hereof, each such participating affiliate shall be deemed to have appointed the Knife River Corporation as its agent to act on its behalf in all matters relating to administration, amendment or termination of the Plan. Where the context requires, with respect to periods prior to the Effective Date, the term Company shall be deemed to refer to MDU and its participating affiliates pursuant to the MDU NQDC Plan.

"Compensation" means the annualized base salary paid to a Participant as of the first day of the Plan Year.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"Participant" means an employee of the Company who has been selected to participate in the Plan pursuant to Section 3.

"Plan" means the Knife River Corporation Nonqualified Defined Contribution Plan, as set forth herein and as amended from time to time; provided that, where the context requires, with respect to periods prior to the Effective Date, the term Plan shall be deemed to refer to the MDU NQDC Plan.

"Plan Year" means the calendar year.

SECTION 3. ELIGIBLE EMPLOYEES

Each KRC Employee who was a participant in the MDU NQDC Plan as of immediately prior to the Effective Date is hereby designated as eligible to participate in the Plan effective as of the Effective Date. No other employee shall be selected as an additional Participant in the Plan.

SECTION 4. ACCOUNTS

The Company shall establish and maintain on its books with respect to each Participant separate hypothetical account(s) which shall record (a) any Company contributions made on behalf of the Participant for a Plan Year pursuant to Section 5 below, and (b) the allocation of any hypothetical investment experience. In this regard, a separate account shall be established on behalf of a Participant for each year in which a contribution is made under the Plan.

SECTION 5. COMPANY CONTRIBUTIONS

No Participant will receive Company contributions under the Plan.

SECTION 6. ADJUSTMENTS TO ACCOUNTS AND TAX WITHHOLDING

Each Participant's account(s) shall be reduced by the amount of any distribution to the Participant from the applicable account (including any portion of a distribution that is withheld to satisfy any federal, state, and/or local tax withholding and any social security or Medicare tax withholding obligations). Pursuant to procedures established by the Administrator, each Participant's account(s) shall be adjusted as of each business day the New York Stock Exchange is open to reflect the earnings or losses of any hypothetical investment media as may be designated by the Administrator and, if applicable, elected by the Participant. Any federal, state, and/or local tax withholding and any social security or Medicare tax withholding obligations may be satisfied by deducting or withholding from amounts distributed under the Plan or from other compensation payable to the Participant or by requiring the Participant to remit to the Company an amount sufficient to satisfy the federal, state, and/or local tax withholding and any social security or Medicare tax withholding obligations. Additionally, to the extent social security or Medicare tax withholding is required prior to the date of distribution of an amount under the Plan, to the extent permitted by Code Section 409A, the Company may satisfy such tax withholding obligations (and any additional tax withholding obligations resulting from the deemed distribution of the withheld amounts) and make a corresponding reduction in the Participant's applicable account(s).

SECTION 7. INVESTMENT OF ACCOUNTS

For purposes of determining the amount of earnings/appreciation and losses/depreciation to be credited to, or debited from, a Participant's account(s), each Participant's account(s) shall be deemed invested in the investment options (designated by the Administrator as available under the Plan) as the Participant may elect from time to time, or, if applicable, in any default investment option designated by the Administrator, in accordance with such rules and procedures as the Administrator may establish. However, no provision of the Plan shall require the Company or the Administrator to actually invest any amounts in any fund or in any other investment vehicle.

SECTION 8. VESTING

8.1 Vesting of Accounts Prior to 2017 Plan Year. Each account of a Participant established for amounts credited to the MDU NQDC Plan for plan years under the MDU NQDC Plan prior to 2017, shall be subject to a separate four (4) year vesting period. With respect to a Participant's first account, if the Participant was selected to participate in the MDU NQDC Plan with respect to a plan Year after January 1 of that plan year, the Participant shall be one hundred percent (100%) vested in the amounts credited to that account after completing four (4) years of participation relating to that account, with the four (4) years of participation commencing on the date of selection as a Participant and ending at midnight on the fourth anniversary of such date of selection. With respect to a Participant's other accounts, a Participant shall be one hundred percent (100%) vested in the amounts credited to the applicable account after completing four (4) years of participation relating to the account, with the four (4) years of participation commencing on January 1 of the plan year in which the contribution was made to the account and ending at midnight on January 1 four (4) years thereafter. Partial or pro rata vesting shall not be permitted with respect to such Participants' accounts.

8.2 Vesting of Accounts Beginning with 2017 Plan Year. With respect to any account established for amounts credited to the MDU NQDC Plan or the Plan on behalf of a Participant for Plan Years (including plan years under the MDU NQDC Plan) on and after 2017, the Participant shall become vested in a percentage of the fair market value of such portion of the account(s) as follows:

Years of Participation	Vested Percentage
Less than 1 year	0%
1 year but less than 2	34%
2 years but less than 3	67%
3 years and thereafter	100%

For this purpose, a Participant shall be one hundred percent (100%) vested in the amounts credited to the Participant's account upon completing three (3) years of participation relating to the applicable account, with the three (3) years of participation commencing on January 1 of the Plan Year (including plan years under the MDU NQDC Plan) in which the contribution is made to the account and ending at midnight on January 1 three (3) years thereafter, however, contributions made to a Participant's account after March 31 of a plan year will not commence the three (3) years of participation until January 1 of the following Plan Year (including plan years under the MDU NQDC Plan).

8.3 Accelerated Vesting Upon Certain Events. Subject to the provisions of Section 14, and notwithstanding the foregoing provisions of this Section 8, if a Participant (a) dies while employed by the Company, (b) is an officer of the Company, and terminates employment after the Participant's 65th birthday and prior to the end of the vesting period(s) with respect to the Participant's account(s), (c) separates from service with the Company (within the meaning of Code Section 409A) after attaining age sixty (60) and completing at least ten (10) "years of continuous service" with the Company, as measured from the Participant's initial date of hire with the Company and calculated in accordance with rules and procedures established by the Company, or (d) involuntary separates from service with the Company within twelve (12) months of a "change in control" of the Company (within the meaning of Code Section 409A), then such Participant shall have a nonforfeitable (vested) right to 100% of the amounts credited to the Participant's account(s). If a Participant separates from service for any reason other than as described in the prior sentence, such Participant shall have a nonforfeitable (vested) right to the amounts credited to the Participant's account(s) only to the extent such amounts had vested as of the date of the separation from service.

8.4 Years of Participation. For a KRC Employee, years of participation shall take into account service recognized for purpose of years of participation under the MDU NQDC Plan.

SECTION 9. TIME AND MANNER OF DISTRIBUTION

9.1 Distribution Elections.

(a) Any employee of the Company who is eligible to participate in the Plan as described in Section 3 shall elect the time and form of payment for his account(s) in accordance with the rules and procedures prescribed by the Administrator. Beginning with amounts credited to a Participant's account for 2017 under the MDU NQDC Plan or the Plan, the Participant's irrevocable distribution election will be effective only for one Plan Year and will apply to amounts credited to the Participant's account for that Plan Year (or portion of that Plan Year) to which the distribution election relates, regardless of when such amounts are otherwise scheduled to be contributed (including for this purpose a plan year under the MDU NQDC Plan).

(b) The Administrator may establish election periods during which a Participant's irrevocable election must be received by the Administrator. However, no election may be made or accepted after the December 31 immediately preceding the Plan Year for which the election is to be effective. Notwithstanding the foregoing, in the Plan Year in which an employee of the Company first becomes eligible to participate in the Plan, the Participant may make his distribution election within 30 days after the date upon which he becomes eligible to participate. A distribution election that is not timely made with respect to a Plan Year, as determined by the Administrator, shall have no effect with respect to such Plan Year and shall be considered void.

(c) In the event that a Participant fails to make a valid distribution election for a Plan Year, the Participant will be deemed to have elected to receive the amounts credited to his account for such Plan Year in a single lump sum payment upon the Participant's "separation from service" with the Company (within the meaning of Code Section 409A).

9.2 Form of Distribution.

(a) Each Participant shall elect to receive the amounts credited to his account for each Plan Year in one of the following modes of distribution:

(i) a single lump sum payment; or

(ii) annual installments over a period of up to ten (10) years, the amount of each installment to equal the balance of the Participant's vested account(s) immediately prior to the installment divided by the number of installments remaining to be paid. Each subsequent installment shall be made on the first business day of the calendar month following the one (1) year anniversary of the prior payment.

(b) With respect to any account established for amounts credited to the MDU NQDC Plan on behalf of a Participant for plan years under the MDU NQDC Plan prior to 2017, distribution of such account(s) shall be made in accordance with the Participant's prior election.

9.3 Time of Distribution. Subject to the provisions in this Section 9 and the provisions of Sections 10 and 14, distribution of a Participant's vested account(s) shall be made or commence as follows:

(a) If the Participant elected a single lump sum payment, such lump sum payment shall be made within ninety (90) days following the Participant's "separation from service" with the Company (within the meaning of Code Section 409A); or

(b) If the Participant elected annual installments:

(i) for any account(s) established for amounts credited to the MDU NQDC Plan on behalf of a Participant for plan years under the MDU NQDC Plan prior to 2017, the annual installments shall commence within ninety (90) days following the Participant's "separation from service" with the Company (within the meaning of Code Section 409A) or, if later, the date the Participant attains age sixty-five (65);

(ii) for any account(s) established for amounts credited to the MDU NQDC Plan or the Plan on behalf of a Participant for Plan Years on and after 2017 (including plan years under the MDU NQDC Plan), the annual installments shall commence within ninety (90) days following the Participant's "separation from service" with the Company (within the meaning of Code Section 409A) or if later, the date the Participant attains age sixty-five (65), as elected by the Participant in accordance with rules and procedures prescribed by the Administrator.

provided, however that, in either case, if the Participant is a "specified employee" of the Company (as defined under Section 409A(a)(2)(B)(i) of the Code) on the date of separation from service, distribution shall not be made or commence prior to the first business day after the date that is six (6) months after the Participant's separation from service or, if earlier, within ninety (90) days following the date of the Participant's death. "Specified employees" shall be determined in accordance with the Company's *Specified Employee Policy Regarding Compensation*, which is attached as Annex A.

Notwithstanding the foregoing, payment may be delayed under any of the circumstances permitted under said Section 409A. Provided, further, that, if any amounts credited to a Participant's vested account(s) become subject to tax under Section 409A of the Code, the amount required to be included in income as a result of the failure to comply with the requirements of Code Section 409A and related Treasury Regulations shall be immediately distributed to the Participant.

Payment shall be treated as made upon the date specified under the Plan if payment is made on such date or a later date within the same taxable year of the Participant or, if later, by the fifteenth (15th) day of the third (3rd) calendar month following the specified payment date (or, if payment may be made during a specified period of time, the first date in such period), provided the Participant is not permitted, directly or indirectly, to designate the taxable year of the payment.

SECTION 10. DEATH BENEFIT

In the event of the death of a Participant while in the employ of the Company, vesting in the Participant's account(s) shall be one hundred percent (100%), if not otherwise one hundred percent (100%) vested under Section 8, with the value of the Participant's account(s) being distributed to the Participant's Beneficiary, in a single lump sum payment, within the period from (i) the date of the Participant's death to (ii) December 31 of the year following the year of the Participant's death.

In the event a Participant dies (a) after distribution has commenced under the Plan or (b) after separation from service, but prior to the date distribution is made or commences, the vested balance of the Participant's account(s), if any, shall be distributed to the Participant's Beneficiary, in a single lump sum payment, within the period set forth in the preceding paragraph.

Payment shall be treated as made upon the date specified under the Plan if payment is made at such date or a later date within the same taxable year of the Participant or, if later, by the fifteenth (15th) day of the third (3rd) calendar month following the specified payment date (or, if payment may be made during a specified period of time, the first date in such period), provided neither the Participant nor any Beneficiary is permitted, directly or indirectly, to designate the taxable year of the payment.

SECTION 11. BENEFICIARY DESIGNATION

A Participant may designate the person or persons to whom the Participant's vested account(s) under the Plan shall be paid in the event of the Participant's death, in accordance with rules and procedures established by the Administrator. If no Beneficiary is designated, or no Beneficiary survives the Participant, payment shall be made to the Participant's surviving spouse, or if none, to the Participant's estate. If a Beneficiary survives the Participant, but dies before the balance payable to the Beneficiary has been distributed, any remaining balance shall be paid to the Beneficiary's estate.

SECTION 12. PLAN ADMINISTRATION

12.1 Authority of Administrator. The Administrator has the discretionary authority to interpret and construe any provision of the Plan and any agreement or instrument entered into under the Plan, to determine eligibility and benefits under the Plan, to prescribe, amend, waive and rescind rules and regulations relating to the Plan, to adopt such forms as it may deem appropriate for the administration of the Plan, to provide for conditions and assurances deemed necessary or advisable to protect the interests of the Company and to make all other determinations necessary or advisable for the administration of the Plan, but only to the extent not contrary to the express provisions of the Plan or the provisions of Section 409A of the Code and the regulations and rulings promulgated thereunder. Determinations, interpretations or other actions made or taken by the Administrator under the Plan shall be final and binding for all purposes and upon all persons.

12.2 Delegation of Authority by the Board. Notwithstanding the general authority of the Administrator to select Participants of the Plan and determine the amount of contributions to be credited to Participants' plan account(s), the Board may, by resolution, expressly delegate to one or more executive officers of the Company the authority, solely with respect to employees who are not subject to Section 16 of the Securities Exchange Act of 1934, as amended, to determine, within the parameters set forth in the Plan or established by the Board or the Administrator, the amount of any contributions to be credited to Participants' account(s) as bookkeeping entries.

12.3 Hold Harmless. The Company shall indemnify, hold harmless and defend the Administrator (and its delegates) and each executive officer appointed by the Board pursuant to Section 12.2 from any liability which any of them may incur in connection with the performance of its duties in connection with this Plan, so long as the Administrator (or such delegate or executive officer) was acting in good faith and within what the Administrator (or such delegate or executive officer) reasonably understood to be the scope of its duties.

12.4 Appeal Procedure.

(a) Claims for benefits under the Plan made by a Participant or Beneficiary (the "claimant") must be submitted in writing to the Administrator.

If a claim is denied in whole or in part, the Administrator shall notify the claimant within ninety (90) days after receipt of the claim (or within one hundred eighty (180) days, if special circumstances require an extension of time for processing the claim, and provided written notice indicating the special circumstances and the date by which a final decision is expected to be rendered is given to the claimant within the initial ninety (90) day period). If notification is not given in such period, the claim shall be considered denied as of the last day of such period and the claimant may request a review of the claim.

The notice of the denial of the claim shall be written in a manner calculated to be understood by the claimant and shall set forth the following:

(i) the specific reason or reasons for the denial of the claim;

(ii) the specific references to the Plan provisions on which the denial is based;

(iii) a description of any additional material or information necessary to perfect the claim, and an explanation of why such material or information is necessary; and

(iv) a statement that any appeal of the denial must be made by giving to the Administrator, within sixty (60) days after receipt of the denial of the claim, written notice of such appeal, such notice to include a full description of the pertinent issues and basis of the claim.

(b) Upon denial of a claim in whole or part, the claimant (or his duly authorized representative) shall have the right to submit a written request to the Administrator for a full and fair review of the denied claim, to be permitted to review documents pertinent to the denial, and to submit issues and comments in writing. Any appeal of the denial must be given to the Administrator within the period of time prescribed under (a)(iv) above. If the claimant (or his duly authorized representative) fails to appeal the denial to the Administrator within the prescribed time, the Administrator's adverse determination shall be final, binding and conclusive.

The Administrator may hold a hearing or otherwise ascertain such facts as it deems necessary and shall render a decision which shall be binding upon both parties. The Administrator shall advise the claimant of the results of the review within sixty (60) days after receipt of the written request for the review, unless special circumstances require an extension of time for processing, in which case a decision shall be rendered as soon as possible but not later than one hundred twenty (120) days after receipt of the request for review. If such extension of time is required, written notice of the extension shall be furnished to the claimant prior to the commencement of the extension. The decision of the review shall be written in a manner calculated to be understood by the claimant and shall include specific reasons for the decision and specific references to the pertinent Plan provisions on which the decision is based. The decision of the Administrator shall be final, binding and conclusive.

SECTION 13. FUNDING

13.1 Plan Unfunded. The Plan is unfunded for tax purposes and for purposes of Title I of ERISA. Accordingly, the obligation of the Company to make payments under the Plan constitutes solely an unsecured (but legally enforceable) promise of the Company to make such payments, and no person, including any Participant or Beneficiary shall have any lien, prior claim or other security interest in any property of the Company as a result of this Plan. Any amounts payable under the Plan shall be paid out of the general assets of the Company and each Participant and Beneficiary shall be deemed to be a general unsecured creditor of the Company.

13.2 Rabbi Trust. The Company may enter into a grantor trust to pay its obligations hereunder (e.g., a rabbi trust), the assets of which shall be, for all purposes, the assets of the Company. In the event the trustee of such trust is unable or unwilling to make payments directly to Participants and Beneficiaries and such trustee remits payments to the Company for delivery to Participants and Beneficiaries, the Company shall promptly remit such amount, less applicable income and other taxes required to be withheld, to the Participant or Beneficiary.

SECTION 14. FORFEITURE OF BENEFITS

Notwithstanding any provision of this Plan to the contrary, if any Participant is discharged from employment with the Company for cause due to willful misconduct, dishonesty, or conviction of a crime or felony, all as determined in the sole discretion of the Administrator, the rights of such Participant (or any Beneficiary of such Participant) to any present or future benefit under the Plan (whether or not vested) shall be forfeited, to the extent not otherwise prohibited by applicable law.

SECTION 15. AMENDMENT

The Board shall have the right to amend, suspend or terminate the Plan at any time subject to the provisions of Section 409A of the Code; provided, however, that no such action shall, without the Participant's consent, impair the Participant's right with respect to any existing vested account(s) under the Plan. Subject to the provisions of Section 14, the termination of the Plan, with respect to some or all of the Participants, and any resulting distribution of the account balances of such affected Participants, shall be made in accordance with the provisions of Section 409A of the Code and shall not constitute the impairment of such Participant's rights hereunder.

SECTION 16. NO ASSIGNMENT

A Participant's right to the amount credited to his vested account(s) under the Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment by creditors of the Participant or the Participant's Beneficiary.

SECTION 17. COMPANY-OWNED LIFE INSURANCE ("COLI")

17.1 Company Owns All Rights. In the event that, in its discretion, the Company purchases a life insurance policy or policies insuring the life of any Participant to allow the Company to informally finance and/or recover, in whole or in part, the cost of providing the benefits hereunder, neither the Participant nor any Beneficiary shall have any rights whatsoever therein. The Company shall be the sole owner and beneficiary of any such policy or policies and shall possess and may exercise all incidents of ownership therein, except in the event of the establishment of and transfer of said policy or policies to a trust by the Company as described in Section 13.2 hereof.

17.2 Participant Cooperation. If the Company decides to purchase a life insurance policy or policies on any Participant, the Company shall so notify such Participant. Such Participant shall take whatever actions may be necessary to enable the Company to timely apply for and acquire such life insurance and to fulfill the requirements of the insurance carrier relative to the issuance thereof as a condition of eligibility to participate in the Plan. Any Participant who declines to supply information or to otherwise cooperate so that the Company may obtain life insurance on behalf of such Participant shall be denied participation in the Plan.

SECTION 18. SUCCESSORS AND ASSIGNS

The provisions of this Plan shall be binding upon and inure to the benefit of the Company, its successors and assigns, and the Participant, his Beneficiaries, heirs, legal representatives and assigns.

SECTION 19. NO CONTRACT OF EMPLOYMENT

Nothing contained herein shall be construed as a contract of employment between a Participant and the Company, or as a right of the Participant to continue in employment with the Company, or as a limitation of the right of the Company to discharge the Participant at any time, with or without cause.

SECTION 20. ENFORCEABILITY

If any term or condition of the Plan shall be invalid or unenforceable to any extent or in any application, then the remainder of the Plan, and such term or condition, except to such extent or in such application, shall not be affected thereby, and each and every term and condition of the Plan shall be valid and enforced to the fullest extent and in the broadest application permitted by law.

SECTION 21. CONSTRUCTION

Wherever appropriate, the use of the masculine gender shall be extended to include the feminine and/or neuter, and the singular form of words extended to include the plural, or vice versa.

SECTION 22. GOVERNING LAW

This Plan shall be interpreted in a manner consistent with Code Section 409A and the guidance issued thereunder by the Department of the Treasury and the Internal Revenue Service and shall also be subject to and construed in accordance with the provisions of ERISA, where applicable, and otherwise by the laws of the State of North Dakota, without regard to the conflict of law provisions of any jurisdiction.

ANNEX A

KNIFE RIVER CORPORATION

Specified Employee Policy
Regarding Compensation

For purposes of all plans, agreements and other arrangements of Knife River Corporation (the "Company") and its affiliates that are subject to Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), the determination of individuals who are "specified employees," as that term is defined in Code Section 409A, shall be determined under this policy, as may be amended from time to time pursuant to paragraph 4 ("Policy").

1. **Establishment of Specified Employee List.** Between January 1st and April 1st of each calendar year, the Company shall establish a "Specified Employee List." The Specified Employee List shall become effective on April 1st of the calendar year in which the Specified Employee List is established and shall cease to be effective on March 31st of the following calendar year. Any individual who, as of his or her "separation from service" (within the meaning of Code Section 409A(a)(2)(A)(i)), is on the Specified Employee List then in effect shall be considered a "specified employee" for purposes of Section 409A.

2. **Inclusion on the Specified Employee List**. The Specified Employee List shall include all individuals who, at any time during the Determination Year, met the requirements of Code Section 416(i)(l)(A)(i), (ii) or (iii) and the related regulations (but without regard to Code Section 415(i)(5)). For this purpose, "Determination Year" shall mean the calendar year ending on the December 31st prior to the April 1st when the Specified Employee List becomes effective. For purposes of determining which individuals meet the requirements of Code Section 416(i)(l)(A)(i), (ii) or (iii) and the related regulations (but without regard to Code Section 415(i)(5)), the term gross compensation shall have the meaning set forth in the Knife River Corporation 401(k) Retirement Plan, as may be amended from time to time (the "Retirement Plan").

3. **Delayed Payments**. If any employee is determined to be a specified employee under this Policy, any compensation to be provided to such specified employee that is required to be delayed to comply with Code Section 409A(a)(2)(B)(i) shall not be provided before the date that is six months after the date of such separation from service (or, if earlier than the end of such six-month period, the date of death of the specified employee). This Policy shall not apply to any payment that is not treated as deferred compensation under, or is otherwise excluded from, the requirements of Code Section 409A and the regulations promulgated thereunder.

4. **Changes to Policy**. The Company may amend or modify this Policy at any time; provided, however, that any changes made to the period during which the Specified Employee List is effective or the Determination Year shall not take effect for a period of at least 12 months and any changes made to the definition of compensation (either in the Policy or in the Retirement Plan) shall not be used to identify specified employees until the next Specified Employee List is established.

www.kniferiver.com

PO Box 5568
Bismarck, ND 58506-5568
Street Address:
1150 West Century Avenue
Bismarck, ND 58506
(701) 530-1400
(701) 530-1451 Fax

Re: Offer Letter

As discussed, I am pleased to deliver the attached offer letter relating to your employment with Knife River Corporation (the "Employer"), a wholly owned subsidiary of MDU Resources Group, Inc. ("MDU Resources"). As you know, MDU Resources plans to separate the Employer by means of a spinoff of the newly formed MDU Resources subsidiary named Knife River Holding Company (the "Parent Entity"), which will own the Employer.

This letter sets forth your compensation as an officer of the Parent Entity (which intends to change its name to "Knife River Corporation" in connection with the spinoff) following the spinoff. References to "Knife River Corporation" in this offer letter should be considered to refer either to the Employer (which intends to change its name to "KRC Materials, Inc." in connection with the spinoff) or to the Parent Entity, as the context requires.

Sincerely,

/s/ Brian R. Gray

Brian R. Gray
President and Chief Executive Officer,
Knife River Corporation
President, Knife River Holding Company

January 31, 2023

Confidential

John Quade,

I am pleased to offer you the position of Vice-President – Business Development at Knife River Corporation, effective February 6, 2023. You will report to me and Dave Barney until such time Dave's status changes at which time you will report directly to me.

Following is the compensation and incentive package that applies to this new role:

- **Base salary**:
  Your annualized base salary will be $325,000 effective February 6, 2023. This is an increase of $16,720 from your current role.

- **Annual Incentive**:
  Your target incentive on the EICP will change from the current 65% to 60% of base salary. For the plan year 2023, your incentive will be prorated based on time spent at each role. You will be recommended for inclusion in the LTIP as described below.

- **Long-Term Incentive Plan (LTIP):**
  You will be recommended to the Board of Directors for their approval for a target award of 55% of your base pay. More information on this program and stock ownership guidelines will be forthcoming upon approval of your participation.

- **Non-Qualified Defined Contribution Plan:**
  You have received funding for the 2023 plan year. You will be recommended for continued participation in the company's non-qualified defined contribution plan with company funding. This benefit requires approval from the Compensation Committee of the Board of Directors.

John, I am pleased you will be moving into the VP-Business Development role. You have been instrumental and successful with the growth in the North Central region. Your experience and background will serve Knife River well in future growth.

This offer is contingent upon successfully completing a background and credit check. This offer is not an employment contract for any specified time frame. The employment relationship can be terminated by you or the company at any time, for any reason, with or without notice.

Please confirm your acceptance of this offer by signing, dating and returning (email is acceptable) the form to me.

Regards,

Brian Gray
President
Knife River Corporation

_____

I have read the above offer and agree to the terms set forth.

/s/ John Quade _____ 2/8/23 _____
John Quade Date

Cc: HR-KRC/MDUR

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Bismarck, ND 58506
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Re: Offer Letter

As discussed, I am pleased to deliver the attached offer letter relating to your employment with Knife River Corporation (the "Employer"), a wholly owned subsidiary of MDU Resources Group, Inc. ("MDU Resources"). As you know, MDU Resources plans to separate the Employer by means of a spinoff of the newly formed MDU Resources subsidiary named Knife River Holding Company (the "Parent Entity"), which will own the Employer.

This letter sets forth your compensation as an officer of the Parent Entity (which intends to change its name to "Knife River Corporation" in connection with the spinoff) following the spinoff. References to "Knife River Corporation" in this offer letter should be considered to refer either to the Employer (which intends to change its name to "KRC Materials, Inc." in connection with the spinoff) or to the Parent Entity, as the context requires.

Sincerely,

/s/ Brian R. Gray

Brian R. Gray
President and Chief Executive Officer,
Knife River Corporation
President, Knife River Holding Company

March 15, 2023

Confidential

Nathan Ring,

As we continue our plan to complete a tax-free spinoff of Knife River Corporation (the “Spinoff”) and in connection with your appointment as Chief Financial Officer of Knife River Corporation, I am pleased to deliver this offer letter setting forth your compensation opportunity following the Spinoff. You will continue to report directly to me.

- **Salary Grade and Base salary**: Effective with the day of, and subject to the occurrence of, the Spinoff, your salary Grade will be “J” and your base salary will increase from $316,580 to $450,000.

- **Stock Ownership Guidelines:** Salary Grade “J” requires a stock ownership of 3x your base wage. Your new salary multiple commences with the change in your compensation and must be met in five years (2028).

- **Annual Incentive/Executive Incentive Compensation Plan (EICP):** Effective as of the occurrence of, the Spinoff, your annual incentive target will increase from 40% of base salary to 75% of base salary. Considering the increase in your compensation during 2023, your incentive target will be pro-rated as follows, assuming for illustrative purposes, a Spinoff date of June 1, 2023:
  5/12 based on your base salary of $316,580 at 40% of base = $52,763 at Target
  7/12 based on your base salary of $450,000 at 75% of base = 196,875 at Target
  As a result, your total target annual incentive would be $249,638 based on this assumption.

- **Long-Term Performance-Based Incentive Plan (LTIP):** On February 16, you were granted a restricted stock unit award related to 5,723 shares of MDU Resources Group, Inc. common stock based on a value of $174,119 for 2023-2025.

  The total of your 2023-2025 grant is recommended to be $675,000. Therefore, an additional grant of restricted stock units relating to Knife River Corporation common stock with a value of $500,881 will be made to you, subject to the approval of the Knife River Corporation board of directors after the Spinoff.

- **Non-Qualified Defined Contribution Plan:** The MDU Resources Group, Inc. board of directors approved the employer contribution to your account under this plan of $31,658 for 2023. Future contributions to the corresponding Knife River Corporation plan will be addressed by the Knife River Corporation board of directors.

- **Section 16 Officer:** You will be a Section 16 Officer and you will become a member of Knife River’s Management Policy team.

The above information is for overview purposes, with specific terms and conditions outlined in each plan document and/or award letters.

This memo is not a contract of employment for any specified time frame. The employment relationship can be terminated by you or the company at any time, for any reason, with or without notice.

Nathan, I am very excited for the future of Knife River and the opportunities ahead. I am pleased you will be joining our team and I look forward to working with you.

Please acknowledge your acceptance by signing, dating and returning the document below.

I have read the above offer and agree to the terms set forth.

/s/ Nathan Ring	3/21/23
Nathan Ring	Date

Cc: HR-KRC/MDUR

www.kniferiver.com

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Bismarck, ND 58506-5568
Street Address:
1150 West Century Avenue
Bismarck, ND 58506
(701) 530-1400
(701) 530-1451 Fax

Re: Offer Letter

As discussed, I am pleased to deliver the attached offer letter relating to your employment with Knife River Corporation (the "Employer"), a wholly owned subsidiary of MDU Resources Group, Inc. ("MDU Resources"). As you know, MDU Resources plans to separate the Employer by means of a spinoff of the newly formed MDU Resources subsidiary named Knife River Holding Company (the "Parent Entity"), which will own the Employer.

This letter sets forth your compensation as an officer of the Parent Entity (which intends to change its name to "Knife River Corporation" in connection with the spinoff) following the spinoff. References to "Knife River Corporation" in this offer letter should be considered to refer either to the Employer (which intends to change its name to "KRC Materials, Inc." in connection with the spinoff) or to the Parent Entity, as the context requires.

Sincerely,

/s/ Brian R. Gray

Brian R. Gray
President and Chief Executive Officer,
Knife River Corporation
President, Knife River Holding Company

March 15, 2023

Confidential

Marney Kadrmas,

As we continue our plan to complete a tax-free spinoff of Knife River Corporation (the “Spinoff”), I am pleased to offer you the position of Chief Accounting Officer at Knife River Corporation, subject to the Spinoff occurring. You will report directly to Nathan Ring.

Following is the compensation opportunity for your position, subject to the occurrence of the Spinoff:

- **Salary Grade and Base salary**: Effective with the day of, and subject to the occurrence of, the Spinoff, your salary Grade will be “G” and your base salary will increase from $210,000 to $260,000.

- **Stock Ownership Guidelines:** Salary Grade “G” requires a stock ownership of 2x your base wage. Your new salary multiple commences with the effective date of your new role and must be met in five years (2028).

- **Annual Incentive/Executive Incentive Compensation Plan (EICP):** Effective as of the occurrence of, the Spinoff, your annual incentive target will increase from 35% of base salary to 45% of base salary. Considering the increase in your compensation during 2023, your incentive target will be pro-rated as follows, assuming for illustrative purposes, a Spinoff date of June 1, 2023:
  5/12 based on your base salary of $210,000 at 35% of base = $30,625 at Target
  7/12 based on your base salary of $260,000 at 45% of base = 68,250 at Target
  As a result, your total target annual incentive would be $98,875 based on this assumption and subject to the performance measures under each level.

- **Long-Term Performance-Based Incentive Plan (LTIP):** You will be recommended for participation in the Knife River Long-Term Performance-Based Incentive Plan at a target of 65% of base salary and further pro-rated based on months of participation in the 2023-2025 cycle. Assuming a Spinoff date of June 1, 2023, your target grant would have a value of $145,528, as follows:
  31/36 based on your base salary of $260,000 at 65% of base = $145,528 at Target

- **Non-Qualified Defined Contribution Plan (NQDCP):** You will be recommended for participation in the NQDCP for plan year 2024 at a company contribution rate of 10%, subject to the occurrence of the Spinoff and approval by the Knife River Corporation board of directors.

- **Section 16 Officer:** You will be a Section 16 Officer and you will become a member of Knife River’s Management Policy team.

The above information is for overview purposes, with specific terms and conditions outlined in each plan document and/or award letters.

This offer is contingent upon successfully completing a background and credit check. This memo is not a contract of employment for any specified time frame. The employment relationship can be terminated by you or the company at any time, for any reason, with or without notice.

Marney, I am very excited for the future of Knife River and the opportunities ahead. I am pleased you will be joining our team and I look forward to continuing to work with you.

Please acknowledge your acceptance by signing, dating and returning the document below.

I have read the above offer and agree to the terms set forth.

/s/ Marney Kadrmas	3/22/23
Marney Kadrmas	Date

Cc: HR-KRC/MDUR

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PO Box 5568
Bismarck, ND 58506-5568
Street Address:
1150 West Century Avenue
Bismarck, ND 58506
(701) 530-1400
(701) 530-1451 Fax

Re: Offer Letter

As discussed, I am pleased to deliver the attached offer letter relating to your employment with Knife River Corporation (the "Employer"), a wholly owned subsidiary of MDU Resources Group, Inc. ("MDU Resources"). As you know, MDU Resources plans to separate the Employer by means of a spinoff of the newly formed MDU Resources subsidiary named Knife River Holding Company (the "Parent Entity"), which will own the Employer.

This letter sets forth your compensation as an officer of the Parent Entity (which intends to change its name to "Knife River Corporation" in connection with the spinoff) following the spinoff. References to "Knife River Corporation" in this offer letter should be considered to refer either to the Employer (which intends to change its name to "KRC Materials, Inc." in connection with the spinoff) or to the Parent Entity, as the context requires.

Sincerely,

/s/ Brian R. Gray

Brian R. Gray
President and Chief Executive Officer,
Knife River Corporation
President, Knife River Holding Company

March 15, 2023

Confidential

Glenn Pladsen,

As we continue our plan to complete a tax-free spinoff of Knife River Corporation (the “Spinoff”) and in connection with you continuing in the position of Vice President - Support Services of Knife River Corporation, I am pleased to deliver this offer letter setting forth your compensation opportunity following the Spinoff. You will continue to report directly to me.

- **Salary Grade and Base salary**: Effective with the day of, and subject to the occurrence of, the Spinoff, your salary Grade will be “I” and your base salary will increase from $271,700 to $350,000.

- **Stock Ownership Guidelines:** Salary Grade “I” requires a stock ownership of 3x your base wage. Your new salary multiple commences with the change in your compensation and must be met in five years (2028).

- **Annual Incentive/Executive Incentive Compensation Plan (EICP):** Effective as of the occurrence of, the Spinoff, your annual incentive target will increase from 40% of base salary to 60% of base salary. Considering the increase in your compensation during 2023, your incentive target will be pro-rated as follows, assuming for illustrative purposes, a Spinoff date of June 1, 2023:
  5/12 based on your base salary of $271,700 at 40% of base = $45,283 at Target
  7/12 based on your base salary of $350,000 at 60% of base = 122,500 at Target
  As a result, your total target annual incentive would be $167,783 based on this assumption.

- **Long-Term Performance-Based Incentive Plan (LTIP):** On February 16, you were granted a restricted stock unit award related to 4,912 shares of MDU Resources Group, Inc. common stock based on a value of $149,435 for 2023-2025.

  The total of your 2023-2025 grant is recommended to be $350,000. Therefore, an additional grant of restricted stock units relating to Knife River Corporation common stock with a value of $200,565 will be made to you, subject to the approval of the Knife River Corporation board of directors after the Spinoff.

- **Non-Qualified Defined Contribution Plan:** The MDU Resources Group, Inc. board of directors approved the employer contribution to your account under this plan of $27,170 for 2023. Future contributions to the corresponding Knife River Corporation plan will be addressed by the Knife River Corporation board of directors.

- **Section 16 Officer:** You will be a Section 16 Officer and you will become a member of Knife River’s Management Policy team.

The above information is for overview purposes, with specific terms and conditions outlined in each plan document and/or award letters.

This memo is not a contract of employment for any specified time frame. The employment relationship can be terminated by you or the company at any time, for any reason, with or without notice.

Glenn, I am very excited for the future of Knife River and the opportunities ahead. I am pleased you will be joining our team and I look forward to continuing to work with you.

Please acknowledge your acceptance by signing, dating and returning the document below.

I have read the above offer and agree to the terms set forth.

/s/ Glenn Pladsen	3/21/23
Glenn Pladsen	Date

Cc: HR-KRC/MDUR

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Re: Offer Letter

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This letter sets forth your compensation as an officer of the Parent Entity (which intends to change its name to "Knife River Corporation" in connection with the spinoff) following the spinoff. References to "Knife River Corporation" in this offer letter should be considered to refer either to the Employer (which intends to change its name to "KRC Materials, Inc." in connection with the spinoff) or to the Parent Entity, as the context requires.

Sincerely,

/s/ Brian R. Gray

Brian R. Gray
President and Chief Executive Officer,
Knife River Corporation
President, Knife River Holding Company

March 15, 2023

Confidential

Nancy Christenson,

As we continue our plan to complete a tax-free spinoff of Knife River Corporation (the “Spinoff”) and in connection with you continuing in the position of Vice President - Administration of Knife River Corporation, I am pleased to deliver this offer letter setting forth your compensation opportunity following the Spinoff. You will continue to report directly to me.

- **Salary Grade and Base salary**: Effective with the day of, and subject to the occurrence of, the Spinoff, your salary Grade will be “I” and your base salary will increase from $292,600 to $350,000.

- **Stock Ownership Guidelines:** Salary Grade “I” requires a stock ownership of 3x your base wage. Your new salary multiple commences with the change in your compensation and must be met in five years (2028).

- **Annual Incentive/Executive Incentive Compensation Plan (EICP):** Effective as of the occurrence of, the Spinoff, your annual incentive target will increase from 40% of base salary to 60% of base salary. Considering the increase in your compensation during 2023, your incentive target will be pro-rated as follows, assuming for illustrative purposes, a Spinoff date of June 1, 2023:
  5/12 based on your base salary of $292,600 at 40% of base = $48,767 at Target
  7/12 based on your base salary of $350,000 at 60% of base = 122,500 at Target
  As a result, your total target annual incentive would be $171,267 based on this assumption.

- **Long-Term Performance-Based Incentive Plan (LTIP):** On February 16, you were granted a restricted stock unit award related to 5,290 shares of MDU Resources Group, Inc. common stock based on a value of $160,930 for 2023-2025.

  The total of your 2023-2025 grant is recommended to be $350,000. Therefore, an additional grant of restricted stock units relating to Knife River Corporation common stock with a value of $189,070 will be made to you, subject to the approval of the Knife River Corporation board of directors after the Spinoff.

- **Non-Qualified Defined Contribution Plan:** The MDU Resources Group, Inc. board of directors approved the employer contribution to your account under this plan of $29,260 for 2023. Future contributions to the corresponding Knife River Corporation plan will be addressed by the Knife River Corporation board of directors.

- **Section 16 Officer:** You will be a Section 16 Officer and you will become a member of Knife River’s Management Policy team.

The above information is for overview purposes, with specific terms and conditions outlined in each plan document and/or award letters.

This memo is not a contract of employment for any specified time frame. The employment relationship can be terminated by you or the company at any time, for any reason, with or without notice.

Nancy, I am very excited for the future of Knife River and the opportunities ahead. I am pleased you will be joining our team and I look forward to continuing to work with you.

Please acknowledge your acceptance by signing, dating and returning the document below.

I have read the above offer and agree to the terms set forth.

/s/ Nancy Christenson	3/21/23
Nancy Christenson	Date

Cc: HR-KRC/MDUR

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Bismarck, ND 58506-5568
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Re: Offer Letter

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This letter sets forth your compensation as an officer of the Parent Entity (which intends to change its name to "Knife River Corporation" in connection with the spinoff) following the spinoff. References to "Knife River Corporation" in this offer letter should be considered to refer either to the Employer (which intends to change its name to "KRC Materials, Inc." in connection with the spinoff) or to the Parent Entity, as the context requires.

Sincerely,

/s/ Brian R. Gray

Brian R. Gray
President and Chief Executive Officer,
Knife River Corporation
President, Knife River Holding Company

March 15, 2023

Confidential

Karl Liepitz,

As we continue our plan to complete a tax-free spinoff of Knife River Corporation (the “Spinoff”), I am pleased to offer you the position of Vice President, Chief Legal Officer and Secretary of Knife River Corporation, subject to the Spinoff occurring. You will report directly to me.

Following is the compensation opportunity for your position, subject to the occurrence of the Spinoff:

- **Salary Grade and Base salary**: Effective as of the day prior to, and subject to the occurrence of, the Spinoff, your salary Grade will remain at “J” and your base salary will remain at $470,000. A market study of your position will be performed for 2024 to ensure alignment with market data.

- **Stock Ownership Guidelines:** Salary Grade “J” requires a stock ownership of 3x your base wage. Your new salary multiple commences with the effective date in your new role and must be met in five years (2028).

- **Annual Incentive/Executive Incentive Compensation Plan (EICP):** You were previously approved at an incentive target of 75% for 2023 under the MDU Resources Group Executive Incentive Compensation Plan (EICP). This will remain unchanged in your new role and be mirrored in the Knife River Corporation EICP. For 2023, your incentive would be pro-rated based on time under the MDUR EICP and under the Knife River EICP.

- **Long-Term Performance-Based Incentive Plan (LTIP):** On February 16, you were granted a restricted stock unit award related to shares of MDU Resources Group, Inc. common stock based on a value of $799,000. The total of your 2023-2025 grant is recommended to remain at a value of $799,000.

- **Non-Qualified Defined Contribution Plan:** The MDU Resources Group, Inc. board of directors approved the employer contribution to your account under this plan of $47,000 for 2023. Future contributions to the corresponding Knife River Corporation plan will be addressed by the Knife River Corporation board of directors.

- **Section 16 Officer:** You will be a Section 16 Officer and you will become a member of Knife River’s Management Policy team.

The above information is for overview purposes, with specific terms and conditions outlined in each plan document and/or award letters.

This offer is contingent upon successfully completing a background and credit check. This memo is not a contract of employment for any specified time frame. The employment relationship can be terminated by you or the company at any time, for any reason, with or without notice.

Karl, I am very excited for the future of Knife River and the opportunities ahead. I am pleased you will be joining our team and I look forward to working with you.

Please acknowledge your acceptance by signing, dating and returning the document below.

I have read the above offer and agree to the terms set forth.

/s/ Karl Liepitz	3/23/23
Karl Liepitz	Date

Cc: HR-KRC/MDUR

www.kniferiver.com

PO Box 5568
Bismarck, ND 58506-5568
Street Address:
1150 West Century Avenue
Bismarck, ND 58506
(701) 530-1400
(701) 530-1451 Fax

Re: Offer Letter

As discussed, I am pleased to deliver the attached offer letter relating to your employment with Knife River Corporation (the "Employer"), a wholly owned subsidiary of MDU Resources Group, Inc. ("MDU Resources"). As you know, MDU Resources plans to separate the Employer by means of a spinoff of the newly formed MDU Resources subsidiary named Knife River Holding Company (the "Parent Entity"), which will own the Employer.

This letter sets forth your compensation as an officer of the Parent Entity (which intends to change its name to "Knife River Corporation" in connection with the spinoff) following the spinoff. References to "Knife River Corporation" in this offer letter should be considered to refer either to the Employer (which intends to change its name to "KRC Materials, Inc." in connection with the spinoff) or to the Parent Entity, as the context requires.

Sincerely,

/s/ Brian R. Gray

Brian R. Gray
President and Chief Executive Officer,
Knife River Corporation
President, Knife River Holding Company

March 15, 2023

Confidential

Trevor Hastings,

As we continue our plan to complete a tax-free spinoff of Knife River Corporation (the “Spinoff”) and in connection with your appointment as Chief Operating Officer of Knife River Corporation, I am pleased to deliver this offer letter setting forth your compensation opportunity, subject to the Spinoff occurring. You will report directly to me.

- **Salary Grade and Base salary**: Effective as of the day prior to, and subject to the occurrence of, the Spinoff, your salary Grade will be “J” and your base salary will increase from $420,000 to $500,000.

- **Stock Ownership Guidelines:** Salary Grade “J” requires a stock ownership of 3x your base wage. Your new salary multiple commences with the effective date of your new role and must be met in five years (2028).

- **Annual Incentive/Executive Incentive Compensation Plan (EICP):** Effective as of the occurrence of, the Spinoff, your annual incentive target will increase from 60% of base salary to 75% of base salary. Considering the increase in your compensation during 2023, your incentive target will be pro-rated as follows, assuming for illustrative purposes, a Spinoff date of June 1, 2023:
  5/12 based on your base salary of $420,000 at 60% of base = $105,000 at Target
  7/12 based on your base salary of $500,000 at 75% of base = 218,750 at Target
  As a result, your total target annual incentive would be $323,750 based on this assumption.

- **Long-Term Performance-Based Incentive Plan (LTIP):** On February 16, you were granted a restricted stock unit award related to 13,806 shares of MDU Resources Group, Inc. common stock based on a value of $420,000 for 2023-2025.

  The total of your 2023-2025 grant is recommended to be $750,000. Therefore, an additional grant of restricted stock units relating to Knife River Corporation common stock with a value of $330,000 will be made to you, subject to the approval of the Knife River Corporation board of directors after the Spinoff.

- **Non-Qualified Defined Contribution Plan:** The MDU Resources Group, Inc. board of directors approved the employer contribution to your account under this plan of $42,000 for 2023. Future contributions to the corresponding Knife River Corporation plan will be addressed by the Knife River Corporation board of directors.

- **Section 16 Officer:** You will be a Section 16 Officer and you will become a member of Knife River’s Management Policy team.

The above information is for overview purposes, with specific terms and conditions outlined in each plan document and/or award letters.

This offer is contingent upon successfully completing a background and credit check. This memo is not a contract of employment for any specified time frame. The employment relationship can be terminated by you or the company at any time, for any reason, with or without notice.

Trevor, I am very excited for the future of Knife River and the opportunities ahead. I am pleased you will be joining our team and I look forward to working with you.

Please acknowledge your acceptance by signing, dating and returning the document below.

I have read the above offer and agree to the terms set forth.

/s/ Trevor Hastings	3/24/23
Trevor Hastings	Date

Cc: HR-KRC/MDUR

www.kniferiver.com

PO Box 5568
Bismarck, ND 58506-5568
Street Address:
1150 West Century Avenue
Bismarck, ND 58506
(701) 530-1400
(701) 530-1451 Fax

Re: Offer Letter

As discussed, I am pleased to deliver the attached offer letter relating to your employment with Knife River Corporation (the "Employer"), a wholly owned subsidiary of MDU Resources Group, Inc. ("MDU Resources"). As you know, MDU Resources plans to separate the Employer by means of a spinoff of the newly formed MDU Resources subsidiary named Knife River Holding Company (the "Parent Entity"), which will own the Employer.

This letter sets forth your compensation as an officer of the Parent Entity (which intends to change its name to "Knife River Corporation" in connection with the spinoff) following the spinoff. References to "Knife River Corporation" in this offer letter should be considered to refer either to the Employer (which intends to change its name to "KRC Materials, Inc." in connection with the spinoff) or to the Parent Entity, as the context requires.

Sincerely,

/s/ Brian R. Gray

Brian R. Gray
President and Chief Executive Officer,
Knife River Corporation
President, Knife River Holding Company

INTERNAL CORRESPONDENCE

LOCATION	MDU Resources Group
DATE	March 27, 2023
WRITER	David L. Goodin
SUBJECT	Offer Letter President & CEO

CONFIDENTIAL

Brian R. Gray

As we continue our plan to complete a tax-free spinoff of Knife River Corporation (the "Spinoff") and in connection with your appointment as President and CEO of Knife River Corporation effective March 1,2023, I am pleased deliver this offer letter setting forth your compensation opportunity following the Spinoff.

Salary Grade and Base Salary: Effective as of the day prior to, and subject to the occurrence of, the Spinoff, your salary Grade will be "K" and your base salary will increase from $500,000 to $800,000.

Stock Ownership Guidelines: Salary Grade "K" requires a stock ownership of 6x your base wage. Your new salary multiple commences with your promotion and must be met in five years (2028).

Annual Incentive/Executive Incentive Compensation Plan (EICP): Effective as of the day prior to, and subject to the occurrence of, the Spinoff, your annual incentive target will increase from 75% of base salary to 115% of base salary. Considering, all increases in your compensation during 2023 your incentive target will be broken out as follows, assuming for illustrative purposes a Spinoff date of June 1, 2023:
2/12 based on your base salary of $400,000 at 60% of base = $40,000 at Target
3/12 based on your base salary of $500,000 at 75% of base = $93,750 at Target
7/12 based on your base salary of $800,000 at 115% of base = $536,667 at Target
As a result, your total target annual incentive would be $670,417 based on this assumption.

Long-Term Performance-Based Incentive Plan (LTIP):
On February 16, you were granted a restricted stock unit award related to 25,476 shares of MDU Resources Group, Inc. common stock based on a value of $775,000 for 2023-2025.

Your 2023-2025 grant is recommended to be $3M prorated for the time in the new role. Assuming for illustrative purposes a Spinoff date of June 1, 2023, your 2023 - 2025 grant would be as follows:

Role	Base	% LTIP	Target	Time in Role	Target
President	$ 400,000	100%	$ 400,000	Pro-rated 2/36	$ 22,222
President & CEO	$ 500,000	170%	$ 850,000	Pro-rated 3/36	$ 70,833
President & CEO Stand-Alone KRC	$ 800,000	375%	$ 3,000,000	Pro-rated 31/36	$ 2,583,333
Total for 2023					**$ 2,676,389**
Less Grant of 2/16/23					($ 775,000)
Additional Grant					**$ 1,901,389**

Assuming for illustrative purposes a Spinoff date of June 1, 2023, an additional grant of $1,901,389 restricted stock units is recommended to be made of Knife River Corporation common stock, subject to the approval of the Knife River Corporation board of directors after the Spinoff.

Non-Qualified Defined Contribution Plan: The MDU Resources Group, Inc. board of directors approved the employer contribution to your account under this plan of $40,000 for 2023. Future contributions to the corresponding Knife River Corporation plan will be addressed by the Knife River Corporation board of directors.

The above information is for overview purposes, and the specific terms and conditions of each program is outlined in the appropriate plan documents and/or award letters. This memo is not a contract of employment for any specified period. The employment relationship can be termination by you or the company at any time, for any reason, with or without notice.

Brian, congratulations on your newest role and additional responsibilities. I am excited for the year ahead and look forward to working with you.

Please acknowledge your acceptance by signing and dating the document below.

Agreed to and accepted as described above:

/s/ Brian R. Gray	4/10/23
Brian R. Gray	Date

Cc: Human Resources – MDUR/KRC

Exhibit 10.16

INDEMNIFICATION AGREEMENT

This Indemnification Agreement (this "***Agreement***") dated [ ], by and between Knife River Corporation, a Delaware corporation (the "***Company***"), and [ ], an individual (the "***Indemnitee***").

Recitals

WHEREAS, it is essential to the Company to retain and attract as directors and officers the most capable persons available;

WHEREAS, the Indemnitee is a director and/or officer of the Company and may be a director and/or officer of one or more Affiliates (as defined below) thereof;

[WHEREAS, the Company and the Indemnitee are parties to an Indemnification Agreement dated [ ] (the "***Prior Agreement***"), and the Company and the Indemnitee have agreed that this Agreement shall supersede and replace the Prior Agreement] [*Insert this clause if the Indemnitee has prior indemnification agreement with the Company only*.]

[WHEREAS, the Company and/or its Affiliates and the Indemnitee are parties to various Indemnification Agreements as shown on the attached schedule (collectively, the "***Prior Agreement***"), and the Company and the Indemnitee have agreed that this Agreement shall supersede and replace the Prior Agreement;] [*Insert this clause if the Indemnitee has prior indemnification agreements with the Company and its Affiliates and attach schedule*.]

WHEREAS, the Company is authorized by Section 145 of the Delaware General Corporation Law (the "***DGCL***") to indemnify its officers, directors, employees and agents by agreement and to indemnify persons who serve, at the request of the Company, as the directors, officers, employees or agents of other corporations or enterprises, and DGCL Section 145 expressly provides that the indemnification provided by, or granted pursuant to, that section is not exclusive;

WHEREAS, Article 10 of the Company's Amended and Restated Bylaws (the "***Bylaws***") (i) provides for indemnification of, and advancement of expenses by the Company to, its directors and officers to the fullest extent permitted under applicable law, (ii) expressly provides that the indemnification provisions set forth therein are not exclusive and (iii) contemplates that contracts may be entered into between the Company and its directors and officers with respect to indemnification;

WHEREAS, Article 8 of the Company's Amended and Restated Certificate of Incorporation (the "***Certificate***"), provides that no director or officer of the Company shall be liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director or officer, except for liability (i) for any breach of the director's or officer's duty of loyalty to the Company or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the DGCL, (iv) for any transaction from which the director or officer derived an improper personal benefit or (v) an officer in any action by or in the right of the Company;

WHEREAS, in recognition of the Indemnitee's desire for (i) substantial protection against personal liability, (ii) specific contractual assurance that indemnification will be available to the Indemnitee, regardless of any amendment or revocation of the Bylaws, any change in the composition of the Company's Board of Directors (the "***Board***") or any Change in Control (as defined below) and (iii) an inducement to provide services to the Company or any of its Affiliates as a director and/or officer, the Company wishes to provide in this Agreement for the indemnification of, and the advancement of expenses to, the Indemnitee to the fullest extent permitted under applicable law and as set forth in this Agreement, and, to the extent directors' and officers' liability insurance is maintained by the Company, for the continued coverage of the Indemnitee under such insurance policies[; and

WHEREAS, 10 Del. C. Section 3114(b) provides that every nonresident of the State of Delaware who is appointed as an officer of the Company is deemed to have consented to the appointment of the registered agent of the Company for service of process in proceedings brought in Delaware in which such officer is a necessary or proper party or in any action against such officer for violation of a duty in such capacity;

WHEREAS, the term "officer" as defined by 10 Del. C. Section 3114(b) means an officer of the Company who (i) is or was the president, chief executive officer, chief operating officer, chief financial officer, chief legal officer, controller, treasurer or chief accounting officer of the Company at any time during the course of conduct alleged in the action or proceeding to be wrongful, (ii) is or was identified in the Company's public filings with the Securities and Exchange Commission because such person is or was one of the most highly compensated executive officers of the Company at any time during the course of conduct alleged in the action or proceeding to be wrongful or (iii) has, by written agreement with the Company, consented to be identified as an "officer" for purposes of 10 Del. C. Section 3114(b); and

WHEREAS, the Indemnitee wishes to consent to be identified as an "officer" for purposes of 10 Del. C. Section 3114(b), regardless of whether Indemnitee would otherwise fall within the definition of "officer" set forth in that section.][*Insert these clauses if the Indemnitee is an officer of the Company*.]

NOW, THEREFORE, in consideration of the premises and covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Company and the Indemnitee hereby agree as follows:

ARTICLE 1

CERTAIN DEFINITIONS

Capitalized terms used in this Agreement have the meanings set forth below:

"***Affiliate***" means any Enterprise directly or indirectly controlling or controlled by or under direct or indirect common control with the Company. For purposes of this definition, "***control***" when used with respect to any Enterprise means the power to direct the management and policies of such Enterprise, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "***controlling***" and "***controlled***" have meanings correlative to the foregoing.

"***Board***" has the meaning ascribed to that term in the Recitals.

"***Bylaws***" has the meaning ascribed to that term in the Recitals.

"***Certificate***" has the meaning ascribed to that term in the Recitals.

"***Change in Control***" shall be deemed to occur upon the earliest to occur after the date of this Agreement of any of the following events:

(a) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a "***Person***") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (i) the then-outstanding shares of common stock of the Company (the "***Outstanding Company Common Stock***") or (ii) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the "***Outstanding Company Voting Securities***"); *provided*, *however*, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change in Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company or (iv) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (c) of this definition or

(b) individuals who, as of the date hereof, constitute the Board (the "***Incumbent Board***") cease for any reason to constitute at least a majority of the Board; *provided*, *however*, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or the actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board or

(c) consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company (a "***Business Combination***"), in each case, unless, following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60% of, respectively, the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (ii) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination or

(d) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

For the avoidance of doubt, unless otherwise determined by the Board, the sale of a subsidiary, operating entity or business unit of the Company shall not constitute a Change in Control for purposes of this Agreement.

"***Corporate Status***" means the status of a person who is or was a director or officer or employee or agent of the Company or a director, officer, employee, partner, member, manager, trustee, fiduciary or agent of an Enterprise at which such person is or was serving at the request of the Company. The Indemnitee will be deemed, for purposes of this Agreement, to be serving or to have served "***at the request of the Company***" as a director, officer, employee, partner, member, manager, trustee, fiduciary or agent of an Enterprise if the Indemnitee is or was serving as a director, officer, employee, partner, member, manager, trustee, fiduciary or agent of such Enterprise and (a) such Enterprise is or at the time of such service was an Affiliate, (b) such Enterprise is or at the time of such service was an employee benefit plan or related trust sponsored or maintained by the Company or an Affiliate or (c) the Company or an Affiliate directly or indirectly caused the Indemnitee to be nominated, elected, appointed, designated, employed, engaged or selected to serve in such capacity. References to "***serving at the request of the Company***" include any service as a director, officer, employee, partner, member, manager, trustee, fiduciary or agent of the Company which imposes duties on, or involves services by, such director, officer, employee, partner, member, manager, trustee, fiduciary or agent with respect to any employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner the person reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan will be deemed to have acted in a manner "***not opposed to the best interests of the Company***" as referred to under applicable law or in this Agreement.

"***DGCL***" has the meaning ascribed to that term in the Recitals.

"***Disinterested Director***" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by the Indemnitee.

"***D&O Insurance Policies***" has the meaning ascribed to that term in Section 6.1.

"***Enterprise***" means an entity other than the Company that is a corporation, partnership, limited liability company, joint stock company, association, joint venture, business trust, employee benefit plan, trust, incorporated association or any other legal entity or enterprise of whatever nature.

"***Exchange Act***" means the Securities Exchange Act of 1934, as amended.

"***Expense Advance***" has the meaning ascribed to that term in Section 3.1.

"***Expenses***" shall be broadly construed and shall include all attorneys' fees, disbursements and retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, food and lodging expenses, duplicating costs, printing and binding costs, telephone charges, postage, fax transmission charges, secretarial services, delivery service fees and all other disbursements or expenses actually and reasonably incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding, or in connection with seeking indemnification under this Agreement. Expenses also include Expenses actually and reasonably incurred in connection with any appeal resulting from any Proceeding, including the premium, security for, and other costs relating to any appeal bond or its equivalent. Expenses will also include any federal, state, local or foreign taxes imposed on the Indemnitee as a result of the actual or deemed receipt of any payment, whether in respect of an Expense or a Loss, under this Agreement. Expenses, however, shall not include amounts paid in settlement by the Indemnitee or the amount of judgments or fines against the Indemnitee.

"***Final Disposition***" means the final, binding and non-appealable full or partial conclusion of a Proceeding by, including, but not limited to, (i) final judicial decision by a court of competent jurisdiction from which there is no further right to appeal, (ii) settlement or (iii) other determination. In addition, and without limiting the foregoing, a Final Disposition shall also occur when the party commencing the Proceeding has abandoned the claims asserted or otherwise fails to prosecute the matter or otherwise does not pursue the Proceeding for a period of twelve (12) months.

"***Independent Counsel***" means an attorney or firm of attorneys that is experienced in matters of corporation law and is not currently, and has not been in the past three years, retained to represent: (a) the Company or the Indemnitee in any matter material to either such party (other than with respect to matters concerning the Indemnitee under this Agreement and/or the indemnification provisions of the Certificate or Bylaws, or of other indemnitees under similar indemnification agreements) or (b) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" does not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or the Indemnitee in an action to determine the Indemnitee's rights under this Agreement.

"***Losses***" means losses of any type whatsoever, and shall include any liability, judgments, damages, amounts paid in settlement, fines, including excise taxes and penalties assessed with respect to employee benefit plans, penalties (whether civil, criminal or otherwise) and all interest, assessments and other charges paid or payable in connection with or in respect of any of the foregoing incurred by the Indemnitee, or on the Indemnitee's behalf, in connection with a Proceeding.

["***Prior Agreement***" has the meaning ascribed to that term in the Recitals.] [*Insert this definition if the Indemnitee has prior indemnification agreement*.]

"***Proceeding***" shall be broadly construed and shall include any threatened, pending or completed action, suit, claim, defamation claim, counterclaim, cross-claim, demand, arbitration, alternative dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether formal or informal, including any and all affirmative defenses and appeals, whether brought by or in the right of, or conducted by, the Company or otherwise, whether civil, criminal, administrative or investigative, and in each case whether or not commenced prior to the date of this Agreement, in which the Indemnitee was, is or will be involved as a party or otherwise, such as to provide testimony, by reason of or relating to the Indemnitee's Corporate Status and by reason of or relating to either (i) any action or alleged action taken by the Indemnitee, or failure or alleged failure to act, or any action or alleged action, or failure or alleged failure to act, on the Indemnitee's part, while acting in the Indemnitee's Corporate Status or (ii) the fact of the Indemnitee's Corporate Status, whether or not serving in such capacity at the time any Loss or Expense is incurred for which indemnification or advancement of Expenses can be provided under this Agreement, except one initiated by the Indemnitee to enforce the Indemnitee's rights under this Agreement pursuant to Article 7. For purposes of this definition, the term "threatened" will be deemed to include the Indemnitee's good faith belief that a claim or other assertion may lead to institution of a Proceeding.

"***Sarbanes-Oxley Act***" has the meaning ascribed to that term in Section 2.4(b).

"***Spouse***" means the person with whom the Indemnitee has entered into a lawful marriage, civil union or domestic partnership agreement.

"***To the fullest extent permitted by applicable law***" means to the fullest extent permitted by Section 145 of the DGCL or any provision that replaces or succeeds Section 145 of the DGCL with respect to such matters. The parties hereto intend that this Agreement shall provide for indemnification in excess of that expressly permitted by statute, but not to the extent prohibited by law.

ARTICLE 2

INDEMNIFICATION

2.1. Company Indemnification. Except as otherwise provided in Section 2.4, the Company will hold harmless and indemnify the Indemnitee to the fullest extent permitted by applicable law, as the same exists or may hereafter be amended, interpreted or replaced. In furtherance of the foregoing indemnification, and without limiting the generality thereof:

(a) If, by reason of the Indemnitee's Corporate Status, the Indemnitee was, is or becomes a party to, or was, is or is threatened to be made a party to, or was or is otherwise involved in, any Proceeding other than Proceedings by or in the right of the Company, the Indemnitee shall be indemnified against any and all Expenses and Losses incurred by the Indemnitee, or on the Indemnitee's behalf, in connection with such Proceeding or any claim, issue or matter therein, if the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, and with respect to any criminal Proceeding, had no reasonable cause to believe that the Indemnitee's conduct was unlawful.

(b) If, by reason of the Indemnitee's Corporate Status, the Indemnitee was, is or becomes a party to, or was, is or is threatened to be made a party to, or was or is otherwise involved in, any Proceeding by or in the right of the Company, the Indemnitee shall be indemnified against all Expenses incurred by the Indemnitee, or on the Indemnitee's behalf, in connection with such Proceeding if the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in or not opposed to the best interests of the Company; *provided*, *however*, no indemnification against such Expenses shall be made in respect of any claim, issue or matter in such Proceeding as to which the Indemnitee shall have been adjudged to be liable to the Company unless and to the extent that the Court of Chancery of the State of Delaware or the court in which such Proceeding was brought shall determine that such indemnification may be made.

(c) Notwithstanding any other provision of this Agreement, other than Section 2.4, to the extent that the Indemnitee has been successful on the merits or otherwise in defense of any Proceeding or any part thereof, the Company will indemnify the Indemnitee against all Expenses incurred by the Indemnitee, or on the Indemnitee's behalf, in connection therewith to the fullest extent permitted by applicable law. If the Indemnitee is not wholly successful in such Proceeding, but is successful on the merits or otherwise as to one or more, but fewer than all claims, issues or matters in such Proceeding, the Company will indemnify and hold harmless the Indemnitee against all Expenses incurred by the Indemnitee, or on the Indemnitee's behalf, in connection with each successfully resolved claim, issue or matter on which the Indemnitee was successful. For purposes of this Section 2.1(c), the termination of any Proceeding, or any claim, issue or matter in such Proceeding by dismissal with or without prejudice will be deemed to be a successful result as to such Proceeding, claim, issue or matter.

2.2. Additional Indemnity. In addition to, and without regard to any limitations on, the indemnification provided for in Section 2.1, the Company will indemnify and hold harmless the Indemnitee against all Expenses and Losses incurred by the Indemnitee or on the Indemnitee's behalf if, by reason of the Indemnitee's Corporate Status, the Indemnitee was, is or becomes a party to, or was, is or is threatened to be made a party to or was otherwise involved in any Proceeding, including a Proceeding by or in the right of the Company. The only limitation that shall exist upon the Company's obligations pursuant to this Agreement shall be that the Company shall not be obligated to make any payment to the Indemnitee (i) that is finally determined under the procedures, and subject to the presumptions, set forth in Articles 5 and 7 hereof to be unlawful or (ii) in connection with any of the matters for which indemnity is excluded pursuant to Section 2.4 hereof.

2.3. Indemnification for Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the extent that the Indemnitee is, by reason of the Indemnitee's Corporate Status, a witness, or is made to or asked to respond to discovery requests, in any Proceeding to which the Indemnitee is not a party, including, without limitation, any internal investigation by or on behalf of the Company, the Company will indemnify the Indemnitee against all Expenses incurred by the Indemnitee or on the Indemnitee's behalf in connection therewith.

2.4. Exclusions. Notwithstanding any other provision of this Agreement, the Company will not be obligated under this Agreement to provide indemnification in connection with the following:

(a) any Proceeding or part of any Proceeding initiated or brought voluntarily by the Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Board has authorized or consented to the initiation of the Proceeding or such part of any Proceeding or (ii) the Proceeding was commenced following a Change in Control; *provided*, *however*, that nothing in this Section 2.4(a) shall limit the right of the Indemnitee to be indemnified under Section 7.4; or

(b) any Proceeding with respect to which final judgment is rendered against Indemnitee for (i) conduct determined to be knowingly fraudulent or deliberately dishonest or to constitute willful misconduct, (ii) payment or an accounting of profits made from the purchase and sale, or sale and purchase, by the Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act or similar provisions of state statutory law or common law or (iii) any reimbursement of, or payment to, the Company by the Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by the Indemnitee from the sale of securities of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "***Sarbanes-Oxley Act***") or any formal policy of the Company adopted by the Board, or from the purchase or sale by the Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act.

2.5. Scope. For the avoidance of doubt, any indemnification under this Agreement shall apply with respect to any Proceeding that relates to matters that occurred in connection with the Indemnitee's Corporate Status, whether or not the facts underlying any claim made in such Proceeding occurred prior to, on or after the date of this Agreement.

2.6. Partial Indemnification. If the Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of Expenses and/or Losses, but not, however, for the total amount thereof, the Company shall nevertheless indemnify the Indemnitee for the portion thereof to which the Indemnitee is entitled.

2.7. Spousal Indemnification. The Company shall indemnify the Indemnitee's Spouse at any time the Indemnitee is covered under the indemnification provided in this Agreement (even if the Indemnitee did not remain married to her or him during the entire period of coverage) against any pending or threatened Proceeding for the same period, to the same extent and subject to the same standards, limitations, obligations and conditions under which the Indemnitee is provided indemnification under this Agreement, if the Indemnitee's Spouse (or former Spouse) becomes involved in a pending or threatened Proceeding solely by reason of her or his status as the Indemnitee's Spouse, including, without limitation, any pending or threatened Proceeding that seeks damages recoverable from marital community property, jointly-owned property or property purported to have been transferred from the Indemnitee to his/her Spouse (or former Spouse). The Indemnitee's Spouse (or former Spouse) also shall be entitled to advancement of Expenses to the same extent and subject to the same standards, limitations, obligations and conditions under which the Indemnitee is entitled to advancement of Expenses under this Agreement. Any request by the Indemnitee's Spouse (or former Spouse) for the advancement of Expenses shall include or be preceded or accompanied by an undertaking by or on behalf of the Indemnitee's Spouse to repay any Expenses advanced if it shall ultimately be determined that the Indemnitee's Spouse (or former Spouse) is not entitled to be indemnified against such Expenses. The Indemnitee's Spouse (or former Spouse) is intended to be a third-party beneficiary under this Agreement.

ARTICLE 3

ADVANCEMENT OF EXPENSES

3.1. Expense Advances; Repayment. Except as set forth in Section 3.2, the Company will, if requested by the Indemnitee, advance to the Indemnitee (hereinafter an "***Expense Advance***") any and all Expenses incurred by the Indemnitee, or on the Indemnitee's behalf, in connection with any Proceeding. The Indemnitee's right to each Expense Advance will not be subject to the satisfaction of any standard of conduct and will be made without regard to the Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement, or under provisions of the Certificate or Bylaws or otherwise. Each Expense Advance will be unsecured and interest free and will be made by the Company without regard to the Indemnitee's ability to repay the Expense Advance. The Indemnitee shall qualify for Expense Advances upon the execution and delivery to the Company of this Agreement, which shall constitute the Indemnitee's undertaking to repay such Expense Advance if it is ultimately determined, by final decision by a court from which there is no further right to appeal, that the Indemnitee is not entitled to be indemnified for such Expenses under the Certificate, Bylaws, the DGCL, this Agreement or otherwise. No other form of undertaking shall be required other than the execution of this Agreement.

3.2. Exclusions. The Indemnitee will not be entitled to any Expense Advance in connection with any of the matters for which indemnity is excluded pursuant to Section 2.4.

3.3. Timing. An Expense Advance pursuant to Section 3.1 will be made within 20 business days after the receipt by the Company of a written statement or statements from the Indemnitee requesting such Expense Advance (which statement or statements will include, if requested by the Company, reasonable detail underlying the Expenses for which the Expense Advance is requested).

ARTICLE 4

CONTRIBUTION

4.1. Contribution in the Event of Joint Liability. If the indemnification provided in Sections 2.1 and 2.2 hereof is not available (but not if prohibited by applicable law or this Agreement), in respect of any Proceeding in which the Company is jointly liable with the Indemnitee (or would be if joined in such Proceeding), the Company shall contribute to the amount of Expenses and/or Losses incurred by Indemnitee in proportion to the relative benefits received by the Company and all officers, directors or employees of the Company, other than the Indemnitee, who are jointly liable with the Indemnitee, or would be if joined in such Proceeding, on the one hand, and the Indemnitee, on the other hand, from the transaction(s) or event(s) from which such Proceeding arose; *provided*, *however*, that the proportion determined on the basis of relative benefit may, to the extent necessary to conform to applicable law, be further adjusted by reference to the relative fault of the Company and all officers, directors or employees of the Company, other than the Indemnitee, who are jointly liable with the Indemnitee (or would be if joined in such Proceeding) on the one hand, and the Indemnitee, on the other hand, in connection with the transaction(s) or event(s) that resulted in such Expenses and/or Losses, as well as any other equitable considerations which applicable law may require to be considered. The relative fault of the Company and all officers, directors and employees of the Company, other than the Indemnitee, who are jointly liable with the Indemnitee (or would be if joined in such Proceeding) on the one hand, and the Indemnitee, on the other hand, shall be determined by reference to, among other things, the degree to which their actions were motivated by intent to gain personal profit or advantage, the degree to which their liability is primary or secondary and the degree to which their conduct is active or passive.

4.2. Indemnification for Contribution Claims by Others. The Company, if not prohibited by applicable law or this Agreement, will fully indemnify and hold the Indemnitee harmless from any claims of contribution which may be brought by other officers, directors or employees of the Company who may be jointly liable with the Indemnitee for any Loss or Expense arising from a Proceeding.

ARTICLE 5

PROCEDURES AND PRESUMPTIONS FOR THE DETERMINATION OF ENTITLEMENT TO INDEMNIFICATION

5.1. Notification of Claims; Request for Indemnification. The Indemnitee agrees to notify the Company promptly in writing of any claim made against the Indemnitee for which indemnification will or could be sought under this Agreement; *provided*, *however*, that a delay in giving, or a failure to give, such notice will not deprive the Indemnitee of any right to be indemnified under this Agreement unless the Company did not otherwise learn of the Proceeding and such delay or failure is materially prejudicial to the Company's ability to defend such Proceeding, and, if such delay or failure does materially prejudice the Company's rights, it will relieve the Company from liability only to the extent of such prejudice; and, *provided*, *further*, that notice will be deemed to have been given without any action on the part of the Indemnitee in the event the Company is a party to the same Proceeding. Any delay in giving, or a failure to give, notice to the Company will not relieve the Company from any liability for indemnification which it may have to the Indemnitee otherwise than under this Agreement. The Indemnitee may deliver to the Company a written request to have the Company indemnify and hold harmless the Indemnitee in accordance with this Agreement. Subject to Section 5.10, such request may be delivered from time to time and at such time or times as the Indemnitee deems appropriate in the Indemnitee's discretion. Following such a written request for indemnification, the Indemnitee's entitlement to indemnification shall be determined in accordance with Section 5.2. The General Counsel of the Company will, promptly upon receipt of such a request for indemnification, advise the Board in writing that the Indemnitee has requested indemnification. The Company will be entitled to participate in any Proceeding at its own expense.

5.2. Determination of Right to Indemnification. Upon written request by the Indemnitee for indemnification pursuant to Section 5.1 with respect to any Proceeding, a determination, if, but only if, required by applicable law, with respect to the Indemnitee's entitlement thereto will be made upon the Final Disposition of such Proceeding: (a) if a Change in Control shall have occurred, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to the Indemnitee or (b) if a Change in Control shall not have occurred, by any of the following methods, which shall be at the election of the Board or the Disinterested Directors, as the case may be, (i) by a majority vote of all Disinterested Directors, even though less than a quorum of the Board, (ii) by a committee of Disinterested Directors designated by a majority vote of all Disinterested Directors, even though less than a quorum of the Board, (iii) if there are no such Disinterested Directors or, if such Disinterested Directors so direct, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to the Indemnitee, or (iv) if so directed by the Board, by the stockholders of the Company. The Company will promptly advise the Indemnitee in writing with respect to any determination that the Indemnitee is or is not entitled to indemnification, including a description of any reason or basis for which indemnification has been denied.

5.3. Selection of Independent Counsel. If the determination of entitlement to indemnification pursuant to Section 5.2 will be made by Independent Counsel, the Independent Counsel will be selected as provided in this Section 5.3. The Independent Counsel shall be selected by the Board, and the Company will give written notice to the Indemnitee advising the Indemnitee of the identity of the Independent Counsel so selected. The Indemnitee may, within 10 days after such written notice of selection is given, deliver to the Company a written objection to such selection; *provided*, *however*, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected will act as Independent Counsel. If a written objection is made and substantiated, the Independent Counsel selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit. If, within 30 days after submission by the Indemnitee of a written request for indemnification pursuant to Section 5.1, no Independent Counsel has been selected, or the selection of the Independent Counsel remains the subject of a properly made objection thereto, either the Company or the Indemnitee may petition the Court of Chancery of the State of Delaware or other court of competent jurisdiction for the appointment as Independent Counsel of a person selected or designated by the court or for resolution of any objection which has been made by the Indemnitee to the Company's selection of Independent Counsel and the person so appointed or the person with respect to whom all objections are so resolved will act as Independent Counsel under Section 5.2. The Company will pay any and all fees and expenses incurred by such Independent Counsel in connection with acting pursuant to Section 5.2, and the Company will pay all fees and expenses incident to the procedures of this Section 5.3, regardless of the manner in which such Independent Counsel was selected or appointed.

5.4. Burden of Proof. In making a determination with respect to entitlement to indemnification hereunder, the person, persons or entity making such determination shall presume that the Indemnitee is entitled to indemnification under this Agreement. If this Agreement or applicable law should require a determination of the Indemnitee's good faith or whether the Indemnitee acted in a manner which the Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, the person, persons or entity making such determination shall presume that the Indemnitee has at all times acted in good faith and in a manner the Indemnitee reasonably believed to be in or not opposed to the best interests of the Company. The Indemnitee will be deemed to have acted in good faith if the Indemnitee's action with respect to the Company or the particular Enterprise is based on the records or books of account of such entity, including financial statements, or on information supplied to the Indemnitee by the officers of such entity in the course of their duties, or on the advice of legal counsel for such entity or on information or records given or reports made to such entity by an independent certified public accountant or by an appraiser or other expert selected by such entity; *provided*, *however*, that this sentence will not be deemed to limit in any way the other circumstances in which the Indemnitee may be deemed to have met such standard of conduct. In addition, the knowledge or actions, or failure to act, of any other director, officer, agent or employee of the Company or such Enterprise shall not be imputed to the Indemnitee for purposes of determining the right to indemnification under this Agreement.

5.5. No Presumption in the Absence of a Determination or as a Result of an Adverse Determination. Neither the failure of any person, persons or entity chosen to make a determination as to whether the Indemnitee has met any particular standard of conduct or had any particular belief, nor an actual determination by such person, persons or entity that the Indemnitee has not met such standard of conduct or did not have such belief, prior to or after the commencement of any action, suit or proceeding by the Indemnitee to secure a judicial determination that the Indemnitee should be indemnified under this Agreement or under applicable law, will be a defense to the Indemnitee's claim or create a presumption that the Indemnitee has not met any particular standard of conduct or did not have any particular belief. In addition, the termination of any Proceeding by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of *nolo contendere* or its equivalent, will not, of itself, create a presumption that the Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by this Agreement or applicable law.

5.6. Presumption Regarding Success. In the event that any Proceeding to which the Indemnitee is a party is resolved in any manner other than by final adverse judgment (as to which all rights of appeal therefrom have been exhausted or lapsed) against the Indemnitee (including settlement of such Proceeding with or without payment of money or other consideration), it will be presumed that the Indemnitee has been successful on the merits or otherwise in such Proceeding.

5.7. Timing of Determination. The Company will use its reasonable best efforts to cause any determination required to be made pursuant to Section 5.2 to be made as promptly as practicable after the later of the date (i) the Indemnitee has submitted a written request for indemnification pursuant to Section 5.1 and (ii) of the Final Disposition of the Proceeding. If the person, persons or entity chosen to make a determination does not make such determination within 30 days after the latest of the date (a) the Company receives the Indemnitee's request for indemnification pursuant to Section 5.1, (b) the Company receives notice of the Final Disposition of the Proceeding and (c) on which an Independent Counsel is selected pursuant to Section 5.3, if applicable (and all objections to such person, if any, have been resolved), the requisite determination of entitlement to indemnification will be deemed to have been made and the Indemnitee will be entitled to such indemnification, absent (i) the Indemnitee's failure to fulfill the Indemnitee's obligations pursuant to Section 5.9, (ii) a misstatement by the Indemnitee of a material fact, or an omission of a material fact necessary to make the Indemnitee's statement not materially misleading, in connection with the request for indemnification and (iii) a prohibition of such indemnification under applicable law, in the reasonable opinion of the Company based on consultation with outside legal counsel; *provided*, *however*, that such 30-day period may be extended for a reasonable time, not to exceed an additional 30 days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining of or evaluating of documentation and/or information relating thereto; and *provided*, *further*, that the foregoing provisions of this Section 5.7 shall not apply if the determination of entitlement to indemnification is to be made by the stockholders pursuant to Section 5.2 and if (A) within 15 days after receipt by the Company of the request for such determination the Board has resolved to submit such determination to the stockholders for their consideration at an annual meeting thereof to be held within 75 days after such receipt and such determination is made thereat, or (B) a special meeting of stockholders is called within 15 days after such receipt for the purpose of making such determination, such meeting is held for such purpose within 60 days after having been so called and such determination is made thereat; *provided*, *however*, that such 75-, 15- and 60-day periods may be extended if required to comply with applicable law, rules and regulations.

5.8. Timing of Payments. All payments of Expenses, other than Expense Advances, which are governed by Section 3.3, and other amounts by the Company to the Indemnitee pursuant to this Agreement will be made as soon as practicable after a written request or demand therefor by the Indemnitee is presented to the Company, but in no event later than (i) 30 days after such demand is presented or (ii) as soon as reasonably practicable following such later date as a determination of entitlement to indemnification is made in accordance with Section 5.7, if applicable.

5.9. Cooperation. The Indemnitee will cooperate in all reasonable respects with the person, persons or entity making a determination with respect to the Indemnitee's entitlement to indemnification, including providing to such person, persons or entity, upon reasonable advance request, any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to the Indemnitee and reasonably necessary to such determination. Any Expenses incurred by the Indemnitee, or on the Indemnitee's behalf, in so cooperating with the person, persons or entity making such determination will be borne by the Company (irrespective of the determination as to the Indemnitee's entitlement to indemnification) and the Company will indemnify the Indemnitee therefor and will hold the Indemnitee harmless therefrom.

5.10. Time for Submission of Request. The Indemnitee shall submit any request for indemnification pursuant to this Article 5 within a reasonable time, not to exceed three years, after any judgment, order, settlement, dismissal, arbitration award, conviction, acceptance of a plea of *nolo contendere* or its equivalent or other Final Disposition of the Proceeding, with the latest date of the occurrence of any such event to be considered the commencement of the three-year period.

5.11. Security. To the extent requested by the Indemnitee and approved by the Board, the Company may at any time, and from time to time, provide security to the Indemnitee for the Company's obligations hereunder through an irrevocable bank line of credit, funded trust or other collateral. Any such security, once provided to the Indemnitee, may not be revoked or released without prior written consent of the Indemnitee.

ARTICLE 6

LIABILITY INSURANCE

6.1. Company Insurance. The Company currently has in force policies of directors' and officers' liability insurance (the "***D&O Insurance Policies***"). The Company agrees to furnish to Indemnitee copies of such D&O Insurance Policies (including any directors' and officers' liability insurance policies that replace D&O Insurance Policies) upon Indemnitee's request. Subject to Section 6.3, for the duration of the Indemnitee's service as a director and/or officer of the Company, and thereafter for a period of time equal to the greater of 6 years and the period during which the Indemnitee remains subject to any pending or possible Proceeding, the Company shall cause to be maintained in effect for the benefit of the Indemnitee policies of directors' and officers' liability insurance with terms of coverage substantially similar to those provided under the D&O Insurance Policies and in no event less favorable than the terms of coverage provided for the benefit of any other director or officer of the Company or any of its Affiliates.

6.2. Notice to Insurers. If, at the time of receipt by the Company of a notice from any source of a Proceeding as to which the Indemnitee is a party or participant, the Company will give prompt written notice of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies, and the Company will provide the Indemnitee with a copy of such notice and copies of all subsequent correspondence between the Company and such insurers related thereto. The Company will thereafter take all necessary or desirable actions to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies.

6.3. Insurance Not Required. Notwithstanding Section 6.1, the Company will have no obligation to obtain or maintain the insurance contemplated by Section 6.1 if the Board determines in good faith that such insurance is not reasonably available, if the premium costs for such insurance are disproportionately high compared to the amount of coverage provided or if the coverage provided by such insurance is limited by exclusions so as to provide an insufficient benefit. The Company will promptly notify the Indemnitee in writing of any such determination not to provide insurance coverage. Notwithstanding the foregoing, in the event of a Change in Control, the Company shall maintain in force any and all insurance policies then maintained by the Company in providing insurance-directors' and officers' liability, fiduciary, employment practices or otherwise-in respect of the Indemnitee, for a period of six years thereafter.

ARTICLE 7

REMEDIES OF INDEMNITEE

7.1. Action by the Indemnitee. In the event that (a) a determination is made pursuant to Article 5 that the Indemnitee is not entitled to indemnification under this Agreement, (b) an Expense Advance is not timely made pursuant to Section 3.3, (c) no determination of entitlement to indemnification is made within the applicable time periods specified in Section 5.7, (d) payment of indemnified amounts is not made within the applicable time periods specified in Section 5.8, (e) contribution has not been timely made pursuant to Article 4, (f) D&O Insurance Policies are not maintained in accordance with Article 6, or (g) it should appear to the Indemnitee that the Company has failed to comply with (a) any other provision of this Agreement, (b) any other agreement for indemnification of Indemnitee to which the Company is a party, (c) the indemnification or advancement of expenses provisions in the Bylaws or (d) the liability limitation provision in Article 8 of the Certificate (if the Indemnitee is or was a director or officer of the Company), the Indemnitee will be entitled to an adjudication in the Delaware Chancery Court of the Indemnitee's entitlement to such indemnification, expense advance, contribution, D&O Insurance Policies coverage or liability limitation.

7.2. *De Novo* Review if Prior Adverse Determination. In the event that a determination is made pursuant to Article 5 that the Indemnitee is not entitled to indemnification, any judicial proceeding commenced pursuant to this Article 7 will be conducted in all respects as a *de novo* trial on the merits, and the Indemnitee will not be prejudiced by reason of that adverse determination. In any judicial proceeding commenced pursuant to this Article 7, the Indemnitee will be presumed to be entitled to indemnification under this Agreement, the Company will have the burden of proving the Indemnitee is not entitled to indemnification, and the Company may not refer to or introduce evidence of any determination pursuant to Article 5 adverse to the Indemnitee for any purpose. If the Indemnitee commences a judicial proceeding pursuant to this Article 7, the Indemnitee will not be required to reimburse the Company for any Expense Advance made pursuant to Article 3 until a final determination is made with respect to the Indemnitee's entitlement to indemnification (as to which all rights of appeal have been exhausted or lapsed).

7.3. Company Bound by Favorable Determination by Reviewing Party. If a determination is made that the Indemnitee is entitled to indemnification pursuant to Article 5, the Company will be bound by such determination in any judicial proceeding commenced pursuant to this Article 7, absent (a) a misstatement by the Indemnitee of a material fact or an omission of a material fact necessary to make the Indemnitee's statements in connection with the request for indemnification not materially misleading or (b) a prohibition of such indemnification under applicable law.

7.4. Company Bears Expenses if the Indemnitee Seeks Adjudication. In the event that the Indemnitee, pursuant to this Article 7, seeks a judicial adjudication of the Indemnitee's rights under, or to recover damages for breach of, (i) this Agreement, (ii) any other agreement for indemnification to which the Company is a party, (iii) the indemnification or advancement of expenses provisions in the Bylaws, (iv) the liability limitation provision in Article 8 of the Certificate, if the Indemnitee is or was a director or officer of the Company, or (v) any director and officer liability insurance policies maintained by the Company, and the Indemnitee is, at least to some extent, successful in such action, the Company will, to the fullest extent permitted by applicable law, indemnify and hold harmless the Indemnitee against any and all Expenses incurred by the Indemnitee, or on the Indemnitee's behalf, in connection with such judicial adjudication. In addition, if requested by the Indemnitee, the Company will, within 20 business days after receipt by the Company of the written request therefor, pay as an Expense Advance such Expenses, to the fullest extent permitted by applicable law.

7.5. Company Bound by Provisions of this Agreement. The Company will be precluded from asserting in any judicial proceeding commenced pursuant to this Article 7 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and will stipulate in any such judicial proceeding that the Company is bound by all the provisions of this Agreement.

ARTICLE 8

NON-EXCLUSIVITY, SUBROGATION; NO DUPLICATIVE PAYMENTS

8.1. Non-Exclusivity. The rights of indemnification and to receive Expense Advances as provided by this Agreement will not be deemed exclusive of, and shall be in addition to, any other rights to which the Indemnitee may at any time be entitled under applicable law, the Certificate, the Bylaws, any agreement or covenant in an agreement, a vote of stockholders, a resolution of the directors or otherwise. To the extent that a change in the DGCL, whether by statute or judicial decision, permits greater indemnification than would be afforded currently under the Certificate, Bylaws and this Agreement, it is the intent of the parties hereto that the Indemnitee enjoy by this Agreement the greater benefits so afforded by such change. The assertion or employment of any right or remedy hereunder, or otherwise, will not prevent the concurrent assertion or employment of any other right or remedy. [Notwithstanding this Section 8.1, the parties agree that this Agreement shall supersede and replace the Prior Agreement.] [*Insert this clause if the Indemnitee has a prior indemnification agreement.*]

8.2. Subrogation. In the event of any payment by the Company under this Agreement, the Company will be subrogated to the extent of such payment to all of the rights of recovery of the Indemnitee with respect thereto and the Indemnitee will execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights, with all of the Indemnitee's reasonable Expenses related thereto to be borne by the Company.

8.3. No Duplicative Payments. The Company will not be liable under this Agreement to make any payment of amounts otherwise indemnifiable, or any Expense for which advancement is provided, hereunder if and to the extent that the Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise. The Company's obligation to indemnify or advance Expenses hereunder to the Indemnitee in respect of Proceedings relating to the Indemnitee's service at the request of the Company as a director, officer, employee, partner, member, manager, trustee, fiduciary or agent of any other Enterprise will be reduced by any amount the Indemnitee has actually received as indemnification or advancement of Expenses from such other Enterprise.

ARTICLE 9

DEFENSE OF PROCEEDINGS

9.1. Company Assuming the Defense. Subject to Section 9.3 below, in the event the Company is obligated to pay in advance the Expenses relating to any Proceeding pursuant to Article 3, the Company will be entitled, by written notice to the Indemnitee, to assume the defense of such Proceeding, with counsel approved by the Indemnitee, which approval will not be unreasonably withheld. The Company will identify the counsel it proposes to employ in connection with such defense as part of the written notice sent to the Indemnitee notifying the Indemnitee of the Company's election to assume such defense, and the Indemnitee will be required, within 10 days following the Indemnitee's receipt of such notice, to inform the Company of its approval of such counsel or, if it has objections, the reasons therefor. If such objections cannot be resolved by the parties, the Company will identify alternative counsel, which counsel will also be subject to approval by the Indemnitee in accordance with the procedure described in the prior sentence.

9.2. Right of the Indemnitee to Employ Counsel. Following approval of counsel by the Indemnitee pursuant to Section 9.1 and retention of such counsel by the Company, the Company will not be liable to the Indemnitee under this Agreement for any fees and expenses of counsel subsequently incurred by the Indemnitee, or on the Indemnitee's behalf, with respect to the same Proceeding; *provided*, *however*, that if counsel to the Indemnitee shall have reasonably concluded that there exists a potential, but not actual, conflict of interest between the Company (or any other person or persons included in a joint defense) and the Indemnitee in the conduct of the defense or representation by such counsel retained by the Company, the Company's indemnification and expense advancement obligations to the Indemnitee under this Agreement shall include Expenses incurred by the Indemnitee, or on the Indemnitee's behalf, for separate counsel retained by the Indemnitee to monitor the litigation; *provided*, *further*, that if such counsel retained by the Indemnitee reasonably concludes that there is an actual conflict between the Company (or any other person or persons included in a joint defense) and the Indemnitee in the conduct of such defense or representation by such counsel retained by the Company, such counsel may assume the Indemnitee's defense in such proceeding. The existence of an actual or potential conflict, and whether any such conflict may be waived, shall be determined pursuant to the rules of attorney professional conduct and applicable law.

9.3. Company Not Entitled to Assume Defense. Notwithstanding Section 9.1, the Company will not be entitled to assume the defense of any Proceeding brought by or in the right of the Company or any Proceeding as to which counsel retained by the Indemnitee has reasonably concluded that there exists such a conflict as described in the second proviso to the first sentence of Section 9.2.

ARTICLE 10

SETTLEMENT

10.1. When Company's Prior Consent is Required. Notwithstanding anything in this Agreement to the contrary, the Company will have no obligation to indemnify the Indemnitee under this Agreement for any amounts paid in settlement of any Proceeding effected without the Company's prior written consent, such consent not to be unreasonably withheld; *provided*, *however*, that if a Change in Control has occurred, the Company shall indemnify the Indemnitee for amounts paid in settlement if the Independent Counsel has approved the settlement.

10.2. No Adverse Settlement. The Company will not seek, nor will it agree to, consent to, support or agree not to contest any settlement or other resolution of any Proceeding that has the actual or purported effect of extinguishing, limiting or impairing the Indemnitee's rights hereunder, including, without limitation, the entry of any bar order or other order, decree or stipulation, pursuant to the Private Securities Litigation Reform Act, or any similar federal, state or foreign statute, regulation, rule or law.

ARTICLE 11

MISCELLANEOUS

11.1. Assignment; Binding Effect; Third-Party Beneficiaries. No party may assign either this Agreement or any of its rights, interests or obligations hereunder without the prior written approval of the other party and any such assignment by a party without prior written approval of the other party will be deemed invalid and not binding on such other party; *provided*, *however*, that the Company may assign all, but not less than all, of its rights, obligations and interests hereunder to any direct or indirect successor to all, substantially all or a substantial part of the business and/or assets of the Company by purchase, merger, consolidation or otherwise. All of the terms, agreements, covenants, representations, warranties and conditions of this Agreement are binding upon, and inure to the benefit of and are enforceable by, the parties and their respective successors, permitted assigns, Spouses, heirs, executors and personal and legal representatives. Except as expressly provided in the previous sentence and in Section 2.7, there are no third-party beneficiaries having rights under or with respect to this Agreement. The Company shall exercise its best efforts to require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance reasonably satisfactory to the Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. The indemnification provided under this Agreement shall continue as to the Indemnitee for any action taken or not taken while serving in an indemnified capacity pertaining to any indemnifiable event hereunder even though the Indemnitee may have ceased to serve in such capacity at the time of any Proceeding.

11.2. Notices. All notices, requests and other communications provided for or permitted to be given under this Agreement must be in writing and be given by personal delivery, by certified or registered United States mail postage prepaid, return receipt requested, by a nationally recognized overnight delivery service for next day delivery, or by facsimile transmission, as follows or to such other address as either party may give in a notice given in accordance with the provisions hereof:

If to Company:

Knife River Corporation
Mailing Address:
1150 West Century Avenue
Bismarck, ND 58503
Attention: Vice President, Chief Legal Officer, Secretary
Telephone: (701) 530-1400

If to Indemnitee:

[Officer Name
Home Address
City, State, Zip Code]

All notices, requests or other communications will be effective and deemed given only as follows: (a) if given by personal delivery, upon such personal delivery, (b) if sent by certified or registered mail, on the fifth business day after being deposited in the United States mail, (c) if sent for next day delivery by overnight delivery service, on the date of delivery as confirmed by written confirmation of delivery or (d) if sent by facsimile, upon the transmitter's confirmation of receipt of such facsimile transmission, except that if such confirmation is received after 5:00 p.m. in the recipient's time zone on a business day, or is received on a day that is not a business day, then such notice, request or communication will not be deemed effective or given until the next succeeding business day. Notices, requests and other communications sent in any other manner, including by electronic mail, will not be effective.

11.3. Specific Performance; Remedies. Each party hereby acknowledges and agrees that the other party would be damaged irreparably if any provision of this Agreement was not performed in accordance with its specific terms or was otherwise breached, that a remedy at law would be an inadequate remedy for any such breach, and that, in event of such breach, the party so harmed, in addition to any other relief available to it at law or in equity, shall be entitled to temporary and/or permanent injunctive relief and/or specific performance. Each party hereby agrees to waive any requirement for the securing or posting of any bond or the proof of damages in connection with the petition for any injunctive relief or other equitable remedy.

11.4. Headings. The article and section headings contained in this Agreement are inserted for convenience only and will not affect in any way the meaning or interpretation of this Agreement.

11.5. Governing Law and Consent to Jurisdiction. (a) This Agreement shall be governed by and construed and interpreted in accordance with the internal laws of the State of Delaware without regard to any choice of law or conflict of law, choice of forum or other provision, rule or principle (whether of the State of Delaware or any other jurisdiction) that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction. The parties hereby irrevocably (i) submit themselves to the exclusive jurisdiction of the Delaware Chancery Court with respect to any action, suit or proceeding arising out of or in connection with this Agreement and (ii) waive the right and hereby agree not to assert by way of motion, as a defense or otherwise in any action, suit or other legal proceeding brought in such court, any claim that they are not subject to the jurisdiction of such court, that such action, suit or proceeding is brought in an inconvenient forum or that the venue of such action, suit or proceeding is improper. Each party also irrevocably and unconditionally consents to the service of any process, pleadings, notices or other papers in a manner permitted by the notice provisions of Section 11.2.

[(b) The Indemnitee hereby consents to be identified as an "officer" for purposes of 10 Del. C. Section 3114(b), regardless of whether the Indemnitee would otherwise fall within the definition of "officer" set forth in that section.] [*Insert this clause if the Indemnitee is an officer of the Company*.]

11.6. Certificate. The Company will also maintain in full force and effect a provision in the Certificate eliminating liability of a director for breach of fiduciary duty to the fullest extent permitted by Section 102(b)(7) of the DGCL, as the same exists or may hereafter be amended, or any successor thereto.

11.7. Period of Limitations. No legal action arising out of or in connection with this Agreement shall be brought and no cause of action arising out of or in connection with this Agreement shall be asserted by or on behalf of the Company or any of its Affiliates against the Indemnitee, the Indemnitee's respective successors, permitted assigns, heirs, executors and personal and legal representatives after the expiration of two years from the date of accrual of such cause of action, or such longer period as may be required by federal or state law under the circumstances. Any claim or cause of action of the Company or its Affiliate shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such period; *provided*, *however*, that if any shorter period of limitations is otherwise applicable to any such cause of action, the shorter period shall govern.

11.8. Service to the Company. Nothing in this Agreement shall be construed as giving the Indemnitee any right to be retained in the employ of, or, with respect to service as a director, to continue providing services to, the Company or any Affiliate.

11.9. Amendment. This Agreement may not be amended or modified except by a writing signed by all of the parties.

11.10. Extensions; Waivers. Any party may, for itself only, (a) extend the time for the performance of any of the obligations of any other party under this Agreement, (b) waive any inaccuracies in the representations and warranties of any other party contained herein or in any document delivered pursuant hereto and (c) waive compliance with any of the agreements or conditions for the benefit of such party contained herein. Any such extension or waiver will be valid only if set forth in a writing signed by the party to be bound thereby. No waiver by any party of any default, misrepresentation or breach of warranty or covenant hereunder, whether intentional or not, may be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising because of any prior or subsequent such occurrence. Neither the failure nor any delay on the part of any party to exercise any right or remedy under this Agreement will operate as a waiver thereof, nor will any single or partial exercise of any right or remedy preclude any other or further exercise of the same or of any other right or remedy.

11.11. Severability. The provisions of this Agreement will be deemed severable and the invalidity or unenforceability of any provision will not affect the validity or enforceability of the other provisions hereof; *provided* that if any provision of this Agreement, as applied to any party or to any circumstance, is judicially determined not to be enforceable in accordance with its terms, the parties agree that the court judicially making such determination may delete specific words or phrases or otherwise modify the provision in a manner consistent with its objectives such that it is enforceable, and in its modified form, such provision will then be enforceable and will be enforced.

11.12. Counterparts. This Agreement may be executed in two or more counterparts, which may be delivered via facsimile, each of which shall be binding as of the date first written above, and, when delivered, all of which shall constitute one and the same instrument. This Agreement and any documents delivered pursuant hereto, and any amendments hereto or thereto, to the extent signed and delivered by means of a facsimile machine or as an attachment to an electronic mail message in "pdf" or similar format, shall be treated in all manner and respects as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. At the request of any party hereto or to any such agreement or instrument, each other party hereto or thereto shall re-execute original forms thereof and deliver them to all other parties. No party hereto or to any such agreement or instrument shall raise the use of a facsimile machine or electronic mail attachment in "pdf" or similar format to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of a facsimile machine or as an attachment to an electronic mail message as a defense to the formation of a contract and each such party forever waives any such defense. A facsimile signature or electronically scanned copy of a signature shall constitute and shall be deemed to be sufficient evidence of a party's execution of this Agreement, without necessity of further proof. Each such copy shall be deemed an original, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

11.13. Construction. The words "include," "includes" and "including" will be deemed to be followed by "without limitation." Pronouns in masculine, feminine and neuter genders will be construed to include any other gender, and words in the singular form will be construed to include the plural and vice versa, unless the context otherwise requires. The words "this Agreement," "herein," "hereof," "hereby," "hereunder" and words of similar import refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. The parties intend that each representation, warranty and covenant contained herein will have independent significance. If any party has breached any representation, warranty or covenant contained herein in any respect, the fact that there exists another representation, warranty or covenant relating to the same subject matter, regardless of the relative levels of specificity, which the party has not breached will not detract from or mitigate the fact that the party is in breach of the first representation, warranty or covenant. There shall be no presumption that any ambiguities in this Agreement shall be resolved against any particular party. Any controversy over construction of this Agreement shall be decided without regard to events of authorship or negotiation.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

By: _____
Name:
Title:

KNIFE RIVER CORPORATION

By: _____
Name:
Title:

Exhibit 99.1

[ ], 2023

Dear MDU Resources Group, Inc. Stockholder:

On August 4, 2022, we announced plans to separate our wholly owned subsidiary Knife River Corporation ("Knife River" or the "Company") from MDU Resources Group, Inc. ("MDU Resources"). The separation will occur by means of a spinoff, intended to be tax-free, of a newly formed company named Knife River Holding Company, which will own Knife River, including its assets and liabilities.

MDU Resources, our existing company in which you currently own common stock, will continue to own and operate the remaining businesses, including our electric and natural gas utilities, pipeline company and construction services company. On November 3, 2022, the Company announced its intention to create two pure-play publicly traded companies, one focused on regulated energy delivery and the other on construction materials, and that, to achieve this future structure, the board has authorized management to commence a strategic review process of MDU Construction Services Group, Inc. The strategic review is well underway and the Company anticipates completing it during the second quarter of 2023.

The separation will create two publicly traded companies, MDU Resources and Knife River Holding Company, both with proven long-term strategies, sufficient scale and financial strength that will be well positioned to lead in their industries. MDU Resources' board of directors believes that separating Knife River from our remaining businesses is in the best interest of MDU Resources and our stockholders for a number of reasons, including:

- Allowing each business to more effectively pursue its own operating priorities and strategies, and enabling management at each company to pursue unique opportunities for long-term growth and profitability.
- Permitting each company to concentrate its financial resources on its own operations, with greater flexibility to invest capital at a time and in a manner appropriate for its distinct strategy and business needs.
- Giving each publicly traded company direct access to capital markets.
- Allowing investors to separately value MDU Resources and Knife River Holding Company based on each company's unique investment identities, including their respective merits, strategy, performance and business prospects.

Our board of directors also considered potential concerns when evaluating the separation, including risks associated with creating a new public company, possible cost increases and one-time separation costs. MDU Resources' board of directors decided the potential benefits of the separation significantly outweighed these possible concerns. The board believes as two distinct publicly traded companies, MDU Resources and Knife River Holding Company will be better positioned, both strategically and operationally, to grow and capitalize on strategic opportunities.

The separation will give MDU Resources stockholders equity ownership in both MDU Resources and Knife River Holding Company and is intended to qualify as tax-free to our stockholders for U.S. federal income tax purposes, except with respect to any cash received in lieu of fractional shares.

The separation will be effected by means of a pro rata distribution of approximately 90% of the outstanding shares of Knife River Holding Company common stock to holders of MDU Resources common stock. Following the distribution, Knife River Holding Company will be a separate public company. Each MDU Resources stockholder will receive one share of Knife River Holding Company common stock for every four shares of MDU Resources common stock held at the close of business on [ ], the record date for the distribution. No vote of stockholders is required for the distribution. You do not need to take any action to receive the shares of Knife River Holding Company common stock to which you are entitled. You will not be required to make any payments, or to surrender or exchange your shares of MDU Resources common stock.

Knife River Holding Company intends to apply to have its common stock authorized for listing on the New York Stock Exchange ("NYSE") under the symbol "KNF." Following the distribution, MDU Resources will continue to trade on the NYSE under the symbol "MDU."

I encourage you to read the attached information statement, which is being provided to all MDU Resources stockholders who held shares on the record date for the distribution. The information statement describes the separation in detail and contains important business and financial information about Knife River Holding Company.

Sincerely,

David L. Goodin
President and Chief Executive Officer
MDU Resources Group, Inc.

[ ], 2023

Dear Future Knife River Holding Company Stockholder:

I am pleased to welcome you as a future stockholder of Knife River Holding Company ("we," "us," or "our"). We intend to list Knife River Holding Company common stock on the New York Stock Exchange under the symbol "KNF." Although we will be newly public, we are the nation's fifth-largest producer of sand and gravel, and have provided construction materials and related contracting services in the United States for the last 30 years. Knife River Holding Company will continue to be a leading vertically integrated aggregates producer and provider of construction materials and contracting services, focused on serving our customers and growing organically and through acquisitions.

Knife River Holding Company has a successful track record of growth. Since our entry into the construction materials industry in 1992, we have made over 80 acquisitions, with a focus on aggregates and related downstream businesses, including ready-mix concrete, asphalt and related contracting services. In just the past five years, we have increased revenues approximately 40% and completed 13 acquisitions. We believe Knife River Holding Company is poised to benefit from significant investments at the federal and local levels in infrastructure development and upgrades. Along with our financial and geographic growth, we have grown into an industry leader in safety and training, putting an emphasis on our four core values: People, Safety, Quality and the Environment.

Our stockholder value proposition is simple: provide outstanding returns to our stockholders by maintaining a leading position in the construction materials and contracting services industry, investing in the growth of Knife River Holding Company and generating strong cash flows. I invite you to learn more about Knife River Holding Company and our strategic initiatives by reading the attached information statement. I thank you in advance for your support as a future stockholder of Knife River Holding Company.

Sincerely,

Brian R. Gray

President and Chief Executive Officer

Knife River Holding Company

Information contained herein is subject to completion or amendment. A Registration Statement on Form 10 relating to these securities has been filed with the U.S. Securities and Exchange Commission under the U.S. Securities Exchange Act of 1934, as amended.

PRELIMINARY AND SUBJECT TO COMPLETION, DATED APRIL 28, 2023

INFORMATION STATEMENT

Knife River Holding Company

Common Stock

(par value $0.01 per share)

This information statement is being furnished in connection with the distribution by MDU Resources Group, Inc. ("MDU Resources") to its stockholders of shares of common stock of Knife River Holding Company, a Delaware corporation ("Knife River Holding Company," "we," "us" or "our") that will hold, directly or indirectly, the historical business and operations of Knife River Corporation ("Knife River" or the "Company"), a direct subsidiary of Centennial Energy Holdings, Inc. ("Centennial" or the "Parent") and an indirect, wholly owned subsidiary of MDU Resources, and the assets and liabilities associated with it and its business. MDU Resources will distribute approximately 90% of the outstanding shares of Knife River Holding Company common stock on a pro rata basis to MDU Resources stockholders in a transaction intended to qualify as generally tax-free to MDU Resources stockholders for U.S. federal income tax purposes, except with respect to any cash received in lieu of fractional shares. Following the distribution, Knife River Holding Company will be a separate public company. Immediately after the distribution becomes effective, MDU Resources will own approximately 10% of the outstanding shares of Knife River Holding Company common stock. Prior to completing the separation, MDU Resources may adjust the percentage of Knife River Holding Company common stock to be distributed to MDU Resources stockholders and retained by MDU Resources in response to market and other factors, and it will amend this information statement to reflect any such adjustment. The distribution is subject to certain conditions, as described in this information statement. You should consult your tax advisor as to the particular consequences of the distribution to you, including the applicability and effect of any U.S. federal, state and local and non U.S. tax laws.

For every four shares of MDU Resources common stock held of record by you as of the close of business on [ ], the record date for the distribution, you will receive one share of Knife River Holding Company common stock. You will receive cash in lieu of any fractional shares of Knife River Holding Company common stock that you would have received after application of the above ratio. As discussed under "The Separation and Distribution—Trading Between the Record Date and Distribution Date," if you sell your shares of MDU Resources common stock in the "regular-way" market after the record date and before the distribution, you also will be selling your right to receive shares of Knife River Holding Company common stock in the distribution. Knife River Holding Company expects the shares of Knife River Holding Company common stock to be distributed by MDU Resources to you at [ ] Eastern Time, on [ ]. Knife River Holding Company refers to the date of the distribution of its shares of common stock as the "distribution date."

No vote of MDU Resources stockholders is required for the distribution. You are not, therefore, being asked for a proxy and you are requested not to send MDU Resources a proxy in connection with the distribution. You do not need to pay any consideration or exchange or surrender your existing shares of MDU Resources common stock or take any other action to receive your shares of Knife River Holding Company common stock.

There is no current trading market for Knife River Holding Company common stock, although Knife River Holding Company expects that a limited market, commonly known as a "when-issued" trading market, will develop on or about the record date for the distribution, and Knife River Holding Company expects "regular-way" trading of its common stock to begin on the first trading day following the completion of the distribution. Knife River Holding Company intends to apply to have its common stock authorized for listing on the New York Stock Exchange ("NYSE") under the symbol "KNF." MDU Resources common stock will continue to trade on the NYSE under the symbol "MDU."

In reviewing this information statement, you should carefully consider the matters described under the caption "Risk Factors" beginning on page 19.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this information statement is truthful or complete. Any representation to the contrary is a criminal offense.

This information statement does not constitute an offer to sell or the solicitation of an offer to buy any securities.

The date of this information statement is [ ].

This information statement will be made publicly available on or about [ ]. Notice of this information statement's availability will be first sent to MDU Resources stockholders on or about [ ].

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Presentation of Information

Except as otherwise indicated or unless the context otherwise requires, the information included in this information statement about Knife River Holding Company assumes the completion of all of the transactions referred to in this information statement in connection with the separation and distribution. Unless the context otherwise requires, references in this information statement to "Knife River Holding Company," "we," "us" or "our" refer to Knife River Holding Company, a Delaware corporation, and its consolidated subsidiaries. References in this information statement to "MDU Resources" refer to MDU Resources Group, Inc., a Delaware corporation, and its consolidated subsidiaries (other than, after the distribution, Knife River Holding Company and its consolidated subsidiaries), unless the context otherwise requires. References in this information statement to "Centennial" or the "Parent" refer to Centennial Energy Holdings, Inc., a direct wholly owned subsidiary of MDU Resources. References to Knife River Holding Company's historical business and operations refer to the business and operations of Knife River Corporation ("Knife River" or the "Company") that will be transferred to Knife River Holding Company in connection with the separation and distribution. References in this information statement to the "separation" refer to the separation of Knife River from MDU Resources' other businesses and the creation, as a result of the distribution, of an independent, publicly traded company, Knife River Holding Company, to hold Knife River and the assets and liabilities associated with it and its business after the distribution. References in this information statement to the "distribution" refer to the distribution of approximately 90% of the outstanding shares of Knife River Holding Company common stock to MDU Resources stockholders on a pro rata basis.

The data included in this information statement regarding industry size and relative industry position is derived from a variety of sources, including company research, third-party studies and surveys, industry and general publications, and estimates based on Knife River Holding Company's knowledge and experience in the industries in which it operates. Knife River Holding Company's estimates have been based on information obtained from its customers, suppliers, trade and business organizations, and other contacts in the industry. This information may prove to be inaccurate due to the method by which Knife River Holding Company obtained some of the data for its estimates or because this information cannot always be verified with complete certainty due to the limits on the availability and reliability of raw data, the voluntary nature of the data-gathering process and other limitations and uncertainties.

QUESTIONS AND ANSWERS ABOUT THE SEPARATION AND DISTRIBUTION

What is Knife River Holding Company, and why is MDU Resources separating Knife River Holding Company's business and distributing Knife River Holding Company stock?	Knife River Holding Company, which is currently a wholly owned subsidiary of MDU Resources, was formed to hold Knife River. The separation of Knife River Holding Company from MDU Resources and the distribution of Knife River Holding Company common stock are intended to provide you with equity ownership in two separate publicly traded companies that will be able to focus exclusively on each of their respective businesses. Knife River Holding Company and MDU Resources expect that the separation will result in enhanced long-term performance of each business for the reasons discussed in the section entitled "The Separation and Distribution—Reasons for the Separation."
Why am I receiving this document?	MDU Resources is delivering this document to you because you are a holder of MDU Resources common stock. If you are a holder of MDU Resources common stock as of the close of business on [ ], the record date for the distribution, you will be entitled to receive one share of Knife River Holding Company common stock for every four shares of MDU Resources common stock that you held at the close of business on such date. If you sell your shares of MDU Resources common stock in the "regular-way" market after the record date and before the distribution, you also will be selling your right to receive shares of Knife River Holding Company common stock in the distribution. See "The Separation and Distribution—Trading Between the Record Date and Distribution Date." This document will help you understand how the separation and distribution will affect your post-separation ownership in Knife River Holding Company and MDU Resources, respectively.
How will the separation of Knife River Holding Company from MDU Resources work?	MDU Resources will distribute approximately 90% of the outstanding shares of Knife River Holding Company common stock to MDU Resources stockholders on a pro rata basis in a distribution intended to be generally tax-free to MDU Resources stockholders for U.S. federal income tax purposes. As a result of the distribution, Knife River Holding Company will become a separate public company. The number of shares of MDU Resources common stock you own will not change as a result of the separation and distribution.
What is the record date for the distribution?	The record date for the distribution will be [ ].
When will the distribution occur?	It is expected that approximately 90% of the outstanding shares of Knife River Holding Company common stock will be distributed by MDU Resources at [ ] Eastern Time, on [ ], to holders of record of MDU Resources common stock at the close of business on [ ], the record date for the distribution.
What do stockholders need to do to participate in the distribution?	Stockholders of MDU Resources as of the record date for the distribution will not be required to take any action to receive shares of Knife River Holding Company common stock in the

	distribution, but you are urged to read this entire information statement carefully. No stockholder approval of the distribution is required. You are not being asked for a proxy. You do not need to pay any consideration, exchange or surrender your existing shares of MDU Resources common stock or take any other action to receive your shares of Knife River Holding Company common stock. The distribution will not affect the number of outstanding shares of MDU Resources common stock or any rights of MDU Resources stockholders, although it will affect the market value of each outstanding share of MDU Resources common stock.
How will shares of Knife River Holding Company common stock be issued?	You will receive shares of Knife River Holding Company common stock through the same channels that you currently use to hold or trade MDU Resources common stock, whether through a brokerage account or another channel. Receipt of Knife River Holding Company's shares will be documented for you in the same manner that you typically receive stockholder updates, such as monthly broker statements. If you own MDU Resources common stock as of the close of business on [ ], the record date for the distribution, MDU Resources, with the assistance of EQ Shareowner Services ("Equiniti"), the distribution agent for the distribution, will electronically distribute shares of Knife River Holding Company common stock to you or to your brokerage firm on your behalf in book-entry form. Equiniti will mail you a book-entry account statement that reflects your shares of Knife River Holding Company common stock, or your bank or brokerage firm will credit your account for the shares.
How many shares of Knife River Holding Company common stock will I receive in the distribution?	MDU Resources will distribute to you one share of Knife River Holding Company common stock for every four shares of MDU Resources common stock held by you as of close of business on the record date for the distribution. Based on approximately 204.2 million shares of MDU Resources common stock outstanding as of March 31, 2023, and assuming a distribution of approximately 90% of the outstanding shares of Knife River Holding Company common stock, a total of approximately 57.0 million shares of Knife River Holding Company common stock will be distributed. For additional information on the distribution, see "The Separation and Distribution."
Will Knife River Holding Company issue fractional shares of its common stock in the distribution?	No. Knife River Holding Company will not issue fractional shares of its common stock in the distribution. Fractional shares that MDU Resources stockholders would otherwise have been entitled to receive will be aggregated and sold in the public market by the distribution agent on behalf of MDU Resources stockholders. The aggregate net cash proceeds of these sales will be distributed pro rata (based on the fractional share such holder would otherwise be entitled to receive) to those stockholders who would otherwise have been entitled to receive fractional shares. Recipients of cash in lieu of fractional shares will not be entitled to any interest on the amounts of payment made in lieu of fractional shares.

What are the conditions to the distribution included in the separation and distribution agreement?

The separation and distribution agreement provides that the distribution is subject to final approval by the MDU Resources board of directors, as well as to the satisfaction (or waiver by MDU Resources in its sole discretion) of the following conditions:

- the transfer of Knife River and the assets and liabilities associated with it and its business from MDU Resources to Knife River Holding Company shall be completed in accordance with the separation and distribution agreement that Knife River Holding Company and MDU Resources will enter into prior to the distribution;

- MDU Resources shall have received a private letter ruling from the Internal Revenue Service (the "IRS"), satisfactory to the MDU Resources board of directors, regarding certain U.S. federal income tax matters relating to the separation and distribution;

- MDU Resources shall have received one or more opinions from its tax advisors, in each case satisfactory to the MDU Resources board of directors, regarding certain U.S. federal income tax matters relating to the separation and distribution;

- an independent appraisal firm acceptable to MDU Resources shall have delivered one or more opinions to the board of directors of MDU Resources at the time or times requested by the board of directors of MDU Resources confirming the solvency and financial viability of MDU Resources before the consummation of the distribution (and each of Knife River Holding Company and MDU Resources after consummation of the distribution), and such opinions shall have been acceptable to MDU Resources in form and substance in MDU Resources' sole discretion and such opinions shall not have been withdrawn or rescinded;

- the U.S. Securities and Exchange Commission (the "SEC") shall have declared effective the registration statement of which this information statement forms a part, and this information statement shall have been made available to MDU Resources stockholders;

- all actions or filings necessary or appropriate under applicable U.S. federal, U.S. state or other securities laws shall have been taken and, where applicable, have become effective or been accepted by the applicable governmental entity;

- the actions and filings necessary or appropriate with respect to applicable state insurance and residential service contract regulators, shall have been taken or made, and, where applicable, have become effective or been accepted by the applicable governmental authority;

	• the transaction agreements relating to the separation shall have been duly executed and delivered by the parties; • no order, injunction or decree issued by any court of competent jurisdiction, or other legal restraint or prohibition preventing the consummation of the separation, distribution or any of the related transactions, shall be in effect; • the shares of Knife River Holding Company common stock to be distributed shall have been approved for listing on the NYSE, subject to official notice of distribution; • Knife River Holding Company shall have entered into the financing transactions described in this information statement that are contemplated to occur on or prior to the separation and distribution; and • no other event or development shall exist or have occurred that, in the judgment of MDU Resources' board of directors, in its sole discretion, makes it inadvisable to effect the separation, distribution and other related transactions. Neither Knife River Holding Company nor MDU Resources can assure you that any or all of these conditions will be met. In addition, MDU Resources can decline at any time to go forward with the separation and distribution. For a complete discussion of all of the conditions to the distribution provided under the separation and distribution, see "The Separation and Distribution—Conditions to the Distribution."
What is the expected date of completion of the distribution?	The completion and timing of the distribution are dependent upon a number of conditions. It is expected that the shares of Knife River Holding Company common stock will be distributed by MDU Resources at [ ] Eastern Time, on [ ], to holders of record of MDU Resources common stock at the close of business on [ ], the record date for the distribution. However, no assurance can be provided as to the timing of the distribution or that all conditions to the distribution will be met.
Can MDU Resources decide to cancel the distribution of Knife River Holding Company common stock even if all the conditions provided under the separation and distribution agreement have been met?	Yes. Pursuant to the separation and distribution agreement, the distribution is subject to the satisfaction or waiver of certain conditions. See the section entitled "The Separation and Distribution—Conditions to the Distribution." Until the distribution has occurred, MDU Resources has the right to terminate the distribution, even if all of the conditions are satisfied.
What if I want to sell my MDU Resources common stock or my Knife River Holding Company common stock?	If you sell your shares of MDU Resources common stock prior to or on the distribution date, you may also be selling your right to receive shares of Knife River Holding Company common stock. See "The Separation and Distribution—Trading Between the Record Date and Distribution Date." You are encouraged to consult with your financial advisor regarding the specific implications of selling your MDU Resources common stock prior to or on the distribution date.

What is "regular-way" and "ex-distribution" trading of MDU Resources common stock?	Beginning on or shortly before the record date for the distribution and continuing up to and through the distribution date, it is expected that there will be two markets in MDU Resources common stock: a "regular-way" market and an "ex-distribution" market. MDU Resources common stock that trades in the "regular-way" market will trade with an entitlement to shares of Knife River Holding Company common stock distributed pursuant to the distribution. Shares that trade in the "ex-distribution" market will trade without an entitlement to shares of Knife River Holding Company common stock distributed pursuant to the distribution. If you hold shares of MDU Resources common stock on the record date and then decide to sell any MDU Resources common stock before the distribution date, you should make sure your stockbroker, bank or other nominee understands whether you want to sell your MDU Resources common stock with or without your entitlement to Knife River Holding Company common stock pursuant to the distribution.
Where will I be able to trade shares of Knife River Holding Company common stock?	Knife River Holding Company intends to list its common stock on the NYSE under the symbol "KNF." Knife River Holding Company anticipates that trading in shares of its common stock will begin on a "when-issued" basis on or about [ ], the record date for the distribution, and will continue up to and through the distribution date, and that "regular-way" trading in Knife River Holding Company common stock will begin on the first trading day following the completion of the distribution. If trading begins on a "when-issued" basis, you may purchase or sell shares of Knife River Holding Company common stock up to and through the distribution date, but your transaction will not settle until after the distribution date. Knife River Holding Company cannot predict the trading prices for its common stock before, on or after the distribution date.
What will happen to the listing of MDU Resources common stock?	MDU Resources common stock will continue to trade on the NYSE under the symbol "MDU."
Will the number of shares of MDU Resources common stock that I own change as a result of the distribution?	No. The number of shares of MDU Resources common stock that you own will not change as a result of the distribution.
Will the distribution affect the market price of my shares of MDU Resources common stock?	Yes. As a result of the distribution, MDU Resources expects the trading price of MDU Resources common stock immediately following the distribution to be lower than the "regular-way" trading price of such stock immediately prior to the distribution because the trading price will no longer reflect the value of Knife River. There can be no assurance that the aggregate market value of shares of MDU Resources common stock and Knife River Holding Company common stock following the distribution will be higher or lower than the market value of shares of MDU Resources common stock if the separation and distribution did not occur. This means, for example, that the combined trading prices of one share of MDU Resources common stock and one share of Knife River Holding Company common stock after the distribution may be equal to, greater than or less than the trading price of one share of MDU Resources common stock before the distribution.

What are the material U.S. federal income tax consequences of the separation and distribution?	It is a condition to the distribution that MDU Resources receive a private letter ruling from the IRS and one or more opinions from its tax advisors, in each case satisfactory to the MDU Resources board of directors, regarding certain U.S. federal income tax matters relating to the separation and distribution. Accordingly, it is expected that MDU Resources stockholders generally will not recognize any gain or loss upon receipt of Knife River Holding Company common stock pursuant to the distribution, except with respect to any cash received in lieu of fractional shares. You should carefully read the section entitled "Material U.S. Federal Income Tax Consequences" and should consult your own tax advisor about the particular consequences of the distribution to you, including the application of U.S. federal, state and local and non-U.S. tax laws.
What will happen to my tax basis in my MDU Resources stock?	If you do not sell your MDU Resources stock in advance of the distribution, your tax basis will be adjusted and the aggregate tax basis of the MDU Resources common stock and Knife River Holding Company common stock received in the distribution (including any fractional share interest in Knife River Holding Company common stock for which cash is received) will equal the aggregate tax basis of MDU Resources common stock immediately prior to the distribution, allocated between the MDU Resources common stock and Knife River Holding Company common stock (including any fractional share interest in Knife River Holding Company common stock for which cash is received) in proportion to the relative fair market value of each on the date of the distribution. You should carefully read the section entitled "Material U.S. Federal Income Tax Consequences" and should consult your own tax advisor about the particular consequences of the distribution to you, including the application of U.S. federal, state and local and non-U.S. tax laws.
What will Knife River Holding Company's relationship be with MDU Resources following the separation and distribution?	Following the distribution, MDU Resources stockholders will own approximately 90% of the outstanding shares of Knife River Holding Company common stock, and Knife River Holding Company and MDU Resources will be separate companies with separate management teams and separate boards of directors. MDU Resources will retain approximately 10% of the outstanding shares of Knife River Holding Company common stock following the distribution. Prior to the distribution, Knife River Holding Company will enter into a separation and distribution agreement with MDU Resources to effect the separation and distribution and provide a framework for our relationship with MDU Resources after the separation and will enter into certain other agreements, such as a transition services agreement, a tax matters agreement, an employee matters agreement and a stockholder and registration rights agreement with respect to MDU Resources' continuing ownership of shares of Knife River Holding Company common stock. These agreements will provide for the allocation between Knife River Holding Company and MDU Resources of MDU Resources' assets, employees, liabilities and obligations (including its investments, property, employee benefits assets and liabilities and tax liabilities) and its subsidiaries attributable to periods prior to, at and after Knife River Holding Company's separation from MDU Resources and will govern the relationship between Knife River Holding Company and

	MDU Resources subsequent to completion of the separation. For additional information regarding the separation and distribution agreement, other transaction agreements and certain other commercial agreements between Knife River Holding Company and MDU Resources, see the sections entitled "Risk Factors—Risks Related to the Separation and the Distribution" and "Certain Relationships and Related Person Transactions."
How will MDU Resources vote any shares of Knife River Holding Company common stock it retains?	It is expected that MDU Resources will agree to vote any shares of Knife River Holding Company common stock that it retains in proportion to the votes cast by Knife River Holding Company's other stockholders and grant Knife River Holding Company a proxy to vote its shares of Knife River Holding Company common stock in such proportion. For additional information on these voting arrangements, see "Certain Relationships and Related Person Transactions—Stockholder and Registration Rights Agreement."
What does MDU Resources intend to do with any shares of Knife River Holding Company common stock it retains?	MDU Resources currently plans to dispose of all shares of Knife River Holding Company common stock that it retains; such dispositions may include one or more subsequent exchanges for debt, distributions to MDU Resources stockholders, exchanges for MDU Resources shares or sales of such shares for cash.
Who will manage Knife River Holding Company after the separation?	Knife River Holding Company has assembled a management team of highly experienced leaders who have track records of producing profitable growth in a wide variety of industries and economic conditions, led by Brian R. Gray, who will be its President and Chief Executive Officer after the separation. Knife River Holding Company's management team is highly focused on execution and driving growth and profitability. Further, Knife River Holding Company believes that it has a deep pool of talent across the organization, including long-tenured individuals with significant expertise and knowledge of its business. For more information regarding Knife River Holding Company's management, see "Management."
Are there risks associated with owning Knife River Holding Company common stock?	Yes. Ownership of Knife River Holding Company common stock is subject to both general and specific risks relating to Knife River Holding Company's business, the industry in which it operates, its ongoing contractual relationships with MDU Resources and its status as a separate, publicly traded company. Ownership of Knife River Holding Company common stock is also subject to risks relating to the separation and the distribution. These risks are described in the "Risk Factors" section of this information statement, beginning on page 19. You are encouraged to read that section carefully.

Does Knife River Holding Company plan to pay dividends?	The declaration and payment of any dividends in the future will be subject to the sole discretion of Knife River Holding Company's board of directors and will depend on many factors. See "Dividend Policy."
Will Knife River Holding Company incur any indebtedness prior to or at the time of the distribution?	In connection with the separation and distribution, Knife River Holding Company anticipates that it will incur indebtedness in an aggregate principal capacity of up to $1.05 billion. Such indebtedness is expected to consist of Knife River Holding Company's $425 million 7.750% notes due 2031, Knife River Holding Company's expected incurrence of $275 million in aggregate principal amount of term loans and Knife River Holding Company's expected entry into a $350 million revolving credit facility, under which Knife River Holding Company expects (based on projected seasonal borrowing needs, which fluctuate with the timing of the construction season and associated working capital needs) to have $190 million in aggregate principal amount of loans outstanding as of the separation date. Knife River Holding Company expects that all or a portion of the net proceeds of such indebtedness will be used to repay debt owed to Centennial. Knife River Holding Company expects that Centennial will use such net proceeds to repay a portion of its existing third-party indebtedness. Additional details regarding such financing arrangements will be included in an amendment to this information statement. See "Description of Material Indebtedness" and "Risk Factors—Risks Related to the Separation and the Distribution."
Who will be the distribution agent, transfer agent and registrar for shares of Knife River Holding Company common stock?	The distribution agent, transfer agent and registrar for shares of Knife River Holding Company common stock will be Equiniti. For questions relating to the transfer or mechanics of the stock distribution, you should contact Equiniti's toll free number at 1-800-468-9716.
Where can I find more information about MDU Resources and Knife River Holding Company?	Before the distribution, if you have any questions relating to MDU Resources, you should contact: MDU Resources Group, Inc. 1200 West Century Avenue P.O. Box 5650 Bismarck, North Dakota 58506-5650 Attention: Investor Relations Phone: (701) 530-1000 After the distribution, stockholders who have any questions relating to Knife River Holding Company should contact Knife River Holding Company at: Knife River Holding Company 1150 West Century Avenue Bismarck, ND 58503 Attention: Investor Relations Phone: (701) 530-1400

INFORMATION STATEMENT SUMMARY

Except as otherwise indicated or unless the context otherwise requires, the information included in this information statement about Knife River Holding Company assumes the completion of all of the transactions referred to in this information statement in connection with the separation and distribution. Unless the context otherwise requires, references in this information statement to "Knife River Holding Company," "we," "us" or "our" refer to Knife River Holding Company, a Delaware corporation, and its combined subsidiaries. References in this information statement to "MDU Resources" refer to MDU Resources Group, Inc., a Delaware corporation, and its consolidated subsidiaries (other than, after the distribution, Knife River Holding Company and its consolidated subsidiaries), unless the context otherwise requires. References in this information statement to "Centennial" or the "Parent" refer to Centennial Energy Holdings, Inc., a direct wholly owned subsidiary of MDU Resources. References to Knife River Holding Company's historical business and operations refer to the business and operations of Knife River Corporation ("Knife River" or the "Company") that will be transferred to Knife River Holding Company in connection with the separation and distribution. References in this information statement to the "separation" refer to the separation of Knife River from MDU Resources' other businesses and the creation, as a result of the distribution, of an independent, publicly traded company, Knife River Holding Company, to hold Knife River and the assets and liabilities associated with it and its business after the distribution. References in this information statement to the "distribution" refer to the distribution of approximately 90% of the outstanding shares of Knife River Holding Company common stock to MDU Resources stockholders on a pro rata basis.

Knife River Holding Company

Overview

Knife River is a leading aggregates-based construction materials and contracting services provider in the U.S. The Company's 1.1 billion tons of aggregate reserves provide the foundation for a vertically integrated business strategy with approximately 40% of its aggregates being used internally to support value-added downstream products (ready-mix concrete and asphalt) and contracting services (heavy-civil construction, asphalt paving, concrete construction, site development and grading services). The Company provides construction materials and contracting services for both public and private customers. For the year ended December 31, 2022, approximately 62% of revenue was derived from construction materials and 38% from contracting services. Knife River is strategically focused on being the provider of choice in mid-size, high-growth markets. The Company is committed to continued growth and to delivering for its stakeholders—customers, communities, employees and stockholders—by executing on its four core values: People, Safety, Quality and the Environment.

Through its network of 188 active aggregate sites, 101 ready-mix plants and 56 asphalt plants, Knife River supplies construction materials and contracting services to customers in 14 states. The Company has broad access to high-quality aggregates in most of its markets, which forms the foundation of its vertically integrated business model. Knife River shares resources, including plants, equipment and people, across its various locations to maximize efficiency, and it transports its products by truck, rail and barge to complete the vertical value chain, depending on the particular market. Knife River's strategically located aggregate sites, ready-mix plants and asphalt plants, along with its fleet of ready-mix and dump trucks, enables the Company to better serve its customers. Knife River believes its integrated business model is a strong competitive advantage that provides scale, efficiency and operational excellence for the benefit of customers, stockholders and the broader communities that it serves.

Business Segments

Knife River operates through six operating segments: Pacific, Northwest, Mountain, North Central, South and Energy Services. These segments are used to determine the Company's reportable segments, which are determined based on how the Company organizes and manages the business and are aligned by key geographic regions due to the production of construction materials and related contracting services following the seasonal nature of the construction industry. The Company's reportable segments are: Pacific, Northwest, Mountain and North Central, with South and Energy Services included in All Other with its corporate services.

End Markets

The Company's public-sector customers include federal, state, and municipal governments for various projects, such as highways, bridges, airports, schools, public buildings, and other public-infrastructure projects. Knife River believes public-sector funding is subject to fewer fluctuations in spending, as government funding tends to be less

correlated with economic cycles and more reliant on approvals of government appropriation bills toward infrastructure initiatives. Some of these initiatives include the American Rescue Plan Act and the Infrastructure Investment and Jobs Act. Based on this recent wave of government funding and the current state of America's infrastructure, which received a "C-" assessment from the American Society of Civil Engineers in 2021, Knife River believes there are strong public-market factors favorably affecting the outlook in this end market.

Alternatively, Knife River's private-sector customers include both residential and nonresidential construction applications. Unlike public-sector customers, spending by private-sector customers is more dependent on both local and national economic cycles. Knife River leverages its diverse geographic footprint to partially offset volatility originating from single local economies, and has the flexibility to reallocate resources from markets experiencing a downturn to markets that may be experiencing an economic upswing.

Strengths

Knife River's strengths include the following:

(1) Leading vertically integrated, aggregates-based construction materials and contracting provider.

Knife River is one of the largest aggregates-based construction materials and contracting services providers in the U.S. The Company is recognized as a Top 10 aggregate producer and the fifth-largest sand and gravel producer in the country, per the United States Geological Survey. With its size and scale, Knife River operates a vertically integrated business model and serves its customers across the value chain, from raw materials to finished goods to contracting services.

(2) Attractive geographic footprint across the western U.S. with exposure to areas demonstrating above-average growth.

In each of the segments where Knife River operates, its markets are supported by long-term economic drivers, which allow the Company to benefit from the population growth and economic build-out those drivers create. In particular, in recent years, Knife River has expanded its presence in both the Northwest and North Central segments, specifically in Oregon and South Dakota, each of which includes rapidly growing markets with strong construction demand. Knife River's geographic diversity helps insulate it from temporary downturns in any one region's economy and provides flexibility to shift resources to the areas where it is getting the best returns. Knife River continually looks for growth opportunities in each segment, with a strategic focus on aggregates.

(3) Diverse public and private customer base.

On the public side, Knife River has extensive experience with federal, state and municipal government agencies, as well as other government customers. In the year ended December 31, 2022, 8 of Knife River's top 15 contracting services customers were state-level departments of transportation. On the private side, Knife River provides its products and expertise to a broad spectrum of customers across industrial, commercial and residential developers and other private parties. Typically, this includes projects and customers such as large data centers, warehouses and general contractors specializing in commercial buildings and residential developments.

(4) Large exposure to public-sector customers, providing recession resiliency amidst soft macro environment.

Public projects tend to remain steady over time, largely unaffected by economic cycles, and instead depend on government funding, which bolsters Knife River's resiliency during recessionary periods. Knife River's contracting services revenue as of December 31, 2022, was 77% public and 23% private. In addition to their pre-existing funding mechanisms, 11 of the 14 states where Knife River operates have recently implemented new, enhanced or incremental funding sources for public projects.

Knife River believes it is well-positioned to benefit from its greater involvement in public-sector versus private-sector infrastructure contracting services projects.

(5) Strong backlog and robust pipeline of projects across public and private infrastructure end markets.

As of December 31, 2022, Knife River had a backlog of $935 million, nearly all of which related to outstanding obligations for contracting services. The contracting services backlog at December 31, 2022, was comprised of 79% public and 21% private work. A majority of Knife River's contracting services projects have a contract value of less than $5.0 million and a contract duration of less than 12 months. Based on its track record, Knife River expects future revenues from infrastructure-related contracting services to be robust.

(6) Resilient financial profile with robust free cash flows.

Knife River continues to generate strong revenues, earnings before interest, taxes, depreciation, depletion and amortization ("EBITDA") and free cash flows that it has historically used for targeted organic growth opportunities, strategic acquisitions, capital expenditures, debt repayment and dividend payments to Parent. Following the separation, Knife River expects to have enhanced flexibility to deploy capital toward its specific growth opportunities, capital expenditures, debt repayment and potential dividends. For a discussion and reconciliation of EBITDA, see the section entitled "Non-GAAP Financial Measures."

(7) Proven track record of growth through acquisition and highly effective integration playbook, driving both organic and inorganic growth.

Knife River's acquisition strategy and completion of over 80 acquisitions has led to the refinement of a highly effective integration playbook, driving both organic and inorganic growth. EBITDA has been driven by strong organic growth and margin expansion, supported by contributions from acquisitions. As Knife River continues to grow through acquisitions, it is able to continue achieving greater scale and synergies. Its centralized and scalable technology platform allows for integration of new companies into its efficient, vertically integrated internal processing network for fleet management, scaling, batching, financial, and operational reporting programs and other software. Knife River is actively pursuing additional acquisition opportunities, with a focus on adding high-quality materials to reserves, improving vertical integration advantage and extending geographic reach.

(8) Best-in-class management team with a long history of operating success and integration.

Knife River's senior management team has extensive experience, with an average of 26 years in the industry spanning several business cycles. The management team's strategic decision to acquire and develop into a vertically integrated construction materials and contracting services business and the team's decision to enter select geographies has proven to be important to the sustained growth of the business over several decades. Core to its operating success, management takes a conservative approach with respect to the balance sheet, focusing on maintaining prudent levels of leverage and liquidity through the business cycle.

Business Strategy

Knife River's business strategy of maximizing its vertical integration, leveraging its core values to be the supplier of choice in all its markets and continued growth is underpinned by several key initiatives, including:

People. Knife River is committed to its employees, customers and communities by operating with integrity and always striving for excellence. To achieve this, Knife River continues to implement its "Life at Knife" philosophy, which is expressed in four core values: **People**, **Safety**, **Quality** and the **Environment**.

Safety. Knife River prioritizes safety for the wellbeing of its employees and for the bottom-line benefits of being a safe company. The Company focuses on the three Ts of Safety: Tools, Training and Time. Knife River provides employees the tools and training to safely and successfully perform their jobs, and asks that employees take the time to do their jobs safely.

Recruitment, development and retention of talented employees. Knife River has taken significant steps to showcase construction as a career of choice. Knife River recently finished building a world-class training facility to enhance the skills of current employees corporatewide as well as to recruit and teach skills to new employees through both classroom education and hands-on experience.

Sustainability. Sustainable practices, whether focused on environmental goals, business innovations, recruiting and retaining personnel, or other key factors, provide an opportunity for Knife River to focus on its long-term success and the success of the communities where it operates.

Environment. Every year, Knife River assesses its capital investment needs to further mitigate environmental impacts, particularly in regard to meeting or exceeding permit requirements and environmental regulations. Starting in 2022, Knife River began tracking its Scope 1 and Scope 2 carbon emissions as a first step in establishing its corporatewide baseline of emissions in support of developing future carbon intensity reduction goals. Knife River will continue to actively pursue various opportunities in the clean energy infrastructure build-out in both construction materials and contracting services.

Long-term, strategic aggregate reserve position. Knife River supplies its customers with a large and growing volume of aggregates. In 2022, Knife River sold approximately 32.2 million tons from its aggregate reserves, which was a 4% increase from 2021 levels, leading to normal and scheduled depletion of its aggregate assets. To offset the normal asset base declines, Knife River continuously explores new opportunities to replenish its assets in existing and new geographies.

Enhanced value through vertical integration and strategic acquisitions. Vertical integration provides Knife River direct control over the production process, inventory planning, optimization of supply chain and delivery to end customers, thereby providing efficiencies that result in higher value and other benefits for customers, including greater reliability of supply. Furthermore, Knife River's exposure to both public and private-sector customers across its vertical value chain provides better end market diversification and makes Knife River more resilient to economic downturns.

When exploring new acquisition opportunities, Knife River focuses on the additive margin potential to the overall business, as well as potential operating synergies following integration.

Supply chain. Knife River's access to internal aggregate sources, processing plants and fleet delivery network, some with rail-to-road transloading capabilities, allows it to provide reliable, timely and efficient service to its end customers, further enhancing the value Knife River brings during complex construction projects.

Products and Services

Knife River's product lines include: aggregates, ready-mix concrete, asphalt, and other. The Company also performs related contracting services. The following provides more information on the Company's products and services.

Aggregates

Aggregates consist of crushed stone and sand and gravel and are a major component in the production of ready-mix concrete and asphalt. Knife River supplies high-quality aggregates through its 1.1 billion tons of permitted aggregate reserves, which are sourced from its aggregate sites across 11 states. The Company focuses primarily on supplying markets with strong local demand, and in most cases, serves customers close to its strategically located aggregate sites.

Ready-mix concrete

Ready-mix concrete is comprised of cement, aggregates, sand and water. It is the most widely used material in the construction sector today. Knife River produces ready-mix concrete through its 101 ready-mix plants situated across 13 states. Knife River's vertically integrated portfolio of assets allows the Company to provide most of the aggregates it uses in the production of ready-mix concrete. Due to the time-sensitive nature of delivering ready-mix concrete, the Company focuses on supplying customers near its facilities.

Asphalt

Asphalt is a combination of approximately 95% aggregates bound together by approximately 5% of asphalt binder. It is the most common material used for roadways today. Knife River produces and delivers asphalt from 56 plants across 10 states, most often utilizing the Company's own aggregates in the production process. Of the 56 plants, 22 are portable plants that support asphalt paving projects on roadways. Similar to ready-mix concrete, asphalt sets rapidly, limiting delivery to within close proximity to the production facility.

Other

Although not common to all locations, Knife River provides various other products and services, depending on customer needs. These include retail sales of cement in Alaska and Hawaii, production and distribution of modified liquid asphalt by its Energy Services business and other construction materials and related contracting services.

Contracting services

Knife River's contracting services include responsibilities as general contractor and subcontractor, aggregate laydown, asphalt paving, concrete construction, site development and bridges, and in some segments the

manufacturing of prestressed concrete products. In 2022, most of Knife River's contracting services were related to "horizontal" construction, such as streets and highways, airports and bridges for customers in the public sector. In the private sector, Knife River's contracting services projects were within the residential, commercial and industrial markets.

Customers

Knife River's customers can be segmented into public and private-sector customers, with public-sector customers contributing about 80% of the Company's revenues from contracting services. The public side includes federal, state and municipal governmental agencies with construction projects related to highways, streets and other public infrastructure. The private side includes a broad spectrum of customers across industrial, commercial and residential developers and other private parties. Note that the mix of sales by customer class varies year to year depending on the variability in type of work.

Summary of Risk Factors

An investment in Knife River Holding Company is subject to a number of risks, including risks relating to its business, the separation and distribution, and Knife River Holding Company common stock. Set forth below is a high-level summary of some, but not all, of these risks. Please read the information in the section captioned "Risk Factors" beginning on page 19 for a more thorough description of these and other risks.

Risks Related to Knife River Holding Company's Business

- Knife River Holding Company's business is seasonal and subject to weather conditions that could adversely affect its operations, revenues and the timing of cash flows.
- Knife River Holding Company operates in a highly competitive industry.
- Significant changes in prices for commodities, labor, or other production and delivery inputs could negatively affect Knife River Holding Company's businesses.
- Knife River Holding Company's operations may be negatively affected if it is unable to obtain, develop and retain key personnel and skilled labor forces.
- Economic volatility affects Knife River Holding Company's operations, as well as the demand for its products and services.
- Knife River Holding Company's backlog may not accurately represent future revenue.
- Supply chain disruptions may adversely affect Knife River Holding Company's operations.
- Knife River Holding Company's aggregate resource and reserve calculations are estimates and subject to uncertainty.
- Knife River Holding Company depends on securing, permitting and economically mining strategically located aggregate reserves.
- Knife River Holding Company operates in a capital-intensive industry and is subject to capital market and interest rate risks.
- Reductions in Knife River Holding Company's credit ratings could increase financing costs.
- Knife River Holding Company may be negatively impacted by pending and/or future litigation, claims or investigations.
- Financial market changes could impact Knife River Holding Company's defined benefit pension plans and obligations.
- Increasing costs associated with health care plans may adversely affect Knife River Holding Company's results of operations.
- Changes in tax law may negatively affect Knife River Holding Company's business.
- Knife River Holding Company's operations could be negatively impacted by import tariffs and/or other government mandates.

- Knife River Holding Company's operations could be adversely impacted by climate change.
- Knife River Holding Company's operations are subject to environmental laws and regulations that may increase costs of operations, impact or limit business plans, or expose Knife River Holding Company to environmental liabilities.
- Costs related to obligations under Multiemployer Pension Plans ("MEPPs") could have a material negative effect on Knife River Holding Company's results of operations and cash flows.
- Technology disruptions or cyberattacks could adversely impact Knife River Holding Company's operations.
- Pandemics, including COVID-19, may have a negative impact on Knife River Holding Company's business operations, revenues, results of operations, liquidity and cash flows.

Risks Related to the Separation and Distribution

- Knife River Holding Company has no recent history of operating as an independent, public company, and its historical and pro forma financial information is not necessarily representative of the results that it would have achieved as a separate, publicly traded company and may not be a reliable indicator of its future results.
- Until the separation and distribution occur, MDU Resources has sole discretion to change the terms of the separation and distribution in ways that may be unfavorable to Knife River Holding Company, including to determine not to effect the distribution at all.
- Knife River Holding Company may not achieve some or all of the expected benefits of the separation, and the separation may materially and adversely affect its financial position, results of operations and cash flows.
- Failure to maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act could materially and adversely affect Knife River Holding Company.
- In connection with the separation from MDU Resources, Knife River Holding Company will incur debt obligations that could adversely affect its business, profitability and its ability to meet obligations.
- A lowering or withdrawal of the ratings, outlook or watch assigned to Knife River Holding Company or its debt by rating agencies may increase its future borrowing costs and reduce its access to capital.
- As an independent, publicly traded company, Knife River Holding Company may not enjoy the same benefits that it did as a segment of MDU Resources.
- Knife River Holding Company could experience temporary interruptions in business operations and incur additional costs as it further develops information technology infrastructure and transitions its data to its stand-alone systems.
- If the distribution, together with certain related transactions, does not qualify as a transaction that is generally tax-free for U.S. federal income tax purposes, MDU Resources, Knife River Holding Company and MDU Resources stockholders could be subject to significant tax liabilities and, in certain circumstances, Knife River Holding Company could be required to indemnify MDU Resources for material taxes and other related amounts pursuant to indemnification obligations under the tax matters agreement.

Risks Related to Knife River Holding Company Common Stock

- Knife River Holding Company cannot be certain that an active trading market for its shares of common stock will develop or be sustained after the distribution, and following the distribution, its stock price may fluctuate significantly.
- A significant number of shares of Knife River Holding Company's common stock are or will be eligible for future sale, which may cause the market price of Knife River Holding Company common stock to decline.
- There may be substantial changes in Knife River Holding Company's stockholder base.

- Your percentage of ownership in Knife River Holding Company may be diluted in the future.
- Knife River Holding Company cannot guarantee the timing, declaration, amount or payment of dividends on its common stock.

The Separation and Distribution

On August 4, 2022, MDU Resources announced its intention to separate Knife River from MDU Resources. The separation will occur by means of pro rata distribution to MDU Resources stockholders of approximately 90% of the outstanding shares of common stock of Knife River Holding Company, which was formed to hold Knife River and its consolidated subsidiaries.

Following the distribution, MDU Resources stockholders will own approximately 90% of the outstanding shares of Knife River Holding Company common stock, and Knife River Holding Company will be a separate public company from MDU Resources. MDU Resources will retain approximately 10% of the outstanding shares of Knife River Holding Company common stock following the distribution. MDU Resources intends to dispose of all shares of Knife River Holding Company common stock that it retains after the distribution; such dispositions may include one or more exchanges of shares of the Knife River Holding Company common stock for debt, distributions to MDU Resources stockholders, exchanges for MDU Resources shares or one or more sales of such shares for cash.

On [ ], the MDU Resources board of directors approved the distribution of approximately 90% of Knife River Holding Company's issued and outstanding shares of common stock on the basis of one share of Knife River Holding Company common stock for every four shares of MDU Resources common stock held as of the close of business on [ ], the record date for the distribution, subject to, pursuant to the separation and distribution agreement, the satisfaction or waiver of the conditions to the distribution as described in this information statement. For a more detailed description of these conditions, see "The Separation and Distribution—Conditions to the Distribution."

Knife River Holding Company's Post-Separation Relationship with MDU Resources

After the distribution, MDU Resources and Knife River Holding Company will be separate companies with separate management teams and separate boards of directors. Prior to the distribution, Knife River Holding Company will enter into a separation and distribution agreement with MDU Resources, which is referred to in this information statement as the "separation agreement" or the "separation and distribution agreement." In connection with the separation, Knife River Holding Company will also enter into various other agreements to effect the separation and provide a framework for its relationship with MDU Resources after the separation, such as a transition services agreement, a tax matters agreement, an employee matters agreement and a stockholder and registration rights agreement with respect to MDU Resources' continuing ownership of Knife River Holding Company common stock. These agreements will provide for the allocation between Knife River Holding Company and MDU Resources of MDU Resources' assets, employees, liabilities and obligations (including its investments, property, employee benefits assets and liabilities and tax liabilities) attributable to periods prior to, at and after the distribution, and will govern certain relationships between Knife River Holding Company and MDU Resources after the distribution.

For additional information regarding the separation agreement and other transaction agreements and the transactions contemplated thereby, see the sections entitled "Risk Factors—Risks Related to the Separation and Distribution," "The Separation and Distribution" and "Certain Relationships and Related Person Transactions."

Reasons for the Separation

The MDU Resources board of directors believes that separating Knife River from the remaining businesses of MDU Resources is in the best interest of MDU Resources and its stockholders for a number of reasons, including:

- *Enhanced strategic focus*. The separation will allow Knife River Holding Company and MDU Resources to more effectively pursue their distinct operating priorities and strategies and will enable the management of both companies to pursue unique opportunities for long-term growth and profitability. Knife River Holding Company and MDU Resources will each be able to use equity tailored to its own business to enhance acquisition and capital investment programs. Knife River Holding Company's management will be able to focus exclusively on its construction materials and contracting services business, while the management of MDU Resources will remain dedicated to its remaining businesses.

- *Tailored capital allocation strategies*. The separation will permit each company to concentrate its financial resources solely on its own operations, providing greater flexibility to invest capital in its business at a time and in a manner appropriate for its distinct strategy and business needs. This will facilitate a more efficient allocation of capital based on each company's profitability, cash flow and growth opportunities.
- *Optimized capital structures*. The separation will allow Knife River Holding Company and MDU Resources to each benefit from distinct capital structures and financial policies tailored to its separate business profile and needs. The separation will create independent equity securities for Knife River Holding Company and MDU Resources, affording each direct access to the capital markets and enabling each of them to use its own industry-focused stock to consummate future acquisitions or other transactions. As a result, Knife River Holding Company and MDU Resources will each have more flexibility to capitalize on its unique strategic opportunities.
- *Alignment of incentives with performance objectives*. The separation will facilitate equity-based and other incentive compensation arrangements for employees more directly tied to the performance of each company's business, and enhance employee hiring and retention by, among other things, improving the alignment of management and employee incentives with performance and growth objectives.
- *Distinct investment opportunities.* The separation will allow investors to separately value Knife River Holding Company and MDU Resources based on their distinct investment identities. Knife River Holding Company's business differs from MDU Resources' remaining businesses in several respects, including customer bases, regulatory oversight, competitors, strategic initiatives, sales channels and technology needs. The separation will enable investors to evaluate the merits, strategy, performance, and future prospects of each company's respective business and to invest in each company separately based on these distinct characteristics. The separation may attract new investors who may not have properly assessed the value of Knife River relative to the value it is currently accorded as part of MDU Resources.

The MDU Resources board of directors also considered a number of potentially negative factors in evaluating the separation, including, among others, risks relating to the creation of a new public company, possible increased costs and one-time separation costs, but concluded that the potential benefits of the separation significantly outweighed these factors. For additional information, see the sections entitled "Risk Factors" and "The Separation and Distribution—Reasons for the Separation" included elsewhere in this information statement.

Reasons for MDU Resources' Retention of Approximately 10% Percent of Knife River Holding Company Common Stock

In considering the appropriate structure for the separation, MDU Resources determined that, immediately after the distribution becomes effective, MDU Resources will own approximately 10% of the outstanding shares of Knife River Holding Company common stock. The retention of Knife River Holding Company common stock will strengthen MDU Resources' balance sheet. The retained shares can potentially be exchanged to accelerate debt reduction or sold for cash, thereby facilitating an appropriate capital structure and the financial flexibility necessary for MDU Resources to execute its growth strategy. Knife River Holding Company understands that MDU Resources intends to dispose of all shares of Knife River Holding Company common stock that it retains after the distribution, which may include one or more exchanges for debt, distributions to MDU Resources stockholders, exchanges for MDU Resources shares or one or more sales of such shares for cash.

Corporate Information

Knife River Holding Company was incorporated in Delaware on November 9, 2022, for the purpose of holding Knife River in connection with the separation and distribution described herein. Prior to the contribution of this business to Knife River Holding Company, which will be completed prior to the distribution, Knife River Holding Company will have no operations. The address of Knife River Holding Company's principal executive offices is 1150 West Century Avenue, Bismarck, ND 58503. Knife River Holding Company's telephone number after the distribution will be (701) 530-1400. Knife River Holding Company maintains an Internet site at www.kniferiver.com. Knife River Holding Company's website and the information contained therein or connected thereto shall not be deemed to be incorporated herein, and you should not rely on any such information in making an investment decision.

Reason for Furnishing this Information Statement

This information statement is being furnished solely to provide information to stockholders of MDU Resources who will receive shares of Knife River Holding Company common stock in the distribution. It is not, and is not to be construed as, an inducement or encouragement to buy or sell any of Knife River Holding Company's securities. Knife River Holding Company believes the information contained in this information statement to be accurate as of the date set forth on the cover of this information statement. Changes may occur after that date, and neither Knife River Holding Company nor MDU Resources undertake any obligation to update such information except in the normal course of their respective disclosure obligations and practices, or as required by applicable law.

Summary Historical and Unaudited Pro Forma Consolidated Financial Data

The following tables summarize the historical financial data of Knife River Corporation and the unaudited pro forma consolidated financial data of Knife River Holding Company. The summary historical consolidated balance sheet data as of December 31, 2022 and 2021, and summary historical consolidated statement of income data for the years ended December 31, 2022, 2021 and 2020, are derived from the Company's audited consolidated financial statements included elsewhere in this information statement.

The summary unaudited pro forma consolidated balance sheet data as of December 31, 2022, and summary unaudited pro forma consolidated statement of income data for the year ended December 31, 2022, are derived from Knife River Holding Company's unaudited pro forma consolidated financial statements included elsewhere in this information statement. The summary unaudited pro forma consolidated financial data is presented assuming the completion of all of the transactions described in this information statement, including the separation. It is assumed that as of the dates disclosed in this section, Knife River Corporation was a subsidiary of Knife River Holding Company and Knife River Holding Company had no other assets, liabilities or operations.

The historical and pro forma results set forth below may not be indicative of Knife River Holding Company's future performance as a stand-alone company following the separation and distribution. The selected consolidated financial data in this section is not intended to replace the Company's audited consolidated financial statements and the related notes and should be read in conjunction with the information in "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Unaudited Pro Forma Consolidated Financial Statements" and the historical audited consolidated financial statements and the notes thereto included elsewhere in this information statement. For factors that could cause actual results to differ materially from those presented in the summary historical and unaudited pro forma consolidated financial data, see "Cautionary Statement Concerning Forward-Looking Statements" and "Risk Factors" included elsewhere in this information statement.

Consolidated Statements of Income

	Pro Forma	Historical		
	Year Ended December 31,	Years Ended December 31,		
	2022	2022	2021	2020
	(In thousands, except per share amounts)			
Total revenue	$2,534,729	**$2,534,729**	$2,228,930	$2,178,002
Total cost of revenue	2,187,455	**2,173,835**	1,881,981	1,807,424
Gross profit	347,274	**360,894**	346,949	370,578
Selling, general and administrative expenses	182,725	**166,599**	155,872	156,080
Operating income	164,549	**194,295**	191,077	214,498
Interest expense	61,061	**30,121**	19,218	20,577
Other (expense) income	(4,069)	**(5,353)**	1,355	835
Income before income taxes	99,419	**158,821**	173,214	194,756
Income taxes	26,503	**42,601**	43,459	47,431
Net income	$ 72,916	**$ 116,220**	$ 129,755	$ 147,325
Earnings per share - basic	$ 1.29	**$ 1,452.74**	$ 1,621.93	$ 1,841.56
Earnings per share - diluted	$ 1.29	**$ 1,452.74**	$ 1,621.93	$ 1,841.56
Weighted average common shares outstanding – basic	56,562	**80**	80	80
Weighted average common shares outstanding – diluted	56,562	**80**	80	80

Consolidated Balance Sheets

	Pro Forma	Historical	
	As of December 31,	As of December 31,	
	2022	2022	2021
		(In thousands)	
Working capital	$ 527,687	**$ 91,677**	$ 185,429
Due from related-party - noncurrent	—	**—**	7,626
Total assets	2,505,750	**2,294,319**	2,181,824
Related-party notes payable	—	**446,449**	575,457
Total liabilities	1,478,290	**1,265,730**	1,228,980
Total stockholder’s equity	1,027,460	**1,028,589**	952,844

RISK FACTORS

Knife River Holding Company's business and financial results are subject to a number of risks and uncertainties. References to Knife River Holding Company refer to Knife River and its subsidiaries, which are to be held by Knife River Holding Company. The factors and other matters discussed herein are important factors that could cause actual results or outcomes for Knife River Holding Company to differ materially from those discussed in the forward-looking statements included elsewhere in this document. If any of the risks described below actually occur, Knife River Holding Company's business, prospects, financial condition or financial results could be materially impacted. The following are the most material risk factors applicable to Knife River Holding Company and are not necessarily listed in order of importance or probability of occurrence. You should carefully consider the following risks and other information in this information statement in evaluating Knife River Holding Company and its common stock. The risk factors generally have been separated into three groups: risks related to Knife River Holding Company's business, risks related to the separation and distribution, and risks related to Knife River Holding Company common stock.

Risks Related to Knife River Holding Company's Business

Knife River Holding Company's business is seasonal and subject to weather conditions that could adversely affect its operations, revenues and the timing of cash flows.

A majority of Knife River Holding Company's business is seasonal, with results of operations affected by weather conditions. Construction materials production and related contracting services typically follow the activity in the construction industry, with heavier contracting services workloads in the spring, summer and fall. Extreme or unusually adverse weather conditions, which have occurred and may reoccur, such as extreme temperatures, heavy or sustained rainfall or snowfall, wildfires and storms may affect the demand for products and the ability to perform services on construction work. Knife River Holding Company could also be impacted by drought conditions, which may restrict the availability of water supplies and inhibit the ability to conduct operations. As a result, extreme or unusually adverse weather conditions could negatively affect Knife River Holding Company's results of operations, financial position and cash flows.

Knife River Holding Company operates in a highly competitive industry.

Knife River Holding Company is subject to competition. The markets Knife River Holding Company serves are highly fragmented and Knife River Holding Company competes with a number of regional, national and international companies. These companies may have greater financial and other resources than Knife River Holding Company. Some others are smaller and more specialized, and concentrate their resources in particular areas of expertise. Knife River Holding Company's results are also affected by the number of competitors in a market, the production capacity that a particular market can accommodate, the pricing practices of other competitors and the entry of new competitors in a market.

In addition, construction materials, products and related services are marketed under highly competitive conditions and are subject to competitive forces such as price, quality, service, delivery time and proximity to the customer. Significant competition could lead to lower prices, higher wages, lower sales volumes and higher costs. Furthermore, new acquisition opportunities are subject to competitive bidding environments, which may increase the prices Knife River Holding Company must pay to successfully acquire new properties and acquisition opportunities to grow its business. Knife River Holding Company's customers make competitive determinations based upon qualifications, experience, performance, reputation, technology, customer relationships, price, quality and ability to provide the relevant services in a timely, safe and cost-efficient manner. Increased competition may result in Knife River Holding Company's inability to win bids for future projects and Knife River Holding Company's failure to effectively compete could negatively affect its results of operations, financial position and cash flows.

Significant changes in prices for commodities, labor, or other production and delivery inputs could negatively affect Knife River Holding Company's businesses.

Knife River Holding Company's operations are exposed to fluctuations in prices for labor, oil, cement, raw materials and utilities, among other things. Prices are generally subject to change in response to fluctuations in supply and demand and other general economic and market conditions beyond Knife River Holding Company's control. In 2022 and 2021, Knife River Holding Company experienced elevated commodity and supply chain

costs including the costs of labor, raw materials, energy-related products and other inputs used in the production and distribution of its products and services. Recent inflationary pressures have significantly increased the cost of raw materials by greater than 10% in comparison to average annual historical increases of approximately 3%. Knife River Holding Company seeks to mitigate some or all cost increases through increases in selling prices of its materials, maintaining positive relationships with numerous raw material suppliers, escalation clauses in construction services contracts and fuel surcharges.

High energy prices, specifically for diesel fuel, natural gas and liquid asphalt, have impacted and could further affect the margins realized, as well as demand for construction materials and related contracting services. Increased labor costs, due to labor shortages, competition from other industries, or other factors, could negatively affect Knife River Holding Company's results of operations. Due to their size and weight, aggregates are costly and difficult to transport efficiently. Knife River Holding Company's products and services are generally localized around its aggregate sites and served by truck or in certain markets by rail or barge. Knife River Holding Company could be negatively impacted by freight costs due to rising fuel costs; rate increases for third-party freight; truck, railcar or barge shortages, including shortages of truck drivers and rail crews; rail service interruptions; and minimum tonnage requirements, among other things. To the extent price increases or other mitigating factors are not sufficient to offset these increased costs adequately or timely, and/or if the price increases result in a significant decrease in sales volumes, Knife River Holding Company's results of operations, financial position and cash flows could be negatively impacted.

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

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

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

Unfavorable economic conditions can negatively affect the level of public and private expenditures on projects and the timing of these projects which, in turn, can negatively affect demand for Knife River Holding Company's products and services. The level of demand for construction materials and contracting services could be adversely impacted by the economic conditions in the industries and market areas Knife River Holding Company serves, as well as in the general economy. Local, state and federal budget limitations affect the funding available for infrastructure spending, which could have an adverse impact on Knife River Holding Company's earnings and results of operations.

The debt capital market environment could impact Knife River Holding Company's ability to borrow money in the future. Additional financing or refinancing might not be available and, if available, may not be at economically favorable terms. Further, an increase in Knife River Holding Company's leverage could lead to deterioration in its credit ratings. A downgrade in Knife River Holding Company's credit ratings, regardless of the cause, could also limit the ability to obtain additional financing and/or increase the cost of obtaining financing. There is no guarantee Knife River Holding Company will be able to access the capital markets at financially economical interest rates, which could negatively affect Knife River Holding Company's business.

Knife River Holding Company may be required to obtain financing in order to fund certain strategic acquisitions, if they arise, or to refinance outstanding debt. It is possible a large strategic acquisition would

require Knife River Holding Company to issue new equity and other debt and could result in a ratings downgrade notwithstanding Knife River Holding Company's issuance of equity securities to fund the transaction. Knife River Holding Company is also exposed to risks from tightening credit markets, through the interest payable on any variable-rate debt, including the interest cost on future borrowings under Knife River Holding Company's credit facilities. While Knife River Holding Company believes it will continue to have adequate credit available to meet its needs, there can be no assurance of that.

Knife River Holding Company's backlog may not accurately represent future revenue.

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

Supply chain disruptions may adversely affect Knife River Holding Company's operations.

At times or in certain markets, Knife River Holding Company relies on third-party vendors and manufacturers to supply or transport many of the materials necessary for its operations. Disruptions, shortages or delays in the transportation of materials; price increases from suppliers or manufacturers; or inability to source needed materials have occurred and may continue to occur, which could adversely affect Knife River Holding Company's results of operations, financial condition, cash flows and harm customer relationships. National and regional demand for cement and liquid asphalt may at times outpace the supply in the market. This imbalance creates a temporary shortage which may cause prices to increase faster than downstream products. Any material disruption at Knife River Holding Company's facilities or those of its customers or suppliers or otherwise within its supply chain, whether as a result of downtime, pandemic-related shutdowns, work stoppages or facility damage could prevent Knife River Holding Company from meeting customer demands or expected timelines, require it to incur unplanned capital expenditures, or cause other material disruptions to its operations, any of which could have a material adverse effect on Knife River Holding Company's operations, financial position and cash flows. Further, supply chain disruptions can occur from events out of the Knife River Holding Company's control such as fires, floods, severe weather, natural disasters, environmental incidents or other catastrophes.

Knife River Holding Company's aggregate resource and reserve calculations are estimates and subject to uncertainty.

Knife River Holding Company estimates aggregate reserves and resources based on available data. The estimates depend upon the interpretation of surface and subsurface investigations, major assumptions and other supporting data, which can be unpredictable. The quantity must be considered only an estimate until reserves are actually extracted and processed. This uncertainty in aggregate resource and reserve calculation may adversely impact Knife River Holding Company's results of operations.

Knife River Holding Company depends on securing, permitting and economically mining strategically located aggregate reserves.

Knife River Holding Company must obtain governmental, environmental, mining, and/or other permits at many of its facilities. New quarry sites can take years to develop and in a number of states in which Knife River Holding Company operates, it can be difficult to permit new aggregate sites or expand existing aggregate sites due to community resistance and regulatory requirements, among other things. In addition, construction aggregates are difficult to transport efficiently and freight costs can make certain deposits uneconomical to mine if located in areas of little growth or without the ability to supply growing markets served by rail, barge or ship. Failure to secure, permit and mine such reserves could negatively impact Knife River Holding Company's business, financial condition and results of operations.

Knife River Holding Company operates in a capital-intensive industry and is subject to capital market and interest rate risks.

Knife River Holding Company's operations require significant capital investment to purchase and maintain the property and equipment required to mine and produce its products. In addition, Knife River Holding Company's operations include a significant level of fixed and semi-fixed costs. Consequently, Knife River Holding Company relies on capital markets, particularly in the first half of the year due to the seasonal nature of the industry, as sources of liquidity for capital requirements not satisfied by cash flows from operations. If Knife River Holding Company is not able to access capital at competitive rates, the ability to implement business plans, make capital expenditures or pursue acquisitions it would otherwise rely on for future growth may be adversely affected. Market disruptions may increase the cost of borrowing or adversely affect Knife River Holding Company's ability to access one or more financial markets. Such market disruptions could include:

- A significant economic downturn.
- The financial distress of unrelated industry leaders in the same line of business.
- Deterioration in capital market conditions.
- Turmoil in the financial services industry.
- Volatility in commodity prices.
- Pandemics, including COVID-19.
- Terrorist attacks.
- War.
- Cyberattacks.

The issuance of a substantial amount of Knife River Holding Company's common stock, whether issued in connection with an acquisition or otherwise, or the perception that such an issuance could occur, could have a dilutive effect on stockholders and/or may adversely affect the market price of Knife River Holding Company's common stock. Higher interest rates on borrowings have impacted and could further impact Knife River Holding Company's results of operations.

Reductions in Knife River Holding Company's credit ratings could increase financing costs.

There is no assurance Knife River Holding Company's credit ratings will remain in effect or that a rating will not be lowered or withdrawn by a rating agency. Events affecting Knife River Holding Company's financial results may impact its cash flows and credit metrics, potentially resulting in a change in its credit ratings. Knife River Holding Company's credit ratings may also change as a result of the differing methodologies or changes in the methodologies used by the rating agencies.

Knife River Holding Company may be negatively impacted by pending and/or future litigation, claims or investigations.

Knife River Holding Company is, and may become party to, among other things, personal injury, environmental, commercial, contract, warranty, antitrust, tax, property entitlements and land use, product liability, health and safety, and employment claims. The outcome of pending or future lawsuits, claims, investigations or proceedings is often difficult to predict and could be adverse and material in amount. In addition to the monetary cost, litigation can divert management's attention from its core business opportunities. Development of new information in these matters can often lead to changes in management's estimated liabilities associated with these proceedings including the judge's rulings or judgements, jury verdicts, settlements or changes in applicable law. The outcome of such matters is often difficult to predict and unfavorable outcomes could have a material impact to Knife River Holding Company's results of operations, financial position and cash flows.

Financial market changes could impact Knife River Holding Company's defined benefit pension plans and obligations.

Knife River Holding Company has defined benefit pension plans for some of its current and former employees. Assumptions regarding future costs, returns on investments, interest rates and other actuarial assumptions have a significant impact on the funding requirements and expense recorded relating to these plans.

Adverse changes in economic indicators, such as consumer spending, inflation data, interest rate changes, political developments and threats of terrorism, among other things, can create volatility in the financial markets. These changes could impact the assumptions and negatively affect the value of assets held in Knife River Holding Company's pension plans and may increase the amount and accelerate the timing of required funding contributions for those plans.

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

At the time of the separation, Knife River Holding Company intends to be self-insured for the health care benefits for eligible employees. Increasing quantities of large individual health care claims and an overall increase in total health care claims as health care costs continue to increase could have an adverse impact on operating results, financial position and liquidity. Legislation related to health care could also change Knife River Holding Company's benefit program and costs.

Knife River Holding Company is exposed to risk of loss resulting from the nonpayment and/or nonperformance by its customers and counterparties.

Knife River Holding Company's clients include public and private entities that have been, and may continue to be, negatively impacted by the changing landscape in the global economy. A recessionary construction economy can increase the likelihood that Knife River Holding Company will not be able to collect on all accounts receivable or may experience a delay in payment from some customers. If Knife River Holding Company's customers or counterparties experience financial difficulties, which has occurred and may reoccur, Knife River Holding Company could experience difficulty in collecting receivables. While no one client accounted for over 10% of Knife River Holding Company's revenue in 2022, 2021 or 2020, Knife River Holding Company faces collection risk as a normal part of business where Knife River Holding Company performs services and subsequently bills clients for such services. In the event that Knife River Holding Company has concentrated credit risk from clients in a specific geographic area or industry, continuing negative trends or a worsening in financial conditions in that specific geographic area or industry could make Knife River Holding Company susceptible to disproportionately high levels of default. Nonpayment and/or nonperformance by Knife River Holding Company's customers and counterparties could have a negative impact on Knife River Holding Company's results of operations and cash flows.

Changes in tax law may negatively affect Knife River Holding Company's business.

Changes to federal, state and local tax laws have the ability to benefit or adversely affect Knife River Holding Company's earnings and customer costs. Significant changes to corporate tax rates could result in the impairment of deferred tax assets that are established based on existing law at the time of deferral. A number of factors may increase Knife River Holding Company's future effective income tax rate, including:

- Governmental authorities increasing taxes or eliminating deductions, particularly the depletion deduction.
- The mix of earnings from depletable versus non-depletable businesses.
- The jurisdictions in which earnings are taxed.
- The resolution of issues arising from tax audits with various tax authorities.
- Changes in the valuation of our deferred tax assets and liabilities.
- Adjustments to estimated taxes upon finalization of various tax returns.
- Changes in available tax credits.
- Changes in stock-based compensation.
- Other changes in tax laws.
- The interpretation of tax laws and/or administrative practices.

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

Knife River Holding Company operates in or provides services to capital-intensive industries in which federal trade policies could significantly impact the availability and cost of materials. Imposed and proposed tariffs could significantly increase the prices and delivery lead times on raw materials and finished products that are critical to Knife River Holding Company and its customers, such as cement and steel, among other things. Knife River Holding Company faces competition from manufacturers both in the U.S. and around the world, some of which may engage in competition and trade practices involving the importation of competing products in the U.S. or other foreign laws, regulations or practices. Prolonged lead times on the delivery of raw materials and further tariff increases on raw materials and finished products could adversely affect Knife River Holding Company's business, financial condition and results of operations.

Knife River Holding Company's business is based in part on government-funded infrastructure projects and building activities, and any reductions or reallocation of spending or related subsidies in these areas could have an adverse effect on us.

Certain of Knife River Holding Company's businesses depend on government spending for infrastructure and other similar building activities. As a result, demand for some of Knife River Holding Company's products is influenced by local, state and federal government fiscal policies, tax incentives and other subsidies, and other general macroeconomic and political factors. Projects in which Knife River Holding Company participates may be funded directly by governments or privately funded, but are otherwise tied to or impacted by government policies and spending measures.

Government spending is often approved only on a short-term basis and some of the projects in which Knife River Holding Company's products are used require longer-term funding commitments. If government funding is not approved or funding is lowered as a result of poor economic conditions, lower than expected revenues, competing spending priorities, or other factors, it could limit infrastructure projects available, increase competition for projects, result in excess inventory, and decrease sales, all of which could adversely affect the profitability of Knife River Holding Company's business.

Additionally, certain regions or states may require or possess the means to finance only a limited number of large infrastructure projects and periods of high demand may be followed by years of little to no activity. There can be no assurances that governments will sustain or increase current infrastructure spending and tax incentive and other subsidy levels, and any reductions thereto or delays therein could affect Knife River Holding Company's business, liquidity and financial condition, and results of operations.

Knife River Holding Company's operations could be adversely impacted by climate change.

Severe weather events, such as tornadoes, hurricanes, rain, drought, ice and snowstorms, and high- and low-temperature extremes, occur in regions in which Knife River Holding Company operates and maintains infrastructure. Climate change could change the frequency and severity of these weather events, which may create physical and financial risks to Knife River Holding Company. Such risks could have an adverse effect on Knife River Holding Company's financial condition, results of operations and cash flows. Increases in severe weather conditions or extreme temperatures may cause infrastructure construction projects to be delayed or canceled and limit resources available for such projects resulting in decreased revenue or increased project costs. In addition, drought conditions could restrict the availability of water supplies or limit the ability to obtain water use permits, inhibiting the ability to conduct operations. To date, Knife River Holding Company has not experienced any material impacts to its financial condition, results of operations or cash flows due to the physical effects of climate change.

Climate change may impact a region's economic health, which could impact Knife River Holding Company's revenues. Knife River Holding Company's financial performance is tied to the health of the regional economies served. Knife River Holding Company provides construction materials and services for some states and communities that are economically affected by the agriculture industry. Increases in severe weather events or significant changes in temperature and precipitation patterns could adversely affect the economies of the states and communities affected by that industry.

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

The price of energy also has an impact on the economic health of communities. The cost of additional regulatory requirements related to climate change, such as regulation of carbon dioxide emissions under the federal Clean Air Act, requirements to replace fossil fuels with renewable energy or to obtain emissions credits, or other environmental regulation or taxes could impact the availability of goods and the prices charged by suppliers, which would normally be borne by consumers through higher prices for energy and purchased goods, and could adversely impact economic conditions of areas served by Knife River Holding Company. To the extent financial markets view climate change and emissions of greenhouse gas ("GHG") as a financial risk, this could negatively affect Knife River Holding Company's ability to access capital markets or result in less competitive terms and conditions.

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

Knife River Holding Company is subject to environmental laws and regulations affecting many aspects of its operations, including air and water quality, wastewater discharge, the generation, transportation and disposal of solid waste and hazardous substances, aggregate permitting and other environmental considerations. These laws and regulations can increase capital, operating and other costs; cause delays as a result of litigation and administrative proceedings; and create environmental compliance, remediation, containment, monitoring and reporting obligations for construction materials facilities. Environmental laws and regulations can also require Knife River Holding Company to install pollution control equipment at its facilities, clean up spills and other contamination, and correct environmental hazards, including payment of all or part of the cost to remediate sites where Knife River Holding Company's past activities, or the activities of other parties, caused environmental contamination. These laws and regulations generally require Knife River Holding Company to obtain and comply with a variety of environmental licenses, permits, inspections and other approvals. Although Knife River Holding Company strives to comply with all applicable environmental laws and regulations, public and private entities and private individuals may interpret Knife River Holding Company's legal or regulatory requirements differently and seek injunctive relief or other remedies against Knife River Holding Company. Knife River Holding Company cannot predict the outcome, financial or operational, of any such litigation or administrative proceedings.

Existing environmental laws and regulations may be revised and new laws and regulations seeking to protect the environment may be adopted or become applicable to Knife River Holding Company. These laws and regulations could require Knife River Holding Company to limit the use or output of certain facilities; restrict the use of certain fuels; prohibit or restrict new or existing services; replace certain fuels with renewable fuels; retire and replace certain facilities; install pollution controls; remediate environmental impacts; remove or reduce environmental hazards; or forego or limit the development of resources. Revised or new laws and regulations that increase compliance and disclosure costs and/or restrict operations could adversely affect Knife River Holding Company's results of operations and cash flows.

Stakeholder actions and increased regulatory activity related to environmental, social and governance matters, particularly climate change and reducing GHG emissions, could adversely impact the Company's operation, costs of or access to capital and impact or limit business plans.

Knife River Holding Company could face stakeholder scrutiny related to environmental, social and governance matters ("ESG"). There has been an increased focus from stakeholders and regulators related to ESG matters across all industries in recent years, with investors, customers, employees and lenders, placing increasing importance on the impacts and social cost associated with climate change. Concern that GHG emissions contribute to global climate change has led to international, federal, state and local legislative and regulatory proposals to reduce or mitigate the effects of GHG emissions.

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

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

In addition, the increasing focus on climate change and stricter regulatory requirements may result in Knife River Holding Company facing adverse reputational risks associated with certain of its operations producing

GHG emissions. Although Knife River Holding Company has not experienced difficulties in these areas, if Knife River Holding Company is unable to satisfy the increasing climate-related expectations of certain stakeholders, Knife River Holding Company may suffer reputational harm, which may cause its stock price to decrease or difficulty in accessing the capital or insurance markets. Such efforts, if successfully directed at Knife River Holding Company, could increase the costs of or access to capital or insurance and interfere with business operations and ability to make capital expenditures.

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

Knife River Holding Company participates in MEPPs for employees represented by certain unions. Knife River Holding Company is required to make contributions to these plans in amounts established under numerous collective bargaining agreements between the operating subsidiaries and those unions.

Knife River Holding Company may be obligated to increase its contributions to underfunded plans that are classified as being in endangered, seriously endangered or critical status as defined by the Pension Protection Act of 2006. Plans classified as being in one of these statuses are required to adopt Rehabilitation Plans or Funding Improvement Plans to improve their funded status through increased contributions, reduced benefits or a combination of the two.

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

In addition, pursuant to the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended by the Multiemployer Pension Plan Amendments Act, Knife River Holding Company could incur a partial or complete withdrawal liability upon withdrawing from a plan, exiting a market in which it does business with a union workforce or upon termination of a plan. Knife River Holding Company could also incur additional withdrawal liability if its withdrawal from a plan is determined by that plan to be part of a mass withdrawal.

Technology disruptions or cyberattacks could adversely impact Knife River Holding Company's operations.

Knife River Holding Company uses technology in substantially all aspects of its business operations and requires uninterrupted operation of information technology and operation technology systems, including disaster recovery and backup systems and network infrastructure. While Knife River Holding Company has policies, procedures and processes in place designed to strengthen and protect these systems, they may be vulnerable to physical and cybersecurity failures or unauthorized access, due to:

- Hacking.
- Human error.
- Theft.
- Sabotage.
- Malicious software.
- Ransomware.
- Third-party compromise.
- Acts of terrorism.
- Acts of war.
- Acts of nature.

- Or other causes.

Although there are manual processes in place, should a compromise or system failure occur, interdependencies to technology may disrupt Knife River Holding Company's ability to fulfill critical business functions. This may include interruption of facilities for delivery of construction materials or other products and services, any of which could adversely affect Knife River Holding Company's reputation, business, cash flows and results of operations or subject Knife River Holding Company to legal costs.

Knife River Holding Company's accounting systems and its ability to collect information and invoice customers for products and services could be disrupted. If Knife River Holding Company's operations are disrupted, it could result in decreased revenues and remediation costs that could adversely affect Knife River Holding Company's results of operations and cash flows.

Knife River Holding Company, through the ordinary course of business, requires access to sensitive customer, supplier, employee, financial and other data. While Knife River Holding Company has implemented extensive security measures, including limiting the amount of sensitive information retained, a breach of its systems could compromise sensitive data and could go unnoticed for some time. Such an event could result in negative publicity and reputational harm, remediation costs, legal claims and fines that could have an adverse effect on Knife River Holding Company's financial results. Third-party service providers that perform critical business functions for Knife River Holding Company or have access to sensitive information within Knife River Holding Company also may be vulnerable to security breaches and information technology risks that could adversely affect Knife River Holding Company.

Cyberattacks continue to increase in frequency and sophistication, which could cause Knife River Holding Company's information systems to be a target of ongoing and sophisticated cyberattacks by a variety of sources with the apparent aim to breach Knife River Holding Company's cyber-defenses. Knife River Holding Company may face increased cyber risk due to the increased use of employee-owned devices, work from home arrangements, and the proposed separation. Such incidents could have a material adverse effect on its business, financial condition or results of operations. Knife River Holding Company is continuously reevaluating the need to upgrade and/or replace systems and network infrastructure. These upgrades and/or replacements could adversely impact operations by imposing substantial capital expenditures, creating delays or outages, or creating difficulties transitioning to new systems. System disruptions, if not anticipated and appropriately mitigated, could adversely affect Knife River Holding Company.

While Knife River Holding Company's insurance policies include liability coverage for certain of these matters, if it experiences a significant security incident, it could be subject to liability or other damages that exceed its insurance coverage and it cannot be certain that such insurance policies will continue to be available to it on economically reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against Knife River Holding Company that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material adverse effect on its results of operations, financial condition and cash flows.

Pandemics, including COVID-19, may have a negative impact on Knife River Holding Company's business operations, revenues, results of operations, liquidity and cash flows.

Pandemics have disrupted national, state and local economies. To the extent a pandemic adversely impacts Knife River Holding Company's businesses, operations, revenues, liquidity or cash flows, it could also have a heightened effect on other risks described in this section. The degree to which a pandemic will impact Knife River Holding Company depends on future developments, including the resurgence of COVID-19 and its variants, federal and state mandates, actions taken by governmental authorities, effectiveness of vaccines being administered, and the pace and extent to which the economy recovers and remains under relatively normal operating conditions.

Other factors associated with a pandemic that could impact Knife River Holding Company's businesses and future operating results, revenues and liquidity include impacts related to the health, safety, and availability of employees and contractors; extended rise in unemployment; public and private-sector budget changes and constraints; counterparty credit; costs and availability of supplies; capital construction and infrastructure operation and maintenance programs; financing plans; pension valuations; travel restrictions; and legal matters. The economic and market disruptions resulting from a pandemic could also lead to greater than normal uncertainty

with respect to the realization of estimated amounts, including estimates for backlog, revenue recognition, intangible assets, other investments and provisions for credit losses.

General risk factors that could impact Knife River Holding Company's businesses.

The following are additional factors that should be considered for a better understanding of the risks to Knife River Holding Company. These factors may negatively impact Knife River Holding Company's financial results in future periods:

- Acquisition, disposal and impairments of assets or facilities.
- The cyclical nature of large construction projects.
- Labor negotiations or disputes.
- Succession planning.
- Inability of contract counterparties to meet their contractual obligations.
- The inability to effectively integrate the operations and the internal controls of acquired companies.

Risks Related to the Separation and Distribution

Knife River Holding Company has no recent history of operating as an independent, public company, and its historical and pro forma financial information is not necessarily representative of the results that it would have achieved as a separate, publicly traded company and may not be a reliable indicator of its future results.

The historical information of Knife River Holding Company in this information statement refers to its business as operated by and integrated with MDU Resources. The historical and pro forma financial information of Knife River Holding Company included in this information statement is derived from the consolidated financial statements and accounting records of MDU Resources and Knife River. Accordingly, the historical and pro forma financial information included in this information statement does not necessarily reflect the financial condition, results of operations and cash flows that Knife River Holding Company would have achieved as a separate, publicly traded company during the periods presented or those that Knife River Holding Company will achieve in the future, primarily as a result of the factors described below:

- Prior to the distribution, Knife River Holding Company's business has been operated by MDU Resources as part of its broader corporate organization, rather than as an independent company, and MDU Resources or one of its affiliates performed certain corporate functions for Knife River Holding Company. Knife River Holding Company's historical and pro forma financial results reflect allocations of corporate expenses from MDU Resources for such functions and are likely to be less than the expenses Knife River Holding Company would have incurred had it operated as a separate publicly traded company.
- Historically, Knife River Holding Company shared economies of scope and scale in costs, employees and vendor relationships. Although Knife River Holding Company will enter into a transition services agreement with MDU Resources prior to the distribution, these arrangements may not retain or fully capture the benefits that Knife River Holding Company has enjoyed as a result of being integrated with MDU Resources and may result in it paying higher charges than in the past for these services. This could have a material adverse effect on Knife River Holding Company's business, financial position, results of operations and cash flows following the completion of the distribution.
- Generally, Knife River Holding Company's working capital requirements and capital for its general corporate purposes, including acquisitions and capital expenditures, have in the past been satisfied as part of the corporatewide cash management policies of Centennial. Following the completion of the distribution, Knife River Holding Company's results of operations and cash flows are likely to be more volatile, and it may need to obtain additional financing from banks, through public offerings or private placements of debt or equity securities, strategic relationships or other arrangements, which may or may not be available and may be more costly.
- After the completion of the distribution, the cost of capital for Knife River Holding Company's business may be higher than MDU Resources' cost of capital prior to the distribution.

- Knife River Holding Company's historical financial information does not reflect the debt that it expects to incur in connection with the separation.
- As a public company, Knife River Holding Company will become subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act and the Dodd-Frank Act and will be required to prepare its financial statements according to the rules and regulations required by the SEC. Complying with these requirements could result in significant costs and require Knife River Holding Company to divert substantial resources, including management time, from other activities.

Other significant changes may occur in Knife River Holding Company's cost structure, management, financing and business operations as a result of operating as a company separate from MDU Resources. For additional information about the past financial performance of Knife River Holding Company's business and the basis of presentation of the historical consolidated financial statements and the unaudited pro forma consolidated financial statements, see "Selected Historical Consolidated Financial Data," "Unaudited Pro Forma Consolidated Financial Statements," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical financial statements and accompanying notes included elsewhere in this information statement.

If the distribution, together with certain related transactions, does not qualify as a transaction that is generally tax-free for U.S. federal income tax purposes, MDU Resources, Knife River Holding Company and MDU Resources stockholders could be subject to significant tax liabilities and, in certain circumstances, Knife River Holding Company could be required to indemnify MDU Resources for material taxes and other related amounts pursuant to indemnification obligations under the tax matters agreement.

The separation and distribution agreement contains a condition that MDU Resources receive a private letter ruling from the IRS and one or more opinion(s) of its tax advisors, regarding certain U.S. federal income tax matters relating to the separation and the distribution. The IRS private letter ruling and the opinion(s) of tax advisors will be based upon and rely on, among other things, various facts and assumptions, as well as certain representations, statements and undertakings of MDU Resources and Knife River Holding Company, including those relating to the past and future conduct of MDU Resources and Knife River Holding Company. If any of these representations, statements or undertakings is, or becomes, inaccurate or incomplete, or if MDU Resources or Knife River Holding Company breach any of the representations or covenants contained in any of the separation-related agreements and documents or in any documents relating to the IRS private letter ruling and/or the opinion(s) of tax advisors, the IRS private letter ruling and/or the opinion(s) of tax advisors may be invalid and the conclusions reached therein could be jeopardized.

Notwithstanding receipt by MDU Resources prior to the distribution of the IRS private letter ruling and the opinion(s) of tax advisors, the IRS could determine that the distribution and/or certain related transactions should be treated as taxable transactions for U.S. federal income tax purposes if it determines that any of the representations, assumptions, or undertakings upon which the IRS private letter ruling or the opinion(s) of tax advisors were based are false or have been violated. In addition, neither the IRS private letter ruling nor the opinion(s) of tax advisors will address all of the issues that are relevant to determining whether the distribution, together with certain related transactions, qualifies as a transaction that is generally tax-free for U.S. federal income tax purposes. Further, the opinion(s) of tax advisors represent the judgment of such tax advisors and are not binding on the IRS or any court, and the IRS or a court may disagree with the conclusions in the opinion(s) of tax advisors. Accordingly, notwithstanding receipt by MDU Resources prior to the distribution of the IRS private letter ruling and the opinion(s) of tax advisors, there can be no assurance that the IRS will not assert that the distribution and/or certain related transactions do not qualify for tax-free treatment for U.S. federal income tax purposes or that a court would not sustain such a challenge. In the event the IRS were to prevail in such challenge, MDU Resources, Knife River Holding Company and MDU Resources stockholders could be subject to significant U.S. federal income tax liability.

If the distribution, together with related transactions, fails to qualify as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Internal Revenue Code (the "Code"), in general, for U.S. federal income tax purposes, MDU Resources would recognize taxable gain as if it had sold Knife River Holding Company common stock in a taxable sale for its fair market value (unless MDU Resources and Knife River Holding Company jointly make an election under Section 336(e) of the Code with respect to the distribution, in which case, in general, (a) the MDU Resources group would recognize taxable gain as if Knife River Holding Company had sold all of its assets in a taxable sale in exchange for an amount

equal to the fair market value of Knife River Holding Company common stock and the assumption of all of its liabilities and (b) Knife River Holding Company would obtain a related step-up in the basis of its assets) and, if the distribution fails to qualify as a transaction that is generally tax-free for U.S. federal income tax purposes under Section 355, MDU Resources stockholders who receive Knife River Holding Company shares in the distribution would be subject to tax as if they had received a taxable distribution equal to the fair market value of such shares. For more information, see "Material U.S. Federal Income Tax Consequences."

Under the tax matters agreement that MDU Resources will enter into with Knife River Holding Company, Knife River Holding Company may be required to indemnify MDU Resources against any additional taxes and related amounts resulting from (a) an acquisition of all or a portion of its equity securities or assets, whether by merger or otherwise (and regardless of whether Knife River Holding Company participated in or otherwise facilitated the acquisition), (b) other actions or failures to act by Knife River Holding Company or (c) any inaccuracy or breach of Knife River Holding Company's representations, covenants or undertakings contained in any of the separation-related agreements and documents or in any documents relating to the IRS private letter ruling and/or the opinion(s) of tax advisors. Any such indemnity obligations could be material.

U.S. federal income tax consequences may restrict Knife River Holding Company's ability to engage in certain desirable strategic or capital-raising transactions after the separation.

Under current law, a separation can be rendered taxable to the parent corporation and its stockholders as a result of certain post-separation acquisitions of shares or assets of the spun-off corporation. For example, a separation may result in taxable gain to the parent corporation under Section 355(e) of the Code if the separation were deemed to be part of a plan (or series of related transactions) pursuant to which one or more persons acquire, directly or indirectly, shares representing a 50 percent or greater interest (by vote or value) in the spun-off corporation.

To preserve the U.S. federal income tax treatment of the separation and distribution, and in addition to Knife River Holding Company's indemnity obligation described above, the tax matters agreement will restrict Knife River Holding Company, for the two-year period following the distribution, except in specific circumstances, from:

- Entering into any transaction pursuant to which all or a portion of Knife River Holding Company common stock or assets would be acquired, whether by merger or otherwise.
- Issuing equity securities beyond certain thresholds.
- Repurchasing shares of its capital stock other than in certain open-market transactions.
- Ceasing to actively conduct certain aspects of its business.
- And/or taking or failing to take any other action that would jeopardize the expected U.S. federal income tax treatment of the distribution and certain related transactions.

These restrictions may limit Knife River Holding Company's ability to pursue certain strategic transactions or other transactions that it may believe to be in the best interests of its stockholders or that might increase the value of its business.

Until the separation and distribution occur, MDU Resources has sole discretion to change the terms of the separation and distribution in ways that may be unfavorable to Knife River Holding Company, including to determine not to effect the distribution at all.

Until the separation and distribution occur, Knife River Holding Company will continue to be an indirect, wholly owned subsidiary of MDU Resources. Accordingly, MDU Resources will have the sole and absolute discretion to determine and change the terms of the separation and distribution, including the establishment of the record date for the distribution and the distribution date. These changes could be unfavorable to Knife River Holding Company. In addition, the MDU Resources board of directors, in its sole and absolute discretion, may decide not to proceed with the separation and distribution at any time prior to the distribution date.

Knife River Holding Company may not achieve some or all of the expected benefits of the separation, and the separation may materially and adversely affect its financial position, results of operations and cash flows.

Knife River Holding Company may be unable to achieve the full strategic and financial benefits expected to result from the separation, or such benefits may be delayed or not occur at all. The separation and distribution are expected to provide the following benefits, among others:

- A distinct investment identity allowing investors to evaluate the merits, strategy, performance and future prospects of Knife River Holding Company's business separately from MDU Resources.
- Enhanced strategic focus to more effectively pursue individualized strategies specific to the industries in which each operates and use equity tailored to its own business to enhance acquisition and capital programs.
- More efficient allocation of capital for both Knife River Holding Company and MDU Resources based on each company's profitability, cash flow and growth opportunities.
- Direct access for Knife River Holding Company to the capital markets, while at the same time creating an independent equity structure that will facilitate its ability to deploy capital toward its specific growth opportunities.
- And enhanced employee hiring and retention by, among other things, improving the alignment of management and employee incentives with performance and growth objectives.

Knife River Holding Company may not achieve these and other anticipated benefits for a variety of reasons, including, among others, that: (a) the separation will require significant amounts of management's time and effort, which may divert management's attention from operating and growing Knife River Holding Company's business; (b) following the separation and distribution, Knife River Holding Company may be more susceptible to market fluctuations and other adverse events than if it was still a part of MDU Resources; (c) following the separation and distribution, Knife River Holding Company's business will be less diversified than MDU Resources' business prior to the separation and distribution; and (d) the other actions required to separate MDU Resources' and Knife River Holding Company's respective businesses could disrupt its operations. If Knife River Holding Company fails to achieve some or all of the benefits expected to result from the separation, or if such benefits are delayed, it could have a material adverse effect on its financial position, results of operations and cash flows.

Knife River Holding Company or MDU Resources may fail to perform under various transaction agreements that are expected to be executed as part of the separation or Knife River Holding Company may fail to have necessary systems and services in place when certain of the transaction agreements expire.

In connection with the separation and prior to the distribution, it is anticipated that Knife River Holding Company and MDU Resources will enter into a separation and distribution agreement and will also enter into various other agreements, including a transition services agreement, a tax matters agreement and an employee matters agreement. The separation agreement, the tax matters agreement and the employee matters agreement will determine the allocation of assets and liabilities between the companies following the separation for those respective areas and will include any necessary indemnifications related to liabilities and obligations. The transition services agreement will provide for the performance of certain services by MDU Resources for the benefit of Knife River Holding Company, or in some cases certain services provided by Knife River Holding Company for the benefit of MDU Resources, for a limited period of time after the separation. Knife River Holding Company will rely on MDU Resources to satisfy its obligations under these agreements. If MDU Resources is unable to satisfy its obligations under these agreements, including its indemnification obligations, Knife River Holding Company could incur operational difficulties or losses. If Knife River Holding Company does not have agreements with other providers of these services once certain transaction agreements expire or terminate, Knife River Holding Company may not be able to operate its business effectively, which may have a material adverse effect on its financial position, results of operations and cash flows.

Knife River Holding Company's inability to resolve favorably any disputes that arise between Knife River Holding Company and MDU Resources with respect to their past and ongoing relationships may adversely affect Knife River Holding Company's operating results.

Disputes may arise between Knife River Holding Company and MDU Resources in a number of areas relating to the various transaction agreements, including:

- Labor, tax, employee benefit, indemnification and other matters arising from Knife River Holding Company's separation from MDU Resources.
- Employee retention and recruiting.
- Business combinations involving Knife River Holding Company.
- And the nature, quality and pricing of services that Knife River Holding Company and MDU Resources have agreed to provide each other.

Knife River Holding Company may not be able to resolve potential conflicts, and even if it does, the resolution may be less favorable than if it were dealing with an unaffiliated party.

The agreements Knife River Holding Company enters into with MDU Resources may be amended upon agreement between the parties. While Knife River Holding Company is controlled by MDU Resources, it may not have the leverage to negotiate amendments to these agreements if required on terms as favorable to it as those it would negotiate with an unaffiliated third party.

After the distribution, certain members of management, directors and stockholders will hold stock in both Knife River Holding Company and MDU Resources, and as a result may face actual or potential conflicts of interest.

After the distribution, the management and directors of each of MDU Resources and Knife River Holding Company may own both MDU Resources common stock and Knife River Holding Company common stock. This ownership overlap could create, or appear to create, potential conflicts of interest when Knife River Holding Company's management and directors and MDU Resources' management and directors face decisions that could have different implications for Knife River Holding Company and MDU Resources. For example, potential conflicts of interest could arise in connection with the resolution of any dispute between MDU Resources and Knife River Holding Company regarding the terms of the agreements governing the distribution and the relationship with MDU Resources thereafter. These agreements include the separation and distribution agreement, the tax matters agreement, the employee matters agreement, the transition services agreement, the stockholder and registration rights agreement and any commercial agreements between the parties or their affiliates. Potential conflicts of interest may also arise out of any commercial arrangements that Knife River Holding Company or MDU Resources may enter into in the future.

No vote of MDU Resources stockholders is required in connection with the separation and distribution. As a result, if the distribution occurs and you do not want to receive Knife River Holding Company common stock in the distribution, your sole recourse will be to divest yourself of your MDU Resources common stock prior to the record date of the distribution.

No vote of MDU Resources stockholders is required in connection with the separation and distribution. Accordingly, if this transaction occurs and you do not want to receive Knife River Holding Company common stock in the distribution, your only recourse will be to divest yourself of your MDU Resources common stock prior to the record date for the distribution or to sell your MDU Resources common stock in the "regular way" market in between the record date and the distribution date.

Failure to maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act could materially and adversely affect Knife River Holding Company.

As a public company, Knife River Holding Company will become subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act and the Dodd-Frank Act and will be required to prepare its financial statements according to the rules and regulations required by the SEC. In addition, following the effectiveness of the Form 10, the Exchange Act requires that Knife River Holding Company file annual, quarterly and current reports. Knife River Holding Company's failure to prepare and disclose this information in a timely manner or to

otherwise comply with applicable law could subject it to penalties under federal securities laws, expose it to lawsuits and restrict its ability to access financing. In addition, following the effectiveness of the Form 10, the Sarbanes-Oxley Act requires that, among other things, Knife River Holding Company establish and maintain effective internal controls and procedures for financial reporting and disclosure purposes. Internal control over financial reporting is complex and may be revised over time to adapt to changes in Knife River Holding Company's business, or changes in applicable accounting rules. Knife River Holding Company cannot assure you that its internal control over financial reporting will be effective in the future or that a material weakness will not be discovered with respect to a prior period for which it had previously believed that internal controls were effective. If Knife River Holding Company is not able to maintain or document effective internal control over financial reporting, its independent registered public accounting firm will not be able to certify as to the effectiveness of its internal control over financial reporting. While Knife River Holding Company has been adhering to these laws and regulations as a subsidiary of MDU Resources, after the distribution it will need to demonstrate its ability to manage its compliance with these corporate governance laws and regulations as an independent, public company.

Matters affecting Knife River Holding Company's internal controls may cause it to be unable to report its financial information on a timely basis, or may cause it to restate previously issued financial information, and thereby subject Knife River Holding Company to adverse regulatory consequences, including sanctions or investigations by the SEC, or violations of applicable stock exchange listing rules. There could also be a negative reaction in the financial markets due to a loss of investor confidence in Knife River Holding Company and the reliability of its financial statements. Confidence in the reliability of Knife River Holding Company's financial statements is also likely to suffer if it or its independent registered public accounting firm reports a material weakness in its internal control over financial reporting. This could have a material and adverse effect on Knife River Holding Company by, for example, leading to a decline in the share price and impairing its ability to raise additional capital.

In connection with the separation from MDU Resources, Knife River Holding Company will incur debt obligations that could adversely affect its business, profitability and its ability to meet obligations.

In connection with the separation and distribution, Knife River Holding Company expects that it will incur indebtedness in an aggregate principal capacity of up to $1.05 billion. Such indebtedness is expected to consist of Knife River Holding Company's $425 million 7.750% notes due 2031, Knife River Holding Company's expected incurrence of $275 million in aggregate principal amount of term loans and Knife River Holding Company's expected entry into a $350 million revolving credit facility, under which Knife River Holding Company expects (based on projected seasonal borrowing needs, which fluctuate with the timing of the construction season and associated working capital needs) to have $190 million in aggregate principal amount of loans outstanding as of the separation date.

This amount of debt could potentially have important consequences to Knife River Holding Company and its debt and equity investors, including:

- Requiring a substantial portion of its cash flow from operations to make interest payments on this debt following the separation.
- Making it more difficult to satisfy debt service and other obligations.
- Increasing the risk of a future credit ratings downgrade of its debt, which could increase future debt costs and limit the future availability of debt financing.
- Increasing its vulnerability to general adverse economic and industry conditions.
- Reducing the cash flow available to fund capital expenditures and other corporate purposes and to grow its business.
- Limiting its flexibility in planning for, or reacting to, changes in its business and the industry.
- Placing it at a competitive disadvantage relative to its competitors that may not be as highly leveraged with debt.
- And limiting its ability to borrow additional funds as needed or take advantage of business opportunities as they arise, pay cash dividends or repurchase ordinary shares.

To the extent that Knife River Holding Company incurs additional indebtedness, the foregoing risks could increase. In addition, Knife River Holding Company's actual cash requirements in the future may be greater than expected. Knife River Holding Company's cash flow from operations may not be sufficient to repay all of the outstanding debt as it becomes due, and it may not be able to borrow money, sell assets or otherwise raise funds on acceptable terms, or at all, to refinance its debt.

A lowering or withdrawal of the ratings, outlook or watch assigned to Knife River Holding Company or its debt by rating agencies may increase its future borrowing costs and reduce its access to capital.

The rating, outlook or watch assigned to Knife River Holding Company or its debt could be lowered or withdrawn entirely by a rating agency if, in that rating agency's judgment, current or future circumstances relating to the basis of the rating, outlook, or watch such as adverse changes to Knife River Holding Company's business, so warrant. Any future lowering of Knife River Holding Company's or its debt's ratings, outlook or watch likely would make it more difficult or more expensive for Knife River Holding Company to obtain additional debt financing.

As an independent, publicly traded company, Knife River Holding Company may not enjoy the same benefits that it did as a segment of MDU Resources.

Historically, Knife River Holding Company's business has been operated as one of MDU Resources' business segments, and MDU Resources performed substantially all the corporate functions for Knife River's operations, including managing financial and human resources systems, internal auditing, investor relations, treasury services, financial reporting, finance and tax administration, benefits administration, legal, and regulatory functions. Following the distribution, MDU Resources will provide support to Knife River Holding Company with respect to certain of these functions on a transitional basis. Knife River Holding Company will need to replicate certain facilities, systems, infrastructure and personnel to which it will no longer have access after the distribution and will likely incur capital and other costs associated with developing and implementing its own support functions in these areas. Such costs could be material.

As an independent, publicly traded company, Knife River Holding Company may become more susceptible to market fluctuations and other adverse events than it would have been were it still a part of MDU Resources. As part of MDU Resources, Knife River Holding Company has been able to enjoy certain benefits from MDU Resources' operating diversity and available capital for investments. As an independent, publicly traded company, Knife River Holding Company will not have similar operating diversity and may not have similar access to capital markets, which could have a material adverse effect on its financial position, results of operations and cash flows.

Knife River Holding Company could experience temporary interruptions in business operations and incur additional costs as it further develops information technology infrastructure and transitions its data to its stand-alone systems.

Knife River Holding Company is in the process of preparing information technology infrastructure and systems to support its critical business functions, including accounting and reporting, in order to replace many of the systems and functions MDU Resources currently provides. Knife River Holding Company may experience temporary interruptions in business operations if it cannot transition effectively to its own stand-alone systems and functions, which could disrupt its business operations and have a material adverse effect on profitability. In addition, Knife River Holding Company's costs for the operation of these systems may be higher than the amounts reflected in the consolidated financial statements.

In connection with the separation from MDU Resources, MDU Resources will indemnify Knife River Holding Company for certain liabilities and Knife River Holding Company will indemnify MDU Resources for certain liabilities. If Knife River Holding Company is required to pay MDU Resources under these indemnities, Knife River Holding Company's financial results could be negatively impacted. The MDU Resources indemnity may not be sufficient to hold Knife River Holding Company harmless from the full amount of liabilities for which MDU Resources will be allocated responsibility, and MDU Resources may not be able to satisfy its indemnification obligations in the future.

Pursuant to the separation agreement and certain other agreements with MDU Resources, MDU Resources will agree to indemnify Knife River Holding Company for certain liabilities, and Knife River Holding Company will agree to indemnify MDU Resources for certain liabilities, in each case for uncapped amounts, as discussed

further in "Certain Relationships and Related Person Transactions." Indemnities that Knife River Holding Company may be required to provide MDU Resources are not subject to any cap, may be significant and could negatively impact Knife River Holding Company's business, particularly with respect to indemnities provided in the tax matters agreement (as described in more detail above). Third parties could also seek to hold Knife River Holding Company responsible for any of the liabilities that MDU Resources has agreed to retain. Any amounts Knife River Holding Company is required to pay pursuant to these indemnification obligations and other liabilities could require Knife River Holding Company to divert cash that would otherwise have been used in furtherance of its operating business. Further, the indemnity from MDU Resources may not be sufficient to protect Knife River Holding Company against the full amount of such liabilities, and MDU Resources may not be able to fully satisfy its indemnification obligations. Moreover, even if Knife River Holding Company ultimately succeeds in recovering from MDU Resources any amounts for which it is held liable, it may be temporarily required to bear these losses itself. Each of these risks could have a material adverse effect on Knife River Holding Company's financial position, results of operations and cash flows.

The transfer to Knife River Holding Company of certain contracts, permits and other assets and rights may require the consents, approvals of, or provide other rights to, third parties. If such consents or approvals are not obtained, Knife River Holding Company may not be entitled to the full benefit of such contracts, permits and other assets and rights, which could increase its expenses or otherwise harm its business and financial performance.

The separation and distribution agreement will provide that certain contracts, permits and other assets and rights are to be transferred from MDU Resources or its subsidiaries to Knife River Holding Company or its subsidiaries in connection with the separation. The transfer of certain of these contracts, permits and other assets and rights may require consents or approvals of third parties or provide other rights to third parties. In addition, in some circumstances, Knife River Holding Company and MDU Resources are joint beneficiaries of contracts, and Knife River Holding Company and MDU Resources may need the consents of third parties in order to split or separate the existing contracts or the relevant portion of the existing contracts to Knife River Holding Company or MDU Resources.

Some parties may use consent requirements or other rights to seek to terminate contracts or obtain more favorable contractual terms from Knife River Holding Company, which, for example, could take the form of price increases. This could require Knife River Holding Company to expend additional resources in order to obtain the services or assets previously provided under the contract, or require Knife River Holding Company to seek arrangements with new third parties or obtain letters of credit or other forms of credit support. If Knife River Holding Company is unable to obtain required consents or approvals, it may be unable to obtain the benefits, permits, assets and contractual commitments that are intended to be allocated to Knife River Holding Company as part of its separation from MDU Resources, and Knife River Holding Company may be required to seek alternative arrangements to obtain services and assets that may be more costly and/or of lower quality. The termination or modification of these contracts or permits or the failure to timely complete the transfer or separation of these contracts or permits could negatively affect Knife River Holding Company's business, financial condition, results of operations and cash flows.

Risks Related to Knife River Holding Company Common Stock

Knife River Holding Company cannot be certain that an active trading market for its shares of common stock will develop or be sustained after the distribution, and following the distribution, its stock price may fluctuate significantly.

A public market for Knife River Holding Company common stock does not currently exist. Knife River Holding Company anticipates that on or about the record date for the distribution, trading in shares of Knife River Holding Company common stock will begin on a "when-issued" basis, which will continue through the distribution date. However, Knife River Holding Company cannot guarantee that an active trading market will develop or be sustained for shares of Knife River Holding Company common stock after the distribution. Nor can it predict the prices at which shares of Knife River Holding Company common stock may trade after the distribution. Similarly, Knife River Holding Company cannot predict the effect of the distribution on the trading prices of shares of Knife River Holding Company common stock or whether the combined market value of the shares of Knife River Holding Company common stock and MDU Resources common stock will be less than, equal to or greater than the market value of shares of MDU Resources common stock prior to the distribution.

Until the market has fully evaluated MDU Resources' remaining businesses without Knife River Holding Company, the price at which shares of MDU Resources common stock trade may fluctuate more significantly than might otherwise be typical, even with other market conditions, including general volatility, held constant. Similarly, until the market has fully evaluated Knife River Holding Company's business as a stand-alone entity, the prices at which shares of Knife River Holding Company common stock trade may fluctuate more significantly than might otherwise be typical, even with other market conditions, including general volatility, held constant. The increased volatility of Knife River Holding Company common stock price following the distribution may have a material adverse effect on its business, financial condition and results of operations.

The market price of shares of Knife River Holding Company common stock may fluctuate significantly due to a number of factors, some of which may be beyond Knife River Holding Company's control, including:

- Actual or anticipated fluctuations in Knife River Holding Company's operating results.
- Declining operating revenues derived from Knife River Holding Company's core business.
- The operating and stock price performance of comparable companies.
- Changes in Knife River Holding Company's stockholder base due to the separation.
- Changes in the regulatory and legal environment in which Knife River Holding Company operates.
- And market conditions in the construction materials and contracting market, and the domestic and worldwide economy as a whole.

A significant number of shares of Knife River Holding Company's common stock are or will be eligible for future sale, including the disposition by MDU Resources of the shares of Knife River Holding Company's common stock that it may retain after the distribution, which may cause the market price of Knife River Holding Company common stock to decline.

Upon completion of the separation and distribution, Knife River Holding Company will have an aggregate of approximately [ ] million shares of common stock outstanding. Virtually all of those shares will be freely tradable without restriction or registration under the Securities Act of 1933, as amended (the "Securities Act"), except for the shares of Knife River Holding Company retained by MDU Resources. Knife River Holding Company is unable to predict whether large amounts of Knife River Holding Company common stock will be sold in the open market following the separation and distribution. Knife River Holding Company is also unable to predict whether a sufficient number of buyers of Knife River Holding Company common stock to meet the demand to sell shares of Knife River Holding Company common stock at attractive prices would exist at that time. It is possible that MDU Resources stockholders will sell the shares of Knife River Holding Company common stock they receive in the distribution for various reasons. For example, such stockholders may not believe that Knife River Holding Company's business profile or its level of market capitalization as an independent company fits their investment objectives. The sale of significant amounts of Knife River Holding Company common stock or the perception in the market that this will occur may lower the market price of Knife River Holding Company common stock.

Following the distribution, MDU Resources will retain approximately [ ] shares of Knife River Holding Company common stock. Knife River Holding Company expects that pursuant to the IRS private letter ruling, MDU Resources will be required to dispose of such shares of Knife River Holding Company common stock as soon as practicable following the distribution. Knife River Holding Company understands that MDU Resources intends to responsibly dispose of all shares of Knife River Holding Company common stock that it retains after the distribution, which may include one or more subsequent exchanges for debt, distributions to MDU Resources stockholders, exchanges for MDU Resources shares or one or more sales of such shares for cash. Knife River Holding Company will agree that, upon the request of MDU Resources, it will use reasonable best efforts to effect a registration under applicable federal and state securities laws of any shares of Knife River Holding Company common stock retained by MDU Resources. See "Certain Relationships and Related Persons Transactions—Stockholder and Registration Rights Agreement." Any disposition by MDU Resources, or any significant stockholder, of Knife River Holding Company common stock in the public market, or the perception that such dispositions could occur, could adversely affect prevailing market prices for Knife River Holding Company common stock.

If securities or industry analysts do not publish research or publish misleading or unfavorable research about Knife River Holding Company's business, Knife River Holding Company's stock price and trading volume could decline.

The trading market for Knife River Holding Company common stock will depend in part on the research and reports that securities or industry analysts publish about Knife River Holding Company or its business. Knife River Holding Company does not currently have and may never obtain research coverage for Knife River Holding Company common stock. If there is no research coverage of Knife River Holding Company common stock, the trading price for shares of Knife River Holding Company common stock may be negatively impacted. If Knife River Holding Company obtains research coverage for Knife River Holding Company common stock and if one or more of the analysts downgrades its stock or publishes misleading or unfavorable research about its business, Knife River Holding Company's stock price would likely decline. If one or more of the analysts ceases coverage of Knife River Holding Company common stock or fails to publish reports on Knife River Holding Company regularly, demand for Knife River Holding Company common stock could decrease, which could cause Knife River Holding Company common stock price or trading volume to decline.

There may be substantial changes in Knife River Holding Company's stockholder base.

Many investors receiving shares of Knife River Holding Company common stock pursuant to the distribution may hold those shares because of a decision to invest in a company with MDU Resources' profile. Following the distribution, the shares of Knife River Holding Company common stock held by those investors will represent an investment in a company focused exclusively on the construction materials and contracting industry, with a different profile. This may not be aligned with a holder's investment strategy and may cause the holder to sell the shares of Knife River Holding Company common stock they receive in the distribution. As a result, Knife River Holding Company's stock price may decline or experience volatility as its stockholder base changes.

Your percentage of ownership in Knife River Holding Company may be diluted in the future.

In the future, your percentage ownership in Knife River Holding Company may be diluted because of equity awards that it will be granting to its directors, officers and employees or otherwise as a result of equity issuances for acquisitions or capital market transactions. Knife River Holding Company's employees will have stock-based awards relating to shares of Knife River Holding Company common stock after the distribution as a result of conversion of their MDU Resources stock-based awards (in whole or in part) to its stock-based awards. Further, Knife River Holding Company anticipates that its Compensation Committee will grant additional stock-based awards to its directors, officers and employees after the distribution. Such awards will have a dilutive effect on Knife River Holding Company's earnings per share, which could adversely affect the market price of shares of Knife River Holding Company common stock. From time to time, Knife River Holding Company will issue additional stock-based awards to its employees under its employee benefits plans.

In addition, Knife River Holding Company's amended and restated certificate of incorporation will authorize it to issue, without the approval of its stockholders, one or more classes or series of preferred stock that have such designation, powers, preferences and relative, participating, optional and other special rights, including preferences over Knife River Holding Company common stock respecting dividends and distributions, as its board of directors generally may determine. The terms of one or more classes or series of preferred stock could dilute the voting power or reduce the value of Knife River Holding Company common stock. Similarly, the repurchase or redemption rights or liquidation preferences Knife River Holding Company could assign to holders of preferred stock could affect the residual value of the common stock. See "Description of Knife River Holding Company's Capital Stock."

Knife River Holding Company cannot guarantee the timing, declaration, amount or payment of dividends on its common stock.

The timing, declaration, amount and payment of any dividends following the separation and distribution will be within the discretion of Knife River Holding Company's board of directors, and will depend upon many factors, including Knife River Holding Company's financial condition, earnings, capital requirements of its operating subsidiaries, covenants associated with certain of Knife River Holding Company's debt service obligations, legal requirements, regulatory constraints, industry practice, ability to access capital markets, and other factors deemed relevant by Knife River Holding Company's board of directors. Moreover, if Knife River Holding Company determines to pay any dividend in the future, there can be no assurance that it will continue to pay such dividends or the amount of such dividends. For more information, see the section entitled "Dividend Policy."

Knife River Holding Company's amended and restated bylaws will designate the Court of Chancery of the State of Delaware or, if the Court of Chancery of the State of Delaware does not have jurisdiction, another state court of the State of Delaware, or, if no state court located in the State of Delaware has jurisdiction, the federal court for the District of Delaware, as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by Knife River Holding Company's stockholders, which could discourage lawsuits against Knife River Holding Company and its directors and officers.

Knife River Holding Company's amended and restated bylaws will provide that, unless the board of directors otherwise determines, the Court of Chancery of the State of Delaware or, if the Court of Chancery of the State of Delaware does not have jurisdiction, another state court of the State of Delaware, or, if no state court located in the State of Delaware has jurisdiction, the federal court for the District of Delaware, will be the sole and exclusive forum for any derivative action or proceeding brought on behalf of Knife River Holding Company, any action asserting a claim of breach of a fiduciary duty owed by any director or officer to Knife River Holding Company or its stockholders, creditors or other constituents, any action asserting a claim against Knife River Holding Company or any director or officer arising pursuant to any provision of the Delaware General Corporation Law, as amended (the "DGCL"), or Knife River Holding Company's amended and restated certificate of incorporation or amended and restated bylaws, or any action asserting a claim against Knife River Holding Company or any director or officer governed by the internal affairs doctrine.

In addition, Knife River Holding Company's amended and restated bylaws will further provide that, unless the board of directors otherwise determines, the federal district courts of the United States of America shall be the sole and exclusive forum for any action asserting a claim arising under the Securities Act. The exclusive forum provision does not apply to actions arising under the Exchange Act or the rules and regulations thereunder. While the Delaware Supreme Court ruled in March 2020 that federal forum selection provisions purporting to require claims under the Securities Act be brought in federal court are "facially valid" under Delaware law, there is uncertainty as to whether other courts will enforce Knife River Holding Company's federal forum provision described above. Knife River Holding Company's stockholders will not be deemed to have waived compliance with the federal securities laws and the rules and regulations thereunder.

This exclusive forum provision may limit the ability of Knife River Holding Company's stockholders to bring a claim in a judicial forum that such stockholders find favorable for disputes with Knife River Holding Company or its directors or officers, which may discourage such lawsuits against Knife River Holding Company and its directors and officers, and such provision may also make it more expensive for Knife River Holding Company's stockholders to bring such claims.

Although Knife River Holding Company's amended and restated bylaws will include the exclusive forum provision described above, it is possible that a court could rule that this provision is inapplicable or unenforceable. Alternatively, if a court outside of Delaware were to find this exclusive forum provision inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings described above, Knife River Holding Company may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect its business, financial condition or results of operations.

Provisions in Knife River Holding Company's amended and restated certificate of incorporation and amended and restated bylaws and Delaware law may prevent or delay an acquisition of Knife River Holding Company, which could decrease the trading price of Knife River Holding Company common stock.

Knife River Holding Company's amended and restated certificate of incorporation and amended and restated bylaws, and Delaware law, contain provisions that are intended to deter coercive takeover practices and inadequate takeover bids by making such practices or bids more expensive to the acquiror and to encourage prospective acquirors to negotiate with Knife River Holding Company's board of directors rather than to attempt a hostile takeover. These provisions include rules regarding how stockholders may present proposals or nominate directors for election at stockholder meetings and the right of Knife River Holding Company's board of directors to issue preferred stock without stockholder approval. Delaware law also imposes some restrictions on mergers and other business combinations between any holder of 15 percent or more of Knife River Holding Company's outstanding common stock and Knife River Holding Company. For more information, see "Description of Knife River Holding Company's Capital Stock—Anti Takeover Effects of Various Provisions of Delaware Law and Knife River Holding Company's Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws."

Knife River Holding Company believes these provisions protect its stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirors to negotiate with its board of directors and by providing its board of directors with more time to assess any acquisition proposal. These provisions are not intended to make Knife River Holding Company immune from takeovers. However, these provisions apply even if the offer may be considered beneficial by some stockholders and could delay or prevent an acquisition that Knife River Holding Company's board of directors determines is not in the best interests of Knife River Holding Company and its stockholders. Accordingly, in the event that Knife River Holding Company's board of directors determines that a potential business combination transaction is not in the best interests of Knife River Holding Company and its stockholders but certain stockholders believe that such a transaction would be beneficial to Knife River Holding Company and its stockholders, such stockholders may elect to sell their shares in Knife River Holding Company and the trading price of Knife River Holding Company common stock could decrease.

These and other provisions of Knife River Holding Company's amended and restated certificate of incorporation, amended and restated bylaws and the DGCL could have the effect of delaying, deferring or preventing a proxy contest, tender offer, merger or other change in control, which may have a material adverse effect on Knife River Holding Company's business, financial condition and results of operations.

In addition, applicable state insurance laws and regulations could delay or impede a change of control of Knife River Holding Company.

Furthermore, an acquisition or further issuance of Knife River Holding Company's stock could trigger the application of Section 355(e) of the Code, causing the distribution to be taxable to MDU Resources. For a discussion of Section 355(e) of the Code, see "Material U.S. Federal Income Tax Consequences." Under the tax matters agreement, and as described in more detail above, Knife River Holding Company would be required to indemnify MDU Resources for the resulting taxes and related amount, and this indemnity obligation might discourage, delay or prevent a change of control that you may consider favorable.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This information statement and other materials Knife River Holding Company and MDU Resources have filed or will file with the SEC contain, or will contain, certain forward-looking statements regarding business strategies, market potential, future financial performance and other matters. The words "believe," "expect," "estimate," "could," "should," "intend," "may," "plan," "seek," "anticipate," "project" and similar expressions, among others, generally identify "forward-looking statements," which speak only as of the date the statements were made. The matters discussed in these forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those projected, anticipated or implied in the forward-looking statements. In particular, information included under "Risk Factors," "The Separation and Distribution," "Capitalization," "Unaudited Pro Forma Consolidated Financial Statements," "Business," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and other sections of this information statement contain forward-looking statements. Where, in any forward-looking statement, an expectation or belief as to future results or events is expressed, such expectation or belief is based on the current plans and expectations of Knife River Holding Company's management and expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. Whether any such forward-looking statements are in fact achieved will depend on future events, some of which are beyond Knife River Holding Company's control. Except as may be required by law, Knife River Holding Company undertakes no obligation to modify or revise any forward-looking statements to reflect new information, events or circumstances occurring after the date of this information statement. Factors, risks, trends and uncertainties that could cause actual results or events to differ materially from those anticipated include the matters described under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

You should read this information statement completely and with the understanding that actual future results may be materially different from expectations. All forward-looking statements made in this information statement are qualified by these cautionary statements. These forward-looking statements are made only as of the date of this information statement, and Knife River Holding Company does not undertake any obligation, other than as may be required by law, to update or revise any forward-looking or cautionary statements to reflect changes in assumptions, the occurrence of events, unanticipated or otherwise, and changes in future operating results over time or otherwise.

Comparisons of results for current and any prior periods are not intended to express any future trends, or indications of future performance, unless expressed as such, and should only be viewed as historical data.

THE SEPARATION AND DISTRIBUTION

Overview

On August 4, 2022, MDU Resources announced its intention to separate its indirect, wholly owned subsidiary, Knife River, from MDU Resources. MDU Resources intends to effect the separation through a pro rata distribution of approximately 90% of the outstanding common stock of a new entity, Knife River Holding Company. Knife River Holding Company was formed to hold Knife River and the assets and liabilities associated with it and its business. Following the distribution, MDU Resources stockholders will own approximately 90% of the outstanding shares of Knife River Holding Company common stock, and Knife River Holding Company will be a separate public company from MDU Resources. MDU Resources will retain approximately 10% of the outstanding shares of Knife River Holding Company common stock following the distribution. Prior to completing the separation, MDU Resources may adjust the percentage of Knife River Holding Company common stock to be distributed to MDU Resources stockholders and retained by MDU Resources in response to market and other factors, and it will amend this information statement to reflect any such adjustment. The number of shares of MDU Resources common stock you own will not change as a result of the separation.

On [ ], the MDU Resources board of directors approved the distribution of approximately 90% of the issued and outstanding shares of Knife River Holding Company common stock, on the basis of one share of Knife River Holding Company common stock for every four shares of MDU Resources common stock held as of the close of business on the record date of [ ], subject to, pursuant to the separation and distribution agreement, the satisfaction or waiver of the conditions to the distribution as described in this information statement.

At [ ] Eastern Time, on [ ], the distribution date, each MDU Resources stockholder will receive one share of Knife River Holding Company common stock for every four shares of MDU Resources common stock held at the close of business on the record date for the distribution, as described below. MDU Resources stockholders will receive cash in lieu of any fractional shares of Knife River Holding Company common stock that they would have received after application of this ratio. MDU Resources stockholders will not be required to make any payment, surrender or exchange their shares of MDU Resources common stock or take any other action to receive their shares of Knife River Holding Company common stock in the distribution. The distribution of Knife River Holding Company common stock as described in this information statement is subject to the satisfaction or waiver of certain conditions pursuant to the separation and distribution agreement. For a more detailed description of these conditions, see "—Conditions to the Distribution" within this section.

Reasons for the Separation

The MDU Resources board of directors regularly reviews MDU Resources' businesses, operations and value creation opportunities. Pursuant to its review, the MDU Resources board of directors believes that the separation of Knife River from the remaining businesses of MDU Resources is in the best interests of MDU Resources and its stockholders. A wide variety of factors were considered by the MDU Resources board of directors in evaluating the separation. Among other things, the MDU Resources board of directors considered the following potential benefits of the separation:

- *Distinct investment opportunities.* The separation will allow investors to separately value Knife River Holding Company and MDU Resources based on their distinct investment identities. Knife River Holding Company's business differs from MDU Resources' remaining businesses in several respects, including customer bases, regulatory oversight, competitors, strategic initiatives, sales channels and technology needs. The separation will enable investors to evaluate the merits, strategy, performance, and future prospects of each company's respective business and to invest in each company separately based on these distinct characteristics. The separation may attract new investors who may not have properly assessed the value of Knife River relative to the value it is currently accorded as part of MDU Resources.
- *Enhanced strategic focus.* The separation will allow Knife River Holding Company and MDU Resources to more effectively pursue their distinct operating priorities and strategies and will enable the management of both companies to pursue unique opportunities for long-term growth and profitability. Knife River Holding Company and MDU Resources will each be able to use equity tailored to its own

business to enhance acquisition and capital investment programs. Knife River Holding Company's management will be able to focus exclusively on its construction materials and contracting services business, while the management of MDU Resources will remain dedicated to its remaining businesses.

- *Tailored capital allocation strategies.* The separation will permit each company to concentrate its financial resources solely on its own operations, providing greater flexibility to invest capital in its business at a time and in a manner appropriate for its distinct strategy and business needs. This will facilitate a more efficient allocation of capital based on each company's profitability, cash flow and growth opportunities.
- *Optimized capital structures.* The separation will allow Knife River Holding Company and MDU Resources to each benefit from distinct capital structures and financial policies tailored to their separate business profiles and needs. The separation will create independent equity securities for Knife River Holding Company and MDU Resources, affording each direct access to the capital markets and enabling each of them to use its own industry-focused stock to consummate future acquisitions or other transactions. As a result, Knife River Holding Company and MDU Resources will each have more flexibility to capitalize on its unique strategic opportunities.
- *Alignment of incentives with performance objectives.* The separation will facilitate equity-based and other incentive compensation arrangements for employees more directly tied to the performance of each company's business, and enhance employee hiring and retention by, among other things, improving the alignment of management and employee incentives with performance and growth objectives.

The MDU Resources board of directors also considered a number of potentially unfavorable factors in evaluating the separation, including:

- *Risk of Failure to Achieve Anticipated Benefits of the Separation*. Knife River Holding Company may not achieve the anticipated benefits of the separation for a variety of reasons, including, among others: the separation will demand significant management resources and require significant amounts of management's time and effort, which may divert management's attention from operating the business; and following the separation, Knife River Holding Company may be more susceptible to market fluctuations and other adverse events than if it were still a part of MDU Resources because its business will be less diversified than MDU Resources' business prior to the completion of the separation and distribution.
- *Disruptions and Costs Related to the Separation*. The actions required to separate Knife River Holding Company from MDU Resources could disrupt its operations. In addition, Knife River Holding Company will incur substantial costs in connection with the transition to being a standalone, public company, which may include financial reporting, tax, legal and other professional services costs. Knife River could also experience some disruption costs for employee benefits, including health care costs, due to the new structure that will be adopted for the health care plan. Once the program has been in place for a full year and trends are developed, the risks are expected to lessen. Additionally, Knife River will be implementing stop loss insurance to assist with the volatility of high dollar claims.
- *Loss of Scale and Increased Administrative Costs*. Prior to the separation, as part of MDU Resources, Knife River Holding Company takes advantage of MDU Resources' size and purchasing power in procuring certain goods and services. After the separation and distribution, as a standalone company, Knife River Holding Company may be unable to obtain these goods and services at prices or on terms as favorable as those MDU Resources obtained prior to completion of the separation and distribution. In addition, as part of MDU Resources, Knife River Holding Company benefits from certain functions performed by MDU Resources, such as financial reporting, tax, legal, human resources and other general and administrative functions. After the separation and distribution, MDU Resources will not perform these functions for Knife River Holding Company, other than certain functions that will be provided for a limited time pursuant to the transition services agreement, and, because of the smaller scale as a standalone company, Knife River Holding Company's cost of performing such functions could be higher than the amounts reflected in its historical financial statements, which would cause its profitability to decrease.

- *Uncertainty Regarding Stock Prices*. The effect of the separation on the trading prices of Knife River Holding Company or MDU Resources common stock is not predictable nor can it be known with certainty whether the combined market value of one Knife River Holding Company common stock and one share of MDU Resources common stock will be less than, equal to or greater than the market value of one share of MDU Resources common stock prior to the distribution.

In determining whether to pursue the separation, MDU Resources board of directors concluded that the potential benefits of the separation significantly outweighed these negative factors. See the section entitled "Risk Factors" included elsewhere in this information statement.

In connection with its review, the MDU Resources board of directors also considered certain alternatives to the separation of Knife River, including a combined spinoff of Knife River and MDU Construction Services Group, Inc. The MDU Resources board of directors determined, however, that spinning off Knife River and MDU Construction Services Group, Inc. together, as a combined company, would be less favorable given that, among other factors, the companies work in different industries, maintain different customers and have different business dynamics within each industry. As a result, this alternative would not result in the creation of a "pure play" business. These were some of the factors that the MDU Resources board of directors considered as part of its assessment of MDU Resources' and Knife River's businesses, operations and value creation opportunities. Following this assessment, the MDU Resources board of directors determined that the separation is the best path forward for MDU Resources and its stockholders. Additionally, as previously disclosed by MDU Resources, the MDU Resources board of directors has begun a strategic review of MDU Construction Services Group, Inc.

Reasons for MDU Resources' Retention of Approximately 10% Percent of Knife River Holding Company Common Stock

In considering the appropriate structure for the separation, MDU Resources determined that, immediately after the distribution becomes effective, MDU Resources will own approximately 10% of the outstanding shares of Knife River Holding Company common stock. The retention of Knife River Holding Company common stock will strengthen MDU Resources' balance sheet. The retained shares can potentially be exchanged to accelerate debt reduction or sold for cash, thereby facilitating an appropriate capital structure and the financial flexibility necessary for MDU Resources to execute its growth strategy. Knife River Holding Company understands that MDU Resources intends to responsibly dispose of all shares of Knife River Holding Company common stock that it retains after the distribution, which may include one or more subsequent exchanges for debt, distributions to MDU Resources stockholders, exchanges for MDU Resources shares or one or more sales of such shares for cash.

Formation of Knife River Holding Company and Internal Reorganization

Knife River Holding Company was formed as a Delaware corporation on November 9, 2022, for the purpose of holding Knife River.

As part of the plan to separate Knife River and pursuant to the separation and distribution agreement that Knife River Holding Company and MDU Resources will enter into prior to the distribution, MDU Resources and its subsidiaries expect to complete an internal reorganization to transfer the equity interests of Knife River and its consolidated subsidiaries and the assets and liabilities associated with it and its consolidated subsidiaries to Knife River Holding Company.

The internal reorganization is expected to include various restructuring transactions that may take the form of asset transfers, mergers, dividends, distributions, contributions and similar transactions, and may involve the formation of new subsidiaries in the U.S. to own and operate Knife River or MDU Resources' remaining businesses. Following the completion of the internal reorganization and immediately following the distribution, Knife River Holding Company will own Knife River and MDU Resources will continue to own its remaining businesses. In connection with the separation and distribution, Knife River Corporation intends to change its name to "KRC Materials, Inc." and Knife River Holding Company intends to change its name to "Knife River Corporation."

When and How You Will Receive the Distribution

With the assistance of Equiniti, MDU Resources expects to distribute approximately 90% of the outstanding shares of Knife River Holding Company common stock at [ ] Eastern Time on [ ] the distribution date, to all holders of outstanding shares of MDU Resources common stock as of the close of business on

[ ], the record date for the distribution. Equiniti, which currently serves as the transfer agent and registrar for MDU Resources common stock, will serve as the settlement and distribution agent in connection with the distribution and the transfer agent and registrar for Knife River Holding Company common stock.

If you own shares of MDU Resources common stock as of the close of business on the record date for the distribution, the shares of Knife River Holding Company common stock that you will be entitled to receive in the distribution will be issued electronically, as of the distribution date, to you in direct registration form or to your bank or brokerage firm on your behalf. If you are a registered holder, Equiniti will then mail you a direct registration account statement that reflects your shares of Knife River Holding Company common stock. If you hold your shares through a bank or brokerage firm, your bank or brokerage firm will credit your account for the shares. Direct registration form refers to a method of recording share ownership when no physical share certificates are issued to stockholders, as is the case in this distribution. If you sell shares of MDU Resources common stock in the "regular-way" market up to and including the distribution date, you will be selling your right to receive shares of Knife River Holding Company common stock in the distribution.

Most MDU Resources stockholders hold their shares of MDU Resources common stock through a bank or brokerage firm. In such cases, the bank or brokerage firm would be said to hold the shares in "street name" and ownership would be recorded on the bank or brokerage firm's books. If you hold your shares of common stock through a bank or brokerage firm, your bank or brokerage firm will credit your account for shares of Knife River Holding Company common stock that you are entitled to receive in the distribution. If you have any questions concerning the mechanics of having shares held in "street name," please contact your bank or brokerage firm.

Transferability of Shares You Receive

Shares of Knife River Holding Company common stock distributed to holders in connection with the distribution will be transferable without restriction or registration under the Securities Act, except for shares received by persons who may be deemed to be Knife River Holding Company's affiliates. Persons who may be deemed to be its affiliates after the distribution generally include individuals or entities that control, are controlled by or are under common control with Knife River Holding Company, which may include certain of its executive officers, directors or principal stockholders. Securities held by Knife River Holding Company's affiliates will be subject to resale restrictions under the Securities Act. Knife River Holding Company's affiliates will be permitted to sell shares of Knife River Holding Company common stock only pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act, such as the exemption afforded by Rule 144 under the Securities Act.

Number of Shares of Knife River Holding Company Common Stock You Will Receive

For each share of MDU Resources common stock that you own at the close of business on [ ], the record date for the distribution, you will receive [ ] shares of Knife River Holding Company common stock on the distribution date. MDU Resources will not distribute any fractional shares of Knife River Holding Company common stock to its stockholders. Instead, if you are a registered holder, Equiniti (which is sometimes referred to in this information statement as the "distribution agent") will aggregate fractional shares into whole shares, sell the whole shares in the open market at prevailing market prices on behalf of MDU Resources stockholders and distribute the aggregate cash proceeds (net of discounts and commissions) of the sales pro rata (based on the fractional share such holder would otherwise be entitled to receive) to each holder who otherwise would have been entitled to receive a fractional share in the distribution. The distribution agent, in its sole discretion, without any influence by MDU Resources or Knife River Holding Company, will determine when, how, and through which broker-dealer and at what price to sell the whole shares. Any broker-dealer used by the distribution agent will not be an affiliate of either MDU Resources or Knife River Holding Company. Equiniti is not an affiliate of either MDU Resources or Knife River Holding Company. Neither Knife River Holding Company nor MDU Resources will be able to guarantee any minimum sale price in connection with the sale of these shares. Recipients of cash in lieu of fractional shares will not be entitled to any interest on the amounts of payment made in lieu of fractional shares.

The aggregate net cash proceeds of these sales of fractional shares will be taxable for U.S. federal income tax purposes. See "Material U.S. Federal Income Tax Consequences" for an explanation of the material U.S. federal income tax consequences of the distribution. Knife River Holding Company estimates that it will take approximately two weeks from the distribution date for the distribution agent to complete the distributions

of the aggregate net cash proceeds. If you hold your shares of MDU Resources common stock through a bank or brokerage firm, your bank or brokerage firm will receive, on your behalf, your pro rata share of the aggregate net cash proceeds of the sales and will credit your account for your share of such proceeds.

Treatment of Equity-Based Compensation

In connection with the separation and distribution, MDU Resources equity-based awards that are outstanding immediately prior to the separation and distribution and held by individuals who will serve as employees of Knife River Holding Company immediately following the separation and distribution are expected to be treated as follows:

Restricted Stock Units. At the effective time of the distribution, each award of MDU Resources restricted stock units held by an individual who will be an employee of Knife River Holding Company following the separation and distribution will be converted into an award of restricted stock units with respect to Knife River Holding Company common stock. The number of shares subject to each such award will be adjusted in a manner intended to preserve the aggregate intrinsic value of the original MDU Resources award as measured immediately before and immediately after the separation and distribution, subject to rounding. Such adjusted award will otherwise be subject to the same terms and conditions that applied to the original MDU Resources award immediately prior to the separation and distribution.

Performance Share Awards. Effective as of immediately prior to the separation and distribution, the level of achievement of performance goals applicable to outstanding MDU Resources performance share awards held by individuals who will be employees of Knife River Holding Company following the separation and distribution will be determined by the MDU Resources compensation committee. The performance level for each completed fiscal year(s) within the applicable performance period is expected to be determined based on actual performance results, and the performance level for each incomplete fiscal year within the applicable performance period is expected to be deemed to equal the target level. Then, at the effective time of the distribution, each award of MDU Resources performance shares held by an individual who will be an employee of Knife River Holding Company following the separation and distribution will be converted into an award of restricted stock units with respect to Knife River Holding Company common stock. The number of shares of Knife River Holding Company common stock subject to each such award will be adjusted in a manner intended to preserve the aggregate intrinsic value of the original MDU Resources award (taking into account the determination of performance as of immediately prior to the separation and distribution) as measured immediately before and immediately after the separation and distribution, subject to rounding. Such adjusted award will otherwise be subject to the same terms and conditions (other than performance-based vesting conditions) that applied to the original MDU Resources award immediately prior to the separation and distribution.

Results of the Distribution

After the distribution, Knife River Holding Company will be an independent, publicly traded company. The actual number of shares to be distributed will be determined at the close of business on [ ], the record date for the distribution, and will reflect any exercise of MDU Resources options prior to the record date for the distribution. The distribution will not affect the number of outstanding shares of MDU Resources common stock or any rights of MDU Resources stockholders. MDU Resources will not distribute any fractional shares of Knife River Holding Company common stock.

Knife River Holding Company will enter into a separation agreement and other related agreements with MDU Resources before the distribution to effect the separation and provide a framework for Knife River Holding Company's relationship with MDU Resources after the separation. These agreements will provide for the allocation between Knife River Holding Company and MDU Resources of assets, employees, liabilities and obligations (including its investments, property, employee benefits assets and liabilities and tax liabilities) associated with Knife River and will govern the relationship between MDU Resources and Knife River Holding Company after the separation. For a more detailed description of these agreements, see "Certain Relationships and Related Person Transactions."

Market for Knife River Holding Company Common Stock

There is currently no public trading market for Knife River Holding Company common stock. Knife River Holding Company expects to apply to list Knife River Holding Company common stock on the NYSE under the

symbol "KNF." Knife River Holding Company has not and will not set the initial price of Knife River Holding Company common stock. The initial price will be established by the public markets.

Knife River Holding Company cannot predict the price at which shares of Knife River Holding Company common stock will trade after the distribution. In fact, the combined trading prices, after the distribution, of the shares of Knife River Holding Company common stock that each MDU Resources stockholder will receive in the distribution and shares of MDU Resources common stock held at the record date for the distribution may not equal the "regular-way" trading price of shares of MDU Resources common stock immediately prior to the distribution. The price at which shares of Knife River Holding Company common stock trades may fluctuate significantly, particularly until an orderly public market develops. Trading prices for shares of Knife River Holding Company common stock will be determined in the public markets and may be influenced by many factors. See "Risk Factors —Risks Related to Knife River Holding Company common stock."

Incurrence of Debt

In connection with the separation and distribution, Knife River Holding Company anticipates that it will incur long-term indebtedness in an aggregate principal capacity of up to $1.05 billion. Such indebtedness is expected to consist of Knife River Holding Company's $425 million 7.750% notes due 2031, Knife River Holding Company's expected incurrence of $275 million in aggregate principal amount of term loans and Knife River Holding Company's expected entry into a $350 million revolving credit facility, under which Knife River Holding Company expects (based on projected seasonal borrowing needs, which fluctuate with the timing of the construction season and associated working capital needs) to have $190 million in aggregate principal amount of loans outstanding as of the separation date. Knife River Holding Company expects that all or a portion of the net proceeds of such debt will be used to repay debt owed by Knife River to Centennial. Knife River Holding Company expects that Centennial will use such net proceeds to repay a portion of its existing third-party debt.

Trading Between the Record Date and Distribution Date

Beginning on or about the record date for the distribution and continuing up to and including the distribution date, MDU Resources expects that there will be two markets for shares of MDU Resources common stock: a "regular-way" market and an "ex-distribution" market. Shares of MDU Resources common stock that trade on the "regular-way" market will trade with an entitlement to shares of Knife River Holding Company common stock to be distributed pursuant to the separation. Shares of MDU Resources common stock that trade on the "ex-distribution" market will trade without an entitlement to shares of Knife River Holding Company common stock to be distributed pursuant to the distribution. Therefore, if you sell shares of MDU Resources common stock in the "regular-way" market up to and including the distribution date, you will be selling your right to receive shares of Knife River Holding Company common stock in the distribution. If you own shares of MDU Resources common stock at the close of business on the record date and sell those shares on the "ex-distribution" market up to and including the distribution date, you will receive the shares of Knife River Holding Company common stock that you are entitled to receive pursuant to your ownership of shares of MDU Resources common stock as of the record date.

Furthermore, beginning on or about the record date for the distribution and continuing up to and including the distribution date, Knife River Holding Company expects that there will be a "when-issued" market in shares of Knife River Holding Company common stock. "When-issued" trading refers to a sale or purchase made conditionally because the security has been authorized but not yet issued. The "when-issued" trading market will be a market for shares of Knife River Holding Company common stock that will be distributed to holders of shares of MDU Resources common stock on the distribution date. If you own shares of MDU Resources common stock at the close of business on the record date for the distribution, you would be entitled to shares of Knife River Holding Company common stock distributed pursuant to the distribution. You may trade this entitlement to shares of Knife River Holding Company common stock, without the shares of MDU Resources common stock you own, on the "when-issued" market, but your transaction will not settle until after the distribution date. On the first trading day following the distribution date, "when-issued" trading with respect to shares of Knife River Holding Company common stock will end, and "regular-way" trading will begin.

Conditions to the Distribution

The distribution will be effective at [ ] Eastern Time, on [ ], which is the distribution date, provided that the conditions set forth in the separation agreement have been satisfied (or waived by MDU Resources in its sole discretion), including:

- The transfer of Knife River and the assets and liabilities associated with it and its business from MDU Resources to Knife River Holding Company shall be completed in accordance with the separation and distribution agreement that MDU Resources and Knife River Holding Company will enter into prior to the distribution.
- MDU Resources shall have received a private letter ruling from the IRS, satisfactory to the MDU Resources board of directors, regarding certain U.S. federal income tax matters relating to the separation and distribution.
- MDU Resources shall have received one or more opinions from its tax advisors, in each case satisfactory to the MDU Resources board of directors, regarding certain U.S. federal income tax matters relating to the separation and distribution.
- An independent appraisal firm acceptable to MDU Resources shall have delivered one or more opinions to the board of directors of MDU Resources at the time or times requested by the board of directors of MDU Resources confirming the solvency and financial viability of MDU Resources before the consummation of the distribution and each of MDU Resources and Knife River Holding Company after the consummation of the distribution, and such opinions shall have been acceptable to MDU Resources in form and substance in MDU Resources' sole discretion and such opinions shall not have been withdrawn or rescinded.
- The SEC shall have declared effective Knife River Holding Company's registration statement on Form 10, of which this information statement forms a part, and this information statement shall have been made available to MDU Resources stockholders.
- All actions and filings necessary or appropriate under applicable U.S. federal, U.S. state or other securities laws shall have been taken and, where applicable, have become effective or been accepted by the applicable governmental authority.
- The actions and filings necessary or appropriate with respect to applicable state insurance and residential service contract regulators, shall have been taken or made, and, where applicable, have become effective or been accepted by the applicable governmental authority.
- The transaction agreements relating to the separation that MDU Resources and Knife River Holding Company will enter into prior to the distribution shall have been duly executed and delivered by the parties.
- No order, injunction, or decree issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the separation, distribution or any of the related transactions shall be in effect.
- The shares of Knife River Holding Company common stock to be distributed shall have been approved for listing on the NYSE, subject to official notice of distribution.
- Knife River Holding Company shall have entered into the financing transactions described in this information statement that are contemplated to occur on or prior to the separation and distribution.
- No event or development shall have occurred or exist that, in the judgment of MDU Resources' board of directors, in its sole and absolute discretion, makes it inadvisable to effect the separation, the distribution and other related transactions.

Knife River Holding Company cannot assure you that any or all of these conditions will be met. MDU Resources will have sole discretion to waive any of the conditions to the distribution. In addition, MDU Resources will have the sole and absolute discretion to determine (and change) the terms of, and whether to proceed with, the distribution and, to the extent it determines to so proceed, to determine the record date for the distribution, the distribution date and the distribution ratio, as well as to reduce the amount of outstanding shares of Knife River Holding Company common stock that it will retain, if any, following the distribution. MDU Resources may rescind or delay its declaration of the distribution even after the record date for the distribution. MDU Resources does not intend to notify its stockholders of any modifications to the terms of the separation and distribution that, in the judgment of its board of directors, are not material. To the extent that the MDU Resources board of directors determines that any modifications by MDU Resources materially change the material terms of the separation and distribution, MDU Resources will notify MDU Resources stockholders in a

manner reasonably calculated to inform them about the modification as may be required by law, by, for example, publishing a press release, filing a current report on Form 8-K, or circulating a supplement to this information statement. For example, the MDU Resources board of directors might consider material such matters as significant changes to the distribution ratio, the assets to be contributed or the liabilities to be assumed in the separation.

Regulatory Approval

Knife River Holding Company's registration statement on Form 10, of which this information statement forms a part, must become effective prior to the distribution, and shares of Knife River Holding Company common stock to be distributed must have been approved for listing on the NYSE, subject to official notice of distribution.

No Appraisal Rights

Under the DGCL, MDU Resources stockholders will not have appraisal rights in connection with the distribution.

DIVIDEND POLICY

The payment of any dividends in the future, and the timing and amount thereof, to its stockholders is within the sole discretion of Knife River Holding Company's board of directors and will depend on many factors, such as its financial condition, earnings, capital requirements, potential obligations in planned financings, industry practice, legal requirements, Delaware corporate surplus requirements, and other factors that its board of directors deems relevant. Knife River Holding Company's ability to pay dividends will depend on its ongoing ability to generate cash from operations and on its access to the capital markets. Knife River Holding Company cannot guarantee that it will pay a dividend in the future or continue to pay any dividends if it commences paying dividends.

CAPITALIZATION

This section discusses financial data of Knife River Holding Company, assuming the completion of all of the transactions described in this information statement, including the separation. It is assumed that as of the dates disclosed in this section, Knife River Corporation was a subsidiary of Knife River Holding Company and Knife River Holding Company had no other assets, liabilities or operations.

The following table sets forth Knife River Corporation's Cash and cash equivalents and capitalization as of December 31, 2022, on a historical basis and on an unaudited pro forma basis to give effect to the pro forma adjustments included in Knife River Holding Company's unaudited pro forma consolidated financial statements and notes thereto. The information below is not necessarily indicative of what Knife River Holding Company's Cash and cash equivalents and capitalization would have been had the separation, distribution and related transactions been completed as of the year ended December 31, 2022. In addition, it is not indicative of Knife River Holding Company's future capitalization. This table should be read in conjunction with the "Unaudited Pro Forma Consolidated Financial Statements," "Selected Historical and Pro Forma Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Description of Material Indebtedness" sections of this information statement and Knife River Corporation's audited consolidated financial statements and notes thereto included in the "Index to Financial Statements" of this information statement.

	As of December 31, 2022	
	Historical	Pro Forma
	(In thousands, except share and per share amounts)	
Assets		
Cash and cash equivalents[1]	$ 10,090	$ 221,294
Liabilities		
Debt, including current and long-term:		
Long-term debt - current portion[1]	211	211
Related-party notes payable - current portion[1]	238,000	—
Long-term debt[1]	427	879,205
Related-party notes payable[1]	446,449	—
Total debt	$ 685,087	$ 879,416
Stockholder's Equity		
Historical Common stock, $10.00 par value: 80,000 shares authorized, issued and outstanding; Pro Forma Common stock, $0.01 par value: 300,000,000 shares authorized, 57,033,536 shares issued, and 56,562,193 shares outstanding on a pro forma basis[2]	$ 800	$ 566
Other paid-in-capital[2]	549,106	548,211
Retained earnings	494,661	494,661
Parent stock held by subsidiary[3]	(3,626)	—
Treasury stock at cost- 471,343 shares[3]	—	(3,626)
Accumulated other comprehensive loss	(12,352)	(12,352)
Total stockholder's equity	$1,028,589	$1,027,460
Total capitalization	$1,713,676	$ 1,906,876

1. The pro forma figures reflect the issuance by Knife River Holding Company of $425 million 7.750% notes due 2031, and the expected incurrence of term loans by Knife River Holding Company in an aggregate principal amount of up to $275 million. The debt maturities are expected to range from five years to eight years with an estimated weighted average interest rate of approximately 7.3 percent. Total deferred debt issuance costs associated with such indebtedness are estimated to be $11,222 thousand, which will be amortized to Interest expense over the terms of the respective instruments and are reflected as a reduction to Long-term debt. It is expected that Knife River will use all or a portion of the net proceeds of such indebtedness to repay its outstanding indebtedness with Centennial of $238 million that is reflected as Related-party notes payable – current portion and $446,449 thousand reflected as Related-party notes payable on the historical audited consolidated balance sheet as of December 31, 2022.

The pro forma figures also reflect a 5-Year Revolving Credit Facility of $350 million that Knife River Holding Company expects to enter into in connection with the separation. Knife River Holding Company expects to have $190 million in aggregate principal amount of loans outstanding as of the separation date based on projected seasonal borrowing needs, which fluctuate with the timing of the construction season and associated working capital requirements. In addition, as of the separation date, Knife River Holding Company expects Cash and cash equivalents to be $50 million. The associated estimated debt issuance costs of $5,357 thousand are recorded to Investments and other and amortized to Interest expense over the term of the credit facility. Knife River Holding Company also expects to incur $1,005 thousand of fees based on the undrawn balance of the facility recorded to Interest expense. See “Management‘s Discussion and Analysis of Financial Conditions and Results of Operations - Liquidity and Capital Resources” and “Unaudited Pro Forma Consolidated Financial Statements” for additional details.

2. Reflects the historical common stock with a par value of $10.00 of Knife River Corporation and the issuance of 57,033,536 shares of Knife River Holding Company common stock with a par value of $0.01 per share on a pro forma basis pursuant to the separation and distribution agreement. Knife River Holding Company has assumed the number of issued and outstanding shares on a pro forma basis based on, among other things, (i) 204,162,814 shares of MDU Resources common stock outstanding as of March 31, 2023, (ii) the distribution ratio on the basis of one share of Knife River Holding Company common stock distributed for every four shares of MDU Resources common stock outstanding, (iii) a distribution of approximately 90% of the outstanding shares of Knife River Holding Company common stock to MDU Resources stockholders, on a pro rata basis and (iv) the hook stock exchange (as defined below). The number of shares shown outstanding on a pro forma basis and the amount used to calculate pro forma earnings per share differs from the shares issued on a pro forma basis due to the 471,343 hook stock shares retained as Treasury stock. The actual number of shares issued and outstanding will not be known until the record date for the distribution. Knife River Holding Company expects approximately 10% of Knife River Holding Company's common stock to be owned by MDU Resources at the time of separation.

3. Knife River Corporation, presented here as a subsidiary of Knife River Holding Company, historically held 538,921 shares of MDU Resources common stock, through a subsidiary. The historical shares are presented as Parent stock held by subsidiary. In connection with the separation, the subsidiary of Knife River Corporation will enter into an exchange agreement with MDU Resources to transfer, prior to the record date, the Parent stock held by subsidiary to MDU Resources in exchange for MDU Resources agreeing to transfer, on or before the distribution date, 471,343 shares of Knife River Holding Company common stock to the subsidiary of Knife River Corporation (such transactions, the “hook stock exchange”). Management assumed the historical Parent stock held by subsidiary of 538,921 shares of MDU Resources common stock at MDU's stock price as of March 31, 2023, to determine the estimated value of Knife River Holding Company common stock. Management assumed an estimated implied share price based on industry peer trading multiple data to determine the 471,343 shares of Knife River Holding Company that would be received in Treasury stock to the subsidiary of Knife River. The historical Parent stock held by subsidiary of $3,626 thousand reflects the value of the MDU Resources common stock at the time it was granted to the Knife River Corporation subsidiary and will remain at the historical value since the exchange is between related parties.

SELECTED HISTORICAL AND PRO FORMA CONSOLIDATED FINANCIAL DATA

The following table presents the selected historical consolidated financial data for Knife River Corporation, as of and for each of the years in the three-year period ended December 31, 2022 and the selected unaudited pro forma consolidated financial data for Knife River Holding Company as of and for the year ended December 31, 2022. The selected pro forma consolidated data is presented assuming the completion of all of the transactions described in this information statement, including the separation. It is assumed that as of the dates disclosed in this section, Knife River Corporation was a subsidiary of Knife River Holding Company and Knife River Holding Company had no other assets, liabilities or operations.

The selected consolidated statement of income data for the years ended December 31, 2022, 2021 and 2020, and the selected consolidated balance sheet data as of December 31, 2022 and 2021, were derived from Knife River Corporation's audited consolidated financial statements. The selected unaudited pro forma consolidated financial data for the year ended December 31, 2022, has been derived from Knife River Holding Company's unaudited pro forma consolidated financial statements included elsewhere in this information statement.

The selected historical consolidated financial data set forth below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Unaudited Pro Forma Consolidated Financial Statements," and the audited consolidated financial statements and the notes thereto included in this information statement. The selected historical consolidated financial data reflects Knife River Corporation's results as historically operated as a part of MDU Resources, and these results may not be indicative of its future performance as a stand-alone company following the separation and distribution.

	Pro Forma Year Ended December 31,	Historical Years Ended December 31,		
	2022	2022	2021	2020
		(In thousands)		
Results for Year:				
Revenues	$2,534,729	**$2,534,729**	$2,228,930	$2,178,002
Gross profit	$ 347,274	**$ 360,894**	$ 346,949	$ 370,578
Gross margin	13.7 %	**14.2 %**	15.6 %	17.0 %
Net income	$ 72,916	**$ 116,220**	$ 129,755	$ 147,325
Net income margin	2.9 %	**4.6 %**	5.8 %	6.8 %
Other Data:				
EBITDA	$ 278,278	**$ 306,740**	$ 293,406	$ 304,959
EBITDA margin	11.0%	**12.1%**	13.2%	14.0%
Adjusted EBITDA	$ 296,423	**$ 313,413**	$ 294,749	$ 304,290
Adjusted EBITDA margin	11.7%	**12.4%**	13.2%	14.0%
Balance Sheet Data:				
Working capital	$ 527,687	**$ 91,677**	$ 185,429	
Total assets	2,505,750	**2,294,319**	2,181,824	
Total equity	1,027,460	**1,028,589**	952,844	

Non-GAAP Financial Measures

The selected historical and pro forma consolidated financial data includes financial information prepared in accordance with accounting principles generally accepted in the U.S. ("GAAP"), as well as EBITDA, EBITDA margin, Adjusted EBITDA and Adjusted EBITDA margin financial measures on a historical and pro forma basis. Knife River Holding Company defines EBITDA as net income before interest expense, taxes and depreciation, depletion and amortization, and EBITDA margin as EBITDA as a percentage of revenues. Knife River Holding Company defines Adjusted EBITDA as EBITDA adjusted to exclude unrealized gains and losses on benefit plan investments, stock-based compensation and one-time separation costs and Adjusted EBITDA margin as Adjusted EBITDA as a percentage of revenues.

EBITDA, EBITDA margin, Adjusted EBITDA and Adjusted EBITDA margin are considered non-GAAP financial measures and are comparable to the corresponding GAAP measures of Net income, Net income margin, Gross profit and Gross margin. Knife River Holding Company believes these non-GAAP financial measures, in

addition to corresponding GAAP measures, are useful to investors by providing meaningful information about operational efficiency compared to its peers by excluding the impacts of differences in tax jurisdictions and structures, debt levels and capital investment. Management believes Adjusted EBITDA is a useful performance measure because it allows for an effective evaluation of the Company's operating performance by excluding stock-based compensation and unrealized gains and losses on benefit plan investments as they are considered non-cash and not part of the Company's core operations. The Company also excludes the one-time, non-recurring costs associated with the separation of Knife River Holding Company from MDU Resources as those are not expected to continue. Rating agencies and investors will also use EBITDA and Adjusted EBITDA to calculate Knife River Holding Company's leverage as a multiple of EBITDA and Adjusted EBITDA. Additionally, EBITDA and Adjusted EBITDA are important metrics for debt investors who utilize debt to EBITDA and debt to Adjusted EBITDA ratios. Knife River Holding Company's management uses these non-GAAP financial measures in conjunction with GAAP results when evaluating its operating results internally and calculating compensation packages and leverage as a multiple of EBITDA and Adjusted EBITDA to determine the appropriate method of funding operations of the Company. EBITDA is calculated by adding back income taxes, interest expense and depreciation, depletion and amortization expense to net income. EBITDA margin is calculated by dividing EBITDA by revenues. Adjusted EBITDA is calculated by adding back unrealized gains and losses on benefit plan investments, stock-based compensation and one-time separation costs, to EBITDA. Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by revenue. These non-GAAP financial measures should not be considered as alternatives to, or more meaningful than, GAAP financial measures such as net income or net income margin and is intended to be helpful supplemental financial measures for investors' understanding of Knife River Holding Company's operating performance. Knife River Holding Company's non-GAAP financial measures are not standardized; therefore, it may not be possible to compare these financial measures with other companies' EBITDA, EBITDA margin, Adjusted EBITDA and Adjusted EBITDA margin measures having the same or similar names.

The following information reconciles net income to EBITDA and EBITDA to Adjusted EBITDA and provides the calculation of EBITDA margin and Adjusted EBITDA margin.

	Pro Forma Year Ended December 31,	Historical Years Ended December 31,		
	2022	2022	2021	2020
	(In thousands)			
Net income	$ 72,916	**$ 116,220**	$ 129,755	$ 147,325
Adjustments:				
Income taxes	26,503	**42,601**	43,459	47,431
Depreciation, depletion and amortization	117,798	**117,798**	100,974	89,626
Interest	61,061	**30,121**	19,218	20,577
EBITDA	$ 278,278	**$ 306,740**	$ 293,406	$ 304,959
Unrealized (gains) losses on benefit plan investments	4,029	**4,029**	(2,294)	(4,026)
Stock-based compensation expense	4,098	**2,644**	3,637	3,357
One-time separation costs	10,018	—	—	—
Adjusted EBITDA	$ 296,423	**$ 313,413**	$ 294,749	$ 304,290
Revenues	$2,534,729	**$2,534,729**	$2,228,930	$2,178,002
Net income margin	2.9 %	**4.6 %**	5.8 %	6.8 %
EBITDA margin	11.0%	**12.1%**	13.2%	14.0%
Adjusted EBITDA margin	11.7%	**12.4%**	13.2%	14.0%

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

This section discusses financial data of Knife River Holding Company, assuming the completion of all of the transactions described in this information statement, including the separation. It is assumed as of the dates disclosed in this section, that Knife River Corporation was a subsidiary of Knife River Holding Company and Knife River Holding Company had no other assets, liabilities or operations.

The following unaudited pro forma consolidated financial statements of Knife River Holding Company consist of the unaudited pro forma consolidated statement of income for the year ended December 31, 2022, and the unaudited pro forma consolidated balance sheet as of December 31, 2022 (collectively, the "Unaudited Pro Forma Consolidated Financial Statements").

The Unaudited Pro Forma Consolidated Financial Statements reflect adjustments to Knife River Corporation's historical audited consolidated statement of income for the year ended December 31, 2022, and Knife River Corporation's historical audited consolidated balance sheet as of December 31, 2022. Knife River Holding Company's unaudited pro forma consolidated statement of income gives effect to adjustments as if the separation had occurred on January 1, 2022. The unaudited pro forma consolidated balance sheet gives effect to adjustments as if the separation had occurred as of December 31, 2022, the latest balance sheet date.

The Unaudited Pro Forma Consolidated Financial Statements are subject to assumptions and adjustments, including those described in the accompanying notes. Knife River Holding Company's management believes these assumptions and adjustments are reasonable under the circumstances given the information and estimates available at the time. However, these adjustments are subject to change as MDU Resources and Knife River Holding Company finalize the terms of the separation, including the separation and distribution agreement and related transaction agreements. The Unaudited Pro Forma Consolidated Financial Statements are presented for informational purposes only and do not purport to represent what Knife River Holding Company's financial position and results of operations actually would have been had the separation occurred on the dates indicated, or to project Knife River Holding Company's financial performance for any future period following the separation.

The Unaudited Pro Forma Consolidated Financial Statements include adjustments (collectively, the "Pro Forma Transactions") to reflect the following:

- The expected incurrence of indebtedness by Knife River Holding Company, in an aggregate principal capacity of up to $1.05 billion, consisting of Knife River Holding Company's $425 million 7.750% notes due 2031, the expected incurrence of $275 million in aggregate principal amount of term loans and the expected entry into a $350 million 5-Year Revolving Credit Facility, under which Knife River Holding Company expects to have $190 million in aggregate principal amount of loans outstanding as of the separation date based on projected seasonal borrowing needs, which fluctuate with the timing of the construction season and associated working capital requirements. Knife River Holding Company's expectation is that all or a portion of the net proceeds of such indebtedness will be used to repay debt owed to Centennial;
- The issuance of 57,033,536 shares of common stock, of which 56,562,193 shares will be outstanding and approximately 90% will be distributed to MDU Resources' stockholders on a pro rata basis in connection with the separation. MDU Resources expects to retain approximately 10% of the outstanding shares of Knife River Holding Company common stock following the distribution;
- The one-time transaction expenses associated with the separation of Knife River Holding Company;
- Incremental costs expected to be incurred as an autonomous entity and specifically related to the separation;
- Management adjustments which consist of reasonably estimated transaction effects related to synergies and dis-synergies expected to occur; and
- The impact of, and transactions contemplated by, the separation and distribution agreement, the transition services agreement, the employee matters agreement, the stockholder and registration rights agreement and other transaction agreements described under "Certain Relationships and Related Person Transactions."

The Unaudited Pro Forma Consolidated Financial Statements were prepared in accordance with GAAP and in accordance with Article 11 of the Securities and Exchange Commission's Regulation S-X. In May 2020, the

SEC adopted Release No. 33-10786 “Amendments to Financial Disclosures about Acquired and Disposed Businesses” (the “Final Rule”). The Final Rule became effective on January 1, 2021 and the Unaudited Pro Forma Consolidated Financial Statements herein are presented in accordance therewith.

Knife River Corporation’s historical audited consolidated financial statements, which were the basis for the Unaudited Pro Forma Consolidated Financial Statements, were prepared on a carve-out basis as it did not operate as a stand-alone entity for the period presented. Accordingly, such financial information reflects expense allocations for certain corporate functions provided by MDU Resources and Centennial, including, but not limited to certain general corporate expenses related to finance, legal, information technology, human resources, communications, procurement, tax, treasury, payroll, internal auditing and risk management. These expenses have been allocated to Knife River Corporation on the basis of direct usage when identifiable, with the remainder principally allocated on the basis of percent of total capital invested or other allocation methodologies that are considered to be a reasonable reflection of the utilization of the services provided to the benefits received. See Note 2, “Basis of Presentation” and Note 19, “Related-Party Transactions” to the historical audited consolidated financial statements included elsewhere in this information statement for further information on the allocation of corporate costs. MDU Resources has also incurred separation-related transaction costs which are not reflected in the historical audited consolidated financial statements as the costs have all been borne by MDU Resources.

The Unaudited Pro Forma Consolidated Financial Statements have been prepared to include transaction accounting, autonomous entity and management adjustments to reflect the financial condition and results of operations as if Knife River Holding Company were a stand-alone entity in the period presented. Transaction accounting adjustments have been presented to show the impact and associated cost of the legal separation from MDU Resources, including the incurrence of indebtedness, transfer of additional employee benefit assets and liabilities, and reclassification of certain transactions historically included in related-party accounts. Autonomous entity adjustments have been presented to show the impact of items such as the transition services agreement and incremental costs expected to be incurred as an autonomous entity. In addition, management adjustments have been provided which management believes are necessary to enhance an understanding of the pro forma effects of the transaction. Actual post-separation costs incurred may differ from those included in the transaction accounting, autonomous entity and management adjustment estimates.

The Unaudited Pro Forma Consolidated Financial Statements should be read in conjunction with “Capitalization,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” as well as the historical audited consolidated financial statements and notes thereto. For factors that could cause actual results to differ materially from those presented in the Unaudited Pro Forma Consolidated Financial Statements, see “Cautionary Statement Concerning Forward-Looking Statements” and “Risk Factors” included elsewhere in this information statement.

Knife River Holding Company
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME
For the Year Ended December 31, 2022

	Historical (Note 1)	Transaction Accounting Adjustments (Note 2)		Autonomous Entity Adjustments (Note 3)		Pro Forma
		(In thousands, except per share amounts)				
Revenue:						
Construction materials	$ 1,347,008	$ —		$ —		$1,347,008
Contracting services	1,187,721	—		—		1,187,721
Total revenue	2,534,729	—		—		2,534,729
Cost of revenue:						
Construction materials	1,086,193	—		10,750	(K)	1,096,943
Contracting services	1,087,642	—		2,870	(K)	1,090,512
Total cost of revenue	2,173,835	—		13,620		2,187,455
Gross profit	360,894	—		(13,620)		347,274
Selling, general and administrative expenses	166,599	747	(C)	15,379	(J),(K), (L)	182,725
Operating income	194,295	(747)		(28,999)		164,549
Interest expense	30,121	30,940	(B)	—		61,061
Other (expense) income	(5,353)	—		1,284	(J)	(4,069)
Income before income taxes	158,821	(31,687)		(27,715)		99,419
Income taxes	42,601	(8,587)	(E)	(7,511)	(M)	26,503
Net income	$ 116,220	$ (23,100)		$(20,204)		$ 72,916
Unaudited Pro Forma Earnings Per Share						
Basic	$116,220.00				(H)	$ 1.29
Diluted	$116,220.00				(I)	$ 1.29
Average number of shares used in calculating Unaudited Pro Forma Earnings Per Share:						
Basic	1				(H)	56,562
Diluted	1				(I)	56,562

See accompanying notes to unaudited pro forma consolidated financial statements.

Knife River Holding Company
UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET
As of December 31, 2022

	Historical (Note 1)	Transaction Accounting Adjustments (Note 2)		Autonomous Entity Adjustments (Note 3)		Pro Forma
		(In thousands, except share and share amounts)				
Assets:						
Current assets:						
Cash and cash equivalents	$ 10,090	$ 188,972	(A)	$22,232	(K)	$ 221,294
Receivables, net	210,157	9,972	(D)	—		220,129
Costs and estimated earnings in excess of billings on uncompleted contracts	31,145	—		—		31,145
Due from related-party	16,050	(9,972)	(D)	(6,078)	(K)	—
Inventories	323,277	—		—		323,277
Prepayments and other current assets	17,848	—		—		17,848
Total current assets	$ 608,567	$ 188,972		$16,154		$ 813,693
Noncurrent assets						
Net property, plant, and equipment	$1,315,213	$ —		$ —		$1,315,213
Goodwill	274,540	—		—		274,540
Other intangible assets, net	13,430	—		—		13,430
Operating lease right-of-use assets	45,873	—		—		45,873
Investments and other	36,696	6,305	(A),(C)	—		43,001
Total noncurrent assets	1,685,752	6,305		—		1,692,057
Total assets	$2,294,319	$ 195,277		$16,154		$ 2,505,750
Liabilities and Stockholder's Equity:						
Current liabilities:						
Long-term debt - current portion	$ 211	$ —		$ —		$ 211
Related-party notes payable - current portion	238,000	(238,000)	(A)	—		—
Accounts payable	87,370	16,209	(D)	—		103,579
Billings in excess of costs and estimated earnings on uncompleted contracts	39,843	—		—		39,843
Accrued compensation	29,192	—		—		29,192
Due to related-party	20,286	(20,286)	(D)	—		—
Current operating lease liabilities	13,210	—		—		13,210
Other accrued liabilities	88,778	4,983	(C), (D)	6,210	(K)	99,971
Total current liabilities	$ 516,890	$(237,094)		$ 6,210		$ 286,006
Noncurrent Liabilities						
Long-term debt	$ 427	$ 878,778	(A)	$ —		$ 879,205
Related-party notes payable	446,449	(446,449)	(A)	—		—
Deferred income taxes	175,804	—		—		175,804
Noncurrent operating lease liabilities	32,663	—		—		32,663
Other	93,497	1,171	(C)	9,944	(K)	104,612
Total liabilities	$1,265,730	$ 196,406		$16,154		$ 1,478,290
Commitments and contingencies						
Stockholder's equity:						
Common stock, $10 par value; 80,000 shares authorized, issued and outstanding	$ —	$ —		$ —		$ —
Common stock, $0.01 par value;						

300,000,000 shares authorized, 57,033,536 shares issued, and 56,562,193 shares outstanding on a pro forma basis	—	566	(F)	—	566
Other paid-in capital	549,906	(1,695)	(C),(F), (G)	—	548,211
Retained earnings	494,661	—		—	494,661
Parent stock held by subsidiary	(3,626)	3,626	(G)	—	—

See accompanying notes to unaudited pro forma consolidated financial statements.

	Historical (Note 1)	Transaction Accounting Adjustments (Note 2)		Autonomous Entity Adjustments (Note 3)	Pro Forma
		(In thousands, except share and share amounts)			
Treasury stock at cost - 471,343 shares	—	(3,626)	(G)	—	(3,626)
Accumulated other comprehensive loss	(12,352)	—		—	(12,352)
Total stockholder's equity	$1,028,589	$ (1,129)		$ —	$1,027,460
Total liabilities and stockholder's equity	$2,294,319	$ 195,277		$16,154	$2,505,750

See accompanying notes to unaudited pro forma consolidated financial statements.

NOTES TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Basis of Presentation

The historical consolidated financial information included in these Unaudited Pro Forma Consolidated Financial Statements is comprised of the consolidated accounts of Knife River Holding Company and its wholly owned subsidiary, Knife River Corporation. Knife River Corporation's 80,000 issued and outstanding shares of common stock with a $10 par value and aggregate value of $800 thousand reflected in the historical audited consolidated financial statements contained elsewhere in this information statement are recorded to Other paid-in capital and eliminated in consolidation with Knife River Holding Company. The balance of Knife River Holding Company's $549,106 thousand investment in Knife River Corporation has no net impact and is also represented in Other paid-in capital.

Note 2 – Transaction Accounting Adjustments:

The unaudited pro forma consolidated balance sheet as of December 31, 2022, and the unaudited pro forma consolidated statement of income for the year ended December 31, 2022, include the following transaction accounting adjustments:

A. Reflects the issuance by Knife River Holding Company of $425 million in aggregate principal amount of its 7.750% notes due 2031, and the expected incurrence of term loans by Knife River Holding Company in an aggregate principal amount of $275 million. The debt maturities are expected to range from five years to eight years with an estimated weighted average interest rate of approximately 7.3 percent. Total deferred debt issuance costs associated with such indebtedness are estimated to be $11,222 thousand, which will be amortized to Interest expense over the terms of the respective instruments and are reflected as a reduction to Long-term debt. It is expected that Knife River will use all or a portion of the net proceeds of such indebtedness to repay its outstanding indebtedness with Centennial of $238 million that is reflected as Related-party notes payable – current portion and $446,449 thousand reflected as Related-party notes payable on the historical audited consolidated balance sheet as of December 31, 2022.

   This adjustment also includes a 5-Year Revolving Credit Facility of $350 million that Knife River Holding Company expects to enter into in connection with the separation. Knife River Holding Company expects to have $190 million in aggregate principal amount of loans outstanding as of the separation date, based on projected seasonal borrowing needs, which fluctuate with the timing of the construction season and associated working capital requirements. In addition, as of the separation date, Knife River Holding Company expects Cash and cash equivalents to be $50 million. The associated estimated debt issuance costs of $5,357 thousand are recorded to Investments and other and amortized to Interest expense over the term of the credit facility. Knife River Holding Company also expects to incur $1,005 thousand of fees based on the undrawn balance of the facility recorded to Interest expense. See "Management's Discussion and Analysis of Financial Conditions and Results of Operations - Liquidity and Capital Resources" for additional details.

B. Reflects the addition of estimated interest expense and amortization of deferred debt issuance costs related to the debt issuances described in note (A) above and the estimated interest expense and deferred debt issuance cost impact of the settlement of indebtedness with Centennial. Interest expense associated with the term loans and other debt was calculated assuming constant debt levels throughout the period. Interest expense associated with the revolving credit facility was calculated using management's best estimate of seasonal utilization needs throughout the period. Interest expense associated with the settlement of indebtedness with Centennial was calculated based on historical interest expense incurred for the year ended December 31, 2022. A 0.125 percentage point change to the annual interest rate on the new indebtedness would change interest expense by approximately $446 thousand for the year ended December 31, 2022. Refer to the below table for further details on specific adjustments:

	Year ended December 31, 2022
	(In thousands)
Interest expense on new debt	$ 57,068
Amortization of deferred debt issuance costs on new debt	2,790
Expense on undrawn revolving credit facility balance	1,005
Less interest expense on Centennial debt	29,440

	Year ended December 31, 2022
	(In thousands)
Less amortization of deferred debt costs on Centennial debt	483
Total interest expense	$ 30,940

C Reflects $948 thousand in Investments and other, $906 thousand in Other accrued liabilities and $1,171 thousand in Noncurrent liabilities - other with respect to additional employee-related obligations and associated assets of active employees expected to be transferred from MDU Resources to Knife River Holding Company prior to separation. These assets and liabilities primarily relate to vacation accruals, the Supplemental Income Security Plan (SISP), Deferred Compensation Plan, Nonqualified Defined Contribution Plan and Retiree Reimbursement Account. The amounts in this adjustment are incremental to the assets and liabilities included in the historical audited consolidated balance sheet as they relate to employees who were not historically Knife River employees or the associated assets or liabilities were not attributed ratably to Knife River. Expenses associated with the active employees who will be transferred from MDU Resources to Knife River Holding Company were estimated to be $747 thousand, and are recorded in Selling, general and administrative expenses for the year ended December 31, 2022.

D. Reflects the reclassification of certain transactions historically included in related-party accounts to the appropriate third-party accounts based on the nature of the transaction, as of December 31, 2022.

	Year ended December 31, 2022
	(In thousands)
Related-party Accounts	
Due from related-party	$ (9,972)
Due to related-party	(20,286)
Total	$(30,258)
Third-party Accounts	
Receivables, net	$ 9,972
Accounts payable	16,209
Other accrued liabilities	4,077
Total	$ 30,258

E. Reflects the income tax impact of the transaction pro forma adjustments for the year ended December 31, 2022. This adjustment was calculated by applying the statutory federal income tax rate of 21.0% and state income tax rate of 6.1% to each of the pre-tax pro forma adjustments. The applicable tax rates could be impacted (either higher or lower) depending on certain factors subsequent to the separation including the legal entity structure implemented and may be materially different from the pro forma results. The estimated pro forma tax reduction is $8,587 thousand for the year ended December 31, 2022.

F. Reflects the issuance of 57,033,536 shares of Knife River Holding Company common stock with a par value of $0.01 per share on a pro forma basis pursuant to the separation and distribution agreement. Knife River Holding Company has assumed the number of issued and outstanding shares on a pro forma basis based on, among other things, (i) 204,162,814 shares of MDU Resources common stock outstanding as of March 31, 2023, (ii) the distribution ratio on the basis of one share of Knife River Holding Company common stock distributed for every four shares of MDU Resources common stock outstanding, (iii) a distribution of approximately 90% of the outstanding shares of Knife River Holding Company common stock to MDU Resources stockholders, on a pro rata basis and (iv) the hook stock exchange (as defined in the “Capitalization” section).The number of shares shown outstanding on a pro forma basis and the amount used to calculate pro forma earnings per share differs from the shares issued on a pro forma basis due to the 471,343 hook stock shares retained as Treasury stock, the details of which are outlined in adjustment G. The actual number of shares issued and outstanding will not be known until the record date for the distribution. Knife River Holding Company expects approximately 10% of Knife River Holding Company‘s common stock to be owned by MDU Resources at the time of separation.

G. Knife River Corporation, presented here as a subsidiary of Knife River Holding Company, has historically held 538,921 shares of MDU Resources common stock, through a subsidiary. The historical shares are presented as Parent stock held by subsidiary. In connection with the separation, the subsidiary of Knife River Corporation will enter into an exchange agreement with MDU Resources to transfer, prior to the record date, the Parent stock held by subsidiary to MDU Resources in exchange for MDU Resources agreeing to transfer, on or before the distribution date, 471,343 shares of Knife River Holding Company common stock to the subsidiary of Knife River Corporation. Management assumed the historical Parent stock held by subsidiary of 538,921 shares of MDU Resources common stock at MDU's stock price as of March 31, 2023, to determine the estimated value of Knife River Holding Company common stock. Management assumed an estimated implied share price based on industry peer trading multiple data to determine the 471,343 shares of Knife River Holding Company that would be received in Treasury stock to the subsidiary of Knife River. The historical Parent stock held by subsidiary of $3,626 thousand reflects the value of the MDU Resources common stock at the time it was granted to Knife River Corporation subsidiary and will remain at the historical value since the exchange is between related parties.

H. The weighted-average number of shares used to compute pro forma basic earnings per share for the year ended December 31, 2022, is 56,562,193, on the basis of one share of Knife River Holding Company's common stock for every four shares of MDU Resources common stock outstanding as of March 31, 2023, and the approximately 10% interest in the outstanding shares of Knife River Holding Company's common stock that Knife River Holding Company expects will be owned by MDU Resources at the time of separation.

I. The weighted-average number of shares used to compute pro forma diluted earnings per share for year ended December 31, 2022, is 56,562,193, which represents the number of shares expected to be outstanding in connection with the separation. The actual dilutive effect following the completion of the separation will depend on various factors, including employees who may change employment between MDU Resources and Knife River Holding Company and the impact of MDU Resources and Knife River Holding Company equity-based compensation agreements. At this time, management cannot estimate the dilutive effects.

Note 3 – Autonomous Entity Adjustments:

The unaudited pro forma consolidated balance sheet as of December 31, 2022, and the unaudited pro forma consolidated statement of income for the year ended December 31, 2022, include the following autonomous entity adjustments:

J. Reflects the effect of transition services agreements and associated reverse transition services agreements Knife River Holding Company intends to enter into with MDU Resources over a twelve month period following the separation. Knife River Holding Company will incur incremental expenses and income above the previous allocation of MDU Resources corporate costs related to financial reporting, tax, legal, risk management, human resources, information technology and other general and administrative functions. The adjustment related to services to be provided to Knife River Holding Company by MDU Resources of $6,082 thousand is recorded in Selling, general and administrative expenses and income related to services provided to MDU Resources by Knife River Holding Company of $1,284 thousand is recorded in Other (expense) income for the year ended December 31, 2022. However, actual incremental costs that will be incurred will depend on the results of contractual negotiations with MDU Resources, the ability to execute on proposed separation plans and the continuing assessment of resource needs for Knife River Holding Company to operate as a stand-alone company.

K. Reflects the establishment of new insurance coverage of certain liabilities, including but not limited to certain workers' compensation, auto liability, and general liability insurance through the creation of a new captive insurance entity as a stand-alone business that will become a subsidiary of Knife River Holding Company. The newly formed captive insurance entity will receive certain assets and liabilities to cover the actuarial estimated costs of known and unknown insured casualty claims of Knife River Holding Company. InterSource Insurance Company, a subsidiary of MDU Resources, will transfer $22,232 thousand of Cash and cash equivalents and liabilities of $6,210 thousand and $9,944 thousand recorded in Other accrued liabilities and Noncurrent liabilities - other, respectively. Knife River

Holding Company will also concurrently settle $6,078 thousand of Due from related-party balances related to insurance reserves historically established by InterSource Insurance Company for which Knife River Holding Company was identified as the primary obligor.

Recurring and ongoing expenses associated with the new insurance coverage, including but not limited to workers' compensation, auto liability, general liability, pollution liability, and directors and officers insurance, consist of $2,174 thousand recorded in Selling, general and administrative expenses, $6,952 thousand recorded in Cost of revenue - construction materials, and $1,856 thousand recorded in Cost of revenue - contracting services for the year ended December 31, 2022. One-time expenses, to purchase tail coverage for auto and general liability claims that are made post spinoff but occur pre-spinoff, of $2,788 thousand are recorded in Selling, general and administrative expenses, $3,798 thousand are recorded in Cost of revenue - construction materials and $1,014 thousand are recorded in Cost of revenue - contracting services for the year ended December 31, 2022. Actual insurance coverage expenses may differ based on future insurance claims, potential changes in the insurance marketplace, and any unanticipated changes in coverage.

L. Reflects $4,335 thousand in Selling, general and administrative expenses for the year ended December 31, 2022 related to the net impact of new compensation agreements for the establishment of the Knife River Holding Company's executive management team. This adjustment primarily relates to costs for increases in salaries, bonuses and stock-based compensation.

M. Reflects the income tax impact of the autonomous entity pro forma adjustments for the year ended December 31, 2022. This adjustment was primarily calculated by applying the statutory federal income tax rate of 21.0% and state income tax rate of 6.1% to each of the pre-tax pro forma adjustments. The applicable tax rates could be impacted (either higher or lower) depending on certain factors subsequent to the separation including the legal entity structure implemented and may be materially different from the pro forma results. The estimated pro forma tax reduction is $7,511 thousand for the year ended December 31, 2022.

Note 4 – Management's Adjustments

Management has elected to present management adjustments to the pro forma financial information and has included all adjustments necessary for a fair statement of such information. As part of MDU Resources, Knife River Holding Company benefits from certain functions performed by MDU Resources, such as financial reporting, tax, legal, human resources, information technology and other general and administrative functions. Following the separation and distribution, MDU Resources will not perform these functions for Knife River Holding Company, other than certain functions that will be provided for a limited time pursuant to the transition services agreement, as described in note (J). Due to the smaller scale as a stand-alone company, Knife River Holding Company's cost of performing such functions are estimated to be higher than the amounts reflected in its historical financial statements.

As a stand-alone public company, we expect to incur certain costs resulting from:

- one-time and non-recurring expenses associated with separation and stand-up functions required to operate as a stand-alone public entity. These non-recurring costs primarily relate to credit rating agency fees, third-party consulting services for captive insurance structuring, new employee benefit plans, and new software; and
- recurring and ongoing costs required to operate new functions as a public company such as governance and listing costs, continuing stock and rating agency fees, fees associated with proxy and other public company disclosures and information technology costs.

Management expects to incur these costs beginning at separation through a period of primarily six to twelve months post separation. Additional information technology costs are expected to be incurred after the twelve-month period post separation and the term of the transition services agreement.

Management also identified anticipated synergies in the form of cost savings of $4,236 thousand (all of which were recurring savings) related to certain expenses previously allocated from MDU Resources that will no longer be incurred as a stand-alone company. Following the separation, Knife River Holding Company does not expect to incur costs related to the use of, and ongoing depreciation associated with, the corporate aircraft, the MDU Resources corporate headquarters building, and other information technology related assets.

Operating as a separate stand-alone company, management anticipates dis-synergies in the form of higher costs for the above noted one-time and recurring functions. Management estimated that Knife River Holding Company would have dis-synergies of approximately $11,314 thousand (including one-time costs of $2,259 thousand as well as recurring costs of $9,055 thousand for the year ended December 31, 2022). Management also anticipates dis-synergies of $2,381 thousand associated with information technology costs beyond the year ended December 31, 2022.

Management estimated these synergies and dis-synergies by using the MDU Resources 2023 corporate budget as a baseline and conducting an incremental assessment for each corporate functional area (financial reporting, tax, legal, risk management, human resources, information technology and other general and administrative functions) and an employee-level census to identify all incremental resources and associated costs, including systems and third-party contracts as noted above, required for Knife River Holding Company to operate as a stand-alone public company. This assessment was performed consistently across all departments and consisted of department leads identifying the frequency, length, and the sourcing model (insource, third-party, etc.) needed for the business on an ongoing basis. The employee-level census involved the analysis of employee compensation, benefits and other non-salary related costs based on the number of employees that would be needed to provide corporate services at Knife River Holding Company after the separation. As a result of this assessment, management identified both incremental needs to those which are included in the historical financial statements and covered by the transition services agreement as well as new needs not previously incurred.

The additional synergies and dis-synergies have been estimated based on assumptions that management believes are reasonable. However, actual additional costs that will be incurred and cost savings could be different from the estimates and would depend on several factors, including the economic environment, results of contractual negotiations with third-party vendors, ability to execute on proposed separation plans, and strategic decisions made in areas such as human resources, insurance and information technology. In addition, adverse effects and limitations including those discussed in the section entitled “Risk Factors” to this information statement may impact actual costs incurred. If Knife River Holding Company decides to increase or reduce resources or invest more heavily in certain areas in the future, that will be part of its future decisions and have not been included in the management adjustments below.

These management adjustments include forward-looking information that is subject to the safe harbor protections of the Exchange Act. The tax effect has been determined by applying the statutory federal and state income tax rate to the aforementioned adjustments.

For the year ended December 31, 2022

	Net income (loss)	Basic earnings per share	Diluted earnings per share
	(in thousands except share and per share amounts)		
Unaudited pro forma consolidated net income*	$ 72,916	$ 1.29	$ 1.29
Management adjustments			
Dis-synergies	(11,314)	(0.20)	(0.20)
Synergies	4,236	0.08	0.08
Tax effect	1,918	0.03	0.03
Unaudited pro forma consolidated net income after management adjustments	$ 67,756	$ 1.20	$ 1.20
Weighted-average common shares outstanding - basic	56,562,193		
Weighted-average common shares outstanding - diluted	56,562,193		

* As shown in the Unaudited Pro Forma Consolidated Statement of Income

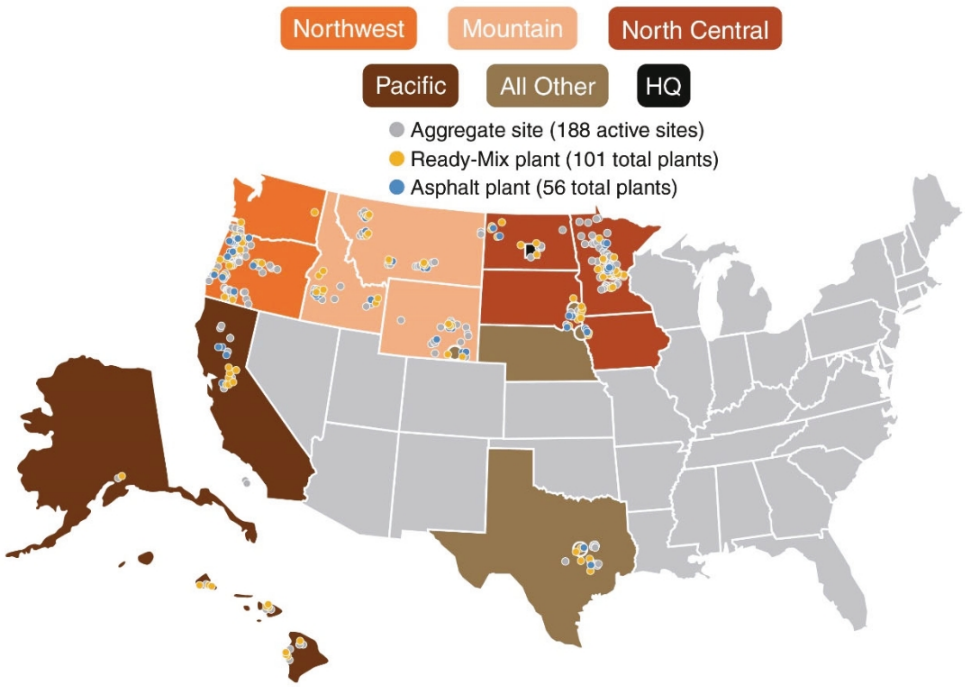
BUSINESS

This section discusses Knife River Holding Company's business, assuming the completion of all of the transactions described in this information statement, including the separation. References to "Knife River," "we," "us," "our" and the "Company" refer to Knife River Corporation and its subsidiaries, which are to be held by Knife River Holding Company.

Overview

Knife River is a leading aggregates-based construction materials and contracting services provider in the U.S. The Company's 1.1 billion tons of aggregate reserves provide the foundation for a vertically integrated business strategy with approximately 40% of its aggregates being used internally to support value-added downstream products (ready-mix concrete and asphalt) and contracting services (heavy-civil construction, asphalt paving, concrete construction, site development and grading services). Knife River is strategically focused on being the provider of choice in mid-size, high-growth markets. The Company is committed to continued growth and to delivering for its stakeholders—customers, communities, employees and stockholders—by executing on its four core values: People, Safety, Quality and the Environment.

Knife River's operations are conducted in six operating segments: Pacific, Northwest, Mountain, North Central, South and Energy Services. The Company's reportable segments are: Pacific, Northwest, Mountain and North Central, with South and Energy Services included in All Other.



Through its network of 188 active aggregate sites, 101 ready-mix plants and 56 asphalt plants, Knife River supplies construction materials and contracting services to customers in 14 states. Its construction materials are sold to public and private-sector customers, including federal, state and municipal governments, as well as industrial, commercial and residential developers and other private parties. Knife River's contracting services are primarily provided to public-sector customers for the development and servicing of highways, local roads, bridges and other public-infrastructure projects.

Knife River has broad access to high-quality aggregates in most of its markets, which forms the foundation of its vertically integrated business model. The Company shares resources, including plants, equipment and people, across its various locations to maximize efficiency, and it transports its products by truck, rail and barge to complete the vertical value chain, depending on the particular market. Knife River's strategically located

aggregate sites, ready-mix plants and asphalt plants, along with its fleet of ready-mix and dump trucks, enable the Company to better serve its customers. Knife River believes its integrated and expansive business model is a strong competitive advantage that provides scale, efficiency and operational excellence for the benefit of customers, stockholders and the broader communities that it serves.

Business Segments

Knife River operates through six operating segments: Pacific, Northwest, Mountain, North Central, South and Energy Services. These segments are used to determine the Company's reportable segments and are based on the Company's method of internal reporting and management of the business. The segments are determined based on how Knife River organizes and manages the business and are aligned by key geographic regions due to the production of construction materials and related contracting services following the seasonal nature of the construction industry. The Company's reportable segments are: Pacific, Northwest, Mountain and North Central, with South and Energy Services included in All Other with its corporate services. Each segment offers a vertically integrated suite of products and services, including aggregates, ready-mix concrete, asphalt, and contracting services. During the year ended December 31, 2022, revenue mix by segment was: 26% in North Central, 23% in Northwest, 21% in Mountain, 18% in Pacific and 12% in All Other.

Additional details about each of the segments and the All Other category as of December 31, 2022, is as follows:

	Pacific	Northwest	Mountain	North Central	All Other	Consolidated Knife River
States of Operation	Alaska, California and Hawaii	Oregon and Washington	Idaho, Montana and Wyoming	Iowa, Minnesota, North Dakota and South Dakota	Iowa, Nebraska, South Dakota, Texas and Wyoming	
Aggregate Reserves (tons)	165.2 million	506.9 million	222.0 million	133.4 million	78.5 million	1.1 billion
Properties:						
Aggregate Sites*	17	51	36	81	6	191
Ready-Mix Plants	18	24	17	36	6	101
Asphalt Plants	4	13	19	18	2	56
Revenue	$568.3 million	$704.4 million	$652.0 million	$809.9 million	$394.0 million	$3.1 billion
Revenue Composition:						
Construction Materials	77%	63%	43%	56%	82%	62%
Contracting Services	23%	37%	57%	44%	18%	38%
Public-Sector Services	63%	66%	68%	96%	99%	77%
Private-Sector Services	37%	34%	32%	4%	1%	23%
3 Year Revenue Compound Annual Growth Rate**	0.79%	12.44%	7.14%	2.86%	0.52%	4.98%

* Includes 188 active sites and three that are classified as exploration stage properties.

** Includes the effects of recent acquisitions.

End Markets

Public-Sector Customers. The Company's public-sector customers include federal, state and municipal governments for various projects, such as highways, bridges, airports, schools, public buildings and other public-infrastructure projects. Knife River believes public-sector funding is subject to fewer fluctuations in spending, as government funding tends to be less correlated with economic cycles and more reliant on approvals of government appropriation bills toward infrastructure initiatives. Some of these initiatives include the American Rescue Plan Act, which provides $1.9 trillion in COVID-19 relief funding for states, schools and local governments, including, in some cases, the funding of infrastructure projects, and the Infrastructure Investment and Jobs Act, which provides approximately $650 billion of funding reauthorizations for the department of

transportation's surface transportation programs and $550 billion of new infrastructure spending dollars, approximately $350 billion of which is specific to roads and bridges. While the allocation of new infrastructure spending dollars was significant, the reauthorization of the federal Department of Transportation through the Infrastructure Investment and Jobs Act was equally meaningful, as it provided clarity for states that federal cost sharing would persist at least until 2026. Based on this recent wave of government funding and the current state of America's infrastructure, which received a "C-" assessment from the American Society of Civil Engineers in 2021, Knife River believes there are strong public-market factors favorably affecting the outlook in this end market.

Private-Sector Customers. Knife River's private-sector customers include both residential and nonresidential construction applications. Unlike public-sector customers, spending by private-sector customers is more dependent on both local and national economic cycles. Knife River leverages its diverse geographic footprint to partially offset volatility originating from single local economies, and has the flexibility to reallocate resources from markets experiencing a downturn to markets that may be experiencing an economic upswing.

Residential construction typically includes single-family homes and multi-family units, such as apartments and condominiums. Demand for residential construction is influenced primarily by population growth, employment prospects and mortgage interest rates. While growth rates vary across the U.S., overall residential construction demand has increased in recent years, accelerated by migration trends during the COVID-19 pandemic towards rural and suburban markets, notably in Idaho, Montana, Oregon and Texas.

Alternatively, nonresidential construction includes all privately financed construction other than residential structures, such as data centers, warehouses, office buildings, factories, shopping malls, restaurants and other commercial structures. Nonresidential construction tends to lag residential activity and is mostly driven by population and economic growth trends and activity levels. Residential and nonresidential private construction are not major sources of revenue for all of Knife River's segments, but they are important markets for the materials side of the business. In addition to providing aggregates to these end markets, the majority of Knife River's downstream ready-mix volumes go into private-sector projects.

Strengths

(1) Leading vertically integrated, aggregates-based construction materials and contracting provider.

Knife River is one of the largest aggregates-based construction materials and contracting services providers in the U.S. The Company is recognized as a Top 10 aggregate producer and the fifth-largest sand and gravel producer in the country, per the United States Geological Survey. With its size and scale, Knife River operates a vertically integrated business model and serves its customers across the value chain, from raw materials to finished goods to contracting services. Knife River mines aggregates from its 1.1 billion tons of permitted aggregate reserves and processes them into various outputs, including ready-mix concrete and asphalt through its ready-mix and asphalt plants. Knife River then delivers products to its customers' sites and offers contracting services downstream from the products it supplies.

Knife River believes its comprehensive and integrated platform provides several key benefits. First, its vertically integrated operating model provides efficiencies that lead to reduced costs and other benefits for customers. Second, Knife River has direct access to a supply of raw materials, such as aggregates, that are integrated into products that customers need, enabling Knife River to serve as a reliable source of such construction materials. Third, the Company has an internal fleet of approximately 2,200 haul trucks, as well as 12 barges and proximity to a network of trains in certain areas, to deliver its products to its customers in an efficient and timely manner. These varied transportation capabilities serve as a central part of Knife River's value proposition.

(2) Attractive geographic footprint across the western U.S. with exposure to areas demonstrating above-average growth.

Since Knife River's move into construction materials and contracting in 1992, it has strategically expanded to 14 states, with a focus on being a leading construction materials provider in mid-sized, high-growth markets, including Idaho, Texas, North Dakota and Washington, which are four of the seven fastest-growing states according to the most recent data from the U.S. Census Bureau.

In each of the segments where Knife River operates, its markets are supported by long-term economic drivers, which allow the Company to benefit from the population growth and economic build-out those drivers

create. Knife River's geographic diversity helps insulate it from temporary downturns in any one region's economy and provides flexibility to shift resources to the areas where it is getting the best returns. Knife River continually looks for growth opportunities in each segment, with a strategic focus on aggregates.

(3) Diverse public and private customer base.

Knife River has a diverse customer base across both public and private sectors. On the public side, Knife River has extensive experience with federal, state and municipal government agencies, as well as other government customers. In the year ended December 31, 2022, 8 of Knife River's top 15 contracting services customers were state-level departments of transportation. Knife River has a good reputation with the departments of transportation and permitting agencies, and the Company is a trusted partner in collaborating with engineers and other public employees on performing work safely, on time and on budget. On the private side, Knife River provides its products and expertise to a broad spectrum of customers across industrial, commercial and residential developers and other private parties. Typically, this includes projects and customers such as large data centers, warehouses and general contractors specializing in commercial buildings and residential developments.

Knife River also provides construction materials and contracting services to customers with specialized needs. For example, the Company operates a specialty prestress concrete construction business in its Northwest segment, which manufactures several products, including beams for bridges and wall panels for multi-family residential buildings. Knife River also has become a ready-mix concrete provider of choice for data centers because of its ability to meet certain exacting specifications. Also, the Company's Energy Services business provides high-performance modified liquid asphalt, as well as cationic and anionic asphalt emulsions, for use in paving projects. Each of these products and services requires highly trained experts to complete tasks with detailed specifications in a safe and controlled environment for its customers.

(4) Large exposure to public-sector customers, providing recession resiliency amidst soft macro environment.

Knife River provides public-infrastructure solutions, such as highways, streets, bridges and airport runway projects. These public projects tend to remain steady over time, largely unaffected by economic cycles, and instead depend on government funding, which bolsters Knife River's resiliency during recessionary periods. Knife River's contracting services revenue as of December 31, 2022, was 77% public and 23% private. In addition to their pre-existing funding mechanisms, 11 of the 14 states where Knife River operates have recently implemented new, enhanced or incremental funding sources for public projects, including the following:

- **California**. The Road Repair and Accountability Act (passed in 2017) invests $54 billion over 10 years in public infrastructure.
- **Oregon**. The Keep Oregon Moving transportation funding package (passed in 2017) raises $5.3 billion over 10 years.
- **Texas**. The Unified Transportation Program (passed in 2022) advances $85 billion in transportation funding over 10 years.
- **Washington**. Move Ahead Washington (passed in 2022) provides $3 billion for public transportation over the next 16 years.
- **Idaho**. The Leading Idaho funding bill (passed in 2022) directs $400 million to road and bridge maintenance.

Knife River believes it is well-positioned to benefit from its greater involvement in public sector versus private-sector infrastructure contracting services projects.

(5) Strong backlog and robust pipeline of projects across public and private infrastructure end markets.

As of December 31, 2022, Knife River had a backlog of $935 million, nearly all of which related to outstanding obligations for contracting services. The contracting services backlog at December 31, 2022, was comprised of 79% public and 21% private work. A majority of Knife River's contracting services projects have a contract value of less than $5 million and a contract duration of less than 12 months. Based on its track record, Knife River expects future revenues from infrastructure-related contracting services to be robust. Select examples of Knife River's various projects in the public and private construction space include:

- **Hill County FM Road 308**. Knife River removed and replaced three bridge structures and widened the roadway at each structure near Malone, Texas, for the Texas Department of Transportation.
- **Heimann Cancer Center**. Knife River provided ready-mix concrete for three-foot-thick walls and a three-foot- thick roof in Medford, Oregon, for ASANTE Rogue Regional Medical Center.
- **Confidential Data Centers**. Knife River is providing precast design, drafting, fabrication and installation of precast concrete wall panels at multiple data and fulfillment centers throughout the Northwest.
- **Missoula International Airport**. Knife River was the general contractor for a new airport terminal site, access road and apron expansion in Missoula, Montana.
- **Sanford Sports Complex**. Knife River performed the site preparation and grading for 18 synthetic-turf sports fields in Sioux Falls, South Dakota. It also prepared and paved accompanying parking lots at the facility.
- **Butte County Skyway Rehabilitation**. Knife River placed 100,000 tons of asphalt to rehabilitate roadway damaged during the Camp Fire near the town of Paradise, California.

These and many other projects have been meaningful in showcasing Knife River's expert workmanship and quality, thereby solidifying Knife River as an established leader in contracting services.

(6) Resilient financial profile with robust free cash flows.

Knife River continues to generate strong revenues, EBITDA, Adjusted EBITDA and free cash flows that it has historically used for targeted organic growth opportunities, strategic acquisitions, capital expenditures, debt repayment and dividend payments to Parent. Following the separation, Knife River expects to have enhanced flexibility to deploy capital toward its specific growth opportunities, capital expenditures, debt repayment and potential dividends, and in a downturn, Knife River has the flexibility to limit its capital spend to ensure responsible management of capital towards the existing business. For a discussion and reconciliation of EBITDA and Adjusted EBITDA, see the section entitled "Non-GAAP Financial Measures."

(7) Proven track record of growth through acquisition and highly effective integration playbook, driving both organic and inorganic growth.

Knife River's current geographic and asset footprint is the result of a deliberate acquisition growth strategy, which began in 1992 following Knife River's first aggregate company acquisition. Since then, Knife River has completed over 80 acquisitions, built a vertically integrated business model starting from aggregates through contracting services, broadened its scope primarily into asphalt and ready-mix concrete products, and refined its value proposition through the offering of value-adding products and services such as cement, liquid asphalt and prestress concrete.

Knife River's acquisition strategy has led to the refinement of a highly effective integration playbook, driving both organic and inorganic growth. EBITDA and Adjusted EBITDA have been driven by strong organic growth and margin expansion, supported by contributions from acquisitions. As Knife River continues to grow through acquisitions, it is able to continue achieving greater scale and synergies. Its centralized and scalable technology platform allows for integration of new companies into its efficient, vertically integrated internal processing network for fleet management, scaling, batching, financial, and operational reporting programs and other software. Knife River is actively pursuing additional acquisition opportunities, with a focus on adding high-quality materials to reserves, improving vertical integration advantage and extending geographic reach.

Knife River is focused on increasing its market share and improving margins by acquiring businesses in high-margin markets that are centered on specialized products. For example, Knife River recently expanded its prestressed concrete product line by acquiring Spokane Valley operations in 2020. Due to the complexity and expertise required in prestress concrete production, this product line averages higher margins than those of aggregates and ready-mix concrete. Through this acquisition, Knife River effectively doubled the size of its prestress operations, improved its ability to meet tighter schedules, gained access to new territories and attained synergy opportunities to further boost margins.

In recent years, Knife River has expanded its presence in both the Northwest and North Central segments, specifically in Oregon and South Dakota, each of which includes rapidly growing markets with strong

construction demand. In 2021, Knife River acquired three companies based in Oregon, including Baker Rock Resources, an aggregate and asphalt supplier, and Oregon Mainline Paving, a portable asphalt paving company. These acquisitions added approximately 80 million tons of aggregate reserves to Knife River's Northwest segment, as well as two stationary asphalt plants, two portable asphalt plants and 212 employees. In 2018, Knife River acquired Sweetman Const. Co. in Sioux Falls, South Dakota, adding 55 million tons of aggregate reserves to the North Central segment, along with seven ready-mix plants, three asphalt plants and 260 employees.

(8) Best-in-class management team with a long history of operating success and integration.

Knife River's senior management team has extensive experience, with an average of 26 years in the industry spanning several business cycles. The management team's strategic decision to acquire and develop into a vertically integrated construction materials and contracting services business has been valuable in winning new customers and maintaining longstanding customer relationships. Furthermore, the team's decision to enter select geographies has proven to be important to the sustained growth of the business over several decades.

Core to its operating success, management takes a conservative approach with respect to the balance sheet, focusing on maintaining prudent levels of leverage and liquidity through the business cycle. When financing organic and inorganic growth opportunities, management considers the appropriate mix of debt and equity funding to protect the balance sheet from potential downturns in construction activity. The disciplined financial policy and conservative capital structure enables Knife River to continue to efficiently execute its growth strategy, even during challenging economic environments. Furthermore, management also shares responsibilities across key corporate functions with operations, thereby fostering close collaboration across teams and maintaining lower corporate overhead.

Business Strategy

Knife River's business strategy of maximizing its vertical integration, leveraging its core values to be the supplier of choice in all its markets and continued growth is underpinned by several key initiatives, including:

People. Knife River is committed to its employees, customers and communities by operating with integrity and always striving for excellence. To achieve this, Knife River continues to implement its "Life at Knife" philosophy, which is expressed in four core values:

a. **People**. Knife River takes care of its team by providing them the tools, training and time to perform their work safely and successfully, by providing competitive wages and benefits, and by providing a safe and respectful work environment. The Company's "One Team: Stronger Together" initiative provides training and awareness for employees that Knife River embraces the diverse backgrounds and viewpoints of its team members, in an effort to keep learning from one another so the Company can keep improving.

b. **Safety**. Safety is a core value to Knife River on every task, every time, every day. Knife River strives to achieve world-class safety standards because it genuinely cares about the wellbeing of its employees and recognizes the bottom-line benefits of being a safe company. The Company focuses on the three Ts of safety: Tools, Training and Time. Knife River provides employees with the tools and training to safely and successfully perform their jobs, and asks that employees take the time to do their jobs safely.

c. **Quality**. Knife River delivers consistent, high-quality products and services to its customers and is committed to quality in all it does. Knife River stands behind its work and embraces innovation.

d. **Environment**. Knife River continuously manages its impact on the environment to minimize its footprint and keep its states beautiful for future generations.

Recruitment, development and retention of talented employees. While labor shortages are a trend across the industry, Knife River has taken significant steps to showcase construction as a career of choice. For example, in each of its segments, the Company conducts employment outreach to many groups, including historically underrepresented populations, and provides training for employees to earn their commercial driver's license.

Furthermore, to help attract new workers to the construction industry and enhance the skills of its current employees, Knife River recently finished building a world-class training facility on a 230-acre tract of property in the Pacific Northwest, featuring an 80,000 square-foot heated indoor arena for training on trucks and heavy

equipment and an attached 16,000 square-foot classroom and conference room facility. The training center is used corporatewide to enhance the skills of current employees as well as to recruit and teach skills to new employees through both classroom education and hands-on experience. It also is used by Knife River's customers and industry peers, who send employees to the training center to take courses on heavy equipment, truck driving, leadership development, facilitator training and safety training. The facility plays a critical role in the Company's workforce remaining sustainable and contributes to showcasing construction as a career of choice. Knife River's outreach efforts to market the training center have included interfacing with historically underrepresented groups, and the Company has partnered with the National Association of Minority Contractors to provide scholarships for training to qualifying employees of minority-owned businesses. Knife River believes the talent nurtured through the training programs will surpass that of industry peers as it relates to safety, operating efficiency and new technology.

Sustainability. Knife River believes its focus on sustainability creates value for the communities it serves, for Knife River itself and for its stockholders. Sustainable practices, whether focused on environmental practices, business innovations, recruiting and retaining personnel, or other key factors, provide an opportunity for Knife River to focus on its long-term success and the success of the communities where it operates. Knife River's sustainability efforts create opportunities to increase revenue and profitability, create a competitive advantage, and attract a skilled and diverse workforce. As a result, sustainable development of Knife River and its communities is at the core of Knife River's decision-making process and corporate vision.

Environment. Every year, Knife River assesses its capital investment needs to further mitigate environmental impacts, particularly in regard to meeting or exceeding permit requirements and environmental regulations. Investments have ranged from equipment that captures emissions, to companies specializing in the production of carbon-dioxide sequestering synthetic aggregates used in ready-mix concrete, to more environmentally friendly, warm mix asphalt that provides a higher quality product while reducing emissions. In each of its segments, Knife River incorporates recycled asphalt, recycled concrete and recycled water into various mix designs. In Oregon, the Company has successfully piloted the use of renewable diesel fuel in its on-road and off-road fleet vehicles, reducing GHG emissions and improving fuel efficiency, and expects that greater than 90% of its 2023 diesel consumption in Oregon (and approximately 18% of its companywide diesel consumption) will be renewable diesel. Additionally, Knife River's usage of rail and barges to haul aggregates in certain markets reduces over-the-road truck deliveries by several thousand trucks each year. Knife River remains committed to establishing goals in the future on the reduction of carbon emissions while maintaining safe, reliable and affordable service for its customers. Starting in 2022, Knife River began tracking its Scope 1 and Scope 2 carbon emissions as a first step in establishing its corporatewide baseline of emissions in support of developing future carbon intensity reduction goals. Knife River will continue to actively pursue various opportunities in the clean energy infrastructure build-out in both construction materials and contracting services.

Long-term, strategic aggregate reserve position. Knife River supplies its customers with a large and growing volume of aggregates. In 2022, Knife River sold approximately 32.2 million tons from its aggregate reserves, which was a 4% increase from 2021 levels, leading to normal and scheduled depletion of its aggregate assets. To offset normal asset base declines, Knife River continuously explores new opportunities to replenish its assets in existing and new geographies. Due to the scarcity of aggregate reserves and difficulty associated with permitting new reserves, Knife River approaches this process methodically early on in its asset lifecycle, leveraging its expertise and technology to find replacement sources in desired locations. The selection process involves thorough vetting and examination to ensure high-potential sites are selected for mining.

Knife River prefers to own its crushed stone and sand and gravel sites, as demonstrated by its 121 owned aggregate-production sites, of which 118 are active sites, as of December 31, 2022. It also operates through another 70 leased sites, with some offering the option to renew at the end of the lease term. Knife River also acquires new mines in strategic locations to service new areas and regional hubs with growing construction activity. Going forward, Knife River will continue to explore new mine acquisition opportunities to strengthen its asset base.

Enhanced value through vertical integration and strategic acquisitions. Vertical integration provides Knife River direct control over the production process, inventory planning, optimization of supply chain and delivery to end customers, thereby providing efficiencies that result in higher value and other benefits for customers, including greater reliability of supply.

Furthermore, Knife River's exposure to both public and private-sector customers across its vertical value chain provides better end market diversification and makes Knife River more resilient to economic downturns. When exploring new acquisition opportunities, one of the elements Knife River focuses on is the additive margin potential to the overall business. Knife River carefully evaluates potential operating synergies following integration into its existing businesses and is also strategic about acquiring specialized materials and services businesses to improve its margin profile.

Supply chain. Knife River's access to internal aggregate sources, processing plants and fleet delivery network, some with rail-to-road transloading capabilities, allows it to provide reliable, timely and efficient service to its end customers, further enhancing the value Knife River brings during complex contracting services projects.

Knife River's ready-mix concrete product line relies on cement as a key ingredient in its formulation. Typically, Knife River sources its cement from a diverse mix of suppliers and has focused on developing strong relationships with individual cement suppliers, which has led to better service and availability.

Industry

The U.S. construction materials industry is highly fragmented. Industry participants typically range from small, private companies focused on a single material, product or area to large, publicly traded corporations that provide a broad suite of materials and services. Companies compete on a variety of factors, including price, service, quality, delivery time and proximity to the customer. However, limitations on the distance that materials can be transported efficiently results in primarily local or regional operations. Accordingly, the number and size of competitors varies by geography and product lines.

The U.S. construction materials industry serves a diverse customer base that includes federal, state and municipal governmental agencies, commercial and residential developers and private parties. The mix of customers varies by region and economic conditions.

The main factors and trends in the U.S. construction materials and related contracting services industry include:

- **Key economic factors**. Many factors affect product demand, including public spending on roads and infrastructure projects, general economic conditions, including population growth and employment levels, and prevailing interest rates.
- **Location and transportation**. Construction materials are expensive to transport due to low value-to-weight ratios, so they are generally produced and delivered locally or regionally. Access to well-positioned reserves is critical.
- **Vertical integration**. Market participants that operate a vertically integrated business model can access certain efficiencies that lead to reduced product costs and other benefits for customers, including greater reliability of supply.
- **Industry fragmentation**. There are thousands of construction materials producers of varying scope and size. Market participants may enter new geographies or expand existing positions through the acquisition of existing facilities.
- **Seasonality**. Activity in certain areas are seasonal due to the effects of weather. Most of the production and sales of materials and related services in the northern U.S. occurs between May and October, in line with end market activity.
- **Cyclicality**. The demand for construction materials products and contracting services is significantly influenced by the cyclical nature of the economy.
- **Regulations**. Environmental and zoning approvals are often required for the development and expansion of facilities.
- **Production inputs**. Cost and availability of energy, labor and other inputs can vary over time based on macroeconomic factors and impact profitability of operations.

Knife River participates in the following primary markets: aggregates, ready-mix concrete, asphalt and contracting services.

Aggregates

Aggregates, consisting of crushed stone and sand and gravel, are a natural, granular material engineered to various sizes, grades and chemical compositions primarily for construction applications. Aggregates also are a major material component in the production of ready-mix concrete and asphalt. Aggregate sources can be found in relatively uniform sediments in certain regions of each state throughout the U.S. Generally extracted through open pits at the surface of a site, aggregates are typically produced by blasting hard rock from quarries and then crushing and screening it to various sizes according to customer needs.

The U.S. aggregates industry is highly fragmented, with many participants operating primarily in local and regional areas. The United States Geological Survey reported that throughout the U.S. in 2022, a total of 1,340 companies operating 3,290 quarries and 170 sales/distribution yards produced crushed stone and 3,300 companies operating 6,200 pits and 200 sales/distribution yards produced construction sand and gravel. This fragmentation is a result of high transportation costs that typically limit supply areas of producers.

Ready-Mix Concrete

Ready-mix concrete, a mixture principally comprised of cement, aggregates, sand and water, is measured in cubic yards and specifically batched or produced for customers' projects and then transported and poured on site. It also can be poured at a manufacturing facility to produce prefabricated building solutions, such as wall panels, concrete roofing systems, parking garages and stadium components. According to the National Ready Mixed Concrete Association (the "NRMCA"), concrete is the most widely used material in the construction sector today.

Due to the relative speed at which ready-mix concrete sets, supply is generally localized and delivered within close proximity to the production site, with an estimated 7,000-plus ready-mix concrete batching plants in the U.S. according to the NRMCA. There has been a steady increase (4% compound annual growth rate) in shipments since the industry cycle low of 257 million cubic yards in 2010, with an estimated 400 million cubic yards of ready-mix concrete in 2021, which is still 13% below the industry peak of 458 million cubic yards in 2005.

Asphalt

Asphalt is a combination of approximately 95% aggregates bound together by approximately 5% asphalt binder. Asphalt is typically used in new road construction as well as road maintenance and repair, covering approximately 94% of the 3 million miles of paved roads in the U.S., according to the National Asphalt Pavement Association ("NAPA"). Given the significant proportion of aggregates in asphalt (up to 95% by weight), local aggregate producers often participate in the asphalt business to ensure an output for the producer's aggregates.

Like ready-mix concrete, asphalt sets rapidly, limiting delivery to within close proximity to the production facility. In 2021, there were approximately 3,600 asphalt production sites in the U.S. that produced an estimated 432 million tons of asphalt, a 15% increase compared to the approximately 375 million tons produced five years prior. The asphalt paving industry also has a record of using economically and environmentally sustainable practices. Asphalt pavement material is highly recyclable, predominantly through reclaimed asphalt pavement. In 2022, Knife River used approximately 1.4 million tons of recycled asphalt pavement in its asphalt production. Additionally, the use of warm-mix asphalt—41% of all asphalt production in 2021, according to NAPA—allows producers to reduce temperatures during the mixing process, lowering energy use and carbon emissions.

Contracting Services

Knife River vertically integrates its construction materials with contracting services such as aggregate laydown, asphalt paving, concrete construction, site development and bridges. Demand in the contracting services industry is influenced by the cyclical nature of the construction industry and correlates with the demand for construction materials. The contracting services portion of Knife River's business is heavily weighted toward public markets, which provide more stability throughout the economic cycles. The contracting services industry is typically less capital-intensive than construction materials and has relatively fewer barriers to entry. Price is an important competitive factor in the award of service agreements. However, customers often consider several other factors in selecting a service provider, such as technical expertise and experience, safety ratings, geographic presence, financial and operational resources and industry reputation around dependability.

Products and Services

Knife River's product lines include: aggregates, ready-mix concrete, asphalt, and other. The Company also performs related contracting services.

As of December 31, 2022, Knife River's revenue and gross profit by products and services were as follows:

Revenue	($ in millions)	(% of total)	Gross Profit	($ in millions)	(% of total)
Aggregates	$ 496.6	16%	Aggregates	$ 69.6	19%
Ready-mix concrete	609.5	19%	Ready-mix concrete	85.9	24%
Asphalt	427.5	14%	Asphalt	41.7	11%
Other	407.3	13%	Other	63.6	18%
Contracting services	1,187.7	38%	Contracting services	100.1	28%
Total gross revenue	**$3,128.6**	**100%**			
Internal sales	(593.9)	—			
Total revenue	**$2,534.7**	—	**Total gross profit**	**$360.9**	**100%**

(1) Aggregates

Knife River supplies high-quality aggregates through its 1.1 billion tons of permitted aggregate reserves, which are sourced from its aggregate sites across 11 states. The Company focuses primarily on supplying markets with strong local demand, and in most cases, serves customers close to its strategically located aggregate sites. In 2022, Knife River sold 34.0 million tons of aggregates, with 32.2 million being produced from its aggregate reserve sites.

Knife River mines crushed stone and sand and gravel at its aggregate sites that are utilized in general construction and are a major component in its production of ready-mix concrete and asphalt paving products. Leveraging its vertically integrated platform, 36% of its aggregates revenue was derived from internal sales in 2022. For more information about the aggregate sites, see the section entitled "Business—Properties."

(2) Ready-mix Concrete

Knife River produces ready-mix concrete through its 101 ready-mix plants situated across 13 states. Knife River's vertically integrated portfolio of assets allows the Company to provide most of the aggregates it uses in the production of ready-mix concrete. Due to the time-sensitive nature of delivering ready-mix concrete, the Company focuses on supplying customers near its facilities. In 2022, Knife River sold 4.0 million cubic yards of ready-mix concrete.

Ready-mix concrete plants and related fleet

The following table sets forth details applicable to Knife River's ready-mix concrete plants as of December 31, 2022:

Segment	Plants	Mixer Trucks
Pacific	18	177
Northwest	24	227
Mountain	17	213
North Central	36	277
All Other	6	54
Total	**101**	**948**

Incremental to the hauling capabilities across products and services, ready-mix concrete plants are complemented by the Company's fleet of ready-mix trucks and drivers who safely deliver heavy materials on time. Knife River is an industry leader in safe and efficient delivery of ready-mix concrete and has pioneered what has become the industry-standard training program for ready-mix delivery professionals. Knife River continues to update the program with a focus on safety for drivers and the public. This training developed by Knife River is made available through the National Ready Mixed Concrete Association to its members.

(3) Asphalt

Knife River produces and delivers asphalt from 56 plants across 10 states, most often utilizing the Company's own aggregates in the production process. Of the 56 plants, 22 are portable plants that support large asphalt paving projects on roadways, airports and commercial sites. Similar to ready-mix concrete, asphalt sets rapidly, limiting delivery to within close proximity to the production facility. In 2022, Knife River sold 7.3 million tons of asphalt.

Asphalt plants

The following table sets forth details applicable to Knife River's portable and non-portable asphalt plants as of December 31, 2022:

Segment	Non-portable Asphalt Plants	Portable Asphalt Plants	Total Asphalt Plants
Pacific	4	—	4
Northwest	11	2	13
Mountain	11	8	19
North Central	6	12	18
All Other	2	—	2
Total	**34**	**22**	**56**

(4) Other

Although not common to all locations, Knife River provides various other products and services, depending on customer needs. These include retail sales of cement in Alaska and Hawaii, production and distribution of modified liquid asphalt by its Energy Services business, and other construction materials and related contracting services.

Cement supply and storage

Cement is a key ingredient in the production of ready-mix concrete. Knife River's core supply of cement is sourced from a diverse range of suppliers. Knife River has strategically located cement storage facilities in Alaska and Hawaii that can hold up to 60,000 tons and 90,000 tons of cement, respectively. Knife River has six additional distribution centers with storage and barging capabilities in Alaska and across the islands of Hawaii.

Liquid asphalt and related storage capacity

Knife River distributes liquid asphalt primarily at its Energy Services and Pacific sites and has the capacity to service neighboring states through storage facilities capable of storing approximately 275,000 tons of liquid asphalt across multiple states. Knife River has five liquid-asphalt terminal sites.

(5) Contracting Services

Knife River's contracting services include responsibilities as general contractor and subcontractor, aggregate laydown, asphalt paving, concrete construction, site development and bridges, and in some segments the manufacturing of prestressed concrete products. Vertical integration allows Knife River to have direct internal access to critical raw materials, resulting in competitive advantages from better control of product inventory. In 2022, most of Knife River's contracting services were related to "horizontal" construction, such as streets and highways, airports and bridges for customers in the public sector. In the private sector, Knife River's contracting services projects were within the residential, commercial and industrial markets.

The following table sets forth revenue details applicable to Knife River's contracting services for the year ended December 31, 2022:

2022 Contracting Services Revenue Breakdown

Public		Private	
Streets & Highways	61%	Residential	8%
Airports	6%	Buildings/Sitework	5%
Marine	2%	Streets & Highways	3%
Bridges	4%	Other	7%
Other	4%		
Total	**77%**	**Total**	**23%**

Customers

Knife River's customers can be segmented into public and private-sector customers, with public-sector customers contributing about 80% of the Company's revenues from contracting services. The public side includes federal, state and municipal governmental agencies with contracting services projects related to highways, streets and other public infrastructure. Mandates from governmental agencies largely depend on federal, state and municipal budgets allocated to expansion and improvement of national infrastructure. The private side includes a broad spectrum of customers across industrial, commercial and residential developers and other private parties. Note that the mix of sales by customer class varies year to year depending on the variability in type of work.

Knife River's top 15 customers accounted for about 20% of its 2022 revenue, of which 8 were state-level departments of transportation. The Company is not dependent on any single customer or group of customers for sales of its products and services, where the loss of which would have a material adverse effect on its business. No individual customer accounted for more than 10% of its 2022 revenue.

Competition

Knife River operates in a largely fragmented industry, including large, public companies and many small, privately held companies. Smaller, independent operators make up the majority of Knife River's competition; however, it also faces competition in some markets from large, publicly traded U.S. aggregates producers, including Cemex S.A.B. de C.V., CRH plc, Eagle Materials, Inc., Granite Construction, Inc., HeidelbergCement AG, Holcim, Martin Marietta Materials, Inc., Summit Materials, Inc. and Vulcan Materials Company. The nature of Knife River's competition varies among its products and geographies due to the generally local and regional nature of supply.

Knife River believes it has a competitive advantage in aggregates through its strategically located reserves, and assets in key areas, its high-quality reserves and its internal fleet of trucks, rail and barge. Knife River's vertical integration and local knowledge enables it to maintain a strong understanding of the needs of its customers. In addition, Knife River has a strong commitment to environmental stewardship, which assists it in obtaining new permits and new reserves.

Regulatory Matters

Knife River is subject to customary regulation, including federal, state and local environmental compliance and reclamation regulations. Individual permits applicable to Knife River's various operations are managed and tracked as they relate to the statuses of the application, modification, renewal, compliance and reporting procedures.

These federal, state and local laws and regulations include, among others, the federal Clean Air Act and the federal Clean Water Act requirements for controlling air emissions and water discharges, the Resource Conservation and Recovery Act as it applies to the management of hazardous wastes and underground storage tank systems and, occasionally, the Endangered Species Act. Noncompliance with these laws and regulations can subject Knife River to fines, loss of licenses or registrations or various forms of civil or criminal prosecution, any of which could have a material adverse effect on Knife River's reputation, business, financial position, results of operations and cash flows.

Knife River also is subject to comprehensive environmental permit requirements, which are usually associated with new mining operations. Nonetheless, Knife River has been successful in obtaining mining and other land-use permits that provide for sufficient permitted reserves to support its operations.

Knife River did not incur any material environmental capital expenditures in 2022 and, except as to what may ultimately be determined with regard to the cleanup of a commercial property site acquired in 1999 and part of the Portland, Oregon, Harbor Superfund Site, Knife River does not expect to incur any material capital expenditures related to compliance with current environmental laws and regulations through 2025. Please see "Notes to Consolidated Financial Statements" for more information related to the environmental matter to which the Company is a party.

Seasonality

Results are affected by seasonal fluctuations, with the second and third quarters historically being the quarters with the highest activity. Knife River's ability to provide contracting services in the states in which it operates depends on the weather. In states with colder winter weather, Knife River's contracting services are primarily performed from April through November, compared to most of the year in states with largely consistent warmer weather.

Employees

As of December 31, 2022, Knife River employed 3,797 persons, 502 of whom were represented by labor unions. During peak construction season, Knife River has historically employed over 5,700 persons.

Knife River is committed to an inclusive environment that respects the differences and embraces the strengths of its diverse employees, and it maintains policies, programs and initiatives that are consistent with this commitment.

Knife River prioritizes a strong workforce by successfully recruiting employees through a variety of means, hiring and training employees to have the skills, abilities and motivation to achieve the results needed for their jobs, and providing opportunities for advancement through job mobility, succession planning and promotions.

Knife River is committed to safety and health in the workplace and provides training, adequate resources and appropriate follow-up in order to ensure safe work environments.

Properties

Knife River currently maintains its principal executive office at 1150 W. Century Ave., Bismarck, North Dakota 58503. In addition to the principal office, Knife River maintains and operates physical locations in 14 states throughout the U.S. Knife River's operations include 188 active aggregate sites, 101 ready-mix plants, 56 asphalt plants, eight cement terminals, five liquid-asphalt terminal sites and six used-oil collection points.

Aggregate sites and reserves

Knife River mines crushed stone and sand and gravel at its 188 active aggregate sites across its operating segments. The aggregates produced by Knife River are utilized in general construction and are a major component in the production of ready-mix concrete and asphalt.

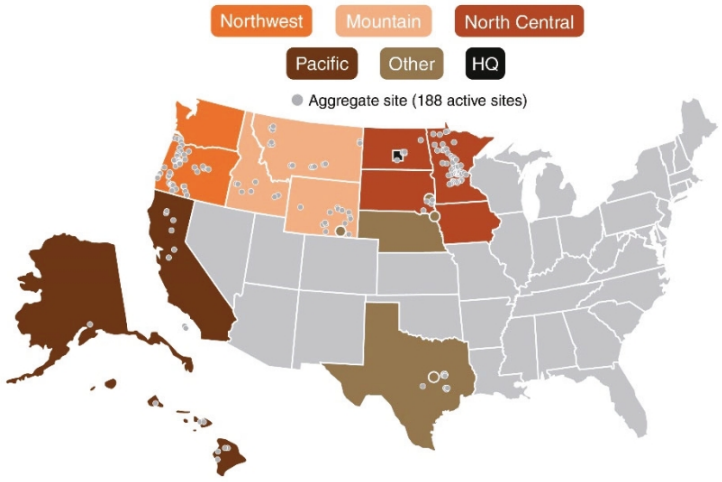
Aggregate reserve and resource estimates are calculated based on the best available data. Supporting data includes, but is not limited to, drill holes, geologic testing and other subsurface investigations; and surface feature investigations, such as, mine high walls, aerial photography, topography, and other data. Using available data, a final topography map is created with computer software and is used to calculate the volume variance between existing and final topographies. Volumes are then converted to tons using appropriate conversion factors. Property setbacks and other regulatory restrictions and limitations are identified to determine the total area available for mining. Knife River also considers mine plans, economic viability and production history in the aggregate reserve and resource estimates. Mineral reserves are defined as an estimate of tonnage that, in the opinion of the qualified person, can be economically mined or extracted, which includes diluting materials and allowances for losses that may occur throughout the process. Mineral resources are defined as a concentration or occurrence of material of economic interest in such form, grade or quality, and quantity that has a reasonable

prospect to be economically extracted. Knife River's reserve estimates include only salable tonnage and thus exclude waste materials that are generated in the crushing and processing phases of the operation. The reserves are based on estimates of volumes that can be economically extracted and sold to meet current market and product applications.

Knife River's reserves and resources are on properties that are permitted, or are expected to be permitted, for mining under current regulatory requirements. The data used to calculate reserves and resource estimates may require revisions in the future to account for changes in customer requirements and unknown geological occurrences.

Knife River classifies the applicable quantity of a particular deposit as a reserve or resource by reviewing and analyzing, independently, each geological formation, testing results and production processes, along with other modifying factors, to determine an expected yield of recoverable tonnage an area will produce. These results may have an effect on mine plans and the selection of processing equipment. The results are reviewed by the qualified person and presented to the management team.

Management assesses the risks associated with aggregate reserve and resource estimates. These estimates may be affected by variability in the properties of the material, limits of the accuracy of the geotechnical data and operational difficulties in extraction of the computed material. Additionally, management assesses the risks associated in obtaining and maintaining the various land use, mining and environmental permits necessary for the properties to operate as mines. Annual reviews of mining reserves are conducted by the qualified individual and include procedures such as ensuring financial assumptions related to life of mine expenses are based on the most accurate estimates available.



Knife River has reviewed its properties and has determined it does not have any individual sites that are material. The following tables set forth details applicable to Knife River's aggregate production and aggregate sites as of December 31, 2022, by the various regions the sites are located.

Production Area	Total Annual Aggregate Production	
	Crushed Stone	Sand & Gravel
	(Tons in thousands)	
Pacific	1,847	2,706
Northwest	6,882	4,017
Mountain	1,171	6,425
North Central	2,253	5,534
All Other	1,181	166
Total	13,334	18,848

Production Area	Aggregate Sites			
	Crushed Stone		Sand & Gravel	
	Owned	Leased	Owned	Leased
Pacific	—	7	9	1
Northwest	11	12	19	9
Mountain	2	7	18	9
North Central	5	1	52	23
All Other	4	1	1	—
Total	22	28	99	42

The following table sets forth details applicable to Knife River's aggregate reserves as of December 31, 2022.

Production Area	Aggregate Sites	Crushed Stone			Sand & Gravel			Total Mineral Reserves
		Proven Mineral Reserves	Probable Mineral Reserves	**Total Mineral Reserves**	Proven Mineral Reserves	Probable Mineral Reserves	**Total Mineral Reserves**	
		(Tons in thousands)						
Pacific	16	132,877	662	**133,539**	31,612	—	**31,612**	**165,151**
Northwest	49	361,217	14,046	**375,263**	118,209	13,477	**131,686**	**506,949**
Mountain	36	77,125	11,582	**88,707**	98,182	35,061	**133,243**	**221,950**
North Central	81	45,559	3,000	**48,559**	69,546	15,300	**84,846**	**133,405**
All Other	6	65,451	4,691	**70,142**	8,368	—	**8,368**	**78,510**
Total	188	682,229	33,981	**716,210**	325,917	63,838	**389,755**	**1,105,965**

* The average selling price per ton for crushed stone and sand and gravel was $16.12 and $10.53, respectively, in 2022. The average selling price includes freight and delivery and other revenues.

** The aggregates mined are of suitable grade and quality to be used as construction materials and no further grade or quality disclosure is applicable.

The following table sets forth details applicable to Knife River's aggregate resources as of December 31, 2022.

Production Area	Aggregate Sites	Sand & Gravel			
		Measured Mineral Resources	Indicated Mineral Resources	**Measured + Indicated Mineral Resources**	Inferred Mineral Resources
		(Tons in thousands)			
Pacific	1	14,673	—	**14,673**	—
Northwest	2	41,727	—	**41,727**	—
Mountain	—	11,500	—	**11,500**	—
North Central	—	—	—	**—**	373
Total	3	67,900	—	**67,900**	373

* Mountain and North Central each have a site that includes both reserves and resources, which are included in the aggregate sites for reserves.

Of Knife River's 188 active properties, 139 are in a production stage and 49 are in a development stage. Additionally, the Company has three properties in the exploration stage. As of December 31, 2022, 939 million tons of estimated proven and probable reserves are located on production stage properties and 167 million tons on developmental stage properties. The Company classifies aggregates located on exploration stage properties as resources. Knife River's aggregate annual production in tons for all its mining properties was 32.2 million, 31.1 million and 28.5 million for the years ended December 31, 2022, 2021 and 2020, respectively.

The average selling price per ton for crushed stone and sand and gravel was $16.12 and $10.53, respectively, in 2022. Actual pricing varies by location and market. The price for each commodity was calculated by dividing 2022

revenues by tons produced. The average pricing is based on salable product, or materials that are ready for sale. Pricing for aggregates tends to remain similar for long periods of time and resources generally realize similar pricing to reserves when extracted and sold; therefore, Knife River uses current pricing as an estimate of future pricing. Pricing is assessed at least annually to verify there have been no material changes. Knife River expects future sales prices to exceed future production costs, resulting in minimal change to the economic viability of the disclosed reserves and resources. Knife River believes the current sales price is reasonable and justifiable to estimate the aggregates' current fair value, while the balance sheet reflects the historical costs.

Knife River owns 121 properties, of which 118 are active sites, and leases another 70 to conduct its mining operations. Its reserves are comprised of 566 million tons on properties that are owned and 540 million tons that are leased. The remaining reserve life in years was calculated by dividing remaining reserves by the three-year average production from 2020 through 2022. Knife River estimates the useful life of its owned reserves are approximately 36 years based on the most recent three-year production average. Approximately 47 percent of the reserves under lease have lease expiration dates of 20 years or more and the weighted average years remaining on all leases containing estimated proven aggregate reserves is approximately 21 years, including options for renewal that are at Knife River's discretion. The average time necessary to produce remaining aggregate reserves from its leased sites is approximately 42 years. Some sites have leases that expire prior to the exhaustion of the estimated reserves. The estimated reserve life assumes, based on Knife River's experience, that leases will be renewed to allow sufficient time to fully recover these reserves. Actual useful lives of these reserves will be subject to, among other things, fluctuations in customer demand, customer specifications, geological conditions and changes in mining plans.

Internal Controls Over Aggregate Reserves

Reserve and resource estimates are based on the analyses of available data by qualified internal mining engineers, operating personnel and third-party geologists. Senior management reviews and approves reserve and resource quantity estimates and reserve classifications, including the major assumptions used in determining the estimates, such as life, pricing, cost and volume, among other things, to ensure they are materially accurate. For aggregate reserve and resource additions, management, which includes the qualified person, performs its due diligence and reviews the study of technical, economic and operating factors, as well as applicable supplemental information, including a summary of the site's geotechnical report. Knife River maintains a database of all aggregate reserves, which is reconciled at least annually and reviewed and approved by the qualified person.

The evaluation, classification and estimation of reserves has inherent risks, including changing geotechnical, market and permitting conditions. The qualified person and management work together to assess these risks regularly and amend the reserve and resource assessments as new information becomes available.

Intellectual Property

Knife River holds various trademarks that are important to its advertising and marketing activities. These trademarks are generally protected by registration in the U.S.

Insurance

Knife River maintains insurance coverage that it believes is appropriate for its business, including but not limited to workers' compensation, auto liability, general liability, excess liability, contractors pollution liability, pollution legal liability, marine liability and pollution, professional liability, directors and officers liability, employment practices liability, cyber policy, terrorism insurance and property insurance.

Legal Proceedings

In the ordinary course of Knife River conducting its business activities, it and its subsidiaries become involved in judicial, administrative and regulatory proceedings involving both private parties and governmental authorities. These proceedings include insured and uninsured matters that are brought on an individual, collective, representative and class-action basis, and other proceedings involving regulatory, employment, general and commercial liability, automobile liability and other matters. Knife River does not expect any of these proceedings to have a material effect on its reputation, business, financial position, results of operations or cash flows; however, Knife River can give no assurance that the results of any such proceedings will not materially affect its reputation, business, financial position, results of operations and cash flows.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following information should be read in conjunction with the consolidated financial statements and related notes included elsewhere in this information statement. The following discussion may contain forward-looking statements that reflect Knife River Holding Company's plans, estimates and beliefs. Knife River Holding Company's actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include those factors discussed below and elsewhere in this report, particularly in the sections entitled "Cautionary Statement Concerning Forward-Looking Statements" and "Risk Factors."

References to "Knife River" or the "Company" refer to Knife River Corporation and its subsidiaries, which are to be held by Knife River Holding Company.

Overview

Knife River is a people-first construction materials and contracting company. The Company provides construction materials and contracting services to build safe roads, bridges and airport runways that connect people with where they want to go and with the supplies they need. Knife River also champions a positive workplace culture by focusing on safety, training, inclusion, compensation and work-life balance, and focuses on sustainable business practices for the benefit of its team, its stockholders and the public.

Knife River is one of the leading providers of crushed stone and sand and gravel in the U.S. and operates through six operating segments: Pacific, Northwest, Mountain, North Central, South and Energy Services, with operations across 14 states. These segments are used to determine the Company's reportable segments and are based on the Company's method of internal reporting and management of the business. The Company's reportable segments are: Pacific, Northwest, Mountain, and North Central, with South and Energy Services included in All Other with its corporate services. The segments primarily provide aggregates, asphalt and ready-mix concrete, as well as supporting contracting services such as heavy-civil construction, asphalt paving, concrete delivery and paving, site development and grading. As a leading aggregates-based construction materials and contracting services provider in the U.S., the Company's 1.1 billion tons of aggregate reserves provide the foundation for a vertically integrated business strategy with approximately 40% of its aggregates being used internally to support value-added downstream products (ready-mix concrete and asphalt) and contracting services (heavy-civil construction, asphalt paving, concrete construction, site development and grading services). Its aggregate sites and associated asphalt and ready-mix plants are in strategic locations near growth markets, providing Knife River with a transportation advantage for its materials that enables it to maintain competitive pricing and ultimately increase its margins. Knife River provides its products and services to both public and private markets, with public markets tending to be more stable, which helps to offset the cyclical nature of the private markets.

Each segment provides various products and services and operates various facility types, including aggregate quarries and mines, ready-mix concrete plants, asphalt plants and distribution facilities. Each segment operates in the following states:

- Pacific: Alaska, California and Hawaii
- Northwest: Oregon and Washington
- Mountain: Idaho, Montana and Wyoming
- North Central: Iowa, Minnesota, North Dakota and South Dakota
- All Other: Iowa, Nebraska, South Dakota, Texas and Wyoming

The following table presents a summary of products and services provided, as well as modes of transporting those products, by each segment:

	Product and services							Modes of transportation			
	Aggregates	Asphalt	Ready-mix concrete	Contracting services	Precast/ prestressed concrete	Liquid asphalt	Cement	Heavy equipment	Trucking	Rail	Barge
Pacific	X	X	X	X	X	X	X	X	X	X	X
Northwest	X	X	X	X	X			X	X	X	X
Mountain	X	X	X	X				X	X		
North Central	X	X	X	X	X			X	X	X	
All Other	X	X	X	X		X		X	X	X	X

The Separation

On August 4, 2022, MDU Resources announced that its board of directors unanimously approved a plan to pursue a separation of Knife River from MDU Resources. The separation is planned as a tax-free spinoff transaction to the stockholders of MDU Resources for U.S. federal income tax purposes. The transaction is expected to result in two independent, publicly traded companies: MDU Resources and Knife River Holding Company. Completion of the separation is subject to certain conditions, including, among other things, the effectiveness of this registration statement on Form 10 with the SEC, final approval from the MDU Resources' board of directors, receipt of one or more tax opinions and a private letter ruling from the IRS, and other customary conditions. MDU Resources may, at any time and for any reason until the proposed transaction is complete, abandon the separation or modify or change its terms. For a complete discussion of all of the conditions to, pursuant to the separation and distribution agreement, and the risks and uncertainties associated with the separation and distribution, see the sections entitled "The Separation and Distribution—Conditions to the Distribution" and "Risk Factors—Risks Related to the Separation and the Distribution."

Basis of Presentation

The accompanying audited consolidated financial statements included in this information statement were prepared on a stand-alone basis and were derived from the consolidated financial statements and accounting records of MDU Resources. For additional information related to the basis of presentation, see the section entitled "Note 2—Basis of Presentation."

Historically, Knife River has participated in Centennial's centralized cash management program, including its overall financing arrangements. Knife River has related-party note agreements in place with Centennial for the financing of its capital needs, which are reflected as related-party notes payable on the consolidated balance sheets. Interest expense in the consolidated statements of income reflects the allocation of interest on borrowing and funding associated with the related-party note agreements.

Certain related-party transactions that are expected to be settled in cash between Knife River and, separately, MDU Resources, Centennial and certain other subsidiaries of MDU Resources, have been included in the consolidated financial statements. For additional information regarding the agreements between Knife River and MDU Resources, see the section entitled "Certain Relationships and Related Person Transactions."

All intercompany balances and transactions between the businesses comprising Knife River have been eliminated in the accompanying consolidated financial statements.

Market Conditions and Outlook

Knife River's markets remain resilient and construction activity remains generally strong despite general and economic challenges, such as transportation disruptions, supply chain constraints, rising interest rates and COVID-19. With approximately 80% of the contracting work being in public markets, Knife River is able to balance the cyclical nature of its private-sector customers. In addition, Knife River's margins may be negatively impacted by increased costs resulting from inflationary pressures in the market. For more information on inflationary pressures, see the section entitled "Risk Factors."

Backlog. There is a high demand for Knife River's products and services as evidenced by its backlog.

December 31,	2022	2021	2020
		(In millions)	
Pacific	$ 99.5	$ 89.3	$137.3
Northwest	210.7	108.0	85.8
Mountain	313.5	208.5	200.7
North Central	147.3	154.5	89.1
All Other	164.4	147.4	160.2
Total	$935.4	$707.7	$673.1

The majority of Knife River's backlog relates to public infrastructure, including street and highway construction. Period over period increases or decreases cannot be used as an indicator of future revenues or net income. As of December 31, 2022, the Company reported record year-end backlog of $935.4 million, with an estimated $836 million of backlog expected to be completed in 2023. The year-over-year increase in backlog is primarily related to public works projects for state departments of transportation. See the section entitled "Risk Factors" for a list of factors that can cause revenues to be realized in periods and at levels that are different from originally projected.

Public Funding. Funding for public projects is dependent on federal and state funding, such as appropriations to the Federal Highway Administration. The American Rescue Plan Act enacted in the first quarter of 2021 provides $1.9 trillion in COVID-19 relief funding for states, schools and local governments. States are beginning to move forward with allocating these funds based on federal criteria and state needs, and in some cases, funding of infrastructure projects could positively impact Knife River. Additionally, the Infrastructure Investment and Jobs Act was enacted in the fourth quarter of 2021 and is providing long-term opportunities by designating $119 billion for the repair and rebuilding of roads and bridges across Knife River's footprint. In addition, the Inflation Reduction Act 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 build out the infrastructure to support electric vehicles. In addition to federal funding, 11 out of the 14 states in which Knife River operates have implemented their own funding mechanisms for public projects, including projects related to highways, airports and other public infrastructure. Knife River continues to monitor the implementation and impact of these legislative items.

Profitability. Knife River's management continually monitors its operating margins and has been proactive in applying strategies to address the inflationary impacts seen across the U.S. The Company has increased its product pricing where necessary and continues to implement cost savings initiatives to mitigate the effects on its gross margin. Due to existing contractual provisions, there can be a lag between the announced price increases and the time when they can be fully recognized. The Company continues to evaluate future price increases on a regular cadence to help maintain and increase margins to stay ahead of inflationary pressures and enhance stockholder value.

Knife River operates in geographically diverse and competitive markets yet strives to maximize efficiencies, including transportation costs and economies of scale, to maintain strong margins. Its operating margins can experience negative pressure from competition, as well as impacts of the volatility in the cost of raw materials, such as diesel fuel, gasoline, natural gas, liquid asphalt, cement and steel, with diesel fuel, natural gas and liquid asphalt costs having the most significant impact on recent results. Such volatility and inflationary pressures may continue to have an impact on the Company's margins, including fixed-price contracting services 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 price increases, escalation clauses in construction services contracts, pre-purchased materials and other cost savings initiatives. While the Company has experienced some supply-chain constraints, it continues to have good relationships with its suppliers and has not experienced any material adverse impacts of shortages or delays on materials. Other variables that can impact Knife River's margins include adverse weather conditions, the timing of project starts or completions, and declines or delays in new and existing projects due to the cyclical nature of the construction industry. Accordingly, operating results in any particular period may not be indicative of the results that can be expected for any other period.

Workforce. As a people-first company, Knife River continually takes steps to address the challenge of recruitment and retention of employees. To help attract new workers to the construction industry and enhance the skills of its current employees, Knife River has completed a state-of-the-art training facility. The training facility offers hands-on training for construction-related careers, including heavy-equipment operators and truck drivers in addition to safety and leadership training. As an accredited school able to train people to get their commercial driver's license, the new training facility is helping to address some of the recent labor trends. Today's labor market includes an aging workforce and labor shortages, including shortages of truck drivers, which has caused increased labor-related costs and delays or inefficiencies on certain projects of the Company. Knife River continues to monitor the labor markets and assess additional opportunities to enhance and support its workforce. Despite these efforts, Knife River expects labor costs to continue to increase based on the increased demand for services and, to a lesser extent, the recent escalated inflationary environment in the U.S.

Consolidated Earnings Overview

Years ended December 31,	2022	2021	2020	2022 vs 2021 % change	2021 vs 2020 % change
		(In millions)			
Revenue	$2,534.7	$2,228.9	$2,178.0	14%	2%
Cost of revenue	2,173.8	1,881.9	1,807.4	16%	4%
Gross profit	360.9	347.0	370.6	4%	(6)%
Selling, general and administrative expenses	166.6	155.9	156.1	7%	—%
Operating income	194.3	191.1	214.5	2%	(11)%
Interest expense	30.1	19.2	20.6	57%	(7)%
Other (expense) income	(5.4)	1.3	.8	(515)%	63%
Income before income taxes	158.8	173.2	194.7	(8)%	(11)%
Income taxes	42.6	43.4	47.4	(2)%	(8)%
Net income	$ 116.2	$ 129.8	$ 147.3	(10)%	(12)%
EBITDA	$ 306.7	$ 293.4	$ 305.0	5%	(4)%
Adjusted EBITDA	$ 313.4	$ 294.7	$ 304.3	6%	(3)%

Revenue includes revenue from construction materials sales and contracting services. Revenue for construction materials is recognized at a point in time when delivery of the products has taken place. Contracting revenue is recognized over time using an input method based on the cost-to-cost measure of progress on a project.

Cost of revenue includes all material, labor and overhead costs incurred in the production process for Knife River's products and services. These costs are impacted by various drivers, the most significant of which include changes in raw materials costs, energy costs and salary and benefits costs. Cost of revenue also includes depreciation, depletion and amortization attributable to the assets used in the production process.

Gross profit includes revenue less cost of revenue, as defined above, and is the difference between revenue and the cost of making a product or providing a service, before deducting selling, general and administrative expenses, income taxes and interest payments.

Selling, general and administrative expenses include the costs for estimating, bidding and business development, as well as costs related to corporate functions. Selling expenses can vary depending on the volume of projects in process and the number of employees assigned to estimating and bidding activities. Other general and administrative expenses include travel and entertainment, outside services, information technology, depreciation and amortization, training, office supplies, allowance for expected credit losses, gains or losses on the sale of assets and other miscellaneous expenses.

Other income includes net periodic benefit costs for the Company's benefit plan expenses, other than service costs; interest income; unrealized gains and losses on investments for the Company's nonqualified benefit plans; earnings or losses on joint venture arrangements; and other miscellaneous income or expenses.

Income tax expense consists of domestic corporate income taxes related to the sale of the Company's products and services. The effective tax rate can be affected by many factors, including changes in tax laws, regulations or rates, new interpretations of existing laws or regulations and changes to the Company's overall levels of income before tax.

Gross margin is calculated by dividing gross profit by revenue. Gross margin reflects the percentage of revenue earned in comparison to cost.

The following tables summarize operating results for the Company.

	Revenues			Gross profit			EBITDA		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
	(In millions)								
Pacific	$ 468.6	$ 427.3	$ 454.4	$ 67.8	$ 74.1	$ 90.0	$ 55.8	$ 67.1	$ 79.1
Northwest	600.2	478.0	416.2	106.4	87.5	79.8	103.9	80.6	74.4
Mountain	542.0	479.6	450.9	77.5	71.2	62.9	72.6	65.0	52.4
North Central	608.0	561.8	570.8	71.8	79.7	81.0	65.0	72.3	71.7
All Other	353.1	317.4	325.9	37.4	34.5	56.9	9.4	8.4	27.4
Intersegment eliminations	(37.2)	(35.2)	(40.2)	—	—	—	—	—	—
Total	$2,534.7	$2,228.9	$2,178.0	$360.9	$347.0	$370.6	$306.7	$293.4	$305.0

	Revenues			Gross margin		
	2022	2021	2020	2022	2021	2020
	(In millions)					
Aggregates	$ 496.6	$ 444.0	$ 406.6	14.0%	13.6%	15.4%
Ready-mix concrete	609.5	584.4	547.0	14.1%	13.9%	13.6%
Asphalt	427.5	339.8	349.9	9.8%	11.9%	13.0%
Other*	407.3	344.3	356.3	15.6%	18.6%	23.2%
Contracting services	1,187.7	1,017.5	1,069.7	8.4%	9.9%	9.9%
Internal sales	(593.9)	(501.1)	(551.5)	— %	— %	— %
Total	$2,534.7	$2,228.9	$2,178.0	14.2%	15.6%	17.0%

* Other includes cement, liquid asphalt, merchandise, fabric, spreading and other products and services that individually are not considered to be a major line of business for the segment.

	2022	2021	2020
Sales (thousands):			
Aggregates (tons)	33,994	33,518	30,949
Ready-mix concrete (cubic yards)	4,015	4,267	4,087
Asphalt (tons)	7,254	7,101	7,202
Average selling price:			
Aggregates (per ton)*	$ 14.61	$ 13.25	$ 13.14
Ready-mix concrete (per cubic yard)	$151.80	$136.94	$133.86
Asphalt (per ton)	$ 58.93	$ 47.86	$ 48.58

* The average selling price includes freight and delivery and other revenues.

2022 Compared to 2021

Revenue

Revenue increased $305.8 million, largely driven by increased revenues across all product lines as the business benefited from higher average selling prices of nearly $250 million, largely in response to inflationary pressures. Aggregate sales volumes provided an additional $10.2 million, due mainly to recent acquisitions contributing

2.2 million tons, offset in part by lower volumes in certain segments. Asphalt sales volumes

increased $7.2 million from higher demand in the North Central, Mountain and Pacific segments, partially offset by lower volumes in All Other due to less available paving work in the South region. Contracting revenues increased $170.2 million across most segments as a result of more available agency and commercial work, recent acquisitions in the Northwest segment contributing $27.9 million, more available paving work in the Mountain and North Central segments and higher contract values in all segments as a result of inflationary pressures.

The business was impacted by lower ready-mix concrete sales volumes of $38.5 million across all segments, resulting from lower residential demand and fewer impact projects. The business also saw decreased volumes for other products, largely related to decreased demand for liquid asphalt.

Gross Profit and Gross Margin

Gross profit increased by $13.9 million, primarily as a result of increased average selling prices to offset higher costs, largely due to inflationary pressures, while gross margin decreased 1.4%. The decrease in gross margin was primarily attributable to decreases for asphalt, other products and contracting services due to higher costs discussed later, including higher liquid asphalt, labor and fuel costs. Partially offsetting these decreases were increased gross margins on aggregates and ready-mix concrete as a result of higher average selling prices, as previously discussed, driven by higher operating costs across the segments, mostly the result of inflationary pressures. All lines of business were impacted by the higher costs, which include higher asphalt oil costs of $59.3 million; higher labor costs of $32.0 million; higher fuel costs of $42.6 million; and higher cement costs of $20.7 million. In addition, contributions from recent acquisitions of $12.9 million had a positive impact on gross margin for the aggregates and contracting services.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased $10.7 million, largely resulting from higher payroll-related costs of $11.6 million, partially resulting from inflationary pressures; higher travel expenses of $2.3 million; higher office expenses of $1.7 million; higher professional fees of $1.7 million, partially due to increased legal and audit fees; decreased recovery of bad debt of $1.4 million; and increased safety and training costs. These increases were offset in part by higher net gains on asset sales of $7.5 million.

Interest Expense

Interest expense increased $10.9 million related to higher debt balances to fund recent acquisitions and higher working capital needs, along with higher average interest rates.

Other Income (Expense)

Other income (expense) decreased $6.7 million, primarily resulting from lower returns on the Company’s nonqualified benefit plan investments.

Income Tax Expense

Income tax expense decreased $800,000 as a result of lower income before income taxes.

2021 Compared to 2020

Revenue

Revenue increased $50.9 million, largely driven by increases across the business on aggregates across all of its reportable segments and ready-mix concrete in its Mountain, North Central and Northwest segments. The increases in both product lines was the result of strong demand and increased product pricing of $27.9 million. Also contributing were higher volumes from recent acquisitions in the Northwest and Mountain segments, which provided additional sales of 1.5 million tons of aggregates and 33,000 cubic yards of ready-mix concrete. Higher ready-mix concrete sales volumes of $19.6 million due to increased commercial and residential projects also contributed to the increase. In addition, decreased internal sales had an overall positive impact on revenues of $50.4 million. These increases were partially offset by decreased contracting services in the North Central, Pacific and Mountain segments of $59.0 million, largely the result of less available asphalt paving work in certain states and the absence of a few large jobs in 2020.

Gross Profit and Gross Margin

Gross profit decreased by $23.6 million and gross margin decreased 1.4%. This decrease was largely attributed to increased costs across the business, including higher liquid asphalt of $15.1 million, primarily reflected in All Other, and diesel fuel across all segments of $13.3 million, as well as higher production and maintenance costs. These costs were partially offset by higher average selling prices on Knife River's construction materials, as previously discussed. Partially offsetting the decreases were higher ready-mix concrete margins due to additional sales volumes.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased $200,000, largely resulting from the recovery of prior bad debt expense of $2.1 million and higher gains on asset sales of $1.4 million in 2021, primarily in the Mountain segment. Partially offsetting these decreases was increased payroll-related costs of $1.6 million, primarily for higher health care costs; higher acquisition costs of $700,000; and an increase in miscellaneous taxes, license and governmental fees.

Interest Expense

Interest expense decreased $1.4 million, primarily resulting from lower average interest rates creating a benefit of $2.8 million, offset in part by higher average related-party note payable balances.

Other Income

Other income increased $500,000, primarily resulting from an out-of-period adjustment in 2020 as a result of previously overstated benefit plan expenses.

Income Tax Expense

Income tax expense decreased $4.0 million as a result of lower income before income taxes.

Business Segment Financial and Operating Data

A discussion of key financial data from Knife River's business segments follows. Knife River provides segment level information by revenue, gross profit, gross margin, EBITDA and EBITDA margin as these are measures of profitability used by management to assess operating results. EBITDA and EBITDA margin are non-GAAP financial measures. For more information and reconciliations to the nearest GAAP measure, see the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures."

Results of Operations – Pacific

Years ended December 31,	2022	2021	2020	2022 vs 2021 % change	2021 vs 2020 % change
	(Dollars in millions)				
Revenue	$468.6	$427.3	$454.4	10%	(6)%
Gross profit	$ 67.8	$ 74.1	$ 90.0	(9)%	(18)%
Gross margin	14.5%	17.3%	19.8%		
EBITDA	$ 55.8	$ 67.1	$ 79.1	(17)%	(15)%
EBITDA margin	11.9%	15.7%	17.4%		

	Revenues		
	2022	2021	2020
		(In millions)	
Operating results			
Aggregates	$ 92.3	$ 89.9	$ 88.0
Ready-mix concrete	127.6	123.9	134.7
Asphalt	35.7	26.4	25.6
Other*	183.2	147.5	160.1
Contracting services	129.5	127.6	145.1
Internal sales	(99.7)	(88.0)	(99.1)
	$468.6	$427.3	$454.4

* Other includes cement, liquid asphalt, merchandise, fabric, spreading and other products that individually are not considered to be a major line of business for the segment.

2022 Compared to 2021

Revenue

Revenue increased $41.3 million, largely from revenues related to liquid asphalt and cement with increased prices, largely in response to inflationary prices, contributing $13.2 million and $1.8 million, respectively, and additional sales volumes contributing $6.7 million and $4.5 million, respectively, resulting from increased paving activity in California and stronger demand in Alaska. Higher average selling prices for asphalt, aggregates and ready-mix concrete, largely in response to inflationary pressures, contributed approximately $18.7 million. Revenues were also positively impacted from increased asphalt volumes of 9.4%, primarily related to a large project in Northern California. Contracting services revenues were up 1.5%, which provided an additional $1.9 million during the period, largely in the northern California market from a large project and increases in contract pricing, due in part to inflationary pressures. Partially offsetting these increases were decreased aggregate sales volumes of $3.4 million related to decreased demand in central California and decreased ready-mix concrete sales volumes of $3.0 million related to decreased demand in Alaska and Hawaii.

Gross Profit and Gross Margin

Gross profit decreased $6.3 million and gross margin decreased 2.8%. Margins decreased across all product lines and contracting services as a result of a downturn in the Hawaiian economy, a lack of large rock projects and less residential work in California. In addition, the segment experienced higher costs of $47.6 million, largely the result of inflationary pressures, including fuel, labor, material and production costs.

EBITDA and EBITDA Margin

EBITDA decreased $11.3 million and EBITDA margin decreased 3.8%. These decreases were the direct result of the previously discussed lower gross margin, as well as higher selling, general and administrative costs including payroll-related costs of $2.7 million; decreased recovery of bad debt of $1.7 million; and legal expenses of $700,000.

2021 Compared to 2020

Revenue

Revenue decreased $27.1 million, resulting largely from decreased contracting services revenues of 12.1% due to fewer large projects in Southern and Northern California, largely related to the timing of projects and a more competitive construction market, respectively. Other revenue also negatively impacted the segment, resulting primarily from lower cement revenue of $6.1 million in Hawaii from lower demand and project delays, as well as decreased prestress and steel fabrication, liquid asphalt and soil remediation revenues. Lower ready-mix concrete volumes of $12.0 million, or 8.8%, primarily from lower demand and delayed projects in Hawaii were partially offset by higher average pricing of $1.2 million. The segment experienced higher aggregate and asphalt sales volumes of 7.7% and 5.9%, respectively, partially due to a large project in Northern California.

Gross Profit and Gross Margin

Gross profit decreased $15.9 million and gross margin decreased 2.5%. The decrease in margin was largely due to higher costs of $23.7 million, partially as a result of inflationary pressures on fuel, material and production costs. These higher costs were somewhat offset by the higher average ready-mix concrete selling prices of $1.2 million, as previously discussed.

EBITDA and EBITDA Margin

EBITDA decreased $12.0 million and EBITDA margin decreased 1.7%. These decreases were the direct result of the previously discussed lower gross margin. Partially offsetting was lower bad debt expense of $2.2 million, which includes the recovery of prior period bad debt.

Results of Operations – Northwest

Years ended December 31,	2022	2021	2020	2022 vs 2021 % change	2021 vs 2020 % change
	(Dollars in millions)				
Revenue	$600.2	$478.0	$416.2	26%	15%
Gross profit	$106.4	$ 87.5	$ 79.8	22%	10%
Gross margin	17.7%	18.3%	19.2%		
EBITDA	$103.9	$ 80.6	$ 74.4	— 29%	8%
EBITDA margin	17.3%	16.9%	17.9%		

	Revenues		
	2022	2021	2020
		(In millions)	
Operating results			
Aggregates	$ 171.6	$135.2	$113.0
Ready-mix concrete	158.0	152.1	144.3
Asphalt	97.3	78.9	60.5
Other*	14.8	12.8	14.0
Contracting services	262.7	187.1	158.4
Internal sales	(104.2)	(88.1)	(74.0)
	$ 600.2	$478.0	$416.2

* Other includes merchandise, transportation services and other products that individually are not considered to be a major line of business for the segment.

2022 Compared to 2021

Revenue

Revenue increased $122.2 million, largely related to higher contracting services revenues as a result of higher demand for airport, agency, commercial and data center projects and inflationary pressures driving up contract values, as well as the benefit from recent acquisitions of $29.0 million. Higher average selling prices on all product lines, largely in response to inflationary pressures, also contributed $48.0 million. Aggregate volumes increased 18% during the period, largely from recent acquisitions contributing 2.2 million tons. Partially offsetting the increases were decreased ready-mix concrete volumes of $15.0 million or 9%, largely related to decreased demand and the absence of a large project.

Gross Profit and Gross Margin

Gross profit increased $18.9 million, primarily as a result of increased average selling prices to offset higher costs, largely due to inflationary pressures including costs for energy-related products, raw materials, labor and equipment, while gross margin decreased 0.6%. The decrease in gross margin was primarily attributable to 36.6% lower realized margins on asphalt due to higher raw materials and energy-related costs from inflationary

pressures and 10.3% lower contracting services margin due to higher equipment costs and lower margin carry-over work from recent acquisitions. Partially offsetting these decreases were increased gross margins for aggregates of 14.4% and ready-mix concrete of 11.9% as higher average selling prices offset the increased costs as a result of the previously mentioned inflationary pressures.

EBITDA and EBITDA Margin

EBITDA increased $23.3 million while EBITDA margin increased 0.4%. The increase in EBITDA was the direct result of increased gross profit previously discussed and the offset of higher depreciation expense of $11.2 million included in gross profit. Partially offsetting this increase was higher selling, general and administrative expenses of $6.7 million resulting from increased acquisition-related costs, higher bad debt expense and higher labor-related costs, partially the result of inflationary pressures.

2021 Compared to 2020

Revenue

Revenue increased $61.8 million, primarily the result of increased revenues across the segment from higher sales volumes of $38.3 million and higher average selling prices on its products of $10.1 million. Higher demand for work including asphalt paving, public-sector projects, commercial projects, health care facilities and residential fire rebuilding contributed to the increased volumes, including a 27% increase in asphalt sales volumes and a 16% increase in aggregate sales volumes over the previous year. Recent acquisitions also contributed 450,000 tons to aggregate sales volumes. Contracting services activity increased in southern and western Oregon due to more available public work and stronger commercial demand, as evidenced by the increase in internal product sales.

Gross Profit and Gross Margin

Gross profit increased $7.7 million during 2021 and gross margin decreased 0.9%. This decreased margin was due to increased costs of 5.7%, primarily as a result of inflationary pressures on fuel, raw materials, customer delivery and repair and maintenance costs. These increased costs were offset somewhat by higher average selling prices of $10.1 million across the segment, as previously discussed.

EBITDA and EBITDA Margin

EBITDA increased $6.2 million while EBITDA margin decreased 1.0%. The increase in EBITDA was the direct result of increased gross profit as the segment experienced higher sales volumes and contracting services work. This increase was partially offset by higher selling, general and administrative expense related to higher payroll-related and acquisition-related costs. EBITDA margin decreased due to higher costs of revenue and higher selling, general and administrative expense.

Results of Operations – Mountain

Years ended December 31,	2022	2021	2020	2022 vs 2021 % change	2021 vs 2020 % change
	(Dollars in millions)				
Revenue	$542.0	$479.6	$450.9	13%	6%
Gross profit	$ 77.5	$ 71.2	$ 62.9	9%	13%
Gross margin	14.3%	14.8%	13.9%		
EBITDA	$ 72.6	$ 65.0	$ 52.4	12%	24%
EBITDA margin	13.4%	13.6%	11.6%		

	Revenues		
	2022	2021	2020
		(In millions)	
Operating results			
Aggregates	$ 83.3	$ 72.6	$ 60.0
Ready-mix concrete	106.7	100.4	83.1
Asphalt	93.3	69.3	72.2
Other*	—	.1	—
Contracting services	368.7	323.7	327.2
Internal sales	(110.0)	(86.5)	(91.6)
	$ 542.0	$479.6	$450.9

* Other includes products that individually are not considered to be a major line of business for the segment.

2022 Compared to 2021

Revenue

Revenue increased $62.4 million, primarily the result of higher contracting services revenues and higher average selling prices across all product lines, largely in response to inflationary pressures, of $41.7 million. Contracting services benefited from higher demand across all markets throughout the region and higher contract pricing in response to inflationary pressures. Asphalt sales volumes increased $4.7 million or 5.4% mainly due to stronger demand for paving work in Montana and Wyoming, and aggregate sales volumes increased $2.0 million or 2.4% resulting from stronger demand in certain states. Partially offsetting these increases were decreased ready-mix concrete sales volumes of $7.4 million as a result of increased competition.

Gross Profit and Gross Margin

Gross profit increased $6.3 million, primarily as a result of increased average selling prices to offset higher costs, largely due to inflationary pressures including costs for energy-related products, raw materials, labor and equipment, while gross margin decreased 0.5%. The decrease in gross margin was largely attributable to a 14.7% decrease in gross margin for contracting services due to increased materials costs and other inflationary pressures, as previously discussed. All other lines of business for this segment saw an increase in gross margin ranging from 4.0% to 10.0%, which was primarily due to increased selling prices, as previously mentioned.

EBITDA and EBITDA Margin

EBITDA increased $7.6 million and EBITDA margin decreased 0.2%. The increase in EBITDA was directly related to the increase in gross profit, as previously mentioned. The decrease in EBITDA margin was largely the result of the decrease in gross margin previously discussed, as well as higher labor costs in selling, general and administrative expenses. The absence of a gain of $1.3 million on a property sale in Montana during 2021 also negatively impacted both EBITDA and EBITDA margin.

2021 Compared to 2020

Revenue

Revenue increased $28.7 million, primarily the result of increased revenues from higher sales volumes of $21.6 million and higher average selling prices of aggregates and ready-mix concrete of $10.6 million. Ready-mix sales volumes increased $12.8 million across the segment due to strong residential and commercial sales and aggregates experienced higher sales volumes of 9.8% due mainly to an acquisition in December 2020. While asphalt sales volumes increased $2.3 million, particularly in Idaho and Western Montana, the increase was more than offset by lower average selling prices of $5.2 million due to the product mix sold. The segment was also negatively impacted by lower contracting services revenue of $3.5 million as a result of less available paving work across its businesses and the absence of a few large jobs.

Gross Profit and Gross Margin

Gross profit increased $8.3 million and gross margin increased 0.9%. The increase in margin was largely due to higher average ready-mix concrete and aggregate selling prices of $10.6 million across the segment. These increases were impacted by increased costs of $2.0 million, largely the result of inflationary pressures on liquid asphalt, fuel, delivery, materials, and repair and maintenance costs.

EBITDA and EBITDA Margin

EBITDA increased $12.6 million and EBITDA margin increased 2.0%. These increases were the direct result of the previously discussed increased gross margin, as well as a gain of $1.3 million on a property sale in Montana during 2021.

Results of Operations – North Central

Years ended December 31,	2022	2021	2020	2022 vs 2021 % change	2021 vs 2020 % change
		(Dollars in millions)			
Revenue	$608.0	$561.8	$570.8	8%	(2)%
Gross profit	$ 71.8	$ 79.7	$ 81.0	(10)%	(2)%
Gross margin	11.8%	14.2%	14.2%		
EBITDA	$ 65.0	$ 72.3	$ 71.7	(10)%	1%
EBITDA margin	10.7%	12.9%	12.6%		

	Revenues		
	2022	2021	2020
		(In millions)	
Operating results			
Aggregates	$ 96.5	$ 97.5	$ 94.8
Ready-mix concrete	158.6	157.2	142.4
Asphalt	174.2	140.0	156.4
Other*	24.9	22.8	24.8
Contracting services	355.7	306.9	344.9
Internal sales	(201.9)	(162.6)	(192.5)
	$ 608.0	$ 561.8	$ 570.8

* Other includes merchandise and other products that individually are not considered to be a major line of business for the segment.

2022 Compared to 2021

Revenue

Revenue increased $46.2 million, primarily the result of higher average selling prices across all product lines, largely in response to inflationary pressures, of $52.7 million and higher contracting services revenues of $48.8 million driven largely by higher demand for asphalt paving work. Asphalt sales volumes also increased $5.9 million, directly related to increased contracting services. Partially offsetting these increases were decreased aggregate and ready-mix concrete sales volumes of $23.9 million as a result of the absence of a few large commercial projects in the South Dakota market during the year and lower demand for residential work in certain markets. In addition, increased internal sales reduced the total revenues.

Gross Profit and Gross Margin

Gross profit decreased $7.9 million, all lines of business saw higher costs, largely due to inflationary pressures including costs for energy-related products, raw materials, labor and equipment, which were mostly offset by increased average selling prices. Gross margin decreased 2.4% primarily due to increased costs, as previously discussed, which drove lower gross margins for ready-mix concrete of 15.3%; asphalt of 17.7%; and

other product lines of 34.2%. Contracting services saw a decrease in gross margin of 29.9%, largely from increased materials costs and other inflationary pressures, as previously discussed. Partially offsetting these decreases were increased gross margins for aggregates of 1.9% as higher average selling prices more than offset the increased costs previously mentioned.

EBITDA and EBITDA Margin

EBITDA decreased $7.3 million and EBITDA margin decreased 2.2%. This decrease was directly related to the decreased gross margin previously discussed.

2021 Compared to 2020

Revenue

Revenue decreased $9.0 million, primarily the result of decreased contracting work largely in the Minnesota and North Dakota markets, which also impacted asphalt volumes. Also contributing to the decrease was lower average selling prices of $2.6 million on asphalt sales driven by the product mix. Partially offsetting these decreases were increased revenues for ready-mix concrete due to higher volumes of $8.1 million and higher average selling prices of $6.7 million, largely the result of large commercial projects in the South Dakota market. Aggregate volumes also benefited by $3.4 million, partially from these large commercial projects. In addition, decreased internal sales had an overall positive impact to revenues.

Gross Profit and Gross Margin

Gross profit decreased $1.3 million while gross margin remained consistent at 14.2%. Positively impacting the segment were higher average selling prices on ready-mix concrete of $6.8 million. Offsetting this increase was less contracting work, lower average selling prices on asphalt of $2.6 million and increased costs of $1.2 million, largely the result of inflationary pressures on liquid asphalt, fuel, and materials.

EBITDA and EBITDA Margin

EBITDA increased $600,000 and EBITDA margin increased slightly at 0.3%. These increases were the result of decreased selling, general and administrative expense related to lower payroll-related costs.

Results of Operations – All Other

Years ended December 31,	2022	2021	2020	2022 vs 2021 % change	2021 vs 2020 % change
			(Dollars in millions)		
Revenue	$353.1	$317.4	$325.9	11%	(3)%
Gross profit	$ 37.4	$ 34.5	$ 56.9	8%	(39)%
Gross margin	10.6%	10.9%	17.5%		
EBITDA	$ 9.4	$ 8.4	$ 27.4	12%	(70)%
EBITDA margin	2.7%	2.6%	8.4%		

2022 Compared to 2021

Revenue

Revenue increased $35.7 million, primarily the result of higher liquid asphalt revenues of $21.6 million due to higher average selling prices from inflationary pressures. In addition, the South operating segment implemented higher average selling prices across all product lines of $25.5 million, primarily in response to inflationary pressures. Partially offsetting the increase in selling prices were decreased asphalt sales volumes of $7.6 million and aggregate sales volumes of $2.7 million related to lower demand for asphalt paving work in Texas, which also impacted contracting services work by $4.0 million.

Gross Profit and Gross Margin

Gross profit increased $2.9 million, primarily as a result of increased average selling prices to offset higher costs, largely due to inflationary pressures including costs for energy-related products, raw materials, labor and equipment, while gross margin decreased 0.3%. The decrease in gross margin was largely due to decreased

asphalt margins of 21.5% resulting from increased costs related to inflationary pressures on fuel and materials in the South operating segment. Partially offsetting this decrease was higher margins directly resulting from the increase in selling prices on aggregates and ready-mix concrete in the South operating segment and higher margins for other products of 20.9% in the Energy Services operating segment.

EBITDA and EBITDA Margin

EBITDA increased $1.0 million and EBITDA margin remained consistent. The increase in EBITDA was the direct result of increased gross profit previously discussed and lower selling, general and administrative expense in the South operating segment, primarily related to higher net gains on asset sales of $7.5 million. Partially offsetting the increases were lower returns on the Company's nonqualified benefit plan investments of $6.1 million.

2021 Compared to 2020

Revenue

Revenue decreased $8.5 million, primarily the result of decreased contracting work of $22.0 million in the South operating segment, directly resulting from less asphalt paving work in Texas, which also impacted asphalt volumes by $9.5 million. The average selling price of aggregates also decreased 3.3% due to a change in sales related to product mix. Partially offsetting these decreases were increased ready-mix concrete volumes of $7.4 million in the South operating segment due to the shift in demand from asphalt and 4.2% higher liquid asphalt volumes in certain markets in the Energy Services operating segment.

Gross Profit and Gross Margin

Gross profit decreased $22.4 million and gross margin decreased 6.6%. This decreased margin was largely due to $20.8 million higher costs, primarily higher inventory costs related to liquid asphalt in the Energy Services operating segment, as well as increased fuel, labor, delivery, and repair and maintenance costs partially as a result of inflationary pressures in both the South and Energy Services operating segments. The start-up activities of the Honey Creek quarry also contributed to higher costs by $2.2 million. These increased costs were somewhat offset by higher average selling prices on ready-mix concrete of $800,000 in the South operating segment.

EBITDA and EBITDA Margin

EBITDA decreased $19.0 million and EBITDA margin decreased 5.8%. These decreases were the direct result of the previously discussed decreased gross margin, offset slightly by lower selling, general and administrative expense in both the South and Energy Services operating segments as well as for corporate costs, primarily related to lower payroll-related costs.

Intersegment Transactions

Amounts presented in the preceding tables will not agree with the consolidated statements of income due to Knife River's elimination of intersegment transactions. The amounts related to these items were as follows:

Years ended December 31,	2022	2021	2020
		(In millions)	
Intersegment transactions:			
Revenues	$ 37.2	$ 35.2	$ 40.2
Cost of revenue	$(37.2)	$(35.2)	$(40.2)

Liquidity and Capital Resources

At December 31, 2022, Knife River had cash and cash equivalents of $10.1 million and working capital of $91.7 million. Historically, Knife River has participated in Centennial's centralized cash management program, including its overall financing arrangements. Subsequent to the completion of the separation, Knife River's cash management, capital structure and liquidity sources will change significantly. Knife River will implement its own centralized cash management model and use cash on hand and third-party credit facilities to fund day-to-day operations.

Knife River's ability to fund its cash needs will depend on the ongoing ability to generate cash from operations and obtain debt financing with competitive rates. Knife River relies on access to capital markets as sources of liquidity for capital requirements not satisfied by cash flows from operations, particularly in the first half of the year due to the seasonal nature of the industry.

Knife River's principal uses of cash in the future will be to fund its operations, working capital needs, capital expenditures, repayment of borrowings and strategic business development transactions. Knife River Holding Company targets a total debt to pro forma adjusted EBITDA leverage ratio of 2.5 times adjusted EBITDA, which is calculated based on total debt consisting of $275 million of term loans, $425 million of notes, and $90 million of revolving loans under Knife River Holding Company's revolving credit facility, which is Knife River Corporation's estimated annualized average revolving debt balance.

Knife River Holding Company anticipates that it will incur indebtedness in an aggregate principal amount of up to $700 million, consisting of Knife River Holding Company's $425 million 7.750% notes due 2031 and Knife River Holding Company's expected incurrence of $275 million in aggregate principal amount of term loans. The debt maturities are expected to range from five years to eight years with an estimated weighted average interest rate of 7.3 percent. Total deferred debt issuance associated with such indebtedness are estimated to be $11.2 million, which will be amortized to Interest expense over the terms of the respective instruments and are reflected as a reduction to long-term debt. It is expected that Knife River Holding Company will use all or a portion of the net proceeds of such indebtedness to repay its outstanding indebtedness with Centennial of $238 million that is reflected as a related-party notes payable - current portion and $446.4 million reflected as related-party notes payable on the Consolidated Balance Sheet as of December 31, 2022.

As of the separation date, Knife River Holding Company expects to utilize $190 million of a $350 million 5-Year Revolving Credit Facility. The expected amount to be utilized is based on projected seasonal borrowing needs and fluctuates with the timing of the construction season and associated working capital needs. The associated estimated issuance costs of $5.4 million are recorded to Investments and other and amortized to Interest expense over the term of the credit facility. Knife River Holding Company also expects to incur $1.0 million of fees based on the undrawn balance of the facility recorded to Interest expense.

Knife River believes that Knife River Holding Company and its third-party financing arrangements, future cash from operations and access to capital markets will provide adequate resources to fund future cash flow needs and, therefore, subsequent to the separation, would no longer rely on funding from Centennial.

GAAP requires that management evaluate the ability of Knife River to meet its obligations as they become due within one year after the date that the consolidated financial statements are issued. As a result of this, as further discussed in Note 19 of the audited consolidated financial statements, Centennial has committed to continue funding the Company through the central cash management and financing program to allow the Company to meet its obligations as they become due for at least one year and a day following the date that the consolidated financial statements are issued to meet this requirement.

Capital Expenditures

Knife River's capital expenditures for the year ended December 31, 2022, were $182 million, including $6 million for the completed business combination described in Note 6 of the audited consolidated financial statements, compared to $418 million, including $235 million for the completed business combinations in Note 6, for the year ended December 31, 2021. The 2022 and 2021 capital expenditures were funded by internal sources and borrowings under credit facilities and related-party notes from Centennial.

Knife River continues to evaluate the potential for future acquisitions and other growth opportunities that would be incremental to its capital program which contemplates: routine replacement and maintenance of vehicles and equipment; purchase of buildings and land, in addition to building improvements; aggregate reserves; and production facilities; however, these opportunities are dependent upon the availability of economic opportunities. It is anticipated that all of the funds required for capital expenditures will be funded by various sources, including internally generated funds; credit facilities; and issuance of debt and equity securities if necessary.

Cash flows

Years ended December 31,	2022	2021	2020
		(In millions)	
Net cash provided by (used in)			
Operating activities	**$ 207.5**	$ 181.2	$ 232.4
Investing activities	**(155.9)**	(398.3)	(185.9)
Financing activities	**(55.3)**	223.8	(47.9)
Increase (decrease) in cash and cash equivalents	**(3.7)**	6.7	(1.4)
Cash and cash equivalents – beginning of year	**13.8**	7.1	8.5
Cash and cash equivalents – end of year	**$ 10.1**	$ 13.8	$ 7.1

Operating activities

Years ended December 31,	2022	2021	2020
		(In millions)	
Net income	**$116.2**	$129.8	$147.3
Adjustments to reconcile net income to net cash provided by operating activities	**112.4**	128.6	87.3
Changes in current assets and current liabilities, net of acquisitions:			
Receivables	**(32.5)**	15.3	7.9
Due from related-party	**(8.0)**	2.9	(7.0)
Inventories	**(31.0)**	(42.4)	(11.3)
Other current assets	**—**	(4.6)	1.3
Accounts payable	**17.5**	(13.9)	(10.7)
Due to related-party	**3.6**	(1.0)	(0.8)
Other current liabilities	**21.4**	(21.0)	12.9
Pension and postretirement benefit plan contributions	**(0.4)**	(0.4)	(0.3)
Other noncurrent changes	**8.3**	(12.1)	5.8
Net cash provided by operating activities	**$207.5**	$181.2	$232.4

Cash provided by operating activities totaled $207.5 million in 2022, compared to $181.2 million in 2021. The increased cash provided by operating activities was largely the result of lower working capital needs. Cash used by working capital components totaled $29.0 million in 2022, compared to $64.6 million in 2021. This decreased usage of cash was driven largely by the timing of certain income tax payments during 2021 and the result of higher bonus depreciation related to 2021 acquisitions. Also positively impacting working capital was higher liquid asphalt inventory balances due to higher material costs and higher deferred revenues. Partially offsetting these increases were higher receivables balances, directly resulting from the increased revenues during 2022.

Cash provided by operating activities totaled $181.2 million in 2021, compared to $232.4 million in 2020. The reduction in cash provided directly correlates to the reduction in earnings due to the previously discussed decrease in gross margin. Also impacting the amount of cash provided was higher working capital needs. Cash used by working capital components totaled $64.6 million in 2021, compared to $7.8 million in 2020. This additional usage of cash was largely driven by higher liquid asphalt inventory balances due to higher material costs; higher inventory balances as a result of production at the businesses acquired; decreased payments of previously deferred payroll taxes due to the COVID-19 Aid, Relief and Economic Security Act and higher payments to vendors. Positively contributing to working capital was increased collections of receivables partially offset by lower costs and estimated earnings in excess of billings on uncompleted construction contracts, as well as the timing of certain income tax payments offset in part by higher bonus depreciation related to recent acquisitions.

Investing activities

Years ended December 31,	2022	2021	2020
		(In millions)	
Capital expenditures	**$(178.2)**	$(174.2)	$(135.9)
Acquisitions, net of cash acquired	**1.7**	(235.2)	(56.7)
Net proceeds from sale or disposition of property and other	**22.9**	12.0	8.2
Investments	**(2.3)**	(.9)	(1.5)
Net cash used in investing activities	**$(155.9)**	$(398.3)	$(185.9)

The decrease in cash used in investing activities from 2022 to 2021 was primarily the result of decreased cash used in acquisition activity. Also contributing to the decrease was increased proceeds from asset sales.

The increase in cash used in investing activities from 2021 to 2020 was primarily the result of higher cash used in acquisition activity. Also contributing to the increase in cash used was higher capital expenditures, including expenditures of $13.4 million related to a prestress facility and $9.9 million related to a new training center in addition to the normal equipment replacements and upgrades.

Financing activities

Years ended December 31,	2022	2021	2020
		(In millions)	
Issuance of current related-party notes, net	**$ 208.0**	$ —	$ —
Repayment of long-term debt	**(.3)**	(.2)	(.2)
Debt issuance costs	**(.8)**	—	—
Issuance (repayment) of long-term related-party notes, net	**(207.0)**	282.0	(2.3)
Net transfers to Parent	**(55.2)**	(58.0)	(45.4)
Net cash provided by (used in) financing activities	**$ (55.3)**	$223.8	$(47.9)

The increase in cash flows used in financing activities from 2022 to 2021 was largely the result of decreased issuance of related-party notes as a result of lower working capital needs, as previously discussed.

The increase in cash flows provided by financing activities from 2021 to 2020 was largely the result of an increase in related party notes for acquisitions and increased working capital needs.

Material Cash Requirements

At December 31, 2022, Knife River's material cash requirements under its contractual obligations were as follows:

	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
			(In millions)		
Related-party notes payable	$238.0	$ 76.4	$ 65.0	$305.0	$684.4
Interest on related-party notes*	20.8	36.1	31.9	48.7	137.5
Operating leases	15.1	18.8	7.5	11.9	53.3
Purchase commitments	80.8	6.2	3.9	9.8	100.7
	$354.7	$137.5	$108.3	$375.4	$975.9

* Represents the estimated interest payments associated with Knife River's related-party notes payable outstanding as of December 31, 2022, assuming interest rates as of December 31, 2022, and consistent amounts outstanding until their respective maturity dates over the periods indicated in the table above.

Material short-term cash requirements of Knife River include payments on operating lease agreements, payment of obligations on purchase commitments and asset retirement obligations, as well as $208 million of short-term related-party notes payable. At December 31, 2022, the current portion of asset retirement obligations was $4.4 million and was included in other accrued liabilities on the consolidated balance sheets.

Material long-term cash requirements of Knife River include payments on operating lease agreements, payment of obligations on purchase commitments and asset retirement obligations. At December 31, 2022, Knife River had total liabilities of $33.0 million related to asset retirement obligations that are excluded from the table above. Due to the nature of these obligations, Knife River cannot determine precisely when the payments will be made to settle these obligations.

Critical Accounting Estimates

Knife River has prepared its financial statements in conformity with GAAP. The preparation of its financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Management reviews these estimates and assumptions based on historical experience, changes in business conditions and other relevant factors believed to be reasonable under the circumstances.

Critical accounting estimates are defined as estimates that require management to make assumptions about matters that are uncertain at the time the estimate was made, and changes in the estimates could have a material impact on Knife River's financial position or results of operations. Knife River's critical accounting estimates are subject to judgments and uncertainties that affect the application of its significant accounting policies. As additional information becomes available, or actual amounts are determinable, the recorded estimates are revised. Consequently, Knife River's financial position or results of operations may be materially different when reported under different conditions or when using different assumptions in the application of the following critical accounting estimates. For more information, see the section entitled "Index to Financial Statements."

Revenue Recognition

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

To determine the proper revenue recognition method for contracts, Knife River evaluates whether two or more contracts should be combined and accounted for as one single contract and whether the combined or single contract should be accounted for as more than one performance obligation. For most contracts, the customer contracts with Knife River to provide a significant service of integrating a complex set of tasks and components into a single project. Hence, Knife River's contracts are generally accounted for as one performance obligation.

Knife River recognizes contracting services revenue over time using an input method based on the cost-to-cost measure of progress for contracts because it best depicts the transfer of assets to the customer which occurs as Knife River incurs costs on the contract. Under the cost-to-cost measure of progress, the costs incurred are compared with total estimated costs of a performance obligation. Revenues are recorded proportionately to the costs incurred. This method depends largely on the ability to make reasonably dependable estimates related to the extent of progress toward completion of the contract, contract revenues, and contract costs. Since contract prices are generally set before the work is performed, the estimates pertaining to every project could contain significant unknown risks such as volatile labor, material and fuel costs, weather delays, adverse project site conditions, unforeseen actions by regulatory agencies, performance by subcontractors, job management and relations with project owners. Changes in estimates could have a material effect on Knife River's results of operations, financial position and cash flows. For the years ended December 31, 2022, 2021 and 2020, Knife River's total contracting services revenue was $1.2 billion, $1.0 billion and $1.1 billion, respectively.

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

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

Knife River's contracts for contracting services generally contain variable consideration including liquidated damages, performance bonuses or incentives, claims, unpriced change orders and penalties or index pricing. The variable amounts usually arise upon achievement of certain performance metrics or change in project scope. Knife River estimates the amount of revenue to be recognized on variable consideration using one of the two prescribed estimation methods, the expected value method or the most likely amount method, depending on which method best predicts the most likely amount of consideration Knife River expects to be entitled to or expects to incur. Assumptions as to the occurrence of future events and the likelihood and amount of variable consideration are made during the contract performance period. Estimates of variable consideration and assessment of anticipated performance and all information (historical, current and forecasted) that is reasonably available to management. Knife River only includes variable consideration in the estimated transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur or when the uncertainty associated with the variable consideration is resolved. Changes in circumstances could impact management's estimates made in determining the value of variable consideration recorded. When determining if the variable consideration is constrained, Knife River considers if factors exist that could increase the likelihood or the magnitude of a potential reversal of revenue. Knife River updates its estimate of the transaction price each reporting period and the effect of variable consideration on the transaction price is recognized as an adjustment to revenue on a cumulative catch-up basis.

Knife River believes its estimates surrounding the cost-to-cost method are reasonable based on the information that is known when the estimates are made. Knife River has contract administration, accounting and management control systems in place that allow its estimates to be updated and monitored on a regular basis. Because of the many factors that are evaluated in determining bid prices, it is inherent that Knife River's estimates have changed in the past and will continually change in the future as new information becomes available for each job.

Business Combinations

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

In determining fair values of acquired assets and liabilities assumed, Knife River uses various observable inputs for similar assets or liabilities in active markets and various unobservable inputs, which includes the use of valuation models. Fair values are based on various factors including, but not limited to, age and condition of property, maintenance records, auction values for equipment with similar characteristics, recent sales and listings of comparable properties, data collected from drill holes and other subsurface investigations and geologic data. Knife River primarily uses the market and cost approaches in determining the fair value of land and property, plant and equipment. A combination of the market and income approaches are used for aggregate reserves and intangibles, primarily a discounted cash flow model. Knife River must develop reasonable and supportable assumptions to evaluate future cash flows. The process is highly subjective and requires a large degree of management judgement. Assumptions used may vary for each specific business combination due to unique

circumstances of each transaction. Assumptions may include discount rate, time period, terminal value and growth rate. The values generated from the discounted cash flow model are sensitive to the assumptions used. Inaccurate assumptions can lead to deviations from the values generated.

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

Goodwill

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

Knife River has determined that the reporting units for its goodwill impairment test are its operating segments as they constitute a business for which discrete financial information is available and for which segment management regularly reviews the operating results. Goodwill impairment, if any, is measured by comparing the fair value of each reporting unit to its carrying value. If the fair value of a reporting unit exceeds its carrying value, the goodwill of the reporting unit is not impaired. If the carrying value of a reporting unit exceeds its fair value, Knife River must record an impairment loss for the amount that the carrying value of the reporting unit, including goodwill, exceeds the fair value of the reporting unit. For the years ended December 31, 2022, 2021 and 2020, there were no impairment losses recorded. At October 31, 2022, the fair value of each of Knife River's reporting units substantially exceeded the carrying value.

Determining the fair value of a reporting unit requires judgment and the use of significant estimates, which include assumptions about Knife River's future revenue, profitability and cash flows, long-term growth rates, amount and timing of estimated capital expenditures, inflation rates, weighted average cost of capital, operational plans, and current and future economic conditions, among others. The fair value of each reporting unit is determined using a weighted combination of income and market approaches. Knife River believes that the estimates and assumptions used in its impairment assessments are reasonable and based on available market information.

Knife River uses a discounted cash flow methodology for its income approach. Under the income approach, the discounted cash flow model determines fair value based on the present value of projected cash flows over a specified period and a residual value related to future cash flows beyond the projection period. Both values are discounted using a rate that reflects the best estimate of the weighted average cost of capital for the Company.

Under the market approach, Knife River estimates fair value using various multiples derived from enterprise value to EBITDA for comparative peer companies for each respective reporting unit. These multiples are applied to operating data for each reporting unit to arrive at an indication of fair value. In addition, Knife River adds a reasonable control premium when calculating the fair value utilizing the peer multiples, which is estimated as the premium that would be received in a sale in an orderly transaction between market participants.

Knife River uses significant judgment in estimating its five-year forecast. The assumptions underlying cash flow projections are in sync as applicable with Knife River's strategy and assumptions. Future projections are heavily correlated with the current year results of operations. Future results of operations may vary due to economic and financial impacts. The long-term growth rates used in the five-year forecast are developed by management based on industry data, management's knowledge of the industry and management's strategic plans. The long-term growth rate was 3 percent in 2022, 2021 and 2020.

Long-Lived Assets Excluding Goodwill

Long-lived assets, which include aggregates and related assets, represent 57% of Knife River's total assets as of December 31, 2022. Knife River reviews the carrying values of its long-lived assets when events or changes in circumstances indicate that such carrying values may not be recoverable.

Knife River tests long-lived assets for impairment at a level significantly lower than that of goodwill impairment testing. Long-lived assets or groups of assets are evaluated for impairment at the lowest level of largely independent identifiable cash flows at an individual operation or group of operations collectively serving a local market.

When indications of or triggers for impairment are noted, impairment testing is completed. The impairment testing requires the use of significant estimates, judgements and uncertainties by management, which may vary from actual results. Estimates and judgements may include, among other things, whether triggering events have occurred, estimates of future cash flows, the asset's useful life, disposal activity obligations, growth and production.

The determination of whether an impairment has occurred is based on an estimate of undiscounted future cash flows attributable to the assets, compared to the carrying value of the assets. If impairment has occurred, the amount of the impairment recognized is determined by estimating the fair value of the assets and recording a loss if the carrying value is greater than the fair value.

No impairment losses were recorded in 2022, 2021 or 2020. Unforeseen events and changes in circumstances could require the recognition of impairment losses at some future date.

Non-GAAP Financial Measures

The Business Segment Financial and Operating Data includes financial information prepared in accordance with GAAP, as well as EBITDA, EBITDA margin, Adjusted EBITDA and Adjusted EBITDA margin financial measures. Knife River Holding Company defines EBITDA as net income before interest expense, taxes and depreciation, depletion and amortization, and EBITDA margin as EBITDA as a percentage of revenues. Knife River Holding Company defines Adjusted EBITDA as EBITDA adjusted to exclude unrealized gains and losses on benefit plan investments, stock-based compensation and one-time separation costs and Adjusted EBITDA margin as Adjusted EBITDA as a percentage of revenues.

EBITDA, EBITDA margin, Adjusted EBITDA and Adjusted EBITDA margin are considered non-GAAP financial measures and are comparable to the corresponding GAAP measures of Net income, Net income margin, Gross profit and Gross margin. Knife River Holding Company believes these non-GAAP financial measures, in addition to corresponding GAAP measures, are useful to investors by providing meaningful information about operational efficiency compared to its peers by excluding the impacts of differences in tax jurisdictions and structures, debt levels and capital investment. Management believes Adjusted EBITDA is a useful performance measure because it allows for an effective evaluation of the Company's operating performance by excluding stock-based compensation and unrealized gains and losses on benefit plan investments as they are considered non-cash and not part of the Company's core operations. The Company also excludes the one-time, non-recurring costs associated with the separation of Knife River Holding Company from MDU Resources as those are not expected to continue. Rating agencies and investors will also use EBITDA and Adjusted EBITDA to calculate Knife River Holding Company's leverage as a multiple of EBITDA and Adjusted EBITDA. Additionally, EBITDA and Adjusted EBITDA are important financial metrics for debt investors who utilize debt to EBITDA and debt to Adjusted EBITDA ratios. Knife River Holding Company's management uses these non-GAAP financial measures in conjunction with GAAP results when evaluating its operating results internally and calculating compensation packages, and leverage as a multiple of EBITDA and Adjusted EBITDA to determine the appropriate method of funding operations of the Company. EBITDA is calculated by adding back income taxes, interest expense and depreciation, depletion and amortization expense to net income. EBITDA margin is calculated by dividing EBITDA by revenues. Adjusted EBITDA is calculated by adding back unrealized gains and losses on benefit plan investments, stock-based compensation and one-time separation costs, to EBITDA. Adjusted EBITDA margin is calculated by dividing adjusted EBITDA by revenues. These non-GAAP financial measures should not be considered as alternatives to, or more meaningful than, GAAP financial measures such as net income or net income margin and are intended to be helpful supplemental financial measure for investors'

understanding of Knife River Holding Company's operating performance. Knife River Holding Company's non-GAAP financial measures, are not standardized; therefore, it may not be possible to compare these financial measures with other companies' EBITDA, EBITDA margin, Adjusted EBITDA and Adjusted EBITDA margin measures having the same or similar names.

The following information reconciles net income to EBITDA and EBITDA to Adjusted EBITDA and provides the calculation of EBITDA margin and Adjusted EBITDA margin.

Years ended December 31,	2022	2021	2020
		(In millions)	
Net income	**$ 116.2**	$ 129.8	$ 147.3
Adjustments:			
Income taxes	**42.6**	43.4	47.4
Depreciation, depletion and amortization	**117.8**	101.0	89.7
Interest	**30.1**	19.2	20.6
Consolidated EBITDA	**$ 306.7**	$ 293.4	$ 305.0
Unrealized gains (losses) on benefit plan investments	**4.0**	(2.3)	(4.0)
Stock-based compensation expense	**2.7**	3.6	3.3
One-time separation costs	**—**	—	—
Adjusted EBITDA	**$ 313.4**	$ 294.7	$ 304.3
Revenues	**$2,534.7**	$2,228.9	$2,178.0
Net income margin	**4.6%**	5.8%	6.8%
EBITDA margin	**12.1 %**	13.2%	14.0%
Adjusted EBITDA margin	**12.4 %**	13.2%	14.0%

Quantitative and Qualitative Disclosures About Market Risk

Centennial operates under a centralized cash management program and is the legal obligor of the debt and borrowings. The debt and interest allocation directly attributable to Knife River is reflected in the consolidated balance sheet and statements of income.

In connection with the separation, Knife River expects to incur indebtedness, at which time Knife River's exposure to interest rate risk is expected to increase. Knife River will undertake to update the disclosure in this section in a subsequent amendment once the terms of such indebtedness are reasonably known.

MANAGEMENT

Executive Officers Following the Distribution

The following table sets forth the individuals who are expected to serve as Knife River Holding Company's executive officers following the completion of the distribution. While some of Knife River Holding Company's executive officers are currently officers and employees of MDU Resources, after the distribution, none of these individuals will be employees or executive officers of MDU Resources.

Name	Age	Position
Brian R. Gray	52	President and Chief Executive Officer
Nathan W. Ring	47	Vice President and Chief Financial Officer
Karl A. Liepitz	44	Vice President, Chief Legal Officer and Secretary
Trevor J. Hastings	49	Vice President and Chief Operating Officer
Nancy K. Christenson	67	Vice President of Administration
Glenn R. Pladsen	56	Vice President of Support Services
John F. Quade	45	Vice President of Business Development
Marney L. Kadrmas	54	Chief Accounting Officer

Set forth below is biographical information as well as background information relating to each executive officer's business experience and qualifications.

Brian R. Gray

Mr. Gray was named president of Knife River effective January 1, 2023, and was named its chief executive officer effective March 1, 2023. Prior to these promotions, he was president of Knife River's Northwest segment, a position he held from 2012 to 2022. While at the Northwest segment, Mr. Gray led the acquisition of eight companies and also was instrumental in the development of the Knife River Training Center and corporate-wide safety, training and sustainability programs. He has 29 years of experience at Knife River and has served on numerous industry boards, including the National Ready Mixed Concrete Association (current) and the Oregon-Columbia chapter of the Associated General Contractors. Mr. Gray has a degree in civil engineering from Oregon State University and in 2022 was named to Oregon State's Academy of Distinguished Engineers.

Nathan W. Ring

Mr. Ring has been named vice president and chief financial officer for Knife River, effective upon completion of the anticipated separation of Knife River from MDU Resources Group. He has 21 years of experience with MDU Resources' companies, including Knife River, MDU Construction Services Group, Centennial Energy and the MDU Resources corporate office. Mr. Ring most recently led the acquisition strategy for Knife River as vice president of business development from 2017 to 2022. He also served as vice president, controller and chief accounting officer for MDU Resources from 2014 to 2016. Prior to these roles, Mr. Ring held positions as a controller for Knife River and MDU Construction Services Group. He has also held roles in various accounting, financial planning and tax departments for the Company. He has a bachelor of accountancy degree from the University of North Dakota and is a certified public accountant.

Karl A. Liepitz

Mr. Liepitz has been named vice president, chief legal officer and secretary of Knife River, effective upon completion of the anticipated separation of Knife River from MDU Resources Group. Mr. Liepitz currently is vice president, general counsel and secretary of MDU Resources, a position he has held since 2021. He has 19 years of experience with MDU Resources, having started with the company as an attorney in 2003. For 17 of his 19 years with the company, Mr. Liepitz provided internal legal counsel to Knife River. Mr. Liepitz earned his juris doctorate from William Mitchell College of Law, as well as degrees in English and philosophy from the University of Minnesota - Duluth.

Trevor J. Hastings

Mr. Hastings has been named vice president and chief operating officer for Knife River, effective upon completion of the anticipated separation of Knife River from MDU Resources Group. He has 27 years of experience with MDU Resources' companies and since 2017 has served as president and CEO of WBI Energy,

an MDU Resources subsidiary. Prior to being named to his leadership role at WBI Energy, Mr. Hastings spent 10 years with Knife River. He was named vice president of business development and operations support from 2007 to 2014 and from 2015 to 2017; in 2014 to 2015, Mr. Hastings served as interim president of Knife River's Energy Services region to direct a transition in leadership there. From 2001 to 2007, Mr. Hastings was an executive at MDU Resources subsidiary Centennial Energy, servicing as its vice president of business development and president and CEO of its international component, Centennial Energy Resources International. He has a bachelor of economics degree from the University of North Dakota and serves on the university's advisory council for the College of Business and Public Administration.

Nancy K. Christenson

Ms. Christenson is vice president of administration at Knife River. She has 45 years of experience with Knife River and has oversight of Human Resources, compensation and benefits, compliance and employee relations. She was appointed vice president of administration in April 2009. Prior positions at Knife River have included vice president and chief accounting officer from 2003 to 2009, controller from 1995 to 2002 and numerous other accounting roles from 1977 to 1994. Ms. Christenson has a degree in business administration from the University of North Dakota.

Glenn R. Pladsen

Mr. Pladsen is vice president of support services at Knife River. He has oversight of information technology, safety, environmental management, training, capital budgeting and national accounts. He joined Knife River in 2007 as director of information technology, with a focus on deploying standard information systems and business processes across the Knife River operating companies. In 2012, Mr. Pladsen began overseeing the capital budgeting process and national account programs in addition to his information technology role. In 2015, Mr. Pladsen also took on a leadership role of Knife River's safety and environmental programs. He was named vice president of support services in 2019 and added the responsibility of the corporate training program, along with the design and construction of the Knife River Training Center. Mr. Pladsen has a degree in mechanical engineering from North Dakota State University.

John F. Quade

Mr. Quade has been named vice president of business development for Knife River, effective upon completion of the anticipated separation of Knife River from MDU Resources Group. He has 28 years of experience with Knife River and previously was president of the company's North Central segment, a position he held from 2012 to 2023. Prior to that, Mr. Quade was president of Knife River's Central Minnesota operations. He earned his juris doctorate from William Mitchell College of Law and has a management degree from St. John's (Minnesota) University. Mr. Quade also serves on the executive committee of the National Asphalt Pavement Association.

Marney L. Kadrmas

Ms. Kadrmas has been named chief accounting officer for Knife River, effective upon completion of the anticipated separation of Knife River from MDU Resources Group. She has 23 years of experience with Knife River. Ms. Kadrmas currently is vice president and region controller for the company‘s Northwest segment, a position she has held since 2014. Prior to that, she was director of accounting for Knife River from 2012 to 2014, and she was financial planning and reporting manager from 2005 to 2012. Ms. Kadrmas has a bachelor‘s degree in accounting from Dickinson State University and is a certified public accountant.

BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Board Structure and Directors Following the Distribution

The following table sets forth the individuals who are expected to serve on Knife River Holding Company's board of directors following the completion of the distribution. Knife River Holding Company expects that, at the time of the distribution, the chair of the board of directors will be a different person than its chief executive officer and, to the extent the chair is not an "independent" director, that the board of directors will have a lead director empowered with robust authority and duties to facilitate the board's exercise of independent oversight, which is referred to in this information statement as the "lead independent director."

Upon the completion of the distribution, Knife River Holding Company's amended and restated certificate of incorporation will providate that, until the annual stockholder meeting in 2027, Knife River Holding Company's board of directors will be divided into three classes, with each class consisting, as nearly as may be possible, of one-third of the total number of directors. The directors designated as Class I directors will have terms expiring at the first annual meeting of stockholders following the distribution, which Knife River Holding Company expects to hold in 2024, and will be up for re-election at that meeting for a three-year term to expire at the 2027 annual meeting of stockholders. The directors designated as Class II directors will have terms expiring at the 2025 annual meeting of stockholders and will be up for re-election at that meeting for a two-year term to expire at the 2027 annual meeting of stockholders. The directors designated as Class III directors will have terms expiring at the 2026 annual meeting of stockholders and will be up for re-election at that meeting for a one-year term to expire at the 2027 annual meeting of stockholders. Commencing with the 2027 annual meeting of stockholders, directors will be elected annually and for a term of office to expire at the next annual meeting of stockholders, and Knife River Holding Company's board of directors will thereafter no longer be divided into classes. Before Knife River Holding Company's board of directors is declassified, it would take at least two annual meetings of stockholders to be held for any individual or group to gain control of Knife River Holding Company's Board of Directors.

Director	Class
Thomas Everist	Class I—Expiring 2024 Annual Meeting
German Carmona Alvarez	Class I—Expiring 2024 Annual Meeting
Patricia L. Moss	Class II—Expiring 2025 Annual Meeting
William Sandbrook	Class II—Expiring 2025 Annual Meeting
Karen B. Fagg	Class III—Expiring 2026 Annual Meeting
Brian R. Gray	Class III—Expiring 2026 Annual Meeting

The number of members on the Knife River Holding Company board of directors may be fixed by resolution adopted from time to time by the board of directors. Any vacancies or newly created directorships may be filled only by the affirmative vote of a majority of directors then in office, even if less than a quorum, or by a sole remaining director. Each director shall hold office until his or her successor has been duly elected and qualified, or until his or her earlier death, resignation or removal.

Set forth below is biographical information as well as background information relating to each director's business experience, qualifications, attributes and skills and why Knife River Holding Company believes each individual will be a valuable member of the board of directors.

Class I—Directors Whose Term Expires in 2024

Name	Age	Principal Occupation and Other Information
Thomas Everist	73	Mr. Everist is a member of the board of directors at MDU Resources Group, where he sits on the Compensation and Nominating and Governance committees. As a director nominee for Knife River Holding Company, Mr. Everist is expected to chair the Nominating and Governance Committee and also serve on the Compensation Committee. Mr. Everist has had a 44-year career in the construction materials and mining industry and brings deep industry expertise. He was president and chair of L.G. Everist, Inc., an aggregate production company in Sioux Falls, South Dakota, from 1987-2002. From 2002 to present, he has been president and chair of The Everist Company, an investment and land development company; prior to 2017, The Everist Company also was engaged in aggregate, concrete and asphalt production.
German Carmona Alvarez	54	Mr. Alvarez is a member of the board of directors at MDU Resources Group, where he sits on the Compensation and Nominating and Governance committees. As a director nominee for Knife River Holding Company, Mr. Carmona Alvarez is expected to chair the Compensation Committee and be a member of the Audit Committee. Mr. Carmona Alvarez has 15 years of experience in the building materials industry and also brings expertise in human capital management, digital and information technology, and mergers and acquisitions. He is global president of applied intelligence at Wood PLC and formerly served as executive vice president of finance, information technology and shared services at CEMEX, Inc., a global building materials company.

Class II—Directors Whose Term Expires in 2025

Name	Age	Principal Occupation and Other Information
Patricia L. Moss	69	Ms. Moss is a member of the board of directors at MDU Resources Group, where she chairs the Environmental and Sustainability Committee and also is a member of the Compensation Committee. As a director nominee for Knife River Holding Company, Ms. Moss is expected to chair the Audit Committee and also serve on the Compensation Committee. Ms. Moss has substantial experience in the finance and banking industry, including service on the boards of public banking and investment companies. She contributes broad knowledge of finance, business development, human resources and compliance oversight, as well as public company governance. Ms. Moss was president and CEO of Cascade Bancorp, a financial holding company in Bend, Oregon, from 1998-2012. She was vice chairman of Cascade Bankcorp from 2012-2017, at which point she became a director at First Interstate BancSystem.
William Sandbrook	62	Mr. Sandbrook has extensive experience in the construction materials industry. He was president and CEO of U.S. Concrete, Inc., from 2011-2020, and also served as chairman of its board of directors from 2018-2020. Prior to that, Mr. Sandbrook served in various roles at Oldcastle Inc.'s Products and Distribution Group, Oldcastle Architectural Products Group, and Oldcastle Materials Inc. In 2019, he was elected chairman of the National Ready-Mixed Concrete Association. Mr. Sandbrook has served as a director of Comfort Systems USA since 2018, where he is a member of the Audit and Compensation committees.

Class III—Directors Whose Term Expires in 2026

Name	Age	Principal Occupation and Other Information
Karen B. Fagg	69	Ms. Fagg is a member of the board of directors at MDU Resources Group, where she chairs the Compensation Committee and is a member of the Environmental and Sustainability Committee. As a director nominee for Knife River Holding Company, Ms. Fagg is expected to be non-executive chair of the board. She also is expected to serve on the Nominating and Governance Committee. Ms. Fagg contributes expertise in responsible natural resource development, with expertise in the construction and engineering industries. She was president, CEO and majority owner of HKM Engineering, a large regional civil and structural firm, from 2000-2008; when that business merged with DOWL LLC, Ms. Fagg was named vice president until her retirement in 2011. Prior to that, she was director of the Montana Department of Natural Resources and Conservation, the state agency charged with managing sustainable stewardship of the state's water, soil, energy and rangeland resources.
Brian R. Gray	52	Mr. Gray was named president of Knife River Corporation effective January 1, 2023, and was named its chief executive officer effective March 1, 2023. Prior to these promotions, he was president of Knife River Corporation's Northwest segment, a position he held from 2012 to 2022. While at the Northwest segment, Mr. Gray led the acquisition of eight companies and also was instrumental in the development of the Knife River Training Center and corporate-wide safety, training and sustainability programs. He has 29 years of experience at Knife River Corporation and has served on numerous industry boards, including the National Ready Mixed Concrete Association (current) and the Oregon-Columbia chapter of the Associated General Contractors.

Director Independence

A majority of the Knife River Holding Company board of directors will be composed of directors who are "independent" as defined by the rules of the NYSE and the Corporate Governance Guidelines, as described more fully below, to be adopted by the Knife River Holding Company board of directors. Knife River Holding Company will seek to have all of its non-management directors qualify as "independent" under these standards. The Knife River Holding Company board of directors is expected to establish categorical standards to assist it in making its determination of director independence. Knife River Holding Company expects these standards will provide that no director qualifies as "independent" unless the board of directors affirmatively determines that the director has no material relationship with Knife River Holding Company or its subsidiaries (either directly or as a partner, stockholder or officer of an organization that has a relationship with Knife River Holding Company or any of its subsidiaries).

In making this determination, the Knife River Holding Company board of directors will consider all relevant facts and circumstances. The Corporate Governance Guidelines will comprise a list of all categories of material relationships affecting the determination of a director's independence. Any relationship that falls below a threshold set forth in the Corporate Governance Guidelines, or is not otherwise listed in the Corporate Governance Guidelines, and is not required to be disclosed under Item 404(a) of SEC Regulation S-K, will be deemed to be an immaterial relationship.

The Knife River Holding Company board of directors will assess on a regular basis, and at least annually, the independence of directors and, based on the recommendation of the Nominating and Governance Committee, will make a determination as to which members are independent.

Committees of the Board of Directors

Effective upon the completion of the distribution, the Knife River Holding Company board of directors will have the following standing committees: an Audit Committee, a Compensation Committee and a Nominating and Governance Committee.

Audit Committee. Following the completion of the distribution, Knife River Holding Company's Audit Committee will be responsible, among its other duties and responsibilities, for overseeing Knife River Holding Company's accounting and financial reporting processes, the audits of Knife River Holding Company's financial statements, the qualifications and independence of Knife River Holding Company's independent registered public accounting firm, the effectiveness of Knife River Holding Company's internal control over financial reporting and the performance of Knife River Holding Company's internal audit function and independent registered public accounting firm. Knife River Holding Company's Audit Committee will review and assess the qualitative aspects of Knife River Holding Company's financial reporting, its processes to manage business and financial risks, and its compliance with significant applicable legal, ethical and regulatory requirements. Knife River Holding Company's Audit Committee will be directly responsible for the appointment, compensation, retention and oversight of Knife River Holding Company's independent registered public accounting firm.

Following the completion of the distribution, the members of the Audit Committee are expected to be German Carmona Alvarez, William Sandbrook, and Patricia L. Moss (Chair). Knife River Holding Company's board of directors is expected to designate German Carmona Alvarez, William Sandbrook, and Patricia L. Moss as "audit committee financial experts," and determine that each member is "financially literate" and has accounting or related financial management expertise in accordance with the NYSE rules. Knife River Holding Company's board of directors is also expected to determine that each member of the Audit Committee is "independent" as defined under the NYSE and Exchange Act rules and regulations. The charter of Knife River Holding Company's Audit Committee states that no director may serve on the Audit Committee if such director simultaneously serves on the audit committee of more than three public companies (including Knife River Holding Company), unless the board of directors determines that such simultaneous service would not impair the ability of such director to effectively serve on the Audit Committee.

Compensation Committee. Following the completion of the distribution, Knife River Holding Company's Compensation Committee will be responsible, among its other duties and responsibilities, for reviewing and approving all forms of compensation to be provided to, and employment agreements with, the executive officers and directors of Knife River Holding Company and its subsidiaries (including the CEO), establishing the general compensation policies of Knife River Holding Company and its subsidiaries and reviewing, approving and overseeing the administration of the employee benefits plans of Knife River Holding Company and its subsidiaries. Knife River Holding Company's Compensation Committee will also periodically review management development and succession plans.

Following the completion of the distribution, the members of the Compensation Committee are expected to be Patricia L. Moss, Thomas Everist, and German Carmona Alvarez (Chair). Knife River Holding Company's board of directors is expected to determine that each such member of the Compensation Committee is "independent" as defined under the NYSE listing standards. The Compensation Committee has the authority to retain compensation consultants, outside counsel and other advisers after considering the independence factors outlined under the NYSE listing standards, and Knife River Holding Company will provide appropriate funding, as determined by the Compensation Committee, for payment of reasonable compensation to such compensation consultants, outside counsel and other advisers.

Nominating and Governance Committee. Following the completion of the distribution, Knife River Holding Company's Nominating and Governance Committee will be responsible, among its other duties and responsibilities, for identifying and recommending candidates to the board of directors for election to Knife River Holding Company's board of directors, reviewing the composition of the board of directors and its committees, developing and recommending to the board of directors corporate governance guidelines that are applicable to Knife River Holding Company and overseeing board of directors evaluations.

Following the completion of the distribution, the members of the Nominating and Governance Committee are expected to be Karen B. Fagg, William Sandbrook, and Thomas Everist (Chair). Knife River Holding Company's board of directors is expected to determine that each member of the Nominating and Governance Committee is "independent" as defined under the NYSE listing standards.

Knife River Holding Company's board of directors is expected to adopt a written charter for each of the Audit Committee, Compensation Committee and Nominating and Governance Committee. These charters will be available without charge on Knife River Holding Company's website at www.kniferiver.com.

Compensation Committee Interlocks and Insider Participation

Knife River Holding Company's Compensation Committee will be established in 2023 in connection with the proposed distribution. During Knife River Holding Company's year ended December 31, 2022, Knife River Holding Company was not an independent company, and did not have a compensation committee or any other committee serving a similar function. Decisions as to the compensation of those who currently serve as Knife River Holding Company's executive officers were made by MDU Resources, as described in the section of this information statement captioned "Executive Compensation." During 2022, no member of the Compensation Committee was at any time an officer or employee of MDU Resources or any of Knife River Holding Company's subsidiaries nor was any such person a former officer of MDU Resources or any one of Knife River Holding Company's subsidiaries. During 2022, there were no related party or conflicts of interest transactions between Knife River Holding Company and any of its Compensation Committee members that require disclosure under SEC rules.

Corporate Governance

Board Leadership Structure

Following the completion of the distribution, Knife River Holding Company's board of directors will be led by its Chair, Karen B. Fagg. As stated in Knife River Holding Company's Corporate Governance Guidelines, the board has no policy with respect to the separation of the offices of Chair of the Board and CEO. The board believes it is important to retain its flexibility to allocate the responsibilities of the offices of the Chair and CEO in any way that is in the best interests of Knife River Holding Company at a given point in time. The board believes this governance structure currently promotes a balance between the board's independent authority to oversee Knife River Holding Company's business and the CEO and the management team who manage the business on a day-to-day basis. The board expects to periodically review its leadership structure to ensure that it continues to meet Knife River Holding Company's needs.

Executive Sessions

Following the completion of the distribution, Knife River Holding Company's board of directors will hold regular and special meetings throughout each calendar year. In conjunction with those meetings, executive sessions, which are meetings of the independent directors, will be regularly scheduled throughout the year. Knife River Holding Company's non-executive Chair will preside over the executive sessions of the board.

Selection of Nominees for Election to the Board

All of Knife River Holding Company's current directors and those who will be elected to the board prior to the distribution will have been elected by the MDU Resources board of directors. Following the completion of the distribution, Knife River Holding Company's Corporate Governance Guidelines provide that the Nominating and Governance Committee will identify and select, or recommend that the board select, board candidates who the Nominating and Governance Committee believes are qualified and suitable to become members of the board consistent with the criteria for selection of new directors adopted from time to time by the board. The Nominating and Governance Committee will consider the board's current composition, including expertise, diversity, and balance of inside, outside and independent directors, and considers the general qualifications of the potential nominees, such as: integrity and honesty; the ability to exercise sound, mature and independent business judgment in the best interests of the stockholders as a whole; a background and experience with construction materials, operations, finance or marketing or other fields that will complement the talents of the other board members; willingness and capability to take the time to actively participate in board and committee meetings and related activities; ability to work professionally and effectively with other board members and Knife River Holding Company's management; availability to remain on the board long enough to make an effective contribution; satisfaction of applicable independence standards; and absence of material relationships with competitors or other third parties that could present reasonable possibilities of conflict of interest or legal issues.

In identifying candidates for election to the board of directors, the Nominating and Governance Committee will consider nominees recommended by directors, stockholders and other sources. The Nominating and Governance Committee will review each candidate's qualifications, including whether a candidate possesses any of the specific qualities and skills desirable in certain members of the board of directors. Evaluations of candidates generally involve a review of background materials, internal discussions and interviews with selected candidates as appropriate. Upon selection of a qualified candidate, the Nominating and Governance Committee will recommend the candidate for consideration by the full board of directors. The Nominating and Governance Committee may engage consultants or third-party search firms to assist in identifying and evaluating potential nominees.

Following the completion of the distribution, the Nominating and Corporate Governance Committee will consider director candidates proposed by stockholders on the same basis as recommendations from other sources. Following the completion of the distribution, any stockholder who wishes to recommend a prospective candidate for the board of directors for consideration by the Nominating and Governance Committee may do so by submitting the name and qualifications of the prospective candidate in writing to the following address: P.O. Box 5568, Bismarck, North Dakota 58506. Any such submission should also describe the experience, qualifications, attributes and skills that make the prospective candidate a suitable nominee for the board of directors. Knife River Holding Company's by-laws set forth the requirements for direct nomination by a stockholder of persons for election to the board of directors.

Corporate Governance Guidelines

Knife River Holding Company's board of directors is expected to adopt Corporate Governance Guidelines to address significant corporate governance issues. Following the completion of the distribution, a copy of these guidelines will be available on the Knife River Holding Company website at www.kniferiver.com. These guidelines provide a framework for Knife River Holding Company's corporate governance initiatives and cover topics including, but not limited to, director qualification and responsibilities, board composition, director compensation and management, independence standards and succession planning. The Nominating and Governance Committee is responsible for overseeing and reviewing the guidelines and reporting and recommending to Knife River Holding Company's board of directors any changes to the guidelines.

Stockholder Engagement

Knife River Holding Company expects all of its directors to attend its annual meetings of stockholders and be available to answer questions from stockholders at the meetings. Between meetings, Knife River Holding Company expects Brian R. Gray, the Chief Executive Officer, and/or Nathan W. Ring, the Chief Financial Officer, to engage with stockholders on a regular basis at industry and financial conferences, road shows, and one-on-one meetings. Knife River Holding Company will also make Karen B. Fagg, its non-executive Chair, available to meet with stockholders on matters that they believe are better addressed by an independent director.

Communicating with the Board of Directors

Following the completion of the distribution, any stockholder or interested party who wishes to communicate with Knife River Holding Company's board of directors as a whole, the independent directors, or any individual member of the board or any committee of the board may write to or email Knife River Holding Company at: CorporateSecretary@kniferiver.com.

Communications addressed to the Knife River Holding Company board of directors or to an individual director will be distributed to the Knife River Holding Company board of directors or to any individual director or directors as appropriate, depending upon the facts and circumstances outlined in the communication. The Knife River Holding Company board of directors is expected to ask the Corporate Secretary's Office to submit to the Knife River Holding Company board of directors all communications received, excluding only those items that are not related to Knife River Holding Company board of directors duties and responsibilities, such as junk mail and mass mailings; product complaints and product inquiries; new product or technology suggestions; job inquiries and resumes; advertisements or solicitations; and surveys.

Director Qualification Standards

The Nominating and Governance Committee charter will set forth certain criteria for the committee to consider in evaluating potential director nominees. In addition to evaluating a potential director's independence, the committee will consider whether director candidates have relevant experience in business and industry,

government, education and other areas, and will monitor the mix of skills and experience of directors in order to assure that Knife River Holding Company's board of directors will have the necessary breadth and depth to perform its oversight function effectively. The committee may reevaluate the relevant criteria for board membership from time to time in response to changing business factors or regulatory requirements. Knife River Holding Company's full board of directors will be responsible for selecting candidates for election as directors based on the recommendation of the Nominating and Governance Committee.

Risk Oversight

Knife River Holding Company's board of directors as a whole will have responsibility for overseeing Knife River Holding Company's risk management. The board of directors will exercise this oversight responsibility directly and through its committees. The oversight responsibility of the board of directors and its committees will be informed by reports from Knife River Holding Company's management team and from Knife River Holding Company's internal audit department that are designed to provide visibility to the board of directors about the identification and assessment of key risks and Knife River Holding Company's risk mitigation strategies. The full board of directors will have primary responsibility for evaluating strategic and operational risk management, and succession planning. Following the completion of the distribution, Knife River Holding Company's Audit Committee will have the responsibility for overseeing its major financial and accounting risk exposures and the steps its management has taken to monitor and control these exposures, including policies and procedures for assessing and managing risk, including oversight on compliance related to legal and regulatory exposure, and meets regularly with Knife River Holding Company's chief legal and compliance officers. Following the completion of the distribution, Knife River Holding Company's Compensation Committee will evaluate risks arising from its compensation policies and practices, as more fully described above. The Audit Committee and Compensation Committee will provide reports to the full board of directors regarding these and other matters.

Code of Conduct

Knife River Holding Company's board of directors is expected to adopt a code of business conduct and ethics that will apply to all of its employees, directors and officers, including its principal executive officer, principal financial officer and principal accounting officer or controller, or persons performing similar functions. Following the completion of the distribution, the guide will be available without charge on Knife River Holding Company's website at www.kniferiver.com.

Knife River Holding Company will promptly disclose any substantive changes in or waiver of, together with reasons for any waiver of, the guide granted to its executive officers, including its principal executive officer, principal financial officer, principal accounting officer and controller, or persons performing similar functions, and its directors, by posting such information on its website at www.kniferiver.com.

The Knife River Holding Company website and the information contained therein or connected thereto are not incorporated into this information statement or the registration statement of which this information statement forms a part, or in any other filings with, or any information furnished or submitted to, the SEC.

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

As discussed elsewhere in this information statement, MDU Resources is separating into two publicly traded companies, MDU Resources and Knife River Holding Company. Knife River Holding Company is not yet an independent company, and its compensation committee has not yet been formed. Following the separation, Knife River Holding Company will have its own executive officers and its own compensation committee of its board of directors (the "Knife River compensation committee"). The following individuals are expected to serve as executive officers of the Company in the positions set forth below effective as of the separation and, based on their roles and/or 2022 compensation, such individuals would have constituted the named executive officers of Knife River Holding Company had it been an independent public company during 2022:

- Brian R. Gray, *President and Chief Executive Officer*
- Nathan W. Ring, *Vice President and Chief Financial Officer*
- Trevor J. Hastings, *Vice President and Chief Operating Officer*
- Karl A. Liepitz, *Vice President, Chief Legal Officer and Secretary*
- Nancy K. Christenson, *Vice President of Administration*

David C. Barney, the former president and chief executive officer of Knife River Corporation, transitioned on March 1, 2023 to the non-executive position of senior advisor. Mr. Barney is expected to serve in that role through January 3, 2024 in order to support the transition of the role of president and chief executive officer of Knife River Corporation to Mr. Gray.

It is expected that, following the separation and continuing until no later than December 31, 2023, Mr. Hastings will continue to provide certain services, representing not more than 15% of his working time, to MDU Resources in respect of its strategic review of MDU Construction Services Group, Inc.

The following sections of this Compensation Discussion and Analysis describes MDU Resources' executive compensation philosophy, the 2022 executive compensation program elements applicable to the named executive officers, and certain MDU Resources executive compensation plans, policies and practices, as well as certain aspects of Knife River Holding Company's anticipated executive compensation arrangements following the separation. Policies, practices and arrangements that are disclosed as those intended to apply to Knife River Holding Company following the separation generally remain subject to the review of, and may generally be modified by, the Knife River compensation committee after the separation.

Compensation Committee Responsibilities and Objectives

The compensation committee of the MDU Resources board of directors (the "MDU Resources compensation committee") is responsible for designing and approving the executive compensation program and setting compensation opportunities for the named executive officers of MDU Resources. The following are the objectives of the MDU Resources executive compensation program for its executive officers, which we expect to be the objectives of our compensation program for executive officers as of immediately following the separation:

- recruit, motivate, reward, and retain high performing executive talent required to create superior stockholder value;
- reward executives for short-term performance as well as for growth in enterprise value over the long-term;
- ensure effective utilization and development of talent by working in concert with other management processes - for example, performance appraisal, succession planning, and management development;
- help ensure that compensation programs do not encourage or reward excessive or imprudent risk taking; and
- provide a competitive package relative to industry-specific and general industry comparisons and internal equity, as appropriate.

2022 Compensation of Named Executive Officers

2022 Annual Base Salary

We provide our named executive officers with base salary at a sufficient level to attract and retain executives with the knowledge, skills, and abilities necessary to successfully execute their job responsibilities. Consistent with the compensation philosophy of linking pay to performance, our executives receive a relatively smaller percentage of their overall target compensation in the form of base salary. In establishing base salaries, consideration is given to each executive's individual performance, the scope and complexities of their responsibilities, internal equity, and whether the base salary is competitive as measured against the base salaries of similarly situated executives in our compensation peer group and market compensation data. The annual base salaries for our named executive officers during 2022 were as follows:

Executive	2022 Annual Base Salary
Brian R. Gray	$327,820
Nathan W. Ring	$302,952
Trevor J. Hastings	$400,000
Karl A. Liepitz	$440,000
Nancy K. Christenson	$280,000

2022 Annual Cash Incentive Awards

For 2022, each of our named executive officers was assigned a target annual incentive award based on a percentage of the executive's base salary. The actual annual cash incentive realized was determined by multiplying the target award by the payout percentage associated with the achievement of the performance measures applicable to the named executive officer. Performance measures varied depending on the named executive officer's role in 2022. The bonus targets, performance measures, performance results and payout levels for our named executive officers for 2022 are summarized below.

Executive	Target Bonus (% of Salary)	Measures and Weightings	Actual Payout (% of Target)
Brian R. Gray	75%	Northwest segment EBITDA (50%), Construction Materials and Contracting EBITDA (45%); Safety (5%)	135.3%
Nathan W. Ring	40%	Construction Materials and Contracting EBITDA (100%)	78.5%
Trevor J. Hastings	60%	Pipeline Earnings (80%); MDU Resources adjusted EPS (20%); DEI Modifier	15.3%
Karl A. Liepitz	75%	MDU Resources adjusted EPS (100%); DEI Modifier	56.7%
Nancy K. Christenson	40%	Construction Materials and Contracting EBITDA (100%)	78.5%

MDU Resources adjusted EPS

The MDU Resources compensation committee selected earnings per share from continuing operations as the shared financial metric as it is a key indicator of company results and used to communicate annual performance expectations with the financial community. The earnings per share target of $2.07 reflects MDU Resources' 2022 financial goal to achieve an estimated return on invested capital of 7.7%.

Construction Materials and Contracting EBITDA

The MDU Resources compensation committee selected EBITDA from continuing operations as the performance metric for the construction materials and contracting segment as it is a financial performance metric common to the construction industry and encourages the leadership to focus on growth by excluding the impact of items such as taxes, interest, depreciation and amortization from the performance result which are largely out of their control. The target of $331.3 million in EBITDA from continuing operations for the construction materials and contracting segment reflects the financial goal needed to achieve returns on invested capital of 9.5%.

Northwest Segment EBITDA

Like EBITDA from continuing operations for the construction materials and contracting segment, Northwest segment EBITDA provides a financial performance metric common to the construction industry and specific to the operations Mr. Gray was primarily responsible for during 2022. The target of $82.0 million in EBITDA was selected.

Safety

Safety is one of our corporate values and significant to management of construction materials and contracting operations. The lost time rate was chosen as the metric for Mr. Gray as it is a good measure of the severity of injuries and how well they are managed. A target lost time rate of 0.33 was selected based on the company's historical performance which is better than industry average. A lost time rate greater than 0.397 results in no payout on the on the performance metric.

Pipeline segment – Earnings

GAAP earnings from continuing operations of our pipeline segment provides a key measure of performance for regulated entities such as our pipeline segment which Mr. Hastings was primarily responsible for in 2022. The target of $43.0 million in earnings from continuing operations for the pipeline segment reflects the financial goal needed to achieve returns on invested capital of 7.1%.

DEI Modifier

The DEI modifier is a separate performance measure, independent of the achievement of the financial performance measures and is based on the MDU Resources compensation committee's assessment of management's progress toward the completion of the following DEI initiatives:

- Enhance the formal succession planning process to include the review of all Section 16 officer, key executive and business segment officers positions to ensure diverse representation in terms of gender, ethnicity, individuals with disabilities and veteran status and the development of candidates being prepared for these positions.
- Increase outreach activities and efforts aimed at attracting diverse candidates to positions within our businesses.
- Enhance new employee onboarding processes to include DEI training and formal mentoring programs.
- Implement a consistent human resources dashboard across all businesses to build baseline information and track key metrics to provide insight into the make-up and diversity of our employee population.

The DEI modifier applied to Mr. Hastings and Mr. Liepitz in 2022 and adds or deducts up to 5% of the executives annual incentive target based on the MDU Resources compensation committee's assessment.

Actual Results

The 2022 performance measure results reflect MDU Resources' 2022 financial performance and are presented below:

Performance Measure	Target	Result	Percent of Performance	Payout Percentage
MDU Resources Earnings per Share[1]	$2.07	$1.87	90.3%	51.7%
Construction Materials and Contracting EBITDA2	$331.3 million	$307.5 million	92.8%	78.5%
Northwest segment EBITDA	$82.0 million	$103.9 million	126.6%	200.0%
Safety - Lost Time Rate	0.330	0.600	181.8%	0.0%
Pipeline earnings	$43.0 million	$35.3 million	82.1%	0.0%

1 Earnings used to calculate EPS from continuing operations was adjusted to remove the effect of transaction costs incurred for acquisitions and mergers as well as costs incurred associated with the company's intent to separate the construction materials and contracting segment pursuant to a tax-free spinoff and the strategic review to optimize the value of the construction services segment.

2 Construction materials and contracting segment EBITDA from continuing operations was adjusted to remove the effect of transaction costs incurred for acquisitions and mergers.

Based on the assessment of the MDU Resources compensation committee, each of Messrs. Hastings and Liepitz was awarded a DEI modifier award of 5.0% of the executive's target annual incentive.

2022 Long-Term Equity Incentive Awards

In February 2022, the MDU Resources compensation committee and the MDU Resources board of directors approved grants to our named executive officers (other than Mr. Gray, who did not participate in this program in 2022) of performance shares and restricted stock units which are eligible to vest into MDU Resources stock plus dividend equivalents at the end of 2024. The amounts of the 2022 awards granted to our named executive officers are shown below.

Name	75% Performance Share Opportunities (#)	25% Time-Vesting Restricted Stock Unit Opportunities (#)
Brian R. Gray	—	—
Nathan W. Ring	4,101	1,367
Trevor J. Hastings	9,845	3,282
Karl A. Liepitz	17,328	5,776
Nancy K. Christenson	3,791	1,263

The performance share portion of the grant may vest at the end of a three-year period between 0% and 200%. Determination of vesting is based on the achievement of two separate performance measures each making up 50% of the award:

- Total stockholder return relative to that of a group of peer companies selected from the S&P 400 MidCap Index is the measure to align with MDU Resources' performance relative to its peers.
- Compound annual growth rate in earnings from continuing operations is the measure to encourage continued growth of MDU Resources.

Earnings used to calculate earnings growth from continuing operations for the 2022 awards may be adjusted, as such adjustments are approved by the MDU Resources compensation committee, to remove:

- the effect on earnings from losses/impairments on asset sales/dispositions/retirements;
- the effect on earnings from withdrawal liabilities relating to multiemployer pension plans;
- the effect on earnings from costs incurred for acquisitions or mergers; and
- the effect on earnings from unanticipated tax law changes.

Vesting of performance shares and associated dividend equivalents is predicated on achievement of an established level associated with each performance measure. Threshold, target and maximum payouts as a percentage of target performance for the 2022 measures are:

	MDU Resources' Relative TSR Percentile Rank	MDU Resources' Earnings Growth Rate as a Percentage of Target	Vesting Percentage of Award Target
Maximum	75th or higher	153.8% of target or higher	200%
Target	50th	Target	100%
Threshold	25th	46.2% of target	20%
Below threshold	Less than 25th	less than 46.2% of target	0%

Vesting for performance falling between the intervals is interpolated.

The time-vesting restricted stock units represent 25% of the long-term incentive opportunity and will vest on December 31, 2024, generally subject to the executive's continued employment through the vesting date.

Treatment of the 2022 MDU Resources performance shares and restricted stock units, as well as other outstanding MDU Resources equity awards, in connection with the separation is summarized in this information statement under the heading "The Separation and Distribution – Treatment of Equity-Based Compensation."

Post-Employment Benefits

MDU Resources provides post-employment benefit plans and programs in which our named executive officers participate. We expect to provide similar post-employment plans and programs. Our named executive officers participated in the following plans during 2022:

Plans	Brian R. Gray	Nathan W. Ring	Trevor J. Hastings	Karl A. Liepitz	Nancy K. Christenson
Pension Plans	No	No	Yes	Yes	Yes
401(k) Retirement Plan	Yes	Yes	Yes	Yes	Yes
Supplemental Income Security Plan	No	No	Yes	No	Yes
Company Credit to Deferred Compensation Plan	Yes	Yes	Yes	Yes	Yes

Expected Compensation Arrangements after Separation and Distribution

It is expected that Knife River Holding Company's executive compensation program will consist of four principal elements: (1) annual base salary, (2) annual cash incentive opportunity, (3) long-term equity incentive opportunity, and (4) employee benefits and limited executive perquisites.

Executive	Base Salary	Target Annual Cash Incentive[1]	Long-Term Incentive Opportunity[1]	Total Target Compensation
Brian R. Gray	$800,000	$670,417	$2,676,389	$4,146,806
Nathan W. Ring	$450,000	$249,638	$ 675,000	$1,374,638
Trevor J. Hastings	$500,000	$323,750	$ 750,000	$1,573,750
Karl A. Liepitz	$470,000	$352,500	$ 799,000	$1,621,500
Nancy K. Christenson	$350,000	$171,267	$ 350,000	$ 871,267

1 Target annual cash incentive and long-term incentive opportunity reflect a blended rate consistent with offer letters effective with the separation and distribution.

In connection with the separation and distributions, pursuant to the employee matters agreement, our named executive officers will be entitled to a pro rata annual cash incentive award for the period ending immediately prior to the distribution date based on actual performance as determined by the MDU Resources compensation committee.

Peer Group

It is expected that the initial Knife River Holding Company peer group to be used for purposes of benchmarking compensation of named executive officers will consist of the companies set forth below, subject to the review and approval of the Knife River compensation committee after the separation. This peer group includes 16 companies in the construction materials, construction and engineering, and building products industries, with trailing 12 months revenue of between approximately $1.18 billion and $6.62 billion.

Vulcan Materials Company	Summit Materials, Inc.	The AZEK Company Inc.
Martin Marietta Materials, Inc.	Arcosa, Inc.	Gibraltar Industries, Inc.
Dycom Industries, Inc.	Minerals Technologies Inc.	Construction Partners, Inc.
Granite Construction Incorporated	Eagle Materials Inc.	Armstrong World Industries, Inc.
Allegion plc	Simpson Manufacturing Co., Inc.	
Masonite International Corporation	Sterling Infrastructure, Inc.	

Employment and Severance Agreements

Brian R. Gray

Mr. Gray received an offer letter dated March 27, 2023 setting forth his compensation for the role of President and Chief Executive Officer of Knife River Holding Company following the separation and distribution. The offer letter provides that effective as of the day prior to, and subject to the occurrence of, the separation and distribution, Mr. Gray's annual base salary will be $800,000, his target annual cash incentive opportunity will be 115% of base salary, and his long-term incentive equity award opportunity for 2023 will be 375% of base salary.

As described in the offer letter, Mr. Gray's target annual cash incentive opportunity and long-term incentive equity award opportunity for 2023 will be determined on a pro rata basis for the time in each of the positions he held during 2023. In order to effectuate the increase in Mr. Gray's 2023 long-term incentive equity award opportunity, the offer letter contemplates that an additional award of restricted stock units would be granted to Mr. Gray by Knife River Holding Company after the separation and distribution.

Nathan Ring

Mr. Ring received an offer letter dated March 15, 2023 setting forth his compensation for the role of Chief Financial Officer of Knife River Holding Company following the separation and distribution. The offer letter provides that effective with the day of, and subject to the occurrence of, the separation and distribution, Mr. Ring's annual base salary will be $450,000, his target annual cash incentive opportunity will be 75% of base salary, and his long-term incentive equity award opportunity for 2023 will be $675,000.

As described in the offer letter, Mr. Ring's target annual cash incentive opportunity for 2023 will be determined on a pro rata basis for the time in each of the positions he held during 2023. In order to effectuate the increase in Mr. Ring's 2023 long-term incentive equity award opportunity, the offer letter contemplates that an additional award of restricted stock units would be granted to Mr. Ring by Knife River Holding Company after the separation and distribution.

Karl Liepitz

Mr. Liepitz received an offer letter dated March 15, 2023 in connection with his appointment as Vice President - Chief Legal Officer and Secretary of Knife River Holding Company. The offer letter provides that effective as of the day prior to, and subject to the occurrence of, the separation and distribution, Mr. Liepitz's annual base salary will remain $470,000, his target annual cash incentive opportunity will remain 75% of base salary, and his long-term incentive equity award opportunity for 2023 will remain $799,000.

Trevor Hastings

Mr. Hastings received an offer letter dated March 15, 2023 in connection with his appointment as Chief Operating Officer of Knife River Holding Company. The offer letter provides that effective as of the day prior to, and subject to the occurrence of, the separation and distribution, Mr. Hastings's annual base salary will be $500,000, his target annual incentive compensation opportunity will be 75% of base salary, and his long-term incentive equity award opportunity for 2023 will be $750,000.

As described in the offer letter, Mr. Hastings's target annual cash incentive opportunity for 2023 will be determined on a pro rata basis for the time in each of the positions he held during 2023. In order to effectuate the increase in Mr. Hastings's 2023 long-term incentive equity award opportunity, the offer letter contemplates that an additional award of restricted stock units would be granted to Mr. Hastings by Knife River Holding Company after the separation and distribution.

Nancy Christenson

Ms. Christenson received an offer letter dated March 15, 2023 in connection with her continuing services as Vice President - Administration of Knife River Holding Company. The offer letter provides that effective with the day of, and subject to the occurrence of, the separation and distribution, Ms. Christenson's annual base salary will be $350,000, her target annual cash incentive opportunity will be 60% of base salary, and her annual long-term incentive equity award opportunity for 2023 will be $350,000.

As described in the offer letter, Ms. Christenson's target annual cash incentive opportunity for 2023 will be determined on a pro rata basis for the portion of 2023 occurring prior to and following the separation and distribution. In order to effectuate the increase in Ms. Christenson's 2023 long-term incentive equity award opportunity, the offer letter contemplates that an additional award of restricted stock units would be granted to Ms. Christenson by Knife River Holding Company after the separation and distribution.

We typically do not have employment or severance agreements with our executives entitling them to specific payments upon termination of employment or a change of control of the company. We expect that the Knife River compensation committee will generally consider providing severance benefits on a case-by-case basis.

Stock Ownership Requirements

It is expected that the Knife River Holding Company executive stock ownership guidelines will initially be consistent with the MDU Resources executive stock ownership guidelines. Under the MDU Resources policy, executives participating in the MDU Resources Long-Term Performance-Based Incentive Plan are required within five years of appointment or promotion into an executive level to beneficially own MDU Resources common stock equal to a multiple of their base salary as outlined in the stock ownership policy, which is currently six times base salary in the case of the MDU Resources CEO and three times base salary in the case of all others named executive officers. Stock owned through its 401(k) plan or by a spouse is considered in ownership calculations as well as unvested restricted stock units. The level of stock ownership compared to the ownership requirement is determined based on the closing sale price of its stock on the last trading day of the year and base salary at December 31 of the same year.

Clawback Provision

The MDU Resources Long-Term Performance-Based Incentive Plan and MDU Resources Executive Incentive Compensation Plan include provisions commonly referred to as a clawback provision. The MDU Resources compensation committee may, or shall if required, take action to recover incentive-based compensation from specific executives in the event MDU Resources is required to restate its financial statements due to material noncompliance with any financial reporting requirements under the securities laws. We expect that the Knife River Holding Company Long-Term Performance-Based Incentive Plan and Executive Incentive Compensation Plan will include similar provisions.

EXECUTIVE COMPENSATION TABLES

Summary Compensation Table for 2022

Name and Principal Position (a)	Year (b)	Salary ($) (c)	Stock Awards ($) (e)[1]	Non-Equity Incentive Plan Compensation ($) (g)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (h)[2]	All Other Compensation ($) (i)[3]	Total ($) (j)
Brian R. Gray	2022	359,341[4]	—	332,717	—	72,308	764,366
President and CEO							
Nathan W. Ring	2022	302,952	169,102	95,127	—	63,077	630,258
Vice President and Chief Financial Officer							
Trevor J. Hastings	2022	400,000	405,956	36,720	—	97,478	940,154
Vice President and Chief Operating Officer							
Karl A. Liepitz	2022	440,000	714,491	187,110	—	100,604	1,442,205
Vice President, Chief Legal Officer and Secretary							
Nancy K. Christenson	2022	280,000	156,301	87,920	17,630	80,378	622,229
Vice President of Administration							

1 Amounts in this column represent the aggregate grant date fair value of MDU Resources performance share award opportunities at target calculated in accordance with generally accepted accounting principles for stock-based compensation in Accounting Standards Codification Topic 718. This column was prepared assuming none of the awards were or will be forfeited. The amounts were calculated as described in Note 12 of our audited financial statements in our Form 10 for the year ended December 31, 2022. For 2022, the aggregate grant date fair value of outstanding MDU Resources performance share award opportunities assuming the highest level of payout would be as follows:

Name	Aggregate Grant Date Fair Value at Highest Payout ($)
Brian R. Gray	—
Nathan W. Ring	300,297
Trevor J. Hastings	720,901
Karl A. Liepitz	1,268,814
Nancy K. Christenson	277,580

2 Amounts shown for 2022 represent the change in the actuarial present value for the named executive officers' accumulated benefits under the pension plan, and SISP, collectively referred to as the "accumulated pension change," plus above-market earnings on deferred annual incentives as of December 31, 2022.

Name	Accumulated Pension Change ($)	Above Market Earnings ($)
Brian R. Gray	—	—
Nathan W. Ring	—	—
Trevor J. Hastings	(392,740)	—
Karl A. Liepitz	(26,285)	—
Nancy K. Christenson	(455,047)	17,630

3 All Other Compensation for 2022 is comprised of:

Name	401(k) Plan ($)[a]	Nonqualified Deferred Compensation Plan ($)[b]	Life Insurance Premium ($)	Matching Charitable Contributions ($)	Vehicle Allowance	Dividend Equivalents ($)[c]	Total ($)
Brian R. Gray	24,400	32,782	507	—	14,619	—	72,308
Nathan W. Ring	24,218	30,295	469	120	—	7,975	63,077
Trevor J. Hastings	36,600	40,000	619	1,300	—	18,959	97,478
Karl A. Liepitz	30,500	44,000	681	975	—	24,448	100,604
Nancy K. Christenson	40,500	28,000	433	4,200	—	7,245	80,378

a Represents company contributions to the MDU Resources 401(k) plan, which includes matching contributions, profit sharing and retirement contributions associated with certain frozen pension plans.

b Represents company contribution amounts to the MDU Resources Group, Inc. Deferred Compensation Plan (MDU Resources DCP) which are approved by the compensation committee and the board of directors. The purpose of the plan is to recognize outstanding performance coupled with enhanced retention as the MDU Resources DCP requires a vesting period. For further information, see the section entitled "Nonqualified Deferred Compensation for 2022."

c Represents accrued dividend equivalents for 2022 on the 2022-2024, 2021-2023, and 2020-2022 MDU Resources performance share awards associated with financial performance measures and MDU Resources restricted stock units. The 2022-2024 and 2021-2023 awards are presented at target, and the 2020-2022 MDU Resources performance share awards are presented based on the actual achievement of the performance measures.

4 Mr. Gray's salary amount includes the payout of accrued vacation of $31,521 upon his transfer from the Northwest segment to Knife River Corporation.

Grants of Plan-Based Awards in 2022

See the sections of this information statement entitled "Compensation Discussion and Analysis—2022 Annual Cash Incentive Awards" and "Compensation Discussion and Analysis—2022 Long-Term Equity Incentive Awards" for further information about the awards presented below.

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units	Grant Date Fair Value of Stock and Option Awards
Name (a)	Grant Date (b)	Threshold ($) (c)	Target ($) (d)	Maximum ($) (e)	Threshold (#) (f)	Target (#) (g)	Maximum (#) (h)	(#) (i)	($) (l)
Brian R. Gray	2/17/2022[1]	61,466	245,865	491,730					
	2/17/20222				—	—	—		—
	2/17/2022[3]							—	—
Nathan W. Ring	2/17/2022[1]	30,295	121,181	302,953					
	2/17/2022[2]				820	4,101	8,202		131,195
	2/17/2022[3]							1,367	37,907
Trevor J. Hastings	2/17/2022[1]	60,000	240,000	480,000					
	2/17/2022[2]				1,969	9,845	19,690		314,946
	2/17/2022[3]							3,282	91,010
Karl A. Liepitz	2/17/2022[1]	82,500	330,000	660,000					
	2/17/2022[2]				3,465	17,328	34,656		554,323
	2/17/2022[3]						5,776	5,776	160,168
Nancy K. Christenson	2/17/2022[1]	28,000	112,000	280,000					
	2/17/2022[2]				758	3,791	7,582		121,278
	2/17/2022[3]							1,263	35,023

1 Annual incentive for 2022 granted pursuant to the MDU Resources Group, Inc. Executive Incentive Compensation Plan (the "MDU Resources EICP").

2 MDU Resources Performance shares for the 2022-2024 performance period granted pursuant to the MDU Resources Group, Inc. Long-Term Performance-Based Incentive Plan (the "MDU Resources LTIP").

3 MDU Resources Restricted Stock Units for the 2022-2024 period granted pursuant to the MDU Resources LTIP.

Outstanding Equity Awards at Fiscal Year-End 2022

	Stock Awards			
Name (a)	Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (g)[1]	Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (h)[2]	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (i)[3]	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (j)[2]
Brian R. Gray	—	—	—	—
Nathan W. Ring	2,838	86,105	13,357	405,251
Trevor J. Hastings	6,640	201,458	32,077	973,216
Karl A. Liepitz	11,176	339,080	33,529	1,017,270
Nancy K. Christenson	2,590	78,581	12,101	367,144

1 Below is the breakdown by year of the outstanding restricted stock unit awards:

Name	2020-2022 Award (#)	2021-2023 Award (#)	2022-2024 Award (#)	Total (#)
Brian R. Gray	n/a	—	—	—
Nathan W. Ring	n/a	1,471	1,367	2,838
Trevor J. Hastings	n/a	3,358	3,282	6,640
Karl A. Liepitz	n/a	5,400	5,776	11,176
Nancy K. Christenson	n/a	1,327	1,263	2,590

2 Value based on the number of MDU Resources performance shares and MDU Resources restricted stock units reflected in columns (g) and (i) multiplied by $30.34, the year-end per share closing stock price for 2022.

3 Below is a breakdown by year of the outstanding MDU Resources performance share awards:

Name	2020-2022 Award (#)	2021-2023 Award (#)	2022-2024 Award (#)	Total (#)
Brian R. Gray	—	—	—	—
Nathan W. Ring	4,842	4,414	4,101	13,357
Trevor J. Hastings	12,157	10,075	9,845	32,077
Karl A. Liepitz	—	16,201	17,328	33,529
Nancy K. Christenson	4,327	3,983	3,791	12,101

MDU Resources performance shares for the 2020 award are shown at the target level (100%) based on results for the 2020-2022 performance period being between threshold and target.

MDU Resources performance shares for the 2021 award are shown at the target level (100%) based on results for the first two years of the 2021-2023 performance period being between threshold and target.

MDU Resources performance shares for the 2022 award are shown at the target level (100%) based on results for the first year of the 2022-2024 performance period being between threshold and target.

While for purposes of the Outstanding Equity Awards at Fiscal Year-End 2022 Table, the number of shares and value shown for the 2020-2022 performance period is at 100% of target, the actual results for the performance period certified by the compensation committee and settled on February 16, 2023, was 91.7% of target.

Option Exercises and Stock Vested During 2022

Name (a)	Stock Awards	
	Number of Shares Acquired on Vesting (#) (d)[1]	Value Realized on Vesting ($) (e)[2]
Brian R. Gray	—	—
Nathan W. Ring	7,592	253,155
Trevor J. Hastings	18,421	614,248
Karl A. Liepitz	—	—
Nancy K. Christenson	6,782	261,446

1 Reflects MDU Resources performance shares for the 2019-2021 performance period ended December 31, 2021, which were settled February 17, 2022.

2 Reflects the value of vested MDU Resources performance shares based on the closing stock price of $30.84 per share upon the vesting of stock on December 31, 2021, and the dividend equivalents paid on the vested MDU Resources performance shares.

Pension Benefits for 2022

Name (a)	Plan Name (b)	Number of Years Credited Service (#) (c)[1]	Present Value of Accumulated Benefit ($) (d)
Brian R. Gray	Pension	n/a	—
	SISP	n/a	—
Nathan W. Ring	Pension	n/a	—
	SISP	n/a	—
Trevor J. Hastings	Pension	13	262,850
	SISP	10	331,806
Karl A. Liepitz	Pension	6	28,624
	SISP	n/a	—
Nancy K. Christenson	Pension	32	1,048,635
	SISP	10	800,899

1 Years of credited service related to the pension plans reflects the years of participation in the plan as of December 31, 2009, when the pension plan was frozen. Years of credited service related to the MDU Resources Group, Inc. Supplemental Income Security Plan (SISP) reflects the years toward full vesting of the benefit which is 10 years.

2 Messrs. Gray and Ring do not participate in the pension plans. Mr. Hastings and Ms. Christenson participate in the Knife River Corporation Salaried Employees' Pension Plan (the "KRC pension plan") and the SISP. Mr. Liepitz participates in the MDU Resources Group, Inc. Pension Plan for Non-Bargaining Unit Employees (the "MDU Resources pension plan").

The amounts shown for the pension plans and SISP represent the actuarial present values of the executives' accumulated benefits accrued as of December 31, 2022, calculated using:

- a 4.97% discount rate for the SISP
- a 5.05% discount rate for the KRC pension plan;
- a 5.04% discount rate for the MDU Resources pension plan
- the Society of Actuaries Pri-2012 Total Dataset Mortality with Scale MP-2021 (post commencement only); and
- no recognition of pre-retirement mortality.

The actuary assumed a retirement age of 60 for the pension, and SISP benefits and assumed retirement benefits commence at age 60 for the pension and age 65 for SISP benefits.

Pension Plans

Mr. Hastings and Ms. Christenson participate in the KRC pension plan while Mr. Liepitz participates in the MDU Resources pension plan. Both plans apply to employees hired before 2006 and were amended to cease

benefit accruals as of December 31, 2009. The benefits under both pension plans are based on a participant's average annual salary over the 60 consecutive month period where the participant received the highest annual salary between 1999 and 2009. Benefits are paid as straight life annuities for single participants and as actuarially reduced annuities with a survivor benefit for married participants unless they choose otherwise.

Supplemental Income Security Plan

The SISP, a nonqualified defined benefit retirement plan, was offered to select key managers and executives. SISP benefits are determined by reference to levels defined within the plan. The MDU Resources compensation committee, after receiving recommendations from the MDU Resources CEO, determined each participant's level within the plan. On February 11, 2016, the SISP was amended to exclude new participants to the plan and freeze current benefit levels for existing participants.

SISP Benefits

SISP is intended to augment the retirement income provided under the pension plans and are payable to the participant or their beneficiary for a period of 15 years. The SISP benefits are subject to a vesting schedule where participants are 100% vested after ten years of participation in the plan.

Participants can elect to receive the SISP as:

- monthly retirement benefits only;
- monthly death benefits paid to a beneficiary only; or
- a combination of retirement and death benefits, where each benefit is reduced proportionately.

Regardless of the election, if the participant dies before the SISP retirement benefit commences, only the SISP death benefit is provided.

The SISP benefits are forfeited if the participant's employment is terminated for cause.

Nonqualified Deferred Compensation for 2022

Deferred Annual Incentive Compensation

Executives participating in the MDU Resources EICP could elect to defer up to 100% of their annual incentive awards which would accrue interest at a rate determined each year based on an average of the Treasury High Quality Market Corporate Bond Yield Curve for the last business day of each month for the twelve-month period from October to September. The interest rate in effect for 2022 was 3.06%. Payment of deferred amounts is in accordance with the participant's election either as lump sum or in monthly installments not to exceed 120 months, following termination of employment or beginning in the fifth year following the year the award was earned. In the event of a change of control (as defined in the plan), all amounts deferred would immediately become payable. The deferred compensation provision of the MDU Resources EICP was frozen to new contributions effective January 1, 2021.

Nonqualified Defined Contribution Plan

MDU Resources adopted the MDU Resources Nonqualified Defined Contribution Plan, effective January 1, 2012, to provide deferred compensation for a select group of employees. Contributions by MDU Resources to participant accounts were approved by the MDU Resources compensation committee and constitute an unsecured promise of MDU Resources to make such payments. Participant accounts capture the hypothetical investment experience based on the participant's elections. Participants may select from a group of investment options including fixed income, balance/asset allocation, and various equity offerings. Contributions made prior to 2017 vest four years after each contribution while contributions made in and after 2017 vest ratably over a three-year period in accordance with the terms of the plan. Participants may elect to receive their vested contributions and investment earnings either in a lump sum or in annual installments over a period of years upon separation from service with the company. Plan benefits become fully vested if the participant dies while actively employed. Benefits are forfeited if the participant's employment is terminated for cause. The MDU Resources Nonqualified Defined Contribution Plan was frozen to new participants and contributions effective January 1, 2021.

MDU Resources Group, Inc. Deferred Compensation Plan

MDU Resources adopted the MDU Resources Group, Inc. Deferred Compensation Plan, effective January 1, 2021, to replace the option to defer annual incentive payments available under the MDU Resources EICP and contributions by MDU Resources to participants' accounts through the MDU Resources Nonqualified Defined Contribution Plan. Under the MDU Resources Group, Inc. Deferred Compensation Plan, participants can defer up to 80% of base salary and up to 100% of their annual incentive payment. MDU Resources provides discretionary credits to select individuals recommended by the MDU Resources CEO and approved by the MDU Resources compensation committee. Participants are 100% vested in their contributions of salary and/or annual incentive but vesting of discretionary employer credits occurs ratably over three years. Participants can establish one or more retirement or in-service accounts which capture the hypothetical investment experience based on a suite of investment options similar to the MDU Resources Nonqualified Defined Contribution Plan. Participants may elect to receive their vested contributions and investment earnings either in a lump sum or in annual installments over a period of years upon a qualifying distribution event. Plan benefits become fully vested if the participant dies or becomes disabled while actively employed. Benefits are forfeited if the participant's employment is terminated for cause.

The table below includes individual deferrals of salary and/or annual incentive and company contributions made during 2022 under the MDU Resources Group, Inc. Deferred Compensation Plan. Aggregate earnings and the balance represent the combined participant earnings and participant balances under all three nonqualified plans.

Name (a)	Executive Contributions in Last FY ($) (b)	Registrant Contributions in Last FY ($) (c)	Aggregate Earnings in Last FY ($) (d)	Aggregate Withdrawals/ Distributions ($) (e)	Aggregate Balance at Last FYE ($) (f)
Brian R. Gray	30,285	32,782	(65,479)	—	321,876[1]
Nathan W. Ring	—	30,295	(34,117)	—	154,231[2]
Trevor J. Hastings	—	40,000	(40,830)	—	190,548[3]
Karl A. Liepitz	—	44,000	(25,874)	—	120,127[4]
Nancy K. Christenson	22,837	28,000	41,135	—	2,232,128[5]

1 Mr. Gray deferred 10% of his 2021 annual incentive which was contributed to the MDU Resources Group, Inc. Deferred Compensation Plan in 2022. Amounts shown in column (c) are included in the "All Other Compensation" column of the Summary Compensation Table.

2 Amounts shown in column (c) are included in the "All Other Compensation" column of the Summary Compensation Table.

3 Amounts shown in column (c) are included in the "All Other Compensation" column of the Summary Compensation Table.

4 Amounts shown in column (c) are included in the "All Other Compensation" column of the Summary Compensation Table.

5 Ms. Christenson deferred 25% of her 2021 annual incentive which was contributed to the MDU Resources Group Inc. Deferred Compensation Plan in 2022. Amounts shown in column (c) is included in the "All Other Compensation" column of the Summary Compensation Table.

Potential Payments upon Termination or Change of Control

The Potential Payments upon Termination or Change of Control Table shows the payments and benefits our named executive officers would receive in connection with a variety of employment termination scenarios or upon a change of control. The scenarios include:

- Voluntary or Not for Cause Termination;
- Death;
- Disability;
- Change of Control with Termination; and
- Change of Control without Termination.

For the named executive officers, the information assumes the terminations or the change of control occurred on December 31, 2022. The table excludes compensation and benefits our named executive officers would earn during their employment with us whether or not a termination or change of control event had occurred. The tables also do not include benefits under plans or arrangements generally available to all salaried

employees and that do not discriminate in favor of the named executive officers, such as benefits under our qualified defined benefit pension plan (for employees hired before 2006), accrued vacation pay, continuation of health care benefits, and life insurance benefits. The tables also do not include deferred compensation under MDU Resources EICP, MDU Resources Nonqualified Defined Contribution Plan, or MDU Resources Group, Inc. Deferred Compensation Plan. These amounts are shown and explained in the "**Nonqualified Deferred Compensation for 2022**" Table.

Compensation

MDU Resources typically does not have employment or severance agreements with its executives entitling them to specific payments upon termination of employment or a change of control of the company. The MDU Resources compensation committee generally considers providing severance benefits on a case-by-case basis. Any post-employment or change of control benefits available to its executives are addressed within our incentive and retirement plans. Because severance payments are discretionary, no amounts are presented in the tables.

All our named executive officers were granted their 2022 annual incentive award under the MDU Resources EICP which has no change of control provision in regards to annual incentive compensation other than for deferred compensation. The MDU Resources EICP requires participants to remain employed with the company through the service year to be eligible for a payout unless otherwise determined by the MDU Resources compensation committee for executive officers or employment termination after age 65. All our scenarios assume a termination or change in control event on December 31st. In these scenarios, the named executive officers would be considered employed for the entire performance period and would be eligible to receive their annual incentive award based on the level that the performance measures were achieved. Therefore, no amounts are shown for annual incentives in the tables for our named executive officers, as they would be eligible to receive their annual incentive award with or without a termination or change of control on December 31, 2022.

For those named executive officers participating in the MDU Resources LTIP, they received equity awards which consist of MDU Resources performance share awards for the 2020-2022, 2021-2023 and 2022-2024 vesting periods and MDU Resources restricted stock units for the 2021-2023 and 2022-2024 vesting periods.

As a result, in the case of a change of control (as defined in the MDU Resources LTIP) (with or without termination) both MDU Resources performance share awards and MDU Resources restricted stock unit awards would be deemed fully earned and vest at their target levels for the named executive officers.

For MDU Resources performance share awards, if a participant terminates employment for any reason other than a change of control or prior to reaching age 55 with 10 years of service, their performance share awards are forfeited. If a participant terminates employment for any reason other than for cause after reaching age 55 and completing 10 years of service, performance share awards are prorated as follows:

- termination of employment during the first year of the vesting period = equity shares awards are forfeited;
- termination of employment during the second year of the vesting period = equity shares awards earned are prorated based on the number of months employed during the vesting period; and
- termination of employment during the third year of the vesting period = full amount of any equity shares awards earned are received.

Under the scenarios of voluntary or not for cause termination, disability or death, Ms. Christenson would receive MDU Resources performance shares as she has each reached age 55 and has 10 or more years of service. The number of MDU Resources performance shares received would be based on the following:

- 2020-2022 MDU Resources performance shares would vest based on the achievement of the performance measure for the period ended December 31, 2022, which was 91.7%;
- 2021-2023 MDU Resources performance shares would be prorated at 24 out of 36 months (2/3) of the vesting period and vest based on the actual achievement of the performance measure for the period ended December 31, 2023. For purposes of the Potential Payments upon Termination or Change of Control Table, the performance achievement for the performance period is shown at target; and
- 2022-2024 MDU Resources performance shares would be forfeited.

Messrs. Ring, Hastings and Liepitz have not reached age 55; therefore, they are not eligible for vesting of MDU Resources performance shares in the event of their termination, death or disability. Mr. Gray has not previously participated in the MDU Resources LTIP.

The MDU Resources restricted stock unit award agreement provides that restricted stock unit share awards are forfeited if the participant's employment terminates for situations other than death, disability or before the participant has reached age 55 with 10 years of service. If a participant's employment terminates after reaching age 55 and completing 10 years of service, restricted stock unit share awards are prorated as follows:

- termination of employment during the first year of the vesting period = MDU Resources restricted stock unit awards are forfeited;
- termination of employment during the second year of the vesting period = MDU Resources restricted stock unit awards earned are prorated based on the number of months employed during the vesting period; and
- termination of employment during the third year of the vesting period = full amount of any MDU Resources restricted stock unit awards earned are received.

In situations of death or disability, the MDU Resources restricted stock unit awards earned would be prorated based on the number of full months of employment completed prior to death or disability during the vesting period.

For 2022, MDU Resources awards include MDU Resources restricted stock units for the 2021-2023 and 2022-2024 vesting periods. In the case of voluntary or not for cause termination, Ms. Christenson would forfeit her 2022-2024 MDU Resources restricted stock units but receive her 2021-2023 MDU Resources restricted stock units based on a proration of 24 out of 36 months (2/3). Messrs. Ring, Hastings and Liepitz have not reached age 55; therefore, they are not eligible for vesting of MDU Resources performance shares in the case of voluntary or not for cause termination, they would forfeit their 2021-2023 and 2022-2024 MDU Resources restricted stock unit awards.

In the case of termination due to death or disability, all our named executive officers except Mr. Gray would receive 1/3 of the granted shares associated with the 2022-2024 MDU Resources award based on 12 out of 36 months of the vesting period and 2/3 of the granted shares associated with the 2021-2023 MDU Resources award based on 24 out of 36 months of the vesting period.

For purposes of calculating the MDU Resources performance share and MDU Resources restricted stock unit award value shown in the Potential Payments upon Termination or Change of Control Table, the number of vesting shares was multiplied by the average of the high and low stock price for the last market day of the year, which was December 31, 2022. Dividend equivalents based on the number of vesting shares are also included in the amounts presented.

Benefits

Supplemental Income Security Plan

As described in the "**Pension Benefits for 2022**" section, the SISP provides benefit payments for 15 years commencing at the latter of retirement or age 65. Of the named executive officers, only Mr. Hastings and Ms. Christenson participate in the SISP benefits and are 100% vested in their benefit.

Under all scenarios except death and change of control without termination, the payment represents the present value of the vested SISP benefit as of December 31, 2022, using the monthly retirement benefit shown in the table below and a discount rate of 4.97%.

	Monthly SISP Retirement Payment ($)	Monthly SISP Death Payment ($)
Trevor J. Hastings	5,360	10,720
Nancy K. Christenson	6,250	12,500

Because the plan requires a participant to be no longer actively employed by the company in order to be eligible for payments, we do not show benefits for the change of control without termination scenario.

Disability

MDU Resources provides disability benefits to some of our salaried employees equal to 60% of their base salary, subject to a salary limit of $200,000 for officers and $100,000 for other salaried employees. For all eligible employees, disability payments continue until as follows:

Age When Disabled	Benefits Payable
Prior to age 60	To age 65
Ages 60 to 64	60 months
Ages 65-67	To age 70
Age 68 and over	24 months

Disability benefits are reduced for amounts paid as retirement benefits which include pension and SISP benefits. The disability payments in the Potential Payments upon Termination or Change of Control Table reflect the present value of the disability benefits attributable to the additional $100,000 of base salary recognized for executives under the MDU Resources disability program, subject to the 60% limitation, after reduction for amounts that would be paid as retirement benefits. For Mr. Hastings and Ms. Christenson who participate in the KRC pension plan and Mr. Liepitz who participates in the MDU Resources pension plan, the amount represents the present value of the disability benefit after reduction for retirement benefits using a discount rate of 5.05% for the KRC pension plan and 5.04% for the MDU Resources plan. For Messrs. Gray and Ring, who do not participate in the pension plans, the amount represents the present value of the disability benefit without reduction for retirement benefits using the discount rate of 4.97%, which is considered a reasonable rate for purposes of the calculation.

Potential Payments upon Termination or Change of Control Table

Executive Benefits and Payments upon Termination or Change of Control	Voluntary or Not for Cause Termination ($)	Death ($)	Disability ($)	Change of Control (With Termination) ($)	Change of Control (Without Termination) ($)
Brian R. Gray					
Benefits and Perquisites:					
Disability Benefits	—	—	554,689	—	—
Total	**—**	**—**	**554,689**	**—**	**—**
Nathan W. Ring					
Compensation:					
MDU Resources Performance Shares	—	—	—	429,096	429,096
MDU Resources Restricted Stock Units	—	45,716	45,716	89,888	89,888
Benefits and Perquisites:					
Disability Benefits	—	—	701,224	—	—
Total	**—**	**45,716**	**746,940**	**518,984**	**518,984**
Trevor J. Hastings					
Compensation:					
MDU Resources Performance Shares	—	—	—	1,030,924	1,030,924
MDU Resources Restricted Stock Units	—	106,004	106,004	210,238	210,238
Benefits and Perquisites:					
SISP	320,090		320,090	320,090	
SISP Death Benefits		640,180			
Disability Benefits	—	—	487,577	—	—
Total	**320,090**	**746,184**	**913,671**	**1,561,252**	**1,241,162**
Karl A. Liepitz					
Compensation:					
MDU Resources Performance Shares	—	—	—	1,060,963	1,060,963

Executive Benefits and Payments upon Termination or Change of Control	Voluntary or Not for Cause Termination ($)	Death ($)	Disability ($)	Change of Control (With Termination) ($)	Change of Control (Without Termination) ($)
MDU Resources Restricted Stock Units	—	175,624	175,624	353,643	353,643
Benefits and Perquisites:					
Disability Benefits	—	—	749,323	—	—
Total	**—**	**175,624**	**924,947**	**1,414,606**	**1,414,606**
Nancy K. Christenson					
Compensation:					
MDU Resources Performance Shares	215,779	215,779	215,779	388,632	388,632
MDU Resources Restricted Stock Units	28,395	41,543	41,543	82,020	82,020
Benefits and Perquisites:					
SISP	795,189	—	795,189	795,189	—
SISP Death Benefits	—	1,590,378	—	—	—
Disability Benefits	—	—	—	—	—
Total	**1,039,363**	**1,847,700**	**1,052,511**	**1,265,841**	**470,652**

DIRECTOR COMPENSATION

During 2022, Knife River Holding Company was not an independent public company and did not pay any director compensation. It is expected that the initial Knife River Holding Company director compensation program in effect as of immediately following the separation will be as set forth below, which is consistent with the current MDU Resources director compensation program. The Knife River Holding Company director compensation program will be subject to review and modification by the Knife River Holding Company board of directors or a committee thereof following the separation.

Element	Amount
Base Cash Retainer	$110,000
Additional Cash Retainers	
Non-Executive Chair	$125,000
Audit Committee Chair	$ 20,000
Compensation Committee Chair	$ 15,000
Nominating and Governance Committee Chair	$ 15,000
Annual Stock Grant – Directors (other than Non-Executive Chair)	$150,000
Annual Stock Grant – Non-Executive Chair	$175,000

There are no meeting fees paid to directors.

Other Compensation

In addition to liability insurance, we expect to maintain group life insurance in the amount of $100,000 on each non-employee director for the benefit of their beneficiaries during the time they serve on the Knife River Holding Company board of directors. Directors will be reimbursed for all reasonable travel expenses, including spousal expenses in connection with attendance at meetings of the board and its committees.

Deferral of Compensation

Directors may defer all or any portion of the annual cash retainer and any other cash compensation paid for service as a director pursuant to the Deferred Compensation Plan for Directors expected to be adopted by Knife River Holding Company. Deferred amounts will be held as phantom stock with dividend accruals and paid out in cash over a five-year period after the director leaves the board.

Stock Ownership Policy

Our director stock ownership policy is contained in the Corporate Governance Guidelines expected to be adopted by Knife River Holding Company and requires each director to beneficially own our common stock equal in value to five times the director's annual cash base retainer. Shares held directly by the director will be considered in ownership calculations as well as other beneficial ownership of our common stock by a spouse or other immediate family member residing in the director's household. A director is allowed five years commencing January 1 of the year following the year of the director's initial election to the board to meet the requirements. For further details on our director's stock ownership, see the section of this information statement entitled "Security Ownership of Certain Beneficial Owners and Management—Stock Ownership of Directors and Executive Officers."

KNIFE RIVER HOLDING COMPANY LONG-TERM PERFORMANCE-BASED INCENTIVE PLAN

The material terms of the Knife River Holding Company Long-Term Performance-Based Incentive Plan (the "Plan") are summarized below. This summary does not contain all information about the Plan. This summary is qualified in its entirety by reference to, and should be read together with the full text of the Plan.

Purpose of the Plan

The purpose of the Plan is to promote the success and enhance the value of Knife River Holding Company by linking the personal interests of directors, officers, employees, and consultants to those of our stockholders and customers. The Plan is further intended to provide flexibility in our ability to motivate, attract, and retain the services of participants upon whose judgment, interest, and special effort the successful conduct of our operations largely depends.

Plan Administration

The Plan is administered by the Knife River compensation committee or by any other committee appointed by the Knife River Holding Company board of directors. Subject to the terms of the Plan, the Knife River compensation committee has full power under the Plan to determine persons to receive awards, the size and type of awards, and their terms. The Knife River compensation committee may amend outstanding awards subject to restrictions stated in the Plan. The Knife River compensation committee also has the power to construe and interpret the Plan.

Shares Available for Awards

Subject to adjustment for changes in capitalization, there are [ ] shares of Knife River Holding Company common stock, in the aggregate, that are authorized for delivery pursuant to awards granted under the Plan. Shares withheld from an award to satisfy tax withholding obligations are counted as shares issued under the Plan. Shares that are potentially deliverable under an award that expires or is canceled, forfeited, settled in cash, or otherwise settled without the delivery of shares are not treated as having been issued under the Plan. Shares underlying lapsed or forfeited restricted stock awards are not treated as having been issued under the Plan.

Individual Limitations

Subject to adjustment pursuant to the anti-dilution provisions in the Plan, (i) the total number of shares subject to stock-based awards granted in any calendar year to any participant shall not exceed 2,250,000 shares, and (ii) the maximum amount of the cash awards that may be granted in any calendar year to any participant shall not exceed $6,000,000. Subject to adjustment pursuant to the anti-dilution provisions in the Plan, the maximum value of shares of Knife River Holding Company common stock that may be granted pursuant to awards to any non-employee director under the Plan in any calendar year is $350,000 as of the date of grant.

Sources of Shares

Shares issued under the Plan may be authorized but unissued shares of common stock, treasury stock, or shares purchased on the open market.

Eligible Participants

Directors, officers, employees, and consultants (including any prospective directors, officers, employees and consultants) of Knife River Holding Company and its affiliates are eligible to receive awards under the Plan. Employees covered by any collective bargaining agreement to which the Knife River Holding Company or any of its subsidiaries is a party are not eligible.

Change in Capitalization

In the event of any equity restructuring such as a stock dividend, stock split, spinoff, rights offering, or recapitalization through a large, nonrecurring cash dividend, the Knife River compensation committee will cause an equitable adjustment to be made (i) in the number and kind of shares that may be delivered under the Plan, (ii) in the individual limitations set forth in the Plan, and (iii) with respect to outstanding awards, in the number and kind of shares subject to outstanding awards, price of shares subject to outstanding awards, any performance

goals relating to shares, the market price of shares, or per-share results, and other terms and conditions of outstanding awards, in the case of (i), (ii), and (iii) to prevent dilution or enlargement of rights. In the event of any other change in corporate capitalization, such as a merger, consolidation, or liquidation, the Knife River compensation committee may, in its sole discretion, cause an equitable adjustment as described in the foregoing sentence to be made, to prevent dilution or enlargement of rights. The number of shares subject to any award will always be rounded down to a whole number when adjustments are made pursuant to these provisions of the Plan. Adjustments made by the Knife River compensation committee pursuant to these provisions are final, binding, and conclusive.

Types of Awards under the Plan

Included below is a general description of the types of awards that the Knife River compensation committee may make under the Plan. The Knife River compensation committee will determine the terms and conditions of awards on a grant-by-grant basis, subject to limitations contained in the Plan.

Restricted Stock Restricted stock may be granted in such amounts and subject to such terms and conditions as determined by the Knife River compensation committee, including time-based or performance-based vesting restrictions. Participants holding restricted stock may exercise full voting rights with respect to those shares during the restricted period and, subject to the Knife River compensation committee's right to determine otherwise at the time of grant, will receive regular cash dividends. All other distributions paid with respect to the restricted stock will be credited subject to the same restrictions on transferability and forfeitability as the shares of restricted stock with respect to which they were paid.

Restricted Stock Unit. Restricted stock units may be granted in the amounts and subject to such terms and conditions as determined by the Knife River compensation committee, including time-based or performance-based vesting restrictions. A restricted stock unit is an unsecured promise to transfer a share or equivalent cash at a specified future date, such as a fixed number of years, retirement or other termination of employment (which date may be later than the vesting date of the award at which time the right to receive the share becomes non-forfeitable). A participant to whom restricted stock units are awarded has no rights as a shareholder with respect to the shares represented by the restricted stock units unless and until shares are actually delivered to the participant in settlement of the award. Dividend equivalents may also be granted.

Other Awards. The Knife River Holding Company compensation committee may make other awards which may include, without limitation, the grant of fully vested shares of common stock, grant of shares of common stock based upon attainment of performance goals established by the committee, the payment of shares in lieu of cash, the payment of cash based on attainment of performance goals, and the payment of shares in lieu of cash under our other incentive or bonus programs.

Assumed MDU Resources Awards

Notwithstanding any provisions in the Plan to the contrary, each award that is granted by Knife River Holding Company pursuant to the adjustment of an outstanding MDU Resources equity award in connection with the distribution shall be subject to the terms and conditions of the equity compensation plan and award agreement to which such award was subject immediately prior to the distribution, subject to the adjustment of such award by the MDU Resources compensation committee and the terms of the employee matters agreement.

Minimum Vesting Requirements

Under the Plan, the minimum vesting period for stock-based awards that have no performance-based vesting characteristics is three years. Vesting may occur ratably each month, quarter, or anniversary of the grant date. The minimum vesting period for stock-based awards with performance-based vesting characteristics is at least one year. The Knife River compensation committee does not have discretion to accelerate vesting of full value awards except in the event of a change in control of the company or similar transaction, or the death, disability, or termination of employment of a participant. The Knife River compensation committee may grant a "de minimis" number of stock-based awards that have a shorter vesting period. For this purpose, "de minimis" means 5 percent of the shares, subject to adjustment pursuant to the anti-dilution provisions in the Plan. Such minimum vesting period does not apply to equity-based compensation awards issued in connection with the adjustment of outstanding MDU Resources equity-based compensation awards upon the distribution.

Termination of Employment

Each award agreement will set forth the participant's rights with respect to each award following termination of employment.

Transferability

Except as otherwise determined by the Knife River compensation committee and set forth in the award agreement and subject to the provisions of the Plan, awards under the Plan may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution, and a participant's rights with respect to an award shall be exercisable only by the participant or the participant's legal representative during his or her lifetime.

Change in Control

Except as otherwise provided by the Knife River compensation committee in an award agreement, upon a change in control, as defined below:

- any restriction periods and restrictions imposed on awards that are not subject to performance-based vesting conditions will lapse and such awards will become immediately vested in full; and
- the target payout opportunity attainable under all outstanding performance-based awards will be deemed to have been fully earned for the entire performance period(s) as of the effective date of the change in control and will be paid out promptly in shares or cash pursuant to the terms of the award agreement, or in the absence of such designation, as the Knife River compensation committee shall determine.

The Plan defines "change in control" as:

- the acquisition by an individual, entity, or group of 20% or more of the outstanding common stock of Knife River Holding Company;
- a change in a majority of the board of directors of Knife River Holding Company since the effective date of the Plan without the approval of a majority of the board members as of the effective date of the Plan, or whose election was approved by such board members;
- consummation of a merger or similar transaction or sale of all or substantially all of the assets of Knife River Holding Company, unless (a) the stockholders of Knife River Holding Company immediately prior to the transaction beneficially own more than 60% of the outstanding common stock and voting power of the resulting corporation in substantially the same proportions as before the merger, (b) no person owns 20% or more of the resulting corporation's outstanding common stock or voting power except for any such ownership that existed before the merger, and (c) at least a majority of the board of the resulting corporation is comprised of directors of Knife River Holding Company as of immediately prior to the transaction; or
- stockholder approval of a complete liquidation or dissolution of Knife River Holding Company.

Accounting Restatements

The Plan provides that if Knife River Holding Company is required to prepare an accounting restatement due to material noncompliance with any financial reporting requirements under the securities laws, Knife River Holding Company or the Knife River compensation committee may, or shall if required, take action to recover incentive-based compensation from specific executive officers in accordance with our guidelines or policies, as they may be amended or substituted from time to time, and in accordance with applicable law and applicable rules of the Securities and Exchange Commission and the New York Stock Exchange.

Amendment, Modification, and Termination

The Knife River Holding Company board of directors may, at any time and from time to time, alter, amend, suspend, or terminate the Plan, in whole or in part, provided that no amendment will be made without stockholder approval if such approval would be required by the rules of the stock exchange on which Knife River Holding Company is then listed. No termination, amendment or modification of the Plan may adversely affect in any material way any award previously granted under the Plan, without the written consent of the participant holding such award, unless such termination, modification or amendment is required by applicable law.

Effective Date and Duration

Prior to the distribution, it is expected that the Plan will be approved by the Knife River Holding Company board of directors and by MDU Resources as the sole shareholder of Knife River Holding Company. The Plan will remain in effect, subject to the right of the Knife River Holding Company board of directors to terminate the Plan at any time, until all shares subject to the Plan have been issued.

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

Agreements with MDU Resources

Following the separation and distribution, Knife River Holding Company and MDU Resources will operate separately, each as an independent public company. MDU Resources will retain a passive ownership interest of approximately 10% of the Knife River Holding Company common stock at the time of the distribution. MDU Resources currently plans to dispose of all of the Knife River Holding Company common stock that it retains after the distribution, which may include one or more subsequent exchanges for debt, distributions to MDU Resources stockholders, exchanges for MDU Resources shares or one or more sales of such shares for cash.

Prior to the distribution, Knife River Holding Company will enter into a separation and distribution agreement with MDU Resources, which is referred to in this information statement as the "separation agreement" or the "separation and distribution agreement." Knife River Holding Company will also enter into various other agreements to provide a framework for its relationship with MDU Resources after the separation and distribution, such as a transition services agreement, a tax matters agreement, an employee matters agreement and a stockholder and registration rights agreement.

These agreements will provide for the allocation between Knife River Holding Company and MDU Resources of MDU Resources' assets, employees, liabilities and obligations (including investments, property and employee benefits and tax-related assets and liabilities) associated with Knife River and will govern certain relationships between Knife River Holding Company and MDU Resources after the separation. The agreements listed above will be filed as exhibits to the registration statement on Form 10 of which this information statement is a part.

The summaries of each of the agreements listed above are qualified in their entireties by reference to the full text of the applicable agreements, which are incorporated by reference into this information statement. When used in this section, "distribution date" refers to the date on which MDU Resources distributes shares of Knife River Holding Company common stock to the holders of shares of MDU Resources common stock.

Separation Agreement

Transfer of Assets and Assumption of Liabilities

The separation agreement will identify the assets to be transferred, the liabilities to be assumed and the contracts to be assigned to each of Knife River Holding Company and MDU Resources as part of the separation, and provide for when and how these transfers, assumptions and assignments will occur. In particular, the separation agreement will provide, among other things, that:

- Assets (whether tangible or intangible) primarily related to, or included on the balance sheet of, Knife River Holding Company, which are referred to as the "Knife River Holding Company Assets," will be transferred to Knife River Holding Company, as applicable, generally including:
- Equity interests in certain MDU Resources subsidiaries that hold assets primarily related to Knife River.
- Customer, distribution, supply and vendor contracts (or portions thereof) to the extent they relate to Knife River.
- Certain third-party vendor contracts for services primarily related to Knife River.
- Rights to technology, software and intellectual property primarily related to Knife River.
- Exclusive rights to information exclusively related to Knife River and nonexclusive rights to information related to Knife River.
- Rights and assets expressly allocated to Knife River Holding Company pursuant to the terms of the separation agreement or certain other agreements entered into in connection with the separation.
- Permits used by Knife River.
- Other assets that are included in Knife River Holding Company's pro forma balance sheet.

- Liabilities primarily related to, or included on the balance sheet of, Knife River, which are referred to as the "Knife River Holding Company Liabilities," will be retained by or transferred to Knife River Holding Company, as applicable.
- All of the assets and liabilities (including whether accrued, contingent, or otherwise) other than the Knife River Holding Company Assets and Knife River Holding Company Liabilities (such assets and liabilities, other than the Knife River Holding Company Assets and the Knife River Holding Company Liabilities, referred to as the "MDU Resources Assets" and "MDU Resources Liabilities," respectively) will be retained by or transferred to MDU Resources, as applicable.

Except as expressly set forth in the separation agreement or any ancillary agreement, neither Knife River Holding Company nor MDU Resources will make any representation or warranty as to (1) the assets, business or liabilities transferred or assumed as part of the separation, (2) any approvals or notifications required in connection with the transfers, (3) the value of or the freedom from any security interests of any of the assets transferred, (4) the absence or presence of any defenses or right of setoff or freedom from counterclaim with respect to any claim or other asset of either Knife River Holding Company or MDU Resources, or (5) the legal sufficiency of any assignment, document or instrument delivered to convey title to any asset or thing of value to be transferred in connection with the separation. All assets will be transferred on an "as is," "where is" basis, and the respective transferees will bear the economic and legal risks that any conveyance will prove to be insufficient to vest in the transferee good and marketable title, free and clear of all security interests, and that any necessary consents or governmental approvals are not obtained or that any requirements of laws, agreements, security interests or judgments are not complied with.

Information in this information statement with respect to the assets and liabilities of the parties following the distribution is presented based on the allocation of such assets and liabilities pursuant to the separation agreement, unless the context otherwise requires. The separation agreement will provide that, in the event that the transfer or assignment of certain assets and liabilities to Knife River Holding Company or MDU Resources, as applicable, does not occur prior to the separation, then until such assets or liabilities are able to be transferred or assigned, Knife River Holding Company or MDU Resources, as applicable, will hold such assets on behalf and for the benefit of the other party and will pay, perform, and discharge such liabilities, for which the other party will reimburse Knife River Holding Company or MDU Resources, as applicable, for all commercially reasonable payments made in connection with the performance and discharge of such liabilities.

The Distribution

The separation agreement will also govern the rights and obligations of the parties regarding the distribution following the completion of the separation. On the distribution date, MDU Resources will distribute to its stockholders that hold shares of MDU Resources common stock as of the record date for the distribution of approximately 90% of the issued and outstanding shares of Knife River Holding Company common stock on a pro rata basis. Stockholders will receive cash in lieu of any fractional shares.

Conditions to the Distribution

The separation agreement will provide that the distribution is subject to satisfaction (or waiver by MDU Resources) of certain conditions. These conditions are described under "The Separation and Distribution—Conditions to the Distribution." MDU Resources has the sole and absolute discretion to determine (and change) the terms of, and to determine whether to proceed with, the distribution and, to the extent it determines to so proceed, to determine the record date for the distribution, the distribution date and the distribution ratio.

Financing

In connection with the separation and distribution, Knife River Holding Company anticipates that it will incur long-term debt in an aggregate principal capacity of up to $1.05 billion. Such indebtedness is expected to consist of Knife River Holding Company's $425 million 7.750% notes due 2031, Knife River Holding Company's expected incurrence of $275 million in aggregate principal amount of term loans and Knife River Holding Company's expected entry into a $350 million revolving credit facility, under which Knife River Holding Company expects (based on projected seasonal borrowing needs, which fluctuate with the timing of the construction season and associated working capital needs) to have $190 million in aggregate principal amount of

loans outstanding as of the separation date. Knife River Holding Company expects that all or a portion of the net proceeds of such debt will be used to repay debt owed by Knife River to Centennial. Knife River Holding Company expects that Centennial will use such net proceeds to repay a portion of its existing third-party debt.

Claims

In general, each party to the separation agreement will assume liability for all pending, threatened and unasserted legal matters related to its own business or its assumed or retained liabilities and will indemnify the other party for any liability to the extent arising out of or resulting from such assumed or retained legal matters.

Releases

The separation agreement will provide that Knife River Holding Company and its affiliates will release and discharge MDU Resources and its affiliates from all liabilities assumed by Knife River Holding Company as part of the separation, from all acts and events occurring or failing to occur, and all conditions existing, on or before the distribution date relating to its business, and from all liabilities existing or arising in connection with the implementation of the separation, except as expressly set forth in the separation agreement. MDU Resources and its affiliates will release and discharge Knife River Holding Company and its affiliates from all liabilities retained by MDU Resources and its affiliates as part of the separation and from all liabilities existing or arising in connection with the implementation of the separation, except as expressly set forth in the separation agreement.

These releases will not extend to obligations or liabilities under any agreements between the parties that remain in effect following the separation, which agreements include, but are not limited to, the separation agreement, the transition services agreement, the tax matters agreement, the employee matters agreement, a stockholder and registration rights agreement and certain other agreements, including the transfer documents in connection with the separation.

Indemnification

In the separation agreement, Knife River Holding Company will agree to indemnify, defend and hold harmless MDU Resources, each of its affiliates and each of their respective directors, officers and employees, from and against all liabilities relating to, arising out of or resulting from:

- The Knife River Holding Company Liabilities.
- The failure of Knife River Holding Company or any other person to pay, perform or otherwise promptly discharge any of the Knife River Holding Company Liabilities, in accordance with their respective terms, whether prior to, at or after the distribution.
- Except to the extent relating to a MDU Resources Liability, any guarantee, indemnification or contribution obligation for Knife River Holding Company's benefit by MDU Resources that survives the distribution.
- Any breach by Knife River Holding Company of the separation agreement or any of the ancillary agreements.
- Any untrue statement or alleged untrue statement or omission or alleged omission of material fact in the registration statement of which this information statement forms a part, or in this information statement (as amended or supplemented), other than any such statements or omissions directly relating to information regarding MDU Resources, provided to Knife River Holding Company by MDU Resources, for inclusion therein.

In the separation agreement, MDU Resources will agree to indemnify, defend and hold harmless Knife River Holding Company, each of its affiliates and each of their respective directors, officers and employees from and against all liabilities relating to, arising out of or resulting from:

- The MDU Resources Liabilities.
- The failure of MDU Resources or any other person to pay, perform, or otherwise promptly discharge any of the MDU Resources Liabilities, in accordance with their respective terms whether prior to, at, or after the distribution.

- Except to the extent relating to a Knife River Holding Company Liability, any guarantee, indemnification or contribution obligation for the benefit of MDU Resources by Knife River Holding Company that survives the distribution.
- Any breach by MDU Resources of the separation agreement or any of the ancillary agreements.
- Any untrue statement or alleged untrue statement or omission or alleged omission of a material fact directly relating to information regarding MDU Resources, provided to Knife River Holding Company by MDU Resources, for inclusion in the registration statement of which this information statement forms a part, or in this information statement (as amended or supplemented).

The separation agreement will also establish procedures with respect to claims subject to indemnification and related matters.

Insurance

The separation agreement will provide for the allocation between the parties of rights and obligations under existing insurance policies with respect to occurrences prior to the distribution date and sets forth procedures for the administration of insured claims and addresses certain other insurance matters.

Further Assurances

In addition to the actions specifically provided for in the separation agreement, except as otherwise set forth therein or in any ancillary agreement, both Knife River Holding Company and MDU Resources will agree in the separation agreement to use reasonable best efforts, prior to, on and after the distribution date, to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws, regulations and agreements to consummate and make effective the transactions contemplated by the separation agreement and the ancillary agreements.

Dispute Resolution

The separation agreement will contain provisions that govern, except as otherwise provided in any ancillary agreement, the resolution of disputes, controversies or claims that may arise between MDU Resources and Knife River Holding Company related to the separation or distribution. These provisions will contemplate that efforts will be made to resolve disputes, controversies and claims by elevation of the matter to executives of MDU Resources and Knife River Holding Company. If such efforts are not successful, either Knife River Holding Company or MDU Resources may submit the dispute, controversy or claim to binding arbitration, subject to the provisions of the separation agreement.

Expenses

Except as expressly set forth in the separation agreement or in any ancillary agreement, all costs and expenses incurred in connection with the separation and distribution, including costs and expenses relating to legal and tax counsel, financial advisors and accounting advisory work related to the separation and distribution, will be paid by the party incurring such cost and expense.

Other Matters

Other matters governed by the separation agreement will include access to financial and other information, confidentiality, access to and provision of records and treatment of outstanding guarantees and similar credit support.

Termination

The separation agreement will provide that it may be terminated, and the separation and distribution may be modified or abandoned, at any time prior to the distribution date in the sole discretion of MDU Resources without the approval of any person, including Knife River Holding Company stockholders or MDU Resources stockholders. In the event of a termination of the separation agreement, no party, nor any of its directors,

officers, or employees, will have any liability of any kind to the other party or any other person. After the distribution date, the separation agreement may not be terminated, except by an agreement in writing signed by both MDU Resources and Knife River Holding Company.

Transition Services Agreement

Knife River Holding Company and MDU Resources will enter into a transition services agreement prior to the distribution pursuant to which MDU Resources will provide certain services to Knife River Holding Company, on an interim, transitional basis. The services to be provided will include financial reporting, tax, legal, human resources, information technology, insurance and other general and administrative functions. The transition services agreement will specify the fees payable for these services.

The transition services agreement will terminate on the expiration of the term of the last service provided under it, which will generally be up to 24 months following the distribution date.

Subject to certain exceptions in the case of willful misconduct or fraud, the liability of MDU Resources and Knife River Holding Company under the transition services agreement for the services they provide will be limited to a specified maximum amount. The transition services agreement also provides that neither company shall be liable to the other for any indirect, exemplary, incidental, consequential, remote, speculative, punitive or similar damages.

Tax Matters Agreement

Knife River Holding Company and MDU Resources will enter into a tax matters agreement prior to the distribution that will govern the parties' respective rights, responsibilities and obligations after the distribution with respect to taxes (including taxes arising in the ordinary course of business and taxes, if any, incurred as a result of any failure of the distribution and certain related transactions to qualify as tax-free for U.S. federal income tax purposes), tax attributes, the preparation and filing of tax returns, tax elections, the control of audits and other tax proceedings and assistance and cooperation in respect of tax matters.

The tax matters agreement will also impose certain restrictions on Knife River Holding Company and its subsidiaries (including, among others, restrictions on share issuances, business combinations, sales of assets and similar transactions) designed to preserve the tax-free status of the distribution and certain related transactions. The tax matters agreement will provide special rules that allocate tax liabilities in the event the distribution, together with certain related transactions, is not tax-free. In general, under the tax matters agreement, each party is expected to be responsible for any taxes imposed on MDU Resources or Knife River Holding Company that arise from the failure of the distribution, together with certain related transactions, to qualify as a transaction that is generally tax-free under Sections 355 and 368(a)(1)(D) and certain other relevant provisions of the Code, to the extent that the failure to so qualify is attributable to actions, events or transactions relating to such party's respective stock, assets or business, or a breach of the relevant representations or covenants made by that party in the tax matters agreement. However, if such failure was the result of any acquisition of Knife River Holding Company's shares or assets, Knife River Holding Company generally will be responsible for all taxes imposed as a result of such acquisition or breach.

As discussed below under the heading "Material U.S. Federal Income Tax Consequences," notwithstanding receipt by MDU Resources prior to the distribution of the IRS private letter ruling and the opinion(s) of tax advisors, the IRS could assert that the distribution or certain related transactions do not qualify for tax-free treatment for U.S. federal income tax purposes. If the IRS were successful in taking this position, Knife River Holding Company, MDU Resources, and MDU Resources stockholders could be subject to significant U.S. federal income tax liability. In addition, certain events that may or may not be within the control of MDU Resources or Knife River Holding Company could cause the distribution and certain related transactions to fail to qualify for tax-free treatment for U.S. federal income tax purposes. Depending on the circumstances, Knife River Holding Company may be required to indemnify MDU Resources for taxes and certain related amounts resulting from the distribution and certain related transactions not qualifying as tax-free.

Employee Matters Agreement

Knife River Holding Company and MDU Resources will enter into an employee matters agreement prior to the distribution to allocate liabilities and responsibilities relating to employment matters, employee compensation

and benefits plans and programs and other related matters. The employee matters agreement will govern certain compensation and employee benefit obligations with respect to the current and former employees and non-employee directors of each company.

The employee matters agreement will provide that, unless otherwise specified, MDU Resources will be responsible for liabilities associated with employees who will be employed by MDU Resources following the separation, former employees whose last employment was with the MDU Resources businesses, and Knife River Holding Company will be responsible for liabilities associated with employees who will be employed by Knife River Holding Company following the separation and former employees whose last employment was with Knife River Holding Company's businesses.

The employee matters agreement will also provide, subject to customary exceptions, that for a period of twelve months following the distribution date neither MDU Resources nor Knife River Holding Company nor their respective subsidiaries will solicit for employment certain individuals who were headquarters employees of the other party or its subsidiaries as of immediately prior to the distribution date.

The employee matters agreement will also govern the terms of equity-based awards granted by MDU Resources prior to the distribution. See "The Separation and Distribution—Treatment of Equity-Based Compensation."

Stockholder and Registration Rights Agreement

Knife River Holding Company will enter into a stockholder and registration rights agreement with MDU Resources pursuant to which it will agree that, upon the request of MDU Resources, Knife River Holding Company will use its reasonable best efforts to effect the registration under applicable federal and state securities laws of any shares of Knife River Holding Company common stock retained by MDU Resources. In addition, MDU Resources will agree to vote any shares of Knife River Holding Company common stock that it retains immediately after the separation in proportion to the votes cast by Knife River Holding Company's other stockholders. In connection with such agreement, MDU Resources will grant Knife River Holding Company a proxy to vote its shares of Knife River Holding Company common stock in such proportion. As a result, MDU Resources will not be able to exert any control over Knife River Holding Company through the shares of common stock it retains. This proxy, however, will be automatically revoked as to any particular share upon any sale or transfer of such share from MDU Resources to a person other than MDU Resources, and neither the voting agreement nor proxy will limit or prohibit any such sale or transfer.

Procedures for Approval of Related Person Transactions

Knife River Holding Company's board of directors is expected to adopt a written policy on related person transactions. The policy will apply to any transaction subject to the requirements of Item 404(a) of Regulation S-K under the Exchange Act in which Knife River Holding Company or a Knife River Holding Company subsidiary is a participant and a related person has a direct or indirect material interest. The policy will cover transactions involving Knife River Holding Company in excess of $120,000 in any year in which any director, director nominee, executive officer or greater than five percent beneficial owner of Knife River Holding Company, or any of their respective immediate family members, has or had a direct or indirect interest, other than as a director or less than 10 percent owner, of an entity involved in the transaction. This policy will be posted to the corporate governance section of Knife River Holding Company's website (www.kniferiver.com) as of the distribution date.

Under this policy, the general counsel must advise the Audit Committee of any related person transaction of which he or she becomes aware. The Audit Committee must then either approve or reject the transaction in accordance with the terms of the policy. In the course of making this determination, the Audit Committee will consider all relevant information available to it and, as appropriate, take into consideration the size of the transaction and the amount payable to the related person; the nature of the interest of the related person in the transaction; whether the transaction may involve a conflict of interest; the purpose, and the potential benefits to Knife River Holding Company, of the transaction; whether the transaction was undertaken in the ordinary course of business; and whether the transaction involved the provision of goods or services to Knife River Holding Company that are available from unaffiliated third parties and, if so, whether the transaction is on terms and made under circumstances that are at least as favorable to Knife River Holding Company as would be available in comparable transactions with or involving unaffiliated third parties.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

The following is a discussion of material U.S. federal income tax consequences of the distribution of Knife River Holding Company common stock to "U.S. holders" (as defined below) of MDU Resources common stock. This discussion is based on the Code, U.S. Treasury regulations promulgated thereunder and judicial and administrative interpretations thereof, all as in effect on the date of this information statement, and all of which are subject to differing interpretations and change at any time, possibly with retroactive effect. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences described below. This discussion applies only to U.S. holders of shares of MDU Resources common stock who hold such shares as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment).

The separation and distribution agreement contains a condition that MDU Resources receive private letter ruling from the IRS and one or more opinions from its tax advisors, regarding certain U.S. federal income tax matters relating to the separation and the distribution.

This discussion assumes that the distribution, together with certain related transactions, will be consummated in accordance with the separation and distribution agreement and the other separation-related agreements that MDU Resources and Knife River Holding Company will enter into prior to the distribution and as described in this information statement, and that the IRS takes no position inconsistent with the IRS private letter ruling and opinion(s) described above, including to the effect that the distribution will be a transaction described in Section 355(a) of the Code. This discussion is not a complete description of all U.S. federal income tax consequences of the separation and the distribution, nor does it address the effects of any state, local or non-U.S. tax laws or U.S. federal tax laws other than those relating to income taxes. The distribution may be taxable under such other tax laws and all holders should consult their own tax advisors with respect to the applicability and effect of any such tax laws. This discussion does not discuss all aspects of U.S. federal income taxation that may be relevant to a particular holder in light of its particular circumstances or to holders subject to special rules under the Code (including, but not limited to, insurance companies, tax-exempt organizations, financial institutions, broker-dealers, partners in partnerships that hold MDU Resources or Knife River Holding Company common stock, pass-through entities (or investors therein), traders in securities who elect to apply a mark-to-market method of accounting, holders who hold MDU Resources or Knife River Holding Company common stock as part of a "hedge," "straddle," "conversion," "synthetic security," "integrated investment" or "constructive sale transaction," individuals who receive Knife River Holding Company common stock upon the exercise of employee stock options or otherwise as compensation, holders who are liable for alternative minimum tax or any holders who actually or constructively own more than five percent of MDU Resources common stock). This discussion also does not address any tax consequences arising under the unearned Medicare contribution tax pursuant to the Health Care and Education Reconciliation Act of 2010 nor does it address any tax consequences arising under the corporate book minimum tax or the stock buyback tax of the Inflation Reduction Act of 2022. If a partnership, including for this purpose any entity or arrangement that is treated as a partnership for U.S. federal income tax purposes, holds MDU Resources common stock, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. An investor that is a partnership and the partners in such partnership should consult their tax advisors about the U.S. federal income tax consequences of the distribution.

For purposes of this discussion, a "U.S. holder" is any beneficial owner of MDU Resources common stock that is, for U.S. federal income tax purposes:

- An individual who is a citizen or a resident of the United States.
- A corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized under the laws of the United States, any state thereof or the District of Columbia.
- An estate, the income of which is subject to U.S. federal income taxation regardless of its source.
- A trust, if (i) a court within the United States is able to exercise primary supervision over its administration and one or more United States persons have the authority to control all of its substantial decisions; or (ii) it has a valid election in place under applicable United States Treasury Regulations to be treated as a U.S. person.

THIS DISCUSSION IS FOR GENERAL INFORMATION PURPOSES ONLY, AND IS NOT INTENDED TO BE, AND SHOULD NOT BE CONSTRUED TO BE, LEGAL OR TAX ADVICE TO ANY PARTICULAR STOCKHOLDER. YOU SHOULD CONSULT YOUR OWN TAX ADVISOR REGARDING THE SPECIFIC TAX CONSEQUENCES TO YOU OF THE DISTRIBUTION, INCLUDING THE APPLICABILITY AND EFFECT OF U.S. FEDERAL, STATE AND LOCAL AND FOREIGN TAX LAWS, IN LIGHT OF YOUR PARTICULAR CIRCUMSTANCES AND THE EFFECT OF POSSIBLE CHANGES IN LAW THAT MIGHT AFFECT THE TAX CONSEQUENCES DESCRIBED IN THIS INFORMATION STATEMENT.

The IRS private letter ruling and the opinion(s) of tax advisors will be based upon and rely on, among other things, various facts and assumptions, as well as certain representations, statements and undertakings of Knife River Holding Company and MDU Resources (including those relating to the past and future conduct of Knife River Holding Company and MDU Resources). If any of these representations, statements or undertakings is, or becomes, inaccurate or incomplete, or if Knife River Holding Company or MDU Resources breach any of their respective representations or covenants contained in any of the separation-related agreements and documents or in any documents relating to the IRS private letter ruling and/or the opinion(s) of tax advisors, such IRS private letter ruling and/or the opinion(s) of tax advisors may be invalid and the conclusions reached therein could be jeopardized.

Notwithstanding receipt prior to the distribution of the IRS private letter ruling and the opinion(s) of tax advisors by MDU Resources, the IRS could determine that the distribution and/or certain related transactions should be treated as taxable transactions for U.S. federal income tax purposes if it determines that any of the representations, assumptions or undertakings upon which the IRS private letter ruling or the opinion(s) of tax advisors were based are false or have been violated. In addition, neither the IRS private letter ruling nor the opinion(s) of tax advisors will address all of the issues that are relevant to determining whether the distribution, together with certain related transactions, qualifies as a transaction that is generally tax-free for U.S. federal income tax purposes. An opinion of a tax advisor represents the judgment of such tax advisor and is not binding on the IRS or any court, and the IRS or a court may disagree with the conclusions in the opinion(s) of tax advisors. Accordingly, notwithstanding receipt prior to the distribution of the IRS private letter ruling and the opinion(s) of tax advisors by MDU Resources, there can be no assurance that the IRS will not assert that the distribution and/or certain related transactions do not qualify for tax-free treatment for U.S. federal income tax purposes or that a court would not sustain such a challenge. In the event the IRS were to prevail in such challenge, MDU Resources, Knife River Holding Company and MDU Resources stockholders could be subject to significant U.S. federal income tax liability. Please refer to “Material U.S. Federal Income Tax Consequences if the Distribution is Taxable” below.

It is expected that, for U.S. federal income tax purposes:

- Subject to the discussion below regarding Section 355(e) of the Code, neither Knife River Holding Company nor MDU Resources will recognize any gain or loss upon the separation and the distribution of Knife River Holding Company common stock, and no amount will be includable in the income of MDU Resources or Knife River Holding Company as a result of the separation and the distribution other than taxable income or gain possibly arising with respect to the retained shares of Knife River Holding Company, from internal reorganizations undertaken in connection with the separation and distribution or with respect to any items required to be taken into account under U.S. Treasury Regulations relating to consolidated federal income tax returns.
- No gain or loss will be recognized by (and no amount will be included in the income of) U.S. holders of MDU Resources common stock upon the receipt of Knife River Holding Company common stock in the distribution, except with respect to any cash received in lieu of fractional shares of Knife River Holding Company common stock (as described below).
- The aggregate tax basis of the MDU Resources common stock and Knife River Holding Company common stock received in the distribution (including any fractional share interest in Knife River Holding Company common stock for which cash is received) in the hands of each U.S. holder of MDU Resources common stock immediately after the distribution will equal the aggregate tax basis of MDU Resources common stock held by the U.S. holder immediately before the distribution, allocated

between the MDU Resources common stock and Knife River Holding Company common stock (including any fractional share interest in Knife River Holding Company common stock for which cash is received) in proportion to the relative fair market value of each on the date of the distribution.

- The holding period of Knife River Holding Company common stock received by each U.S. holder of MDU Resources common stock in the distribution (including any fractional share interest in Knife River Holding Company common stock for which cash is received) will generally include the holding period at the time of the distribution for the MDU Resources common stock with respect to which the distribution is made.

A U.S. holder who receives cash in lieu of a fractional share of Knife River Holding Company common stock in the distribution will be treated as having sold such fractional share for cash, and will recognize capital gain or loss in an amount equal to the difference between the amount of cash received and such U.S. holder's adjusted tax basis in such fractional share. Such gain or loss will be long-term capital gain or loss if the U.S. holder's holding period for its MDU Resources common stock exceeds one year at the time of distribution.

If a U.S. holder of MDU Resources common stock holds different blocks of MDU Resources common stock (generally shares of MDU Resources common stock purchased or acquired on different dates or at different prices), such holder should consult its tax advisor regarding the determination of the basis and holding period of shares of Knife River Holding Company common stock received in the distribution in respect of particular blocks of MDU Resources common stock.

U.S. Treasury Regulations require certain U.S. holders who receive shares of Knife River Holding Company common stock in the distribution to attach to such U.S. holder's federal income tax return for the year in which the distribution occurs a detailed statement setting forth certain information relating to the tax-free nature of the distribution.

Material U.S. Federal Income Tax Consequences if the Distribution is Taxable

As discussed above, notwithstanding receipt by MDU Resources prior to the distribution of the IRS private letter ruling and the opinion(s) of tax advisors, the IRS could assert that the distribution does not qualify for tax-free treatment for U.S. federal income tax purposes. If the IRS were successful in taking this position, some or all of the consequences described above would not apply and MDU Resources, Knife River Holding Company and MDU Resources stockholders could be subject to significant U.S. federal income tax liability. In addition, certain events that may or may not be within the control of MDU Resources or Knife River Holding Company could cause the distribution and certain related transactions to fail to qualify for tax-free treatment for U.S. federal income tax purposes. Depending on the circumstances, Knife River Holding Company may be required to indemnify MDU Resources for taxes (and certain related amounts) resulting from the distribution and certain related transactions not qualifying as tax-free.

If the distribution fails to qualify as a tax-free transaction for U.S. federal income tax purposes, in general, MDU Resources would recognize taxable gain as if it had sold Knife River Holding Company common stock in a taxable sale for its fair market value (unless MDU Resources and Knife River Holding Company jointly make an election under Section 336(e) of the Code with respect to the distribution, in which case, in general, (i) the MDU Resources group would recognize taxable gain as if Knife River Holding Company had sold all of its assets in a taxable sale in exchange for an amount equal to the fair market value of Knife River Holding Company common stock and the assumption of all of its liabilities and (ii) Knife River Holding Company would obtain a related step-up in the basis of its assets) and MDU Resources stockholders who receive Knife River Holding Company common stock in the distribution would be subject to tax as if they had received a taxable distribution equal to the fair market value of Knife River Holding Company common stock.

Even if the distribution were otherwise to qualify as tax-free under Sections 355 and 368(a)(1)(D) of the Code, it may result in taxable gain to MDU Resources under Section 355(e) of the Code if the distribution were deemed to be part of a plan (or series of related transactions) pursuant to which one or more persons acquire, directly or indirectly, shares representing a 50 percent or greater interest (by vote or value) in MDU Resources or Knife River Holding Company. For this purpose, any acquisitions of the shares of MDU Resources or Knife River Holding Company within the period beginning two years before the distribution and ending two years after the distribution are presumed to be part of such a plan, although Knife River Holding Company or MDU Resources may be able to rebut that presumption.

In connection with the distribution, Knife River Holding Company and MDU Resources will enter into a tax matters agreement pursuant to which Knife River Holding Company will be responsible for certain liabilities and obligations following the distribution. In general, under the tax matters agreement, each party is expected to be responsible for any taxes imposed on MDU Resources or Knife River Holding Company that arise from the failure of the distribution, together with certain related transactions, to qualify as a transaction that is generally tax-free under Sections 355 and 368(a)(1)(D) and certain other relevant provisions of the Code (including as a result of Section 355(e) of the Code), to the extent that the failure to so qualify is attributable to actions, events or transactions relating to such party's respective stock, assets or business, or a breach of the relevant representations or covenants made by that party in the tax matters agreement. However, if such failure was the result of any acquisition of Knife River Holding Company's shares or assets, Knife River Holding Company generally will be responsible for all taxes imposed as a result of such acquisition or breach. Knife River Holding Company's indemnification obligations to MDU Resources under the tax matters agreement are not expected to be limited in amount or subject to any cap. If Knife River Holding Company is required to pay any taxes or indemnify MDU Resources and its subsidiaries and their respective officers and directors under the circumstances set forth in the tax matters agreement, Knife River Holding Company may be subject to substantial liabilities.

Backup Withholding and Information Reporting

Payments of cash to U.S. holders of MDU Resources common stock in lieu of fractional shares of Knife River Holding Company common stock may be subject to information reporting and backup withholding (currently, at a rate of 24 percent), unless such U.S. holder delivers a properly completed IRS Form W-9 certifying such U.S. holder's correct taxpayer identification number and certain other information, or otherwise establishing a basis for exemption from backup withholding. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be refunded or credited against a U.S. holder's U.S. federal income tax liability provided that the required information is timely furnished to the IRS.

DESCRIPTION OF MATERIAL INDEBTEDNESS

The following summary sets forth information based on Knife River Holding Company's current expectations about the financing arrangements anticipated to be entered into in connection with the separation and distribution. However, Knife River Holding Company has not yet entered into definitive material agreements with respect to all of such financing arrangements, and, accordingly, the terms of such financing arrangements are subject to change, including as a result of market conditions. The definitive agreements, when entered into, shall set forth the definitive terms of the financing arrangements.

In connection with the separation and distribution, Knife River Holding Company anticipates that it will incur indebtedness in an aggregate principal capacity of up to $1.05 billion. Such indebtedness is expected to consist of Knife River Holding Company's $425 million 7.750% notes due 2031, Knife River Holding Company's expected incurrence of $275 million in aggregate principal amount of term loans and Knife River Holding Company's expected entry into a $350 million revolving credit facility, under which Knife River Holding Company expects (based on projected seasonal borrowing needs, which fluctuate with the timing of the construction season and associated working capital needs) to have $190 million in aggregate principal amount of loans outstanding as of the separation date.

Knife River Holding Company's targeted debt balance at the time of the separation was determined based on internal capital planning and considered the following factors and assumptions: anticipated business plan, optimal debt levels, operating activities, general economic contingencies, credit rating and desired financing capacity.

Nothing in this summary or otherwise herein shall constitute or be deemed to constitute an offer to sell or the solicitation of an offer to buy any debt instruments. The description contained herein and the other information in this information statement regarding the previous offering of the notes is included in this information statement solely for informational purposes.

Senior Unsecured Notes

In connection with the separation and distribution, Knife River Holding Company issued $425 million aggregate principal amount of 7.750% senior notes due 2031 (the "notes"), pursuant to an indenture dated as of April 25, 2023, to qualified institutional buyers in reliance on Rule 144A under the Securities Act and to non-U.S. persons in reliance on Regulation S under the Securities Act. The notes will mature on May 1, 2031. The notes will bear interest at a rate of 7.750% per annum, payable semi-annually.

Also on April 25, 2023, Knife River Holding Company entered into an escrow agreement with U.S. Bank National Association (in its capacity as escrow agent, the "escrow agent") and U.S. Bank Trust Company, National Association (in its capacity as trustee under the indenture, the "trustee"), pursuant to which Knife River Holding Company agreed to deposit into an escrow account cash (collectively with any other property from time to time held in the escrow account, the "escrowed property") equal to the net proceeds of the notes offering. The escrowed property will be released to Knife River Holding Company or to such other person as Knife River Holding Company directs upon delivery by Knife River Holding Company to the escrow agent and the trustee of an officer's certificate certifying that in the good faith judgment of Knife River Holding Company, the separation and distribution is expected to be consummated on or within one business day of the delivery of such certificate (such certificate, the "spin certificate," and the date the spin certificate is delivered and the escrowed property is released from escrow, the "escrow release date").

On the escrow release date, Knife River Holding Company intends to lend or contribute the net proceeds from the notes offering, together with borrowings under the Term Loan Facility and borrowings under the Revolving Credit Facility drawn on the escrow release date, to Knife River Corporation, and, at Knife River Holding Company's option, use the remaining proceeds to pay Knife River Holding Company's and its subsidiaries' fees, costs and expenses related to the separation and distribution. It is expected that Knife River Corporation will use such net proceeds to repay intercompany obligations owing to Centennial. Knife River Holding Company expects that Centennial will use such net proceeds to repay a portion of its existing third-party indebtedness.

At any time and from time to time on or after May 1, 2026, Knife River Holding Company may redeem the notes at its option, in whole or in part, at the redemption prices set forth in the indenture, plus accrued and unpaid interest to, but excluding, the applicable redemption date. At any time and from time to time prior to such

date, Knife River Holding Company may redeem the notes at its option, in whole or in part, at a redemption price of 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest to, but excluding, the applicable redemption date, plus a "make-whole" premium as set forth in the indenture. In addition, at any time and from time to time on or prior to May 1, 2026, Knife River Holding Company may redeem in the aggregate up to 40% of the original aggregate principal amount of the notes (calculated after giving effect to any issuance of any additional notes under the indenture) with the net cash proceeds from certain equity offerings at a redemption price set forth in the indenture, plus accrued and unpaid interest to, but excluding, the applicable redemption date.

In the event that (x) Knife River Holding Company has not delivered the spin certificate to the trustee and the escrow agent prior to 11:59 p.m. (New York City time) on the date that is five months after April 25, 2023, (y) the escrowed property is released to Knife River Holding Company or to such other person as Knife River Holding Company directs but the separation and distribution is not consummated at or prior to 11:59 p.m. (New York City time) on the fifth business day following the date on which such escrowed property is so released or (z) Knife River Holding Company notifies the escrow agent and the trustee in writing that Knife River Holding Company will not pursue the separation and distribution, Knife River Holding Company will be required to redeem all of the notes then outstanding at a redemption price equal to 100% of the aggregate principal amount of the notes to be redeemed, plus accrued and unpaid interest on the notes to be redeemed, to, but excluding, the special mandatory redemption date.

Prior to the separation and distribution, the notes will be unsecured, unsubordinated obligations of Knife River Holding Company. From and after the escrow release date, the notes will be, jointly and severally, guaranteed by each of Knife River Holding Company's existing and future direct or indirect wholly owned restricted subsidiaries (subject to certain exceptions) that is a borrower or guarantor under the Senior Secured Credit Facilities or certain other syndicated credit facilities of Knife River Holding Company or any other subsidiary guarantor or certain capital markets debt of Knife River Holding Company or any other subsidiary guarantor. From and after the escrow release date, the notes and related guarantees will be unsecured, unsubordinated obligations of Knife River Holding Company and the subsidiary guarantors.

The notes contain customary affirmative and negative covenants, including, among others, limitations on the incurrence of indebtedness, restricted payments, liens, restrictions on distributions from subsidiary guarantors, sales of assets and subsidiary stock, affiliate transactions and certain mergers and consolidations.

The notes are subject to customary events of default for financings of this type, including, among others, non-payment of principal, interest or premium, failure to comply with certain covenants and certain bankruptcy or insolvency events.

Senior Secured Credit Facilities

On the escrow release date, Knife River Holding Company expects to enter into a new credit agreement (the "Credit Agreement"), as borrower, together with JPMorgan Chase Bank, N.A., as administrative agent and collateral agent, and the other financial institutions from time to time party thereto.

Knife River Holding Company's obligations under the Credit Agreement are expected to be guaranteed by Knife River Holding Company's existing and subsequently acquired wholly owned domestic subsidiaries, subject to a number of exceptions.

The Credit Agreement is expected to provide for (a) a senior secured first lien revolving credit facility in an initial aggregate principal amount of up to $350 million (the "Revolving Credit Facility") and (b) a senior secured first lien term loan facility in an initial aggregate principal amount of up to $275 million (the "Term Loan Facility," and together with the Revolving Credit Facility the "Senior Secured Credit Facilities"). Letters of credit are expected to be available under the Credit Agreement in an aggregate amount of up to $75 million. The proceeds of borrowings under the Term Loan Facility are expected to be used by Knife River Holding Company on the escrow release date, together with the proceeds of the notes offering, and the proceeds from borrowings under the Revolving Credit Facility permitted to be funded on the escrow release date pursuant to the following paragraph, to fund Knife River Corporation's repayment of intercompany obligations owing to Centennial, for general corporate purposes, to pay the transaction costs and to fund certain original issue discount ("OID") and/or upfront fees.

The proceeds of the Revolving Credit Facility are expected to be used by Knife River Holding Company and its restricted subsidiaries for working capital and other general corporate purposes, including the financing of restricted payments, permitted acquisitions and other permitted investments, and for any other purpose not prohibited by the Credit Agreement; provided that on the escrow release date, proceeds of the Revolving Credit Facility may be used solely (i) to fund certain OID and/or upfront fees on account of the Senior Secured Credit Facilities, (ii) for working capital and other general corporate purposes (other than the payment of transaction costs), (iii) to fund Knife River Corporation's repayment of intercompany obligations owing to Centennial and (iv) to pay transaction costs in an amount not to exceed an amount to be set forth in the Credit Agreement. In addition, letters of credit may be issued on the escrow release date, including to backstop or replace certain letters of credit outstanding on the escrow release date.

Knife River Holding Company expects that Centennial will use such net proceeds to repay a portion of its existing third-party indebtedness.

The Senior Secured Credit Facilities are expected to mature on the date that is five years after the escrow release date. Knife River Holding Company expects that the Term Loan Facility will require quarterly amortization payments of 2.50% per annum for the first two years, 5.00% per annum for the next two years and 7.50% per annum for the final year, in each case of the original principal amount thereof. Knife River Holding Company expect that the Credit Agreement will also require mandatory prepayments in connection with certain asset sales, subject to certain exceptions.

Borrowings under the Senior Secured Credit Facilities are expected to bear interest, at Knife River Holding Company's option, at an annual rate equal to (a) adjusted term SOFR, to be defined in a customary manner ("Term SOFR") plus an applicable rate or (b) the base rate (determined by reference to the highest of (x) the prime rate, (y) the greater of (i) the federal funds effective rate and (ii) the overnight bank funding rate, in each case, plus ½ of 1.00% and (z) the one-month adjusted Term SOFR rate plus 1.00% per annum, subject to customary floors (clauses (x) through (z), the "Base Rate")) plus an applicable rate.

The applicable rate under the Credit Agreement is expected to range from 1.75% to 2.50% for Term SOFR loans and 0.75% to 1.50% for Base Rate loans, in each case based on Knife River Holding Company's consolidated total net leverage ratio. Undrawn commitment fees under the Revolving Credit Facility are expected to range from 0.25% to 0.50% based on Knife River Holding Company's consolidated total net leverage ratio.

The Credit Agreement is expected to provide for potential incremental revolving and term facilities at Knife River Holding Company's request and at the discretion of the lenders or other persons providing such incremental facilities, and is expected to also permit us to incur other secured or unsecured debt, in all cases subject to conditions and limitations on the amount of such incremental facility or other debt as specified in the Credit Agreement.

The Credit Agreement is expected to contain customary affirmative and negative covenants for agreements of this type, including: delivery of financial and other information; compliance with laws, including environmental law; maintenance of property, existence, insurance, books and records and public ratings; use of proceeds; inspection rights; obligation to provide collateral for newly acquired property and guarantees by certain new subsidiaries; and limitations with respect to indebtedness, liens, acquisitions and other investments, fundamental changes, restrictive agreements, dividends and redemptions or repurchases of stock, prepayments of certain subordinated indebtedness, dispositions of assets and transactions with affiliates, in each case subject to certain exceptions.

The Credit Agreement is also expected to contain financial covenants requiring Knife River Holding Company to maintain a maximum consolidated total net leverage ratio of 4.75:1.00 and a minimum interest coverage ratio of 2.25:1.00, in each case measured as of the last day of each fiscal quarter, with measurement to commence on the last day of the first full fiscal quarter after the effective date of the Credit Agreement. The consolidated total net leverage ratio may be increased at Knife River Holding Company's option to 5.00:1.00 in connection with certain qualifying material acquisitions.

The Credit Agreement is expected to provide for customary events of default, including material breach of representations and warranties, failure to make required payments, failure to comply with certain agreements or covenants, failure to pay or default under certain other indebtedness in excess of a threshold amount, certain events of bankruptcy and insolvency, inability to pay debts, the incurrence of one or more unstayed or

undischarged judgments in excess of a threshold amount, attachments issued against all or any material part of Knife River Holding Company's and its subsidiaries' property, certain events under ERISA, a change of control (as defined in the Credit Agreement), the invalidity of any loan document and the failure of the collateral documents to create a valid and perfected lien (subject to certain permitted liens). Upon the occurrence and during the continuance of an event of default, it is expected that the maturity of the loans under the Credit Agreement may accelerate and the agent and lenders under the Credit Agreement may exercise other rights and remedies available at law or under the loan documents, including with respect to the collateral and guarantees of Knife River Holding Company's obligations under the Credit Agreement.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Before the distribution, all of the outstanding shares of Knife River Holding Company common stock will be owned beneficially and of record by MDU Resources. Following the distribution, Knife River Holding Company expects to have outstanding an aggregate of approximately [ ] million shares of common stock based upon approximately [ ] million shares of MDU Resources common stock outstanding on [ ], excluding treasury shares and assuming no exercise of MDU Resources options, and applying the distribution ratio. MDU Resources will continue to own approximately 10% of the shares of Knife River Holding Company common stock following the distribution.

Securities Owned by Certain Beneficial Owners

As of the date hereof, all of the issued and outstanding shares of Knife River Holding Company common stock are owned indirectly by MDU Resources. After the separation and distribution, MDU Resources will own up to approximately 10% of the shares of Knife River Holding Company common stock. The following table reports the number of shares of Knife River Holding Company common stock that Knife River Holding Company expects will be beneficially owned, immediately following the completion of the distribution by each person who will beneficially own more than five percent of Knife River Holding Company common stock. The table is based upon information available as of [ ] as to those persons who beneficially own more than five percent of MDU Resources common stock and an assumption that, for each share of MDU common stock held by such persons, they will receive [ ] shares of Knife River Holding Company common stock.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
MDU Resources 1200 West Century Avenue P.O. Box 5650 Bismarck, North Dakota 58506	[ ]	[ ]%
[ ]	[ ]	[ ]%

Stock Ownership of Directors and Executive Officers

The following table sets forth information, immediately following the completion of the distribution, calculated as of [ ], based upon the distribution of [ ] shares of Knife River Holding Company common stock for each share of MDU Resources common stock, regarding (1) each of Knife River Holding Company's expected directors and executive officers and (2) all of Knife River Holding Company's expected directors and executive officers as a group. The address of each director, director nominee and executive officer shown in the table below is c/o Knife River Holding Company, 1150 West Century Avenue, Bismarck, North Dakota 58503, Attention: Secretary.

Name of Beneficial Owner	Shares Beneficially Owned	Percent of Class
[ ]	[ ]	[ ]%

* Less than one percent.

DESCRIPTION OF KNIFE RIVER HOLDING COMPANY'S CAPITAL STOCK

Knife River Holding Company's certificate of incorporation and bylaws will be amended and restated prior to the completion of the distribution. The following is a summary of the material terms of Knife River Holding Company capital stock that will be contained in the amended and restated certificate of incorporation and amended and restated bylaws. The summaries and descriptions below do not purport to be complete statements of the relevant provisions of the amended and restated certificate of incorporation or of the amended and restated bylaws to be in effect at the time of the distribution, which you must read for complete information on Knife River Holding Company capital stock as of the time of the distribution. Knife River Holding Company has not yet finalized the terms of its amended and restated certificate of incorporation and amended and restated bylaws and will include descriptions thereof in an amendment to this information statement. The amended and restated certificate of incorporation and amended and restated bylaws, each in a form expected to be in effect at the time of the distribution, have been included as exhibits to Knife River Holding Company's registration statement on Form 10, of which this information statement forms a part. The summaries and descriptions below do not purport to be complete statements of the DGCL.

General

Knife River Holding Company's authorized capital stock consists of [ ] shares of common stock, par value $0.01 per share, and [ ] shares of preferred stock, par value $0.01 per share, all of which shares of preferred stock are undesignated. Knife River Holding Company's board of directors may establish the rights and preferences of the preferred stock from time to time. Immediately following the distribution, Knife River Holding Company expect that approximately 57.0 million shares of Knife River Holding Company common stock will be issued and 56.6 million shares will be outstanding, based on approximately 204.2 million shares of MDU Resources common stock issued and outstanding on March 31, 2023, and that no shares of preferred stock will be issued and outstanding.

Common Stock

Each holder of shares of Knife River Holding Company common stock will be entitled to one vote for each share on all matters to be voted upon by the common stockholders, and there will be no cumulative voting rights. Subject to any preferential rights of any outstanding preferred stock, holders of shares of Knife River Holding Company common stock will be entitled to receive ratably the dividends, if any, as may be declared from time to time by its board of directors out of funds legally available for that purpose. If there is a liquidation, dissolution or winding up of Knife River Holding Company, holders of its common stock would be entitled to a ratable distribution of its assets remaining after the payment in full of liabilities and any preferential rights of any then-outstanding preferred stock.

Holders of Knife River Holding Company common stock will have no preemptive or conversion rights or other subscription rights, and there are no redemption or sinking fund provisions applicable to the common stock. After the distribution, all outstanding shares of Knife River Holding Company common stock will be fully paid and non-assessable. The rights, preferences and privileges of the holders of Knife River Holding Company common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock that it may designate and issue in the future.

Preferred Stock

Under the terms of Knife River Holding Company's amended and restated certificate of incorporation, its board of directors will be authorized, subject to limitations prescribed by the DGCL, and by its amended and restated certificate of incorporation, to issue up to [ ] million shares of preferred stock in one or more series without further action by the holders of its common stock. Knife River Holding Company's board of directors will have the discretion, subject to the limitations proscribed by the DGCL and by its amended and restated certificate of incorporation, to determine the rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences, of each series of preferred stock.

Corporate Governance

Knife River Holding Company will institute stockholder-friendly corporate governance practices, as described below and elsewhere in this information statement. Responsible and appropriate corporate governance

will ensure that Knife River Holding Company's management always keeps stockholder interests in mind when crafting value-creating strategies at all levels of the organization.

Single Class Capital Structure. Upon completion of the separation, Knife River Holding Company will have a single class share capital structure with all stockholders entitled to vote for director nominees and each holder of common stock entitled to one vote per share.

Director Elections. Upon completion of the separation, the Knife River Holding Company board of directors will initially be divided into three classes, with Class I composed of two directors, Class II composed of two directors and Class III composed of two directors. The directors designated as Class I directors will have terms expiring at the first annual meeting of stockholders following the distribution, which Knife River Holding Company expects to hold in 2024, and will be up for re-election at that meeting for a three-year term to expire at the 2027 annual meeting of stockholders. The directors designated as Class II directors will have terms expiring at the 2025 annual meeting of stockholders and will be up for re-election at that meeting for a two-year term to expire at the 2027 annual meeting of stockholders. The directors designated as Class III directors will have terms expiring at the 2026 annual meeting of stockholders and will be up for re-election at that meeting for a one-year term to expire at the 2027 annual meeting of stockholders. Commencing with the 2027 annual meeting of stockholders, directors will be elected annually and for a term of office to expire at the next annual meeting of stockholders, and Knife River Holding Company's board of directors will thereafter no longer be divided into classes. Consequently, by 2027, all of Knife River Holding Company's directors will stand for election each year for one year terms, and its board will therefore no longer be divided into three classes.

At any meeting of stockholders for the election of directors at which a quorum is present, the election will be determined by a majority of the votes cast by the stockholders entitled to vote in the election, with directors not receiving a majority of the votes cast required to tender their resignations for consideration by the board, except that in the case of a contested election, the election will be determined by a plurality of the votes cast by the stockholders entitled to vote in the election. Before the board is declassified, it would take at least two elections of directors for any individual or group to gain control of Knife River Holding Company's board of directors. Accordingly, while the classified board is in effect, these provisions could discourage a third party from initiating a proxy contest, making a tender offer or otherwise attempting to gain control of Knife River Holding Company.

Special Stockholder Meetings. Knife River Holding Company's amended and restated certificate of incorporation and/or amended and restated bylaws will provide that the chair of the board of directors or the board of directors pursuant to a resolution adopted by a majority of the entire board of directors may call special meetings of Knife River Holding Company's stockholders. Stockholders may not call special meetings of stockholders.

Majority Vote for Mergers and Other Business Combinations. Mergers and other business combinations involving Knife River Holding Company will generally be required to be approved by a majority vote where such stockholder approval is required.

Other Expected Corporate Governance Features. Governance features related to Knife River Holding Company's board of directors are set forth in the section of this information statement captioned "Directors."

Anti-Takeover Effects of Various Provisions of Delaware Law and Knife River Holding Company Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws

Provisions of the DGCL and Knife River Holding Company's amended and restated certificate of incorporation and amended and restated bylaws could make it more difficult to acquire Knife River Holding Company by means of a tender offer, a proxy contest, merger or otherwise, or to remove incumbent officers and directors. These provisions, summarized below and in the "Special Stockholder Meetings" section described above, may discourage certain types of coercive takeover practices and takeover bids that the Knife River Holding Company board of directors may consider inadequate and to encourage persons seeking to acquire control of Knife River Holding Company to first negotiate with its board of directors. Knife River Holding Company believes that the benefits of increased protection of its ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure it outweigh the disadvantages of discouraging takeover or acquisition proposals because, among other things, negotiation of these proposals could result in an improvement of their terms.

Delaware Anti-Takeover Statute. Knife River Holding Company will be subject to Section 203 of the DGCL, an anti-takeover statute. In general, Section 203 of the DGCL prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years following the time the person became an interested stockholder, unless the business combination or the acquisition of shares that resulted in a stockholder becoming an interested stockholder is approved in a prescribed manner. Generally, a "business combination" includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. Generally, an "interested stockholder" is a person who, together with affiliates and associates, owns (or within three years prior to the determination of interested stockholder status did own) 15 percent or more of a corporation's voting stock. The existence of this provision would be expected to have an anti-takeover effect with respect to transactions not approved in advance by Knife River Holding Company's board of directors, including discouraging attempts that might result in a premium over the market price for the shares of common stock held by Knife River Holding Company stockholders.

Size of Board and Vacancies. Knife River Holding Company's amended and restated certificate of incorporation and amended and restated bylaws will provide that the number of directors on its board of directors will be fixed exclusively by its board of directors. Any vacancies created in its board of directors resulting from any increase in the authorized number of directors or the death, resignation, retirement, disqualification, removal from office or other cause will be filled by a majority of the board of directors then in office, even if less than a quorum is present, or by a sole remaining director. Any director appointed to fill a vacancy on Knife River Holding Company's board of directors will be appointed for a term expiring at the next annual meeting of stockholders, and until his or her successor has been elected and qualified.

Director Removal. Knife River Holding Company's amended and restated certificate of incorporation and/or amended and restated bylaws will provide that (i) prior to the board being fully declassified as discussed above stockholders will be permitted to remove a director only for cause, consistent with the DGCL requirements for classified boards; and (ii) after the board has been fully declassified, stockholders may remove Knife River Holding Company's directors with or without cause. Removal will require the affirmative vote of at least two thirds of Knife River Holding Company's voting stock.

Stockholder Action by Written Consent. Knife River Holding Company's amended and restated certificate of incorporation will expressly eliminate the right of its stockholders to act by written consent. Stockholder action may only take place at an annual or a special meeting of Knife River Holding Company stockholders.

Requirements for Advance Notification of Stockholder Nominations and Proposals. Knife River Holding Company's amended and restated bylaws will establish advance notice procedures with respect to stockholder proposals and nomination of candidates for election as directors other than nominations made by or at the direction of its board of directors or a committee of its board of directors.

No Cumulative Voting. The DGCL provides that stockholders are denied the right to cumulate votes in the election of directors, unless the company's certificate of incorporation provides otherwise. Knife River Holding Company's amended and restated certificate of incorporation will not provide for cumulative voting.

Undesignated Preferred Stock. The authority that Knife River Holding Company's board of directors will possess to issue preferred stock could potentially be used to discourage attempts by third parties to obtain control of Knife River Holding Company through a merger, tender offer, proxy contest or otherwise by making such attempts more difficult or more costly. Knife River Holding Company's board of directors may be able to issue preferred stock with voting rights or conversion rights that, if exercised, could adversely affect the voting power of the holders of common stock.

Limitations on Liability, Indemnification of Officers and Directors and Insurance

The DGCL authorizes corporations to limit or eliminate the personal liability of directors and officers to corporations and their stockholders for monetary damages for breaches of fiduciary duties, and Knife River Holding Company's amended and restated certificate of incorporation will include such an exculpation provision. Knife River Holding Company's amended and restated certificate of incorporation and amended and restated bylaws will include provisions that indemnify, to the fullest extent allowable under the DGCL, the personal liability of directors or officers for monetary damages for actions taken as a director or officer of Knife River Holding Company, or for serving at Knife River Holding Company's request as a director or officer or another

position at another corporation or enterprise, as the case may be. Knife River Holding Company's amended and restated certificate of incorporation and amended and restated bylaws will also provide that it must indemnify and advance reasonable expenses to its directors and officers, subject to its receipt of an undertaking from the indemnified party as may be required under the DGCL. Knife River Holding Company's amended and restated certificate of incorporation will expressly authorize it to carry directors' and officers' insurance to protect Knife River Holding Company and its directors, officers and certain employees against some liabilities.

The limitation of liability and indemnification provisions that will be in Knife River Holding Company's amended and restated certificate of incorporation and amended and restated bylaws may discourage stockholders from bringing a lawsuit against directors or officers for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against Knife River Holding Company's directors, even though such an action, if successful, might otherwise benefit Knife River Holding Company and its stockholders. However, these provisions will not limit or eliminate Knife River Holding Company's rights, or those of any stockholder, to seek non-monetary relief such as an injunction or rescission in the event of a breach of a duty of care. The provisions will not alter the liability of directors or officers under the federal securities laws. In addition, your investment may be adversely affected to the extent that, in a class action or direct suit, Knife River Holding Company pays the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions. There is currently no pending material litigation or proceeding against any of Knife River Holding Company's directors, officers or employees for which indemnification is sought.

Exclusive Forum

Knife River Holding Company's amended and restated bylaws will provide that, unless the board of directors otherwise determines, the Court of Chancery of the State of Delaware or, if the Court of Chancery of the State of Delaware does not have jurisdiction, another state court of the State of Delaware, or, if no state court located in the State of Delaware has jurisdiction, the federal court for the District of Delaware, will be the sole and exclusive forum for any derivative action or proceeding brought on behalf of Knife River Holding Company, any action asserting a claim of breach of a fiduciary duty owed by any of Knife River Holding Company's directors or officers to Knife River Holding Company or its stockholders, creditors or other constituents, any action asserting a claim against Knife River Holding Company or any of its directors or officers arising pursuant to any provision of the DGCL or Knife River Holding Company's amended and restated certificate of incorporation or amended and restated bylaws, or any action asserting a claim against Knife River Holding Company or any of its directors or officers governed by the internal affairs doctrine.

In addition, Knife River Holding Company's amended and restated bylaws will further provide that, unless the board of directors otherwise determines, the federal district courts of the United States of America shall be the sole and exclusive forum for any action asserting a claim arising under the Securities Act. The exclusive forum provision does not apply to actions arising under the Exchange Act or the rules and regulations thereunder. While the Delaware Supreme Court ruled in March 2020 that federal forum selection provisions purporting to require claims under the Securities Act be brought in federal court are "facially valid" under Delaware law, there is uncertainty as to whether other courts will enforce Knife River Holding Company's federal forum provision described above. Knife River Holding Company's stockholders will not be deemed to have waived compliance with the federal securities laws and the rules and regulations thereunder.

Authorized but Unissued Shares

Knife River Holding Company's authorized but unissued shares of common stock and preferred stock will be available for future issuance without your approval. Knife River Holding Company may use additional shares for a variety of purposes, including future public offerings to raise additional capital, to fund acquisitions and as employee compensation. The existence of authorized but unissued shares of common stock and preferred stock could render more difficult or discourage an attempt to obtain control of Knife River Holding Company by means of a proxy contest, tender offer, merger or otherwise.

Listing

Knife River Holding Company intends to apply to list its shares of common stock on the NYSE under the symbol "KNF."

Sale of Unregistered Securities

On [ ], Knife River Holding Company issued [ ] shares of Knife River Holding Company common stock to MDU Resources pursuant to Section 4(2) of the Securities Act. Knife River Holding Company did not register the issuance of the issued shares under the Securities Act because such issuance did not constitute a public offering.

Transfer Agent and Registrar

After the distribution, the transfer agent and registrar for shares of Knife River Holding Company common stock will be Equiniti.

WHERE YOU CAN FIND MORE INFORMATION

Knife River Holding Company has filed a registration statement on Form 10 with the SEC with respect to the shares of Knife River Holding Company common stock being distributed as contemplated by this information statement. This information statement is a part of, and does not contain all of the information set forth in, the registration statement and the exhibits and schedules to the registration statement. For further information with respect to Knife River Holding Company and its common stock, please refer to the registration statement, including its exhibits and schedules. Statements made in this information statement relating to any contract or other document filed as an exhibit to the registration statement include the material terms of such contract or other document. However, such statements are not necessarily complete, and you should refer to the exhibits attached to the registration statement for copies of the actual contract or document. You may review a copy of the registration statement, including its exhibits and schedules, on the Internet website maintained by the SEC at www.sec.gov. Information contained on any website referenced in this information statement is not incorporated by reference in this information statement.

As a result of the distribution, Knife River Holding Company will become subject to the information and reporting requirements of the Exchange Act and, in accordance with the Exchange Act, will file periodic reports, proxy statements and other information with the SEC. Knife River Holding Company intends to furnish holders of its common stock with annual reports containing consolidated financial statements prepared in accordance with GAAP and audited and reported on, with an opinion expressed, by an independent registered public accounting firm.

You should rely only on the information contained in this information statement or to which this information statement has referred you. Knife River Holding Company has not authorized any person to provide you with different information or to make any representation not contained in this information statement.

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholder and the Board of Directors of Knife River Corporation and subsidiaries

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Knife River Corporation and subsidiaries (the "Company") as of December 31, 2022 and 2021, the related consolidated statements of income, comprehensive income, statements of equity, and cash flows, for each of the three years in the period ended December 31, 2022, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Emphasis of Matter

As described in Note 2, the Company is a wholly owned subsidiary of MDU Resources Group, Inc. As further described in Notes 2 and 19 therein, the Company has significant transactions with related parties. Additionally, the accompanying financial statements have been derived from the consolidated financial statements and accounting records of MDU Resources Group, Inc. The financial statements also include expense allocations for certain functions provided by MDU Resources Group, Inc. The accompanying consolidated financial statements may not necessarily be indicative of the conditions that would have existed or results of its operations if the Company had been operated as an unaffiliated company of MDU Resources Group, Inc. Our opinion is not modified with respect to this matter.

Critical Audit Matter

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

Revenue Recognition — Contracting Services Revenue — Refer to Notes 3, 4, and 5 to the financial statements

Critical Audit Matter Description

The Company recognizes contracting services revenue over time using an input method based on the cost-to-cost measure of progress for contracts because it best depicts the transfer of assets to the customer which occurs as the Company incurs costs on the contract. Under the cost-to-cost measure of progress, the costs incurred are compared with total estimated costs of a performance obligation. Revenues are recorded proportionately to the costs incurred. This method depends largely on the ability to make reasonably dependable estimates related to the extent of progress toward completion of the contract, contract revenues, contract costs, and contract profits. The accounting for these contracts involves judgment, particularly as it relates to the process of estimating total costs and profit for the performance obligation. For the year ended December 31, 2022, the Company recognized $1.19 billion of contracting services revenue.

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

How the Critical Audit Matter Was Addressed in the Audit

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

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

- Tested the mathematical accuracy of management's calculation of contracting services revenue for the performance obligation.

- We evaluated management's ability to estimate total costs and profits accurately by comparing actual costs and profits to management's historical estimates for performance obligations that have been fulfilled.

/s/ Deloitte & Touche LLP

Minneapolis, Minnesota
March 10, 2023

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

KNIFE RIVER CORPORATION AND SUBSIDIARIES
Consolidated Statements of Income

Years ended December 31,	2022	2021	2020
	(In thousands, except per share amounts)		
Revenue:			
Construction materials	**$1,347,008**	$1,211,459	$1,108,337
Contracting services	**1,187,721**	1,017,471	1,069,665
Total revenue	**2,534,729**	2,228,930	2,178,002
Cost of revenue:			
Construction materials	**1,086,193**	965,028	843,127
Contracting services	**1,087,642**	916,953	964,297
Total cost of revenue	**2,173,835**	1,881,981	1,807,424
Gross profit	**360,894**	346,949	370,578
Selling, general and administrative expenses	**166,599**	155,872	156,080
Operating income	**194,295**	191,077	214,498
Interest expense	**30,121**	19,218	20,577
Other (expense) income	**(5,353)**	1,355	835
Income before income taxes	**158,821**	173,214	194,756
Income taxes	**42,601**	43,459	47,431
Net income	**$ 116,220**	$ 129,755	$ 147,325
Earnings per share - basic	**$ 1,452.74**	$ 1,621.93	$ 1,841.56
Weighted average common shares outstanding - basic	**80**	80	80

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

KNIFE RIVER CORPORATION AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income

Years ended December 31,	2022	2021	2020
		(In thousands)	
Net income	**$116,220**	$129,755	$147,325
Other comprehensive income (loss):			
Reclassification adjustment for loss on derivative instruments included in net income, net of tax of $107, $107 and $107 in 2022, 2021 and 2020, respectively	**328**	332	328
Postretirement liability adjustment:			
Postretirement liability gains (losses) arising during the period, net of tax of $3,586, $1,011 and $(683) in 2022, 2021 and 2020, respectively	**10,935**	3,041	(1,898)
Amortization of postretirement liability losses included in net periodic benefit cost, net of tax of $292, $363 and $351 in 2022, 2021 and 2020, respectively	**875**	1,090	1,071
Postretirement liability adjustment	**11,810**	4,131	(827)
Other comprehensive income (loss)	**12,138**	4,463	(499)
Comprehensive income attributable to common stockholders	**$128,358**	$134,218	$146,826

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

KNIFE RIVER CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets

December 31,	2022	2021
	(In thousands, except shares and per share amounts)	
Assets		
Current assets:		
Cash and cash equivalents	**$ 10,090**	$ 13,848
Receivables, net	**210,157**	188,649
Costs and estimated earnings in excess of billings on uncompleted contracts	**31,145**	22,005
Due from related-party	**16,050**	8,046
Inventories	**323,277**	291,445
Prepayments and other current assets	**17,848**	18,637
Total current assets	**608,567**	542,630
Noncurrent assets:		
Net property, plant and equipment	**1,315,213**	1,250,310
Goodwill	**274,540**	276,426
Other intangible assets, net	**13,430**	16,228
Operating lease right-of-use assets	**45,873**	50,128
Investments and other	**36,696**	38,476
Due from related-party - noncurrent	**—**	7,626
Total noncurrent assets	**1,685,752**	1,639,194
Total assets	**$2,294,319**	$2,181,824
Liabilities and Stockholder's Equity		
Current liabilities:		
Long-term debt - current portion	**$ 211**	$ 233
Related-party notes payable - current portion	**238,000**	108,000
Accounts payable	**87,370**	82,598
Billings in excess of costs and estimated earnings on uncompleted contracts	**39,843**	32,348
Accrued compensation	**29,192**	25,731
Due to related-party	**20,286**	18,465
Current operating lease liabilities	**13,210**	14,999
Other accrued liabilities	**88,778**	74,827
Total current liabilities	**516,890**	357,201
Noncurrent liabilities:		
Long-term debt	**427**	703
Related-party notes payable	**446,449**	575,457
Deferred income taxes	**175,804**	168,526
Noncurrent operating lease liabilities	**32,663**	35,129
Other	**93,497**	91,964
Total liabilities	**1,265,730**	1,228,980
Commitments and contingencies		
Stockholder's equity:		
Common stock, $10 par value; 80,000 shares authorized, issued and outstanding	**800**	800
Other paid-in capital	**549,106**	549,714
Retained earnings	**494,661**	430,446

Parent stock held by subsidiary	**(3,626)**	(3,626)
Accumulated other comprehensive loss	**(12,352)**	(24,490)
Total stockholder's equity	**1,028,589**	952,844
Total liabilities and stockholder's equity	**$2,294,319**	$2,181,824

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

KNIFE RIVER CORPORATION AND SUBSIDIARIES
Consolidated Statements of Equity

Years ended December 31, 2022, 2021 and 2020	Common Stock		Other Paid-in Capital	Retained Earnings	Parent Stock Held by Subsidiary	Accumulated Other Comprehensive Loss	Total
	Shares	Amount					
			(In thousands, except shares)				
Balance at December 31, 2019	80,000	$800	$548,631	$260,729	$(3,626)	$(28,454)	$ 778,080
Net income	—	—	—	147,325	—	—	147,325
Other comprehensive loss	—	—	—	—	—	(499)	(499)
Net transfers to Parent	—	—	1,631	(48,293)	—	—	(46,662)
Balance at December 31, 2020	80,000	$800	$550,262	$359,761	$(3,626)	$(28,953)	$ 878,244
Net income	—	—	—	129,755	—	—	129,755
Other comprehensive income	—	—	—	—	—	4,463	4,463
Net transfers to Parent	—	—	(548)	(59,070)	—	—	(59,618)
Balance at December 31, 2021	80,000	$800	$549,714	$430,446	$(3,626)	$(24,490)	$ 952,844
Net income	—	—	—	116,220	—	—	116,220
Other comprehensive income	—	—	—	—	—	12,138	12,138
Net transfers to Parent	—	—	(608)	(52,005)	—	—	(52,613)
Balance at December 31, 2022	**80,000**	**$800**	**$549,106**	**$494,661**	**$(3,626)**	**$(12,352)**	**$1,028,589**

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

KNIFE RIVER CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows

Years ended December 31,	2022	2021	2020
		(In thousands)	
Operating activities:			
Net income	**$ 116,220**	$ 129,755	$ 147,325
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, depletion and amortization	**117,798**	100,974	89,626
Deferred income taxes	**2,078**	32,858	1,753
Provision for credit losses	**538**	48	1,158
Amortization of debt issuance costs	**483**	402	403
Employee stock-based compensation costs	**1,272**	1,852	1,781
Pension and postretirement benefit plan net periodic benefit cost	**1,306**	1,092	1,502
Unrealized (gains) losses on investments	**2,525**	(1,632)	(2,844)
Gains on sale of assets	**(14,092)**	(6,638)	(6,116)
Equity in (loss) earnings of unconsolidated affiliates	**438**	(373)	75
Changes in current assets and liabilities, net of acquisitions:			
Receivables	**(32,506)**	15,357	7,902
Due from related-party	**(8,004)**	2,889	(7,021)
Inventories	**(31,033)**	(42,441)	(11,288)
Other current assets	**44**	(4,574)	1,252
Accounts payable	**17,489**	(13,899)	(10,662)
Due to related-party	**3,578**	(957)	(799)
Other current liabilities	**21,417**	(21,011)	12,855
Pension and postretirement benefit plan contributions	**(426)**	(392)	(348)
Other noncurrent changes	**8,319**	(12,070)	5,850
Net cash provided by operating activities	**207,444**	181,240	232,404
Investing activities:			
Capital expenditures	**(178,162)**	(174,229)	(135,870)
Acquisitions, net of cash acquired	**1,745**	(235,218)	(56,681)
Net proceeds from sale or disposition of property and other	**22,878**	12,017	8,205
Investments	**(2,339)**	(837)	(1,509)
Net cash used in investing activities	**(155,878)**	(398,267)	(185,855)
Financing activities:			
Issuance of current related-party notes	**208,000**	—	—
Repayment of long-term debt	**(298)**	(221)	(227)
Debt issuance costs	**(807)**	—	(28)
Issuance (repayment) of long-term related-party notes, net	**(207,007)**	281,983	(2,262)
Net transfers to Parent	**(55,212)**	(57,959)	(45,430)
Net cash provided by (used in) financing activities	**(55,324)**	223,803	(47,947)
Increase (decrease) in cash and cash equivalents	**(3,758)**	6,776	(1,398)
Cash and cash equivalents - beginning of year	**13,848**	7,072	8,470
Cash and cash equivalents - end of year	**$ 10,090**	$ 13,848	$ 7,072

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

KNIFE RIVER CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2022, 2021 and 2020

Note 1 – Background

On August 4, 2022, MDU Resources Group, Inc. ("MDU Resources") announced plans to pursue a separation of Knife River Corporation and its subsidiaries (the "Company" or "Knife River") from MDU Resources. As part of the separation, MDU Resources will transfer Knife River, including its assets and liabilities, to Knife River Holding Company, a newly formed wholly owned subsidiary of MDU Resources, and execute a tax-free spinoff of Knife River Holding Company to stockholders of MDU Resources. The transaction is expected to result in two independent, publicly traded companies: MDU Resources and Knife River Holding Company. Completion of the separation will be subject to, among other things, the effectiveness of a registration statement on Form 10 with the Securities and Exchange Commission, final approval from the board of directors of MDU Resources, receipt of one or more tax opinions, a private letter ruling from the Internal Revenue Service and other customary conditions. MDU Resources may, at any time and for any reason until the proposed transaction is complete, abandon the separation or modify or change its terms. The separation is expected to be complete in the second quarter of 2023, but there can be no assurance regarding the ultimate timing of the separation or that the separation will ultimately occur.

Prior to the separation, the Company was the construction materials and contracting segment of MDU Resources. Its operations are located in the western, central and southern U.S. The Company mines, processes and sells construction aggregates (crushed stone and sand and gravel); produces and sells asphalt mix; and supplies ready-mix concrete. The Company is focused on vertical integration of its contracting services with its construction materials to support the aggregate-based product lines.

Note 2 – Basis of Presentation

Knife River has historically operated as a wholly owned subsidiary of Centennial Energy Holdings, Inc. ("Centennial" or the "Parent") and an indirect, wholly owned subsidiary of MDU Resources and not as a stand-alone company. The accompanying audited consolidated financial statements and footnotes were prepared on a "carve-out" basis in connection with the expected spinoff, were derived from the consolidated financial statements of MDU Resources as if the Company operated on a stand-alone basis during the periods presented, and were prepared utilizing the legal entity approach in conformity with accounting principles generally accepted in the U.S. ("GAAP").

All revenues and costs as well as assets and liabilities directly associated with the business activity of the Company are included in the financial statements. The financial statements also include expense allocations for certain functions provided by MDU Resources and Centennial, including, but not limited to certain general corporate expenses related to finance, legal, information technology, human resources, communications, procurement, tax, treasury and insurance. These general corporate expenses are included in the Consolidated Statements of Income within selling, general and administrative expenses. The amounts allocated were $18.0 million, $15.6 million and $14.2 million for the years ended December 31, 2022, 2021 and 2020, respectively. These expenses have been allocated to the Company on the basis of direct usage when identifiable, with the remainder principally allocated on the basis of percent of total capital invested or other allocation methodologies that are considered to be a reasonable reflection of the utilization of the services provided to the benefits received. The allocations may not, however, reflect the expense the Company would have incurred as a stand-alone company for the periods presented. These costs also may not be indicative of the expenses that the Company will incur in the future or would have incurred if the Company had obtained these services from a third party.

Following the spinoff from MDU Resources, the Company may perform certain functions using its own resources or purchased services. For an interim period following the spinoff, however, some of these functions will continue to be provided by MDU Resources under a transition services agreement.

Historically, Knife River has participated in Centennial's centralized cash management program, including its overall financing arrangements. Knife River has related-party note agreements in place with Centennial for the financing of its capital needs, which are reflected as related-party notes payable on the Consolidated Balance Sheets. Interest expense in the Consolidated Statements of Income reflects the allocation of interest on borrowing and funding associated with the related-party note agreements.

KNIFE RIVER CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2022, 2021 and 2020

MDU Resources maintains various benefit and stock-based compensation plans at a corporate level while certain defined pension benefit plans are maintained at a subsidiary level. The Company's employees participate in these programs and the costs associated with its employees are included in the Company's consolidated financial statements, as well as any net benefit plan assets or obligations.

Management has also evaluated the impact of events occurring after December 31, 2022. See Note 20 for a description of these events.

Principles of consolidation

The consolidated financial statements were prepared in accordance with GAAP and include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany accounts and transactions between the businesses comprising the Company have been eliminated in the accompanying consolidated financial statements. Related-party transactions between the Company and MDU Resources or Centennial for general operating activities and intercompany debt have been included in the consolidated financial statements. These related-party transactions have historically been settled in cash and are reflected in the Consolidated Balance Sheets as "Due from related-party" or "Due to related-party" with the aggregate net effect reflected in the Consolidated Statement of Cash Flows within operating activities and "Related-party notes payable" with the aggregate net effect reflected in the Consolidated Statement of Cash Flows within financing activities.

The aggregate net effect of related-party transactions not settled in cash have been reflected in the Consolidated Balance Sheets as the Parent investment within "Other paid-in capital" and in the Consolidated Statements of Cash Flows as "Net transfers to Parent" in the financing activities. See Note 19 for additional information on related-party transactions.

Use of estimates

The preparation of financial statements in conformity with GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Estimates are used for items such as long-lived assets and goodwill; fair values of acquired assets and liabilities under the acquisition method of accounting; aggregate reserves; property depreciable lives; tax provisions; revenue recognized using the cost-to-cost measure of progress for contracts; expected credit losses; environmental and other loss contingencies; costs on contracting services contracts; actuarially determined benefit costs; asset retirement obligations; lease classification; present value of right-of-use assets and lease liabilities; and the valuation of stock-based compensation. These estimates are based on management's best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. As additional information becomes available, or actual amounts are determinable, the recorded estimates are revised. Consequently, operating results can be affected by revisions to prior accounting estimates.

KNIFE RIVER CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2022, 2021 and 2020

Note 3 – Significant Accounting Policies

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
Recently adopted accounting standards updates (ASU's)			
ASU 2021-10 - Government Assistance	In November 2021, the FASB issued guidance on modifying the disclosure requirements to increase the transparency of government assistance including disclosure of the types of assistance, an entity's accounting for the assistance and the effect of the assistance on an entity's financial statements.	January 1, 2022	The Company determined the guidance did not have a material impact on its disclosures for the year ended December 31, 2022.

Cash and cash equivalents

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

Revenue recognition

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

The Company generates revenue from contracting services and construction materials sales. The Company focuses on the vertical integration of its contracting services with its construction materials to support the aggregate-based product lines. The Company provides contracting services to a customer when a contract has been signed by both the customer and a representative of the Company obligating a service to be provided in exchange for the consideration identified in the contract. The nature of the services provided generally include integrating a set of services and related construction materials into a single project to create a distinct bundle of goods and services, which the Company has determined are single performance obligations. The Company determines the transaction price to include the fixed consideration required pursuant to the original contract price together with any additional consideration, to which the Company expects to be entitled to, associated with executed change orders plus the estimate of variable consideration to which the Company expects to be entitled, subject to the constraint discussed below.

The nature of the Company's contracts gives rise to several types of variable consideration. Examples of variable consideration include: liquidated damages; performance bonuses or incentives and penalties; claims; unpriced change orders; and index pricing. The variable amounts usually arise upon achievement of certain performance metrics or change in project scope. The Company estimates the amount of revenue to be recognized on variable consideration using one of the two prescribed estimation methods, the expected value method or the most likely amount method, depending on which method best predicts the most likely amount of consideration the Company expects to be entitled to or expects to incur. Assumptions as to the occurrence of future events and the likelihood and amount of variable consideration are made during the contract performance period. Estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on the assessment of anticipated performance and all information (historical, current and forecasted) that is reasonably available to management. The Company only includes variable consideration in the estimated transaction price to the extent it is probable that a significant reversal of cumulative revenue

recognized will not occur or when the uncertainty associated with the variable consideration is resolved. Changes in circumstances could impact management's estimates made in determining the value of variable consideration recorded. When determining if the variable consideration is constrained, the Company considers if factors exist that could increase the likelihood or the magnitude of a potential reversal of revenue. The Company updates its estimate of the transaction price each reporting period and the effect of variable consideration on the transaction price is recognized as an adjustment to revenue on a cumulative catch-up basis.

Contracting revenue is recognized over time using an input method based on the cost-to-cost measure of progress on a project. This is the preferred method of measuring revenue because the costs incurred have been determined to represent the best indication of the overall progress toward the transfer of such goods or services promised to a customer. Under the cost-to-cost measure of progress, the costs incurred are compared with total estimated costs of a performance obligation. Revenues are recorded proportionately to the costs incurred. The percentage of completion is determined on a performance obligation basis.

The Company also sells construction materials to third parties and internal customers. The contract for material sales is the use of a sales order or an invoice, which includes the pricing and payment terms. All material contracts contain a single performance obligation for the delivery of a single distinct product or a distinct separately identifiable bundle of products and services. Revenue is recognized at a point in time when the performance obligation has been satisfied with the delivery of the products or services. The warranties associated with the sales are those consistent with a standard warranty that the product meets certain specifications for quality or those required by law. For most contracts, amounts billed to customers are due within 30 days of receipt. There are no material obligations for returns, refunds or other similar obligations.

Legal costs

The Company expenses external legal fees as they are incurred.

Business combinations

For all business combinations, the Company preliminarily allocates the purchase price of the acquisitions to the assets acquired and liabilities assumed based on their estimated fair values as of the acquisition dates and are considered provisional until final fair values are determined or the measurement period has passed. The Company expects to record adjustments as it accumulates the information needed to estimate the fair value of assets acquired and liabilities assumed, including working capital balances, estimated fair value of identifiable intangible assets, property, plant and equipment, total consideration and goodwill. The excess of the purchase price over the aggregate fair values is recorded as goodwill. The Company calculated the fair value of the assets acquired in 2022 and 2021 using a market or cost approach (or a combination of both). Fair values for some of the assets were determined based on Level 3 inputs including estimated future cash flows, discount rates, growth rates, sales projections, retention rates and terminal values, all of which require significant management judgment and are susceptible to change. The discount rate used in calculating the fair value of common stock issued in a business combination is determined by using a Black-Scholes-Merton model. The model uses Level 2 inputs including risk-free interest rate, volatility range and dividend yield. The final fair value of the net assets acquired may result in adjustments to the assets and liabilities, including goodwill, and will be made as soon as practical, but no later than 12 months from the respective acquisition dates. Any subsequent measurement period adjustments are not expected to have a material impact on the Company's results of operations.

Receivables and allowance for expected credit losses

Receivables consist primarily of trade and contracting services contract receivables from the sale of goods and services net of expected credit losses. The Company's receivables are all due in 12 months or less. The total balance of receivables past due 90 days or more was $11.2 million and $10.0 million at December 31, 2022 and 2021, respectively. Receivables, net consisted of the following at December 31:

	2022	2021
	(In thousands)	
Trade receivables	**$104,347**	$ 98,114
Contracting services contract receivables	**82,428**	70,768
Retention receivables	**28,859**	25,173
Receivables, gross	**215,634**	194,055
Less expected credit loss	**5,477**	5,406
Receivables, net	**$210,157**	$188,649

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. Risk characteristics used by the Company 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:

	Pacific	Northwest	Mountain	North Central	Other	Total
	(In thousands)					
At December 31, 2020	$2,696	$ 824	$1,258	$1,179	$207	$6,164
Current expected credit loss provision*	(543)	(112)	577	106	40	68
Less write-offs charged against the allowance	101	200	225	133	167	826
At December 31, 2021	$2,052	$ 512	$1,610	$1,152	$ 80	$5,406
Current expected credit loss provision	27	946	(206)	(253)	24	538
Less write-offs charged against the allowance	34	205	126	60	42	467
At December 31, 2022	**$2,045**	**$1,253**	**$1,278**	**$ 839**	**$ 62**	**$5,477**

* Includes impacts from businesses acquired.

Inventories

Inventories at December 31 consisted of:

	2022	2021
	(In thousands)	
Finished products	**$211,496**	$195,616
Raw materials	**78,571**	68,504
Supplies and parts	**33,210**	27,325
Total	**$323,277**	$291,445

Inventories are valued at the lower of cost or net realizable value using the average cost method. Inventories include production costs incurred as part of the Company's aggregate mining activities. These inventoriable

production costs include all mining and processing costs associated with the production of aggregates. Stripping costs incurred during the production phase, which represent costs of removing overburden and waste materials to access mineral deposits, are a component of inventoriable production costs.

Property, plant and equipment

Additions to property, plant and equipment are recorded at cost. Gains or losses resulting from the retirement or disposal of assets are recognized as a component of operating income. Generally, property, plant and equipment are depreciated on a straight-line basis over the average useful lives of the assets with the exception of large marine equipment, which is computed using units-of-production.

Aggregate mining development costs are capitalized and classified as land improvements and depreciated over the lower of the estimated life of the reserves or the life of the associated improvement. The Company begins capitalizing development costs at a point when reserves are determined to be proven or probable and economically mineable. Capitalization of these costs ceases when production commences. The cost of acquiring reserves in connection with a business combination are valued at fair value. Aggregate reserves, from both owned and leased mining sites, are a component within property, plant and equipment and are depleted using the units-of-production method. The Company uses proven and probable aggregate reserves as the denominator in its units-of production calculation. Exploration costs are expensed as incurred in cost of revenue and production costs are either expensed or capitalized to inventory.

Impairment of long-lived assets, excluding goodwill

The Company reviews the carrying values of its long-lived assets, including mining and related assets, whenever events or changes in circumstances indicate that such carrying values may not be recoverable. The Company tests long-lived assets for impairment at a level significantly lower than that of goodwill impairment testing. Long-lived assets or groups of assets that are evaluated for impairment at the lowest level of largely independent identifiable cash flows at an individual operation or group of operations collectively serving a local market. The determination of whether an impairment has occurred is based on an estimate of undiscounted future cash flows attributable to the assets, compared to the carrying value of the assets. If impairment has occurred, the amount of the impairment recognized is determined by estimating the fair value of the assets and recording a loss if the carrying value is greater than the fair value.

No impairment losses were recorded in 2022, 2021 or 2020. Unforeseen events and changes in circumstances could require the recognition of impairment losses at some future date.

Goodwill

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

The Company has determined that the reporting units for its goodwill impairment test are its operating segments as they constitute a business for which discrete financial information is available and for which management regularly reviews the operating results. For more information on the Company's operating segments, see Note 16. Goodwill impairment, if any, is measured by comparing the fair value of each reporting unit to its carrying value. If the fair value of a reporting unit exceeds its carrying value, the goodwill of the reporting unit is not impaired. If the carrying value of a reporting unit exceeds its fair value, the Company must record an impairment loss for the amount that the carrying value of the reporting unit, including goodwill, exceeds the fair value of the reporting unit. For the years ended December 31, 2022, 2021 and 2020, there were no impairment losses recorded. The Company performed its annual goodwill impairment test in the fourth quarter of 2022 and determined the fair value of each of Knife River's reporting units substantially exceeded the carrying value at October 31, 2022.

The Company uses a weighted average combination of both an income approach and a market approach to estimate the fair value of its reporting units for its goodwill impairment analysis. Determining the fair value of a

reporting unit requires judgment and the use of significant estimates, which include assumptions about Knife River's future revenue, profitability and cash flows, amount and timing of estimated capital expenditures, inflation rates, weighted average cost of capital, operational plans, and current and future economic conditions, among others. Knife River believes that the estimates and assumptions used in its impairment assessments are reasonable and based on available market information.

Investments

The Company's investments include the cash surrender value of life insurance policies and insurance contracts. The Company measures its investment in the insurance contracts at fair value with any unrealized gains and losses recorded on the Consolidated Statements of Income.

Government Assistance

The Company accounts for government assistance received for capital projects by reducing the cost of the project by the amount of assistance received. The Company records government assistance received as taxable income and writes-up the tax basis of the asset to include the amount of the assistance received.

Government assistance received by the Company for the years ended December 31, 2022, 2021 and 2020, was not material.

Joint Ventures

The Company accounts for unconsolidated joint ventures using either the equity method or proportionate consolidation. As of December 31, 2022, the Company held an interest of 25 percent in a joint venture formed primarily for the purpose of pooling resources on construction contracts. Proportionate consolidation is used for joint ventures that include unincorporated legal entities and activities of the joint venture which are construction-related. For those joint ventures accounted for under proportionate consolidation, only the Company's pro rata share of assets, liabilities, revenues and expenses are included in the Company's balance sheet and results of operations.

For those joint ventures accounted for using proportionate consolidation, the Company recorded in its Consolidated Statements of Income $9.1 million, $10.1 million and $10.1 million of revenue for the years ended December 31, 2022, 2021 and 2020, respectively, and $823,000, $1.3 million and $1.4 million of operating income for the years ended December 31, 2022, 2021 and 2020, respectively. At December 31, 2022 and 2021, the Company had interest in assets from these joint ventures of $912,000 and $643,000, respectively.

For joint ventures accounted for under the equity method, the Company's investment balances for the joint ventures are included in Investments in the Consolidated Balance Sheets and the Company's pro rata share of net income is included in Other income in the Consolidated Statements of Income. The Company's investments in equity method joint ventures were a net asset of $13,000 and $439,000 for December 31, 2022 and 2021, respectively. In 2022, 2021 and 2020, the Company recognized income (loss) from equity method joint ventures of $(426,000), $14,000 and $(32,000), respectively.

Leases

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

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

Asset retirement obligations

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

Stock-based compensation

Eligible Knife River employees have traditionally participated in MDU Resources' stock-based compensation plans and will continue to do so until the spinoff is complete. Knife River records compensation expense on awards granted to its employees, as well as an allocation of stock-based compensation expenses associated with MDU Resources' shared employees.

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

The Company records the compensation expense for performance share awards using an estimated forfeiture rate. The estimated forfeiture rate is calculated based on an average of actual historical forfeitures. The Company also performs an analysis of any known factors at the time of the calculation to identify any necessary adjustments to the average historical forfeiture rate. At the time actual forfeitures become more than estimated forfeitures, the Company records compensation expense using actual forfeitures.

Income taxes

MDU Resources and its subsidiaries file consolidated federal income tax returns and combined and separate state income tax returns. Pursuant to the tax sharing agreement that exists between MDU Resources and its subsidiaries, federal income taxes paid by MDU Resources, as parent of the consolidated group, are allocated to the individual subsidiaries based on separate company computations of tax. MDU Resources makes a similar allocation for state income taxes paid in connection with combined state filings.

The Company provides deferred federal and state income taxes on all temporary differences between the book and tax basis of the Company's assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

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

KNIFE RIVER CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Note 4 – Disaggregation of Revenue

In the following table, revenue is disaggregated by category for each reportable segment. 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. For more information on the Company's reportable segments, see Note 16.

Year ended December 31, 2022	Pacific	Northwest	Mountain	North Central	All Other	Total
			(In thousands)			
Aggregates	$ 92,266	$ 171,633	$ 83,343	$ 96,528	$ 52,891	$ 496,661
Asphalt	35,735	97,299	93,263	174,207	26,964	427,468
Ready-mix concrete	127,569	157,951	106,654	158,552	58,783	609,509
Contracting services public-sector	81,989	173,981	249,573	342,370	70,117	918,030
Contracting services private-sector	47,497	88,713	119,136	13,342	1,003	269,691
Other	183,229	14,844	36	24,948	184,195	407,252
Internal sales	(99,696)	(105,647)	(110,095)	(202,636)	(75,808)	(593,882)
Revenues from contracts with customers	$468,589	$ 598,774	$ 541,910	$ 607,311	$318,145	$2,534,729

Year ended December 31, 2021	Pacific	Northwest	Mountain	North Central	All Other	Total
			(In thousands)			
Aggregates	$ 89,913	$135,182	$ 72,567	$ 97,515	$ 48,833	$ 444,010
Asphalt	26,348	78,937	69,310	139,934	25,317	339,846
Ready-mix concrete	123,905	152,079	100,412	157,237	50,756	584,389
Contracting services public-sector	83,014	118,970	211,603	292,015	71,156	776,758
Contracting services private-sector	44,602	68,171	112,058	14,891	991	240,713
Other	147,484	12,786	91	22,803	161,094	344,258
Internal sales	(88,037)	(91,184)	(86,498)	(162,734)	(72,591)	(501,044)
Revenues from contracts with customers	$427,229	$474,941	$479,543	$ 561,661	$285,556	$2,228,930

Year ended December 31, 2020	Pacific	Northwest	Mountain	North Central	All Other	Total
			(In thousands)			
Aggregates	$ 88,020	$112,983	$ 59,980	$ 94,785	$ 50,789	$ 406,557
Asphalt	25,649	60,507	72,222	156,376	35,146	349,900
Ready-mix concrete	134,692	144,256	83,104	142,398	42,566	547,016
Contracting services public-sector	95,730	107,698	227,866	330,268	92,434	853,996
Contracting services private-sector	49,384	50,635	99,300	14,632	1,718	215,669
Other	160,063	14,076	34	24,857	157,364	356,394
Internal sales	(99,220)	(76,432)	(91,654)	(195,843)	(88,381)	(551,530)
Revenues from contracts with customers	$454,318	$413,723	$450,852	$ 567,473	$291,636	$2,178,002

Presented in the previous tables are the sales of materials to both third parties and internal customers. Due to consolidation requirements, the internal sales revenues must be eliminated against the construction materials product used in the contracting services to arrive at the external operating revenues.

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Note 5 – Uncompleted Contracts

Costs, estimated earnings, and billings on uncompleted contracts at December 31 are summarized as follows:

	2022	2021
	(In thousands)	
Costs incurred on uncompleted contracts	**$ 1,217,480**	$ 1,190,922
Estimated earnings	**153,317**	158,836
	1,370,797	1,349,758
Less billings to date	**(1,379,495)**	(1,360,101)
Net contract liability	**$ (8,698)**	$ (10,343)

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.

Such amounts are included in the accompanying Consolidated Balance Sheets at December 31 under the following captions:

	2022	2021	Change	Location on Consolidated Balance Sheet
		(In thousands)		
Contract assets	$ 31,145	$ 22,005	$ 9,140	Costs and estimated earnings in excess of billings on uncompleted contracts
Contract liabilities	(39,843)	(32,348)	(7,495)	Billings in excess of costs and estimated earnings on uncompleted contracts
Net contract liabilities	$ (8,698)	$(10,343)	$ 1,645	

	2021	2020	Change	Location on Consolidated Balance Sheet
		(In thousands)		
Contract assets	$ 22,005	$ 20,659	$1,346	Costs and estimated earnings in excess of billings on uncompleted contracts
Contract liabilities	(32,348)	(34,115)	1,767	Billings in excess of costs and estimated earnings on uncompleted contracts
Net contract liabilities	$(10,343)	$(13,456)	$3,113	

The Company recognized $30.2 million and $33.1 million in revenue for the years ended December 31, 2022 and 2021, respectively, which was previously included in contract liabilities at December 31, 2021 and 2020, respectively.

The Company recognized a net increase in revenues of approximately $11.0 million and $25.6 million for the years ended December 31, 2022 and 2021, respectively, from performance obligations satisfied in prior periods.

Remaining performance obligations

The remaining performance obligations, also referred to as backlog, 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. The majority of the Company's contracts for contracting services have an original duration of less than one year.

At December 31, 2022, the Company's remaining performance obligations were $935.4 million. The Company expects to recognize the following revenue amounts in future periods related to these remaining performance obligations: $836.4 million within the next 12 months; $72.7 million within the next 13 to 24 months; and $26.3 million thereafter.

Note 6 – Business Combinations

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

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

The following is a listing of the acquisitions made during 2022 and 2021:

- Allied Concrete and Supply Co., a producer of ready-mixed concrete in California, acquired by the Pacific segment in December 2022. At December 31, 2022, the purchase price allocation was preliminary and will be finalized within 12 months of the acquisition date.
- Baker Rock Resources and Oregon Mainline Paving, two construction materials companies located around the Portland, Oregon metro area, acquired by the Northwest segment in November 2021. At September 30, 2022, the purchase price allocation was settled with no material adjustments made to the provisional accounting.
- Mt. Hood Rock, a construction aggregates business in Oregon, acquired by the Northwest segment in April 2021. At March 31, 2022, the purchase price allocation was settled with no material adjustments made to the provisional accounting.

The total purchase price for acquisitions that occurred in 2022 was $8.9 million, subject to certain adjustments, with cash acquired totaling $2.8 million. The purchase price includes consideration paid of $1.5 million, a $70,000 holdback liability and 273,153 shares of MDU Resources' common stock with a market value of $8.4 million as of the respective acquisition date. Due to the holding period restriction on the common stock, the share consideration has been discounted to a fair value of approximately $7.3 million. The amounts allocated to the aggregated assets acquired and liabilities assumed during 2022 were as follows: $1.7 million to current assets; $5.9 million to property, plant and equipment; $200,000 to goodwill; $100,000 to current liabilities; $500,000 to noncurrent liabilities - other; and $1.2 million to deferred tax liabilities.

The total purchase price for acquisitions that occurred in 2021 was $236.1 million, subject to certain adjustments, with cash acquired totaling $900,000. The purchase price includes consideration paid of $235.2 million. The amounts allocated to the aggregated assets acquired and liabilities assumed during 2021 were as follows: $17.0 million to current assets; $179.8 million to property, plant and equipment; $50.6 million to goodwill; $2.2 million to other intangible assets; $8.7 million to current liabilities; $2.5 million to noncurrent liabilities - other; and $3.2 million to deferred tax liabilities. The intangible assets include non-compete agreements, customer relationships and trade names. The intangible assets fair value is based on various income approach methods, including, multi-period excess earnings, relief-from-royalty and the with and without method. The amortizable intangible assets are being amortized using a

straight-line method over a weighted average period of 5.5 years. During the first quarter of 2022, measurement period adjustments were made to the previously reported provisional amounts which decreased goodwill and increased property, plant and equipment by $2.1 million. The Company issued debt to finance these acquisitions.

Costs incurred for acquisitions are included in selling, general and administrative expenses on the Consolidated Statements of Income and were not material for the years ended December 31, 2022, 2021 and 2020.

Note 7 – Property, Plant and Equipment

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

	2022	2021	Weighted Average Depreciable Life in Years
	(In thousands)		
Land	**$ 150,809**	$ 149,066	—
Aggregate reserves	**592,097**	584,683	*
Buildings and improvements	**165,833**	149,262	21
Machinery, vehicles and equipment	**1,492,506**	1,414,260	12
Construction in progress	**88,163**	50,426	—
Less: accumulated depreciation and depletion	**1,174,195**	1,097,387	
Net property, plant and equipment	**$1,315,213**	$1,250,310	

* Depleted on the units-of-production method based on proven and probable aggregate reserves.

Total depreciation and depletion expense was $113.6 million, $93.9 million and $82.3 million for the years ended December 31, 2022, 2021 and 2020, respectively.

Note 8 – Goodwill and Other Intangible Assets

The changes in the carrying amount of goodwill were as follows:

	Balance at January 1, 2022	Goodwill Acquired During the Year	Measurement Period Adjustments	Balance at December 31, 2022
		(In thousands)		
Pacific	$ 38,101	$238	$ —	$ 38,339
Northwest	93,102	—	(2,124)	90,978
Mountain	26,816	—	—	26,816
North Central	75,879	—	—	75,879
All other	42,528	—	—	42,528
Total	$276,426	$238	$(2,124)	$274,540

	Balance at January 1, 2021	Goodwill Acquired During the Year	Measurement Period Adjustments	Balance at December 31, 2021
		(In thousands)		
Pacific	$ 38,101	$ —	$ —	$ 38,101
Northwest	42,462	50,640	—	93,102
Mountain	27,033	—	(217)	26,816
North Central	75,879	—	—	75,879
All other	42,528	—	—	42,528
Total	$226,003	$50,640	$(217)	$276,426

Other amortizable intangible assets at December 31 were as follows:

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	2022	2021
	(In thousands)	
Customer relationships	**$18,540**	$18,540
Less accumulated amortization	**7,367**	5,633
	11,173	12,907
Noncompete agreements	**4,039**	4,039
Less accumulated amortization	**2,985**	2,471
	1,054	1,568
Other	**5,279**	9,579
Less accumulated amortization	**4,076**	7,826
	1,203	1,753
Total	**$13,430**	$16,228

The previous tables include goodwill and intangible assets associated with the business combinations completed during 2022 and 2021. For more information related to these business combinations, see Note 6.

Amortization expense for amortizable intangible assets for the years ended December 31, 2022, 2021 and 2020, were $2.8 million, $2.6 million and $3.3 million, respectively. The amounts of estimated amortization expense for identifiable intangible assets as of December 31, 2022, was $2.5 million in 2023, $2.3 million in 2024, $2.1 million in 2025, $1.8 million in 2026, $1.8 million in 2027 and $2.9 million thereafter.

Note 9 – 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 as a participant in MDU Resources' unfunded, nonqualified defined benefit plans for the Company's 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 $20.1 million and $21.6 million as of December 31, 2022 and 2021, respectively, are classified as investments on the Consolidated Balance Sheets. The net unrealized losses on these investments for the year ended December 31, 2022, were $2.8 million. The net unrealized gains on these investments for the years ended December 31, 2021 and 2020, were $1.4 million and $2.5 million, respectively. The change in fair value, which is considered part of the cost of the plan, is classified in other income on the Consolidated Statements of Income.

The Company's Level 2 money market funds are valued at the net asset value of shares held at the end of the period, based on published market quotations on active markets, or using other known sources including pricing from outside sources. The estimated fair value of the Company's Level 2 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.

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

	Fair Value Measurements at December 31, 2022, 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, 2022
	(In thousands)			
Assets:				
Money market funds	$—	$ 2,448	$—	$ 2,448
Insurance contracts*	—	20,083	—	20,083
Total assets measured at fair value	$—	$22,531	$—	$22,531

* The insurance contracts invest approximately 63 percent in fixed-income investments, 15 percent in common stock of large-cap companies, 8 percent in common stock of mid-cap companies, 6 percent in common stock of small-cap companies, 6 percent in target date investments and 2 percent in cash equivalents.

	Fair Value Measurements at December 31, 2021, 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, 2021
	(In thousands)			
Assets:				
Money market funds	$—	$ 3,044	$—	$ 3,044
Insurance contracts*	—	21,629	—	21,629
Total assets measured at fair value	$—	$24,673	$—	$24,673

* The insurance contracts invest approximately 61 percent in fixed-income investments, 17 percent in common stock of large-cap companies, 8 percent in common stock of mid-cap companies, 7 percent in common stock of small-cap companies, 5 percent in target date investments and 2 percent in cash equivalents.

Note 10 – Leases

Most of the leases the Company enters into are for equipment, buildings and vehicles as part of their ongoing operations. The Company determines if an arrangement contains a lease at inception of a contract and accounts for all leases in accordance with ASC 842 - *Leases.*

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

Lessee accounting

The leases the Company has entered into as part of its ongoing operations are considered operating leases and are recognized on the Consolidated Balance Sheets as operating lease right-of-use assets, current operating lease liabilities and noncurrent operating lease liabilities. The corresponding lease costs are included in cost of revenue and selling, general and administrative expenses on the Consolidated Statements of Income.

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

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

	2022	2021	2020
		(In thousands)	
Lease costs:			
Operating lease cost	**$17,941**	$21,914	$25,303
Variable lease cost	**98**	84	150
Short-term lease cost	**55,871**	53,016	59,233
Total lease costs	**$73,910**	$75,014	$84,686

	2022	2021
	(Dollars in thousands)	
Weighted average remaining lease term	2.03 years	1.63 years
Weighted average discount rate	4.05%	3.63%
Cash paid for amounts included in the measurement of lease liabilities	$17,941	$21,914

The reconciliation of future undiscounted cash flows to operating lease liabilities presented on the Consolidated Balance Sheet at December 31, 2022 was as follows:

	(In thousands)
2023	$15,129
2024	10,902
2025	7,928
2026	4,528
2027	2,983
Thereafter	11,913
Total	53,383
Less discount	7,510
Total operating lease liabilities	$45,873

Note 11 – Asset Retirement Obligations

The Company records obligations related to the reclamation of certain aggregate properties and certain other obligations associated with leased and owned properties.

For the years ended December 31, 2022 and 2021, the current portion of the Company's liability, which is included in other accrued liabilities, was $4.4 million and $6.1 million, respectively, and the noncurrent amount, which is included in other liabilities, was $33.0 million and $27.3 million, respectively. A reconciliation of the Company's liability for the years ended December 31 was as follows:

	2022	2021
	(In thousands)	
Balance at beginning of year	**$33,406**	$30,932
Liabilities incurred	**4,657**	1,655
Liabilities acquired	**—**	1,805
Liabilities settled	**(2,117)**	(2,613)
Accretion expense	**1,415**	1,627
Balance at end of year	**$37,361**	$33,406

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Note 12 – Stock-Based Compensation

Until the spinoff is complete, key employees of Knife River will continue to participate in the stock-based compensation plans authorized and managed by MDU Resources. Knife River uses the straight-line amortization method to recognize compensation expense related to restricted stock, which only has a service condition. Knife River recognizes compensation expense related to performance awards with market-based performance metrics on a straight-line basis over the requisite service period. Total stock-based compensation expense (after tax) for participants of the Company was $1.2 million, $1.4 million and $1.3 million in 2022, 2021 and 2020, respectively. As of December 31, 2022, total remaining unrecognized compensation expense related to stock-based compensation for the Company was approximately $1.7 million (before income taxes), which will be amortized over a weighted average period of 1.5 years.

Restricted stock awards

In February 2022 and 2021, key employees of the Company were granted restricted stock awards under MDU Resources' long-term performance-based incentive plan. The shares vest over three years, contingent on continued employment. Compensation expense is recognized over the vesting period. At December 31, 2022, the number of outstanding shares granted was 23,197 with a weighted average grant-date fair value of $27.54 per share.

Performance share awards

In February 2022 and 2021, key employees of the Company were granted performance share awards under MDU Resources' long-term performance-based incentive plan authorized by MDU Resources' compensation committee. The compensation committee has the authority to select the recipients of awards, determine the type and size of awards, and establish certain terms and conditions of award grants. Share awards are generally earned over a three-year vesting period and tied to specific financial metrics. Upon vesting, participants receive dividends that accumulate during the vesting period.

Target grants of performance shares outstanding at December 31, 2022, for the Company were as follows:

Grant Date	Performance Period	Target Grant of Shares
February 2021	2021-2023	34,655
February 2022	2022-2024	34,946

Under the market condition for these performance share awards, participants may earn from zero to 200 percent of the apportioned target grant of shares based on MDU Resources' total stockholder return relative to that of the selected peer group. Compensation expense is based on the grant-date fair value as determined by Monte Carlo simulation. The blended volatility term structure ranges are comprised of 50 percent historical volatility and 50 percent implied volatility. Risk-free interest rates were based on U.S. Treasury security rates in effect as of the grant date. Assumptions used for grants applicable to the market condition for certain performance shares issued in 2022, 2021 and 2020 were:

	2022	2021	2020
Weighted average grant-date fair value	$36.25	$37.96	$40.75
Blended volatility range	24.07% - 31.41%	35.37% - 46.35%	15.30% - 15.97%
Risk-free interest rate range	.71% - 1.68%	.02% - .20%	1.45% - 1.62%
Weighted average discounted dividends per share	$2.93	$3.16	$2.91

Under the performance conditions for these performance share awards, participants may earn from zero to 200 percent of the apportioned target grant of shares. The performance conditions are based on MDU Resources' compound annual growth rate in earnings from continuing operations before interest, taxes, depreciation, depletion and amortization and MDU Resources' compound annual growth rate in earnings from continuing operations. The weighted average grant-date fair value per share for the performance shares applicable to these performance conditions issued in 2022, 2021 and 2020 was $27.73, $27.35 and $31.63, respectively.

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The fair value of the performance shares that vested during the years ended December 31, 2022, 2021 and 2020, was $962,000, $1.7 million and $1.3 million, respectively.

A summary of the status of the performance share awards for the year ended December 31, 2022, was as follows:

	Number of Shares	Weighted Average Grant-Date Fair Value
Nonvested at beginning of period	69,250	$34.42
Granted	34,946	31.99
Additional performance shares earned (unearned)	(2,874)	31.63
Less:		
Vested	31,721	36.60
Nonvested at end of period	69,601	$32.32

Note 13 – Accumulated Other Comprehensive Loss

The Company's accumulated other comprehensive loss is comprised of losses on derivative instruments qualifying as hedges and postretirement liability adjustments.

The after-tax changes in the components of accumulated other comprehensive loss were as follows:

	Net Unrealized Loss on Derivative Instruments Qualifying as Hedges	Post- retirement Liability Adjustment	Total Accumulated Other Comprehensive Loss
		(In thousands)	
At December 31, 2020	$(750)	$(28,203)	$(28,953)
Other comprehensive income before reclassifications	—	3,041	3,041
Amounts reclassified from accumulated other comprehensive loss	332	1,090	1,422
Net current-period other comprehensive income	332	4,131	4,463
At December 31, 2021	(418)	(24,072)	(24,490)
Other comprehensive income before reclassifications	—	10,935	10,935
Amounts reclassified from accumulated other comprehensive loss	328	875	1,203
Net current-period other comprehensive income	328	11,810	12,138
At December 31, 2022	**$ (90)**	**$(12,262)**	**$(12,352)**

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

	2022	2021	2020	Location on Consolidated Statements of Income
		(In thousands)		
Reclassification adjustment for loss on derivative instruments included in net income	**$ 435**	$ 439	$ 435	Interest expense
	(107)	(107)	(107)	Income taxes
	328	332	328	
Amortization of postretirement liability losses included in net periodic benefit credit	**1,167**	1,453	1,422	Other income
	(292)	(363)	(351)	Income taxes
	875	1,090	1,071	
Total reclassifications	**$1,203**	$1,422	$1,399	

Note 14 – Income Taxes

Income tax expense on the Consolidated Statements of Income for the years ended December 31 was as follows:

	2022	2021	2020
		(In thousands)	
Current:			
Federal	**$27,293**	$ 4,270	$32,682
State	**13,230**	6,331	12,996
	40,523	10,601	45,678
Deferred:			
Income taxes:			
Federal	**1,715**	26,793	2,972
State	**363**	6,065	(1,219)
	2,078	32,858	1,753
Total income tax expense	**$42,601**	$43,459	$47,431

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

	2022	2021
	(In thousands)	
Deferred tax assets:		
Accrued pension costs	**$11,070**	$15,011
Operating lease liabilities	**11,804**	12,966
Asset retirement obligations	**9,687**	8,696
Deferred compensation/compensation related	**15,329**	14,654
Net operating loss/credit carryforward	**12,039**	11,329
Capitalized inventory overheads	**7,260**	4,683
Payroll tax deferral	**—**	2,329
Other	**8,412**	8,032

Total deferred tax assets	**75,601**	77,700

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	2022	2021
	(In thousands)	
Deferred tax liabilities:		
Basis differences on property, plant and equipment	**203,099**	199,928
Operating lease right-of-use-assets	**11,804**	12,966
Intangible assets	**10,975**	9,760
Other	**13,488**	12,243
Total deferred tax liabilities	**239,366**	234,897
Valuation allowance	**12,039**	11,329
Net deferred income tax liability	**$(175,804)**	$(168,526)

As of December 31, 2022 and 2021, the Company had various state income tax net operating loss carryforwards of $160.1 million and $148.9 million, respectively, and federal and state income tax credit carryforwards, excluding alternative minimum tax credit carryforwards, of $591,000 for both years. The state income tax credit carryforwards are due to expire between 2024 and 2036. Changes in tax regulations or assumptions regarding current and future taxable income could require additional valuation allowances in the future.

The following table reconciles the change in the net deferred income tax liability from December 31, 2021, to December 31, 2022, to deferred income tax expense:

	2022	2021
	(In thousands)	
Change in net deferred income tax liability from the preceding table	**$ 7,278**	$37,516
Deferred income taxes established due to an acquisition	**(1,215)**	(3,177)
Deferred taxes associated with other comprehensive loss	**(3,985)**	(1,481)
Deferred income tax expense for the period	**$ 2,078**	$32,858

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

Years ended December 31,	2022		2021		2020	
	Amount	%	Amount	%	Amount	%
			(Dollars in thousands)			
Computed tax at federal statutory rate	**$33,353**	**21.0**	$36,375	21.0	$40,899	21.0
Increases (reductions) resulting from:						
State income taxes, net of federal income tax	**9,702**	**6.1**	9,429	5.4	10,450	5.4
Depletion allowance	**(2,123)**	**(1.3)**	(1,893)	(1.1)	(1,756)	(.9)
Nonqualified benefit plans	**1,129**	**.7**	(535)	(.3)	(922)	(.5)
Deductible K-Plan dividends	**(394)**	**(.3)**	(392)	(.2)	(372)	(.2)
Resolution of tax matters and uncertain tax positions	**592**	**.4**	(64)	—	(1,375)	(.7)
Other	**342**	**.2**	539	.3	507	.3
Total income tax expense	**$42,601**	**26.8**	$43,459	25.1	$47,431	24.4

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction, and various state and local jurisdictions. The Company is no longer subject to U.S. federal or non-U.S. income tax examinations by tax authorities for years ending prior to 2019. With few exceptions, as of December 31, 2022, the Company is no longer subject to state and local income tax examinations by tax authorities for years ending prior to 2019.

For the years ended December 31, 2022, 2021 and 2020, total reserves for uncertain tax positions were not material. The Company recognizes interest and penalties accrued relative to unrecognized tax benefits in income tax expense.

Note 15 – Cash Flow Information

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

	2022	2021	2020
		(In thousands)	
Interest	**$28,148**	$19,121	$14,805
Income taxes paid, net	**$21,186**	$34,784	$41,050

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

	2022	2021	2020
		(In thousands)	
Property, plant and equipment additions in accounts payable	**$13,965**	$15,840	$ 7,762
Right-of-use assets obtained in exchange for new operating lease liabilities	**$11,763**	$11,497	$22,428
Capital contribution from Parent in the form of common stock	**$ 1,272**	$ 1,852	$ 1,781
Debt assumed in connection with a business combination	**$ —**	$ 10	$ —
Accrual for holdback payment related to a business combination	**$ 70**	$ —	$ —
Stock issued in connection with a business combination	**$ 7,304**	$ —	$ —

Note 16 – Business Segment Data

The Company's reportable segments are those that are based on the Company's method of internal reporting and management of the business. The Company focuses on the vertical integration of its products and services by offering customers a single-source for construction materials and related contracting services. The Company operates in 14 states across the United States. Its operating segments include: Pacific, Northwest, Mountain, North Central, South and Energy Services. The operating segments are organized by geographic region in the United States due to the cyclical nature of the construction work performed. The Company's reportable segments are Pacific, Northwest, Mountain and North Central. The South and Energy Services operating segments do not meet the criteria to be reportable segments and, as such, are combined with its corporate services in All Other. Each segment is led by a segment manager that reports to the Company's president who is also the Company's chief operating decision maker. The Company's chief operating decision maker evaluates the performance of the segments and allocates resources to them based on earnings before interest, taxes, depreciation, depletion and amortization.

All of the reportable segments mine, process, and sell construction aggregates (crushed stone and sand and gravel); produce and sell asphalt; and produce and sell ready-mix concrete as well as vertically integrating its contracting services to support the aggregate based product lines including heavy-civil construction, asphalt and concrete paving, and site development and grading. Although not common to all locations, Other includes the sale of cement, production and distribution of modified liquid asphalt, merchandise and other building materials and related services.

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The information below follows the same accounting policies as described in Note 3. Information on the Company's segments as of December 31 and for the years then ended was as follows:

	2022	2021	2020
		(In thousands)	
External operating revenues:			
Pacific	**$ 468,589**	$ 427,229	$ 454,318
Northwest	**598,774**	474,941	413,723
Mountain	**541,910**	479,543	450,852
North Central	**607,311**	561,661	567,473
All Other	**318,145**	285,556	291,636
Total external operating revenues	**$2,534,729**	$2,228,930	$2,178,002
Intersegment operating revenues:			
Pacific	**$ —**	$ 55	$ 148
Northwest	**1,444**	3,102	2,414
Mountain	**120**	26	18
North Central	**747**	122	3,358
All Other	**34,894**	31,827	34,236
Total intersegment operating revenues	**$ 37,205**	$ 35,132	$ 40,174
EBITDA:			
Pacific	**$ 55,839**	$ 67,124	$ 79,136
Northwest	**103,885**	80,624	74,360
Mountain	**72,604**	65,017	52,407
North Central	**64,988**	72,301	71,723
All Other	**9,424**	8,340	27,333
Total segment EBITDA	**$ 306,740**	$ 293,406	$ 304,959
Capital expenditures:			
Pacific	**$ 33,046**	$ 26,675	$ 22,108
Northwest	**60,697**	278,946	45,963
Mountain	**35,098**	47,648	59,156
North Central	**33,151**	28,838	17,307
All Other	**19,855**	35,417	47,101
Total capital expenditures*	**$ 181,847**	$ 417,524	$ 191,635
Assets:			
Pacific	**$ 441,606**	$ 414,103	$ 403,023
Northwest	**772,159**	714,098	452,126
Mountain	**293,121**	278,608	248,216
North Central	**420,877**	414,619	408,571
All Other	**366,556**	360,396	311,571
Total assets	**$2,294,319**	$2,181,824	$1,823,507
Property, plant and equipment:			
Pacific	**$ 533,985**	$ 505,103	$ 486,401
Northwest	**813,513**	759,482	553,632
Mountain	**400,907**	369,732	328,037
North Central	**441,731**	419,075	396,427

All Other	**299,272**	294,305	263,978
Less accumulated depreciation and depletion	**1,174,195**	1,097,387	1,038,730
Net property, plant and equipment	**$1,315,213**	$1,250,310	$ 989,745

* Capital expenditures for 2022, 2021 and 2020 include noncash transactions for capital expenditure-related accounts payable, the issuance of equity securities in connection with an acquisition and accrual of a holdback payment in connection with an acquisition totaling $(5,430) thousand, $(8,077) thousand and $916,000, respectively.

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

	2022	2021	2020
		(In thousands)	
Total reportable segment operating revenues	**$2,218,896**	$1,946,679	$1,892,304
Other revenue	**353,038**	317,383	325,872
Elimination of intersegment operating revenues	**(37,205)**	(35,132)	(40,174)
Total consolidated operating revenues	**$2,534,729**	$2,228,930	$2,178,002

A reconciliation of reportable segment assets to consolidated assets is as follows:

	2022	2021	2020
		(In thousands)	
Total assets for reportable segments	**$ 1,927,763**	$ 1,821,428	$ 1,511,936
Other assets	**3,731,031**	3,529,536	2,854,648
Elimination of intercompany receivables	**(3,364,475)**	(3,169,140)	(2,543,077)
Total consolidated assets	**$ 2,294,319**	$ 2,181,824	$ 1,823,507

A reconciliation of segment EBITDA to consolidated income before income taxes is as follows:

	2022	2021	2020
		(In thousands)	
Total EBITDA for reportable segments	**$297,316**	$285,066	$277,626
Other EBITDA	**9,424**	8,340	27,333
Depreciation, depletion and amortization	**117,798**	100,974	89,626
Interest	**30,121**	19,218	20,577
Total consolidated income before income taxes	**$158,821**	$173,214	$194,756

Note 17 – Employee Benefit Plans

Pension and other postretirement benefit plans

The Company participates in self-sponsored qualified defined benefit plans which are accounted for as single-employer plans and are reflected in the Company's consolidated financial statements. The Company uses a measurement date of December 31 for all its pension and postretirement benefit plans. Prior to 2010, defined benefit pension plan benefits and accruals for the nonunion plan were frozen and on June 30, 2015, the remaining union plan was frozen. These employees were eligible to receive additional defined contribution plan benefits. In October 2018, the Company transferred the liability of certain participants in the nonunion defined benefit pension plan, who are currently receiving benefits, to an annuity company. The transfer of the benefit payments for these participants reduced the Company's liability and future premiums.

The postretirement benefit plan in which the Company participates relates to a multiple-employer plan sponsored by MDU Resources. The plan maintains separate accounting records for each plan, including separate actuarial valuations, therefore the Company is accounting for the plan as single-employer plans within its consolidated financial statements. Effective January 1, 2015, eligibility to receive retiree medical benefits was modified at certain of the Company's businesses. Employees who had attained age 55 with 10 years of continuous service by December 31, 2010, will be provided the current retiree medical insurance benefits or can elect the new benefit, if desired, regardless of when they retire. All other current employees must meet the new eligibility criteria of age 55 and 10 years of continuous service at the time they retire. These employees will be eligible for a specified company funded Retiree Reimbursement Account. Employees hired after December 31, 2014, will not be eligible for retiree medical benefits.

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In 2012, the Company modified health care coverage for certain retirees. Effective January 1, 2013, post-65 coverage was replaced by a fixed-dollar subsidy for retirees and spouses to be used to purchase individual insurance through a healthcare exchange.

Changes in benefit obligation and plan assets and amounts recognized in the Consolidated Balance Sheets at December 31 were as follows:

	Pension Benefits		Other Postretirement Benefits	
	2022	2021	2022	2021
	(In thousands)			
Change in benefit obligation:				
Benefit obligation at beginning of year	**$44,363**	$46,783	**$ 19,480**	$ 21,790
Service cost	**—**	—	**522**	567
Interest cost	**1,127**	1,053	**514**	492
Plan participants' contributions	**—**	—	**3**	3
Actuarial gain	**(9,174)**	(832)	**(5,319)**	(2,769)
Benefits paid	**(2,558)**	(2,641)	**(584)**	(603)
Benefit obligation at end of year	**33,758**	44,363	**14,616**	19,480
Change in net plan assets:				
Fair value of plan assets at beginning of year	**39,345**	40,710	**314**	505
Actual return on plan assets	**(8,356)**	1,276	**(473)**	17
Employer contribution	**—**	—	**426**	392
Plan participants' contributions	**—**	—	**3**	3
Benefits paid	**(2,558)**	(2,641)	**(584)**	(603)
Fair value of net plan assets at end of year	**28,431**	39,345	**(314)**	314
Funded status - under	**$ (5,327)**	$ (5,018)	**$(14,930)**	$(19,166)
Amounts recognized in the Consolidated Balance Sheets at December 31:				
Other accrued liabilities	**$ —**	$ —	**$ 1,044**	$ 544
Noncurrent liabilities - other	**5,327**	5,018	**13,886**	18,622
Benefit obligation liabilities - net amount recognized	**$ (5,327)**	$ (5,018)	**$(14,930)**	$(19,166)
Amounts recognized in accumulated other comprehensive loss consist of:				
Actuarial (gain) loss	**$19,087**	$18,788	**$ (2,057)**	$ 3,128
Prior service credit	**—**	—	**(109)**	(189)
Total	**$19,087**	$18,788	**$ (2,166)**	$ 2,939

Employer contributions and benefits paid in the preceding table include only those amounts contributed directly to, or paid directly from, plan assets.

In 2022 and 2021, the actuarial gain recognized in the benefit obligation was primarily the result of an increase in the discount rate. For more information on the discount rates, see the table below. Unrecognized pension actuarial gains and losses in excess of 10 percent of the greater of the projected benefit obligation or the market-related value of assets are amortized over the average life expectancy of plan participants for frozen plans. The market-related value of assets is determined using a five-year average of assets.

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The pension plans all have accumulated benefit obligations in excess of plan assets. The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for these plans at December 31 were as follows:

	2022	2021
	(In thousands)	
Projected benefit obligation	**$33,758**	$44,363
Accumulated benefit obligation	**$33,758**	$44,363
Fair value of plan assets	**$28,431**	$39,345

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. Prior service credit is amortized on a straight-line basis over the average remaining service period of active participants. These components related to the Company's pension and other postretirement benefit plans for the years ended December 31 were as follows:

	Pension Benefits			Other Postretirement Benefits		
	2022	2021	2020	2022	2021	2020
	(In thousands)					
Components of net periodic benefit cost (credit):						
Service cost	**$ —**	$ —	$ —	**$ 522**	$ 567	$ 554
Interest cost	**1,127**	1,053	1,291	**514**	492	650
Expected return on assets	**(1,973)**	(2,028)	(2,065)	**(12)**	(19)	(17)
Amortization of prior service credit	**—**	—	—	**(79)**	(79)	(79)
Recognized net actuarial loss	**856**	971	862	**351**	135	306
Net periodic benefit cost (credit)	**10**	(4)	88	**1,296**	1,096	1,414
Other changes in plan assets and benefit obligations recognized in accumulated other comprehensive loss:						
Net (gain) loss	**1,155**	(162)	794	**(4,833)**	(2,763)	(181)
Amortization of actuarial loss	**(856)**	(1,108)	(985)	**(351)**	(135)	(306)
Amortization of prior service credit	**—**	—	—	**79**	90	90
Total recognized in accumulated other comprehensive loss	**299**	(1,270)	(191)	**(5,105)**	(2,808)	(397)
Total recognized in net periodic benefit cost (credit) and accumulated other comprehensive loss	**$ 309**	$(1,274)	$ (103)	**$(3,809)**	$(1,712)	$1,017

Weighted average assumptions used to determine benefit obligations at December 31 were as follows:

	Pension Benefits		Other Postretirement Benefits	
	2022	2021	2022	2021
Discount rate	**5.06%**	2.62%	**5.07%**	2.69%
Expected return on plan assets	**6.50%**	6.00%	**6.00%**	5.50%
Rate of compensation increase	**N/A**	N/A	**3.00%**	3.00%

Weighted average assumptions used to determine net periodic benefit cost (credit) for the years ended December 31 were as follows:

	Pension Benefits		Other Postretirement Benefits	
	2022	2021	2022	2021
Discount rate	**2.62%**	2.29%	**2.69%**	2.38%
Expected return on plan assets	**6.00%**	6.00%	**5.50%**	5.50%
Rate of compensation increase	**N/A**	N/A	**3.00%**	3.00%

The expected rate of return on pension plan assets is based on a targeted asset allocation range determined by the funded ratio of the plan. As of December 31, 2022, the expected rate of return on pension plan assets is based on the targeted asset allocation range of 40 percent to 50 percent equity securities and 50 percent to 60 percent fixed-income securities and the expected rate of return from these asset categories. The expected rate of return on other postretirement plan assets is based on the targeted asset allocation range of 10 percent to 20 percent equity securities and 80 percent to 90 percent fixed-income securities and the expected rate of return from these asset categories. The expected return on plan assets for other postretirement benefits reflects insurance-related investment costs.

Health care rate assumptions for the Company's other postretirement benefit plans as of December 31 were as follows:

	2022	2021
Health care trend rate assumed for next year	**7.5%**	7.0%
Health care cost trend rate – ultimate	**4.5%**	4.5%
Year in which ultimate trend rate achieved	**2033**	2031

The Company's other postretirement benefit plans include health care and life insurance benefits for certain retirees. The plans underlying these benefits may require contributions by the retiree depending on such retiree's age and years of service at retirement or the date of retirement. The Company contributes a flat dollar amount to the monthly premiums, which is updated annually on January 1.

The Company does not expect to contribute to its defined benefit pension plans in 2023 due to an additional $2.7 million contributed to the plans in 2019 creating prefunding credits to be used in future years. The Company expects to contribute approximately $563,000 to its postretirement benefit plans in 2023.

The following benefit payments, which reflect future service, as appropriate, and expected Medicare Part D subsidies at December 31, 2022, are as follows:

Years	Pension Benefits	Other Postretirement Benefits	Expected Medicare Part D Subsidy
		(In thousands)	
2023	$ 2,876	$ 738	$ 8
2024	2,782	902	7
2025	2,759	1,023	6
2026	2,725	1,169	5
2027	2,667	1,240	5
2028-2032	12,410	1,685	16

Outside investment managers manage the Company's pension and postretirement assets. The Company's investment policy with respect to pension and other postretirement assets is to make investments solely in the interest of the participants and beneficiaries of the plans and for the exclusive purpose of providing benefits accrued and defraying the reasonable expenses of administration. The Company strives to maintain investment diversification to assist in minimizing the risk of large losses. The Company's policy guidelines allow for investment of funds in cash equivalents, fixed-income securities and equity securities. The guidelines prohibit investment in commodities and futures contracts, equity private placement, employer securities, leveraged or derivative securities, options, direct real estate investments, precious metals, venture capital and limited partnerships. The guidelines also prohibit short selling and margin transactions. The Company's practice is to periodically review and rebalance asset categories based on its targeted asset allocation percentage policy.

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

The carrying value of the pension plans' Level 2 cash equivalents approximates fair value and is determined using observable inputs in active markets or the net asset value of shares held at year end, which is determined using other observable inputs, including pricing from outside sources.

The estimated fair value of the pension plans' Level 1 and Level 2 equity securities are based on the closing price reported on the active market on which the individual securities are traded or other known sources including pricing from outside sources. The estimated fair value of the pension plans' Level 1 and Level 2 collective and mutual funds are based on the net asset value of shares held at year end, based on either published market quotations on active markets or other known sources, including pricing from outside sources. The estimated fair value of the pension plans' Level 2 corporate and municipal bonds is determined using other observable inputs, including benchmark yields, reported trades, broker/dealer quotes, bids, offers, future cash flows and other reference data. The estimated fair value of the pension plans' Level 1 U.S. Government securities are valued based on quoted prices on an active market. The estimated fair value of the pension plans' Level 2 U.S. Government securities are valued mainly using other observable inputs, including benchmark yields, reported trades, broker/dealer quotes, bids, offers, to be announced prices, future cash flows and other reference data. The estimated fair value of the pension plans' Level 2 pooled separate accounts are determined using observable inputs in active markets or the net asset value of shares held at year end, or other observable inputs. Some of these securities are valued using pricing from outside sources.

All investments measured at net asset value in the tables that follow are invested in commingled funds, separate accounts or common collective trusts which do not have publicly quoted prices. The fair value of the commingled funds, separate accounts and common collective trusts are determined based on the net asset value of the underlying investments. The fair value of the underlying investments held by the commingled funds, separate accounts and common collective trusts is generally based on quoted prices in active markets.

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 fair value of the Company's pension plans' assets (excluding cash) by class were as follows:

	Fair Value Measurements at December 31, 2022, 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, 2022
	(In thousands)			
Assets:				
Cash equivalents	$ —	$ 859	$—	$ 859
Equity securities:				
U.S. companies	777	—	—	777
International companies	—	49	—	49
Collective and mutual funds[a]	12,729	3,508	—	16,237
Corporate bonds	—	8,554	—	8,554
Municipal bonds	—	621	—	621
U.S. Government securities	320	92	—	412
Pooled separate accounts[b]	—	337	—	337
Investments measured at net asset value[c]	—	—	—	585
Total assets measured at fair value	$13,826	$14,020	$—	$28,431

(a) Collective and mutual funds invest approximately 29 percent in corporate bonds, 24 percent in common stock of large-cap U.S. companies, 16 percent in common stock of international companies, 7 percent in cash and cash equivalents, 7 percent in U.S. Government securities and 17 percent in other investments.

(b) Pooled separate accounts are invested 100 percent in cash and cash equivalents.

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(c) In accordance with ASC 820 - *Fair Value, Measurements* certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the Consolidated Balance Sheets.

	Fair Value Measurements at December 31, 2021, 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, 2021
	(In thousands)			
Assets:				
Cash equivalents	$ —	$ 489	$—	$ 489
Equity securities:				
U.S. companies	789	—	—	789
International companies	—	135	—	135
Collective and mutual funds[a]	17,620	4,364	—	21,984
Corporate bonds	—	13,199	—	13,199
Municipal bonds	—	791	—	791
U.S. Government securities	750	201	—	951
Pooled separate accounts[b]	—	326	—	326
Investments measured at net asset value[c]	—	—	—	681
Total assets measured at fair value	$19,159	$19,505	$—	$39,345

(a) Collective and mutual funds invest approximately 37 percent in corporate bonds, 19 percent in common stock of international companies, 16 percent in common stock of large-cap U.S. companies, 9 percent in U.S. Government securities and 19 percent in other investments.

(b) Pooled separate accounts are invested 100 percent in cash and cash equivalents.

(c) In accordance with ASC 820 - *Fair Value, Measurements* certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the Consolidated Balance Sheets.

The estimated fair values of the Company's other postretirement benefit plans' assets are determined using the market approach.

The estimated fair value of the other postretirement benefit plans' Level 2 cash equivalents is valued at the net asset value of shares held at year end, based on published market quotations on active markets, or using other known sources including pricing from outside sources. The estimated fair value of the other postretirement benefit plans' Level 1 and Level 2 equity securities is based on the closing price reported on the active market on which the individual securities are traded or other known sources, including pricing from outside sources. The estimated fair value of the other postretirement benefit plans' Level 2 insurance contract is based on contractual cash surrender values that are determined primarily by investments in managed separate accounts of the insurer. These amounts approximate fair value. The managed separate accounts are valued based on other observable inputs or corroborated market data.

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

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	Fair Value Measurements at December 31, 2022, 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, 2022
		(In thousands)		
Assets:				
Cash equivalents	$ —	$ (17)	$—	$ (17)
Equity securities:				
U.S. companies	(11)	—	—	(11)
Insurance contract[a]	—	(286)	—	(286)
Total assets measured at fair value	$(11)	$(303)	$—	$(314)

(a) The insurance contract invests approximately 69 percent in corporate bonds, 14 percent in common stock of large-cap U.S. companies, 13 percent in U.S. Government securities and 4 percent in common stock of small-cap U.S. companies

	Fair Value Measurements at December 31, 2021, 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, 2021
		(In thousands)		
Assets:				
Cash equivalents	$—	$ 14	$—	$ 14
Equity securities:				
U.S. companies	7	—	—	7
Insurance contract[a]	—	293	—	293
Total assets measured at fair value	$ 7	$307	$—	$314

(a) The insurance contract invests approximately 58 percent in corporate bonds, 13 percent in U.S. Government securities, 13 percent in common stock of large-cap U.S. companies, 5percent in common stock of small-cap U.S. companies and11percent in other investments.

Nonqualified benefit plans

The unfunded, nonqualified defined benefit plans in which the Company participates relate to multiple-employer plans sponsored by MDU Resources. The plans maintain separate accounting records for each plan and accounts for the plans as single-employer plans within the Company's consolidated financial statements. Participants of the Company include executive officers and certain key management employees. The plan generally provides for defined benefit payments at age 65 following the employee's retirement or, upon death, to their beneficiaries for a 15-year period. In February 2016, MDU Resources froze the unfunded, nonqualified defined benefit plans to new participants and eliminated benefit increases. Vesting for participants not fully vested was retained.

The projected benefit obligation and accumulated benefit obligation for the Company's participants in these plans at December 31 were as follows:

	2022	2021
	(In thousands)	
Projected benefit obligation	**$16,047**	$20,086
Accumulated benefit obligation	**$16,047**	$20,086

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The components of net periodic benefit cost are included in other income on the Consolidated Statements of Income. These components related to the Company's participation in the nonqualified defined benefit plans for the years ended December 31 were as follows:

	2022	2021	2020
		(In thousands)	
Components of net periodic benefit cost:			
Interest cost	**$460**	$407	$556
Recognized net actuarial loss	**39**	223	160
Net periodic benefit cost	**$499**	$630	$716

Weighted average assumptions used at December 31 were as follows:

	2022	2021
Benefit obligation discount rate	**4.97%**	2.38%
Benefit obligation rate of compensation increase	**N/A**	N/A
Net periodic benefit cost discount rate	**2.38%**	1.95%
Net periodic benefit cost rate of compensation increase	**N/A**	N/A

The amount of future benefit payments for the unfunded, nonqualified defined benefit plans at December 31, 2022 are expected to aggregate as follows:

	2023	2024	2025	2026	2027	2028-2032
			(In thousands)			
Nonqualified benefits	$1,573	$1,621	$1,727	$1,763	$1,653	$6,343

In 2012, MDU Resources established a nonqualified defined contribution plan for certain key management employees. In 2020, the plan was frozen to new participants and no new Company contributions will be made to the plan after December 31, 2020. Vesting for participants not fully vested was retained. A new nonqualified defined contribution plan was adopted in 2020 by MDU Resources, effective January 1, 2021, to replace the plan originally established in 2012 with similar provisions. Expenses incurred by the Company under these plans for 2022, 2021 and 2020 were $1.2 million, $900,000 and $300,000, respectively.

The amount of investments that the Company anticipates using to satisfy obligations under these plans at December 31 was as follows:

	2022	2021
		(In thousands)
Investments		
Insurance contract*	**$20,083**	$21,629
Life insurance**	**7,234**	7,567
Other	**2,448**	3,044
Total investments	**$29,765**	$32,240

* For more information on the insurance contract, see Note 9.

** Investments of life insurance are carried on plan participants (payable upon the employee's death).

Defined contribution plans

MDU Resources sponsors a defined contribution plan in which the Company participates. The costs incurred by the Company under this plan for eligible employees were $27.6 million, $26.6 million and $28.0 million in 2022, 2021 and 2020, respectively.

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Multiemployer plans

The Company contributes to a number of MEPPs under the terms of collective-bargaining agreements that cover its union-represented employees. The risks of participating in these multiemployer plans are different from single-employer plans in the following aspects:

- Assets contributed to the MEPP by one employer may be used to provide benefits to employees of other participating employers
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers
- If the Company chooses to stop participating in some of its MEPPs, the Company may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability

The Company's participation in these plans is outlined in the following table. Unless otherwise noted, the most recent Pension Protection Act zone status available in 2022, 2021 and 2020 is for the plan's year-end at December 31, 2021, December 31, 2020, and December 31, 2019, respectively. The zone status is based on information that the Company received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are between 65 percent and 80 percent funded, and plans in the green zone are at least 80 percent funded.

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status		FIP/RP Status Pending/ Implemented	Contributions			Surcharge Imposed	Expiration Date of Collective Bargaining Agreement
		2022	2021		2022	2021	2020		
					(In thousands)				
Pension Trust Fund for Operating Engineers	946090764-001	Yellow	Yellow	Implemented	**$2,484**	$ 2,495	$ 2,680	No	3/31/2023-6/15/2026
Western Conference of Teamsters Pension Plan	916145047-001	Green	Green	No	**3,127**	3,006	3,025	No	12/31/2023-12/31/2025
Other funds					—	6,969	7,065		
Total contributions					**$5,611**	$12,470	$12,770		

The Company was listed in the plans' Forms 5500 as providing more than 5 percent of the total contributions for the following plans and plan years:

Pension Fund	Year Contributions to Plan Exceeded More Than 5 Percent of Total Contributions (as of December 31 of the Plan's Year-End)
Minnesota Teamsters Construction Division Pension Fund	2021 and 2020
Southwest Marine Pension Trust	2021 and 2020

The Company also contributes to a number of multiemployer other postretirement plans under the terms of collective-bargaining agreements that cover its union-represented employees. These plans provide benefits such as health insurance, disability insurance and life insurance to retired union employees. Many of the multiemployer other postretirement plans are combined with active multiemployer health and welfare plans. The Company's total contributions to its multiemployer other postretirement plans, which also includes contributions to active multiemployer health and welfare plans, were $1.8 million, $3.2 million and $3.4 million for the years ended December 31, 2022, 2021 and 2020, respectively.

Note 18 – Commitments and Contingencies

The Company is party to claims and lawsuits arising out of its business and that of its consolidated subsidiaries, which may include, but are not limited to, matters involving property damage, personal injury, and environmental, contractual and statutory obligations. The Company accrues a liability for those contingencies

when the incurrence of a loss is probable and the amount can be reasonably estimated. If a range of amounts can be reasonably estimated and no amount within the range is a better estimate than any other amount, then the minimum of the range is accrued. The Company does not accrue liabilities when the likelihood that the liability has been incurred is probable but the amount cannot be reasonably estimated or when the liability is believed to be only reasonably possible or remote. For contingencies where an unfavorable outcome is probable or reasonably possible and which are material, the Company discloses the nature of the contingency and, in some circumstances, an estimate of the possible loss. Accruals are based on the best information available, but in certain situations management is unable to estimate an amount or range of a reasonably possible loss, including, but not limited to, when: (1) the damages are unsubstantiated or indeterminate, (2) the proceedings are in the early stages, (3) numerous parties are involved, or (4) the matter involves novel or unsettled legal theories.

At December 31, 2022 and 2021, the Company accrued liabilities which have not been discounted of $1.0 million and $6.3 million, respectively. At December 31, 2022 and 2021, the Company also recorded corresponding insurance receivables of $325,000 and $6.2 million, respectively, related to the accrued liabilities. The accruals are for contingencies, including litigation and environmental matters. This includes amounts that have been accrued for matters discussed in Environmental matters within this note. Most of these claims and lawsuits are covered by insurance, thus the Company's exposure is typically limited to its deductible amount. In January 2022, the Company paid a claim of $6.2 million that was covered by insurance and accrued during 2021. The Company will continue to monitor each matter and adjust accruals as might be warranted based on new information and further developments. Management believes that the outcomes with respect to probable and reasonably possible losses in excess of the amounts accrued, net of insurance recoveries, while uncertain, either cannot be estimated or will not have a material effect upon the Company's financial position, results of operations or cash flows. Unless otherwise required by GAAP, legal costs are expensed as they are incurred.

Environmental matters

Portland Harbor Site. In December 2000, Knife River Corporation - Northwest ("Knife River - Northwest") was named by the Environmental Protection Agency ("EPA") as a Potentially Responsible Party ("PRP") in connection with the cleanup of the riverbed site adjacent to a commercial property site acquired by Knife River - Northwest from Georgia-Pacific West, Inc. along the Willamette River. The riverbed site is part of the Portland, Oregon, Harbor Superfund Site where the EPA wants responsible parties to share in the costs of cleanup. The EPA entered into a consent order with certain other PRPs referred to as the Lower Willamette Group for a remedial investigation and feasibility study. The Lower Willamette Group has indicated that it has incurred over $115 million in investigation related costs. Knife River - Northwest has joined with approximately 100 other PRPs, including the Lower Willamette Group members, in a voluntary process to establish an allocation of costs for the site. Costs to be allocated would include costs incurred by the Lower Willamette Group as well as costs to implement and fund remediation of the site.

In January 2017, the EPA issued a Record of Decision adopting a selected remedy which is expected to take 13 years to complete with a then estimated present value of approximately $1 billion. Corrective action will not be taken until remedial design/remedial action plans are approved by the EPA. In 2020, the EPA encouraged certain PRPs to enter into consent agreements to perform remedial design covering the entire site and proposed dividing the site into multiple subareas for remedial design. Certain PRPs executed consent agreements for remedial design work and certain others were issued unilateral administrative orders to perform design work. Knife River - Northwest is not subject to either a voluntary agreement or unilateral order to perform remedial design work. In February 2021, the EPA announced that 100 percent of the site's area requiring active cleanup are in the remedial design process. Site-wide remediation activities are not expected to commence for a number of years.

Knife River - Northwest was also notified that the Portland Harbor Natural Resource Trustee Council intends to perform an injury assessment to natural resources resulting from the release of hazardous substances at the site. It is not possible to estimate the costs of natural resource damages until an assessment is completed and allocations are undertaken.

At this time, Knife River - Northwest does not believe it is a responsible party and has notified Georgia-Pacific West, Inc., that it intends to seek indemnity for liabilities incurred in relation to the above matters pursuant to the terms of their sale agreement.

The Company believes it is not probable that it will incur any material environmental remediation costs or damages in relation to the above referenced matter.

Purchase commitments

The Company has entered into various commitments, largely purchased cement, limestone oil, liquid asphalt, fuel and minimum royalties. The commitment terms vary in length, up to 25 years. The commitments under these contracts as of December 31, 2022, were:

	2023	2024	2025	2026	2027	Thereafter
			(In thousands)			
Purchase commitments	$80,766	$3,582	$2,582	$2,046	$1,854	$9,821

These commitments were not reflected in the Company's consolidated financial statements. Amounts purchased under various commitments for the years ended December 31, 2022, 2021 and 2020 were $167.6 million, $137.4 million and $150.0 million, respectively.

Guarantees

Certain subsidiaries of the Company have outstanding guarantees to third parties that guarantee their performance. These guarantees are related to contracts for contracting services, insurance deductibles and loss limits, and certain other guarantees. At December 31, 2022, the fixed maximum amounts guaranteed under these agreements aggregated $11.5 million, which has no scheduled maturity date. There were no amounts outstanding under the previously mentioned guarantees at December 31, 2022. In the event of default under these guarantee obligations, the subsidiary issuing the guarantee for that particular obligation would be required to make payments under its guarantee.

Certain subsidiaries of the Company have outstanding letters of credit to third parties related to insurance policies, cement purchases and other agreements. At December 31, 2022, the fixed maximum amounts guaranteed under these letters of credit aggregated $9.1 million. The amounts of scheduled expiration of the maximum amounts guaranteed under these letters of credit aggregate to $8.6 million in 2023 and $489,000 in 2024. There were no amounts outstanding under the previously mentioned letters of credit at December 31, 2022. 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, the Parent has issued guarantees to third parties related to the routine purchase of materials for which no fixed maximum amounts have been specified. These guarantees have no scheduled maturity date. These guarantees include the performance of the Parent's subsidiaries. If a subsidiary, including the Company, were to default under the obligations of the agreement, the Parent would be required to make payments under the guarantee. There were no amounts outstanding as of December 31, 2022.

In the normal course of business, the Company has surety bonds related to contracts for contracting services and reclamation obligations of its subsidiaries. In the event a subsidiary of the Company does not fulfill a bonded obligation, the Company 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, the Company will likely continue to enter into surety bonds for its subsidiaries in the future. At December 31, 2022, approximately $664.7 million of surety bonds were outstanding, which were not reflected on the Consolidated Balance Sheet.

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Note 19 – Related-Party Transactions

Allocation of corporate expenses

Centennial and MDU Resources provide expense allocations for corporate services provided to the Company, including costs related to senior management, legal, human resources, finance and accounting, treasury, information technology, and other shared services. Some of these services will continue to be provided by the Parent and MDU Resources on a temporary basis after the separation is completed under a transition services agreement. For the years ended December 31, 2022, 2021 and 2020, the Company was allocated $18.0 million, $15.6 million and $14.2 million, respectively, for these corporate services. These expenses have been allocated to the Company on the basis of direct usage when identifiable, with the remainder allocated on the basis of percent of total capital invested, the percent of total average commercial paper borrowings at Centennial or other allocation methodologies that are considered to be a reasonable reflection of the utilization of the services provided to the benefits received, including the following: Number of employees paid and stated as cost per check; number of employees served; weighted factor of travel, managed units, national account spending, equipment and fleet acquisitions; purchase order dollars spent and purchase order line count; number of payments, vouchers or unclaimed property reports; labor hours; time tracked; and projected workload.

Management believes these cost allocations are a reasonable reflection of the utilization of services provided to, or the benefit derived by, the Company during the periods presented. The allocations may not, however, be indicative of the actual expenses that would have been incurred had the Company operated as a stand-alone public company. Actual costs that would have been incurred if the Company had been a stand-alone public company would depend on a number of factors, including the chosen organizational structure, whether functions were outsourced or performed by Company employees, and strategic decisions made in areas such as selling and marketing, information technology and infrastructure. See Note 2 for further information.

Cash management and financing

Centennial has a central cash management and financing program in which the Company participates. Through the use of these programs, the Parent is able to more effectively direct and manage the daily cash requirements and financing needs for each wholly owned subsidiary through the consolidation of all cash activity at the Parent level. As cash is received and disbursed by the Parent, it is accounted for by the Company through related-party receivables and payables. The Company has related-party note agreements in place with the Parent for the financing of its capital needs. Centennial has committed to continue funding the Company through the central cash management and financing program to allow the Company to meet its obligations as they become due for at least one year and a day following the date that the consolidated financial statements are issued. As discussed in Note 1, MDU Resources announced plans to pursue a separation of the Company from MDU Resources. Upon separation, the Company plans to rely on its own credit. Interest expense in the Consolidated Statements of Income reflects the allocation of interest on borrowing and funding related to these note agreements. The Company’s cash that was not included in the central cash management program is classified as cash and cash equivalents on the Balance Sheet. See Note 2 for further information.

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Related-party notes payable

Centennial enters into short-term and long-term borrowing arrangements for the benefit of certain subsidiaries of the Company. The Company has access to borrowings by participation in Centennial's commercial paper program, as well as a centralized cash management program at Centennial. These borrowings have been included in both current and noncurrent liabilities in related-party notes payable in the consolidated balance sheets. Intercompany short-term and long-term borrowing arrangements at December 31 was as follows:

	Weighted average interest rate at December 31, 2022	2022	2021
		(In thousands)	
Centennial term loan agreements with maturities ranging from March 17, 2023 to December 18, 2023	**5.44%**	**$208,000**	$ —
Centennial senior notes with maturities ranging from June 27, 2023 to April 4, 2034	**4.34%**	**410,000**	368,000
Borrowing arrangements under Centennial commercial paper program, supported by Centennial's credit agreements	**5.27%**	**66,449**	315,457
Total long-term related-party notes payable		**684,449**	683,457
Less: current maturities		**238,000**	108,000
Net long-term related-party notes payable		**$446,449**	$575,457

The amounts of scheduled long-term related-party note maturities for the five years and thereafter following December 31, 2022, aggregate $30.0 million in 2023; $66.4 million in 2024; $10.0 million in 2025; $0 in 2026; $65.0 million in 2027 and $305.0 million thereafter.

Certain debt instruments of Centennial, including those discussed below, contain restrictive covenants and cross-default provisions. In order to borrow under the respective credit agreements Centennial and its subsidiaries must be in compliance with the applicable covenants and certain other conditions. In the event Centennial and its subsidiaries do not comply with the applicable covenants and other conditions, alternative sources of funding may need to be pursued.

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

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

Related-party transactions

The Company provides contracting services to MDU Resources and affiliated companies. The amount charged for these services was $1.0 million, $624,000 and $417,000 in 2022, 2021 and 2020, respectively. Related-party transactions that are expected to be settled in cash have been included as related-party receivables or payables in the Consolidated Balance Sheets. Related-party transactions that are not expected to be settled in cash have been included within Other paid-in capital in the Consolidated Balance Sheets. See Note 2 for further information.

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Note 20 – Subsequent Event

On April 25, 2023, Knife River Holding Company issued $425.0 million of 7.75 percent senior notes due May 1, 2031, pursuant to an indenture agreement. The proceeds from the issuance of these notes will be held in escrow until the effective date of the Knife River separation or, if the separation does not occur within the time frame specified, released back to the lenders, along with accrued interest.