Risk Factors Comparison 2023-11-17 to 2022-11-18 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

The Company is dependent on capital and credit markets to successfully execute its business strategies. The Company relies upon short- term bank borrowings, commercial paper markets and longer- term capital markets to finance capital requirements not satisfied by cash flow from operations. The Company is dependent on these capital sources to provide capital to its subsidiaries to fund operations, acquire, maintain and develop properties, and execute growth strategies. The availability and cost of credit sources may be cyclical and these capital sources may not remain available to the Company. Turmoil in credit markets may make it difficult for the Company to obtain financing on acceptable terms or at all for working capital, capital expenditures and other investments, or to refinance existing debt. These difficulties could adversely affect the Company' s growth strategies, operations and financial performance. The Company' s ability to borrow under its credit facilities and commercial paper agreements, and its ability to issue long- term debt under its indentures, depend on the Company' s compliance with its obligations under the facilities, agreements and indentures. For example, to issue incremental long- term debt, the Company must meet an interest coverage test under its 1974 indenture. In general, the Company’ s operating income, subject to certain adjustments, over a consecutive 12- month period within the 15 months preceding the debt issuance, must be not less than two times the total annual interest charges on the Company’ s long- term debt, taking into account the incremental issuance. In addition, taking into account the incremental issuance, and using a pro forma balance sheet as of the last day of the 12- month period used in the interest coverage test, the Company must maintain a ratio of long- term debt to consolidated assets (as defined under the 1974 indenture) of not more than 60 %. The 1974 indenture defines consolidated assets as total assets less a number of items, including current and accrued liabilities. Depending on their magnitude, factors that reduce the Company’ s operating income and / or total assets, including impairments (i. e., write- downs) of the Company’ s natural gas properties, or that increase current and accrued liabilities, like short- term borrowings and" out of the money" derivative financial instruments, could contribute to the Company’ s inability to meet the interest coverage test or debt- to- assets ratio. In addition, the Company' s short- term bank loans and commercial paper are in the form of floating rate debt or debt that may have rates fixed for very short periods of time, resulting in exposure to interest rate fluctuations in the absence of interest rate hedging transactions. The cost of long- term debt, the interest rates on the Company' s short- term bank loans and commercial paper **,** and the ability of the Company to issue commercial paper are affected by its credit ratings published by S & P, Moody' s Investors Service, Inc. and Fitch Ratings, Inc. A downgrade in the Company' s credit ratings could increase borrowing costs, restrict or eliminate access to commercial paper markets, negatively impact the availability of capital from uncommitted sources, and require the Company’ s subsidiaries to post letters of credit, cash or other assets as collateral with certain counterparties. Additionally, $ 1. ~~1~~ **4** billion of the Company’ s outstanding long- term debt would be subject to an interest rate increase if certain fundamental changes occur that involve a material subsidiary and result in a downgrade of a credit rating assigned to the notes below investment grade. In addition to the $ 1. ~~1~~ **4** billion, another $ 500 million of the Company’ s outstanding long- term debt would be subject to an interest rate increase based solely on a downgrade of a credit rating assigned to the notes below investment grade, regardless of any additional fundamental changes. Climate change, and the regulatory, legislative, consumer behaviors and capital access developments related to climate change, may adversely affect operations and financial results. Climate change, and the laws, regulations and other initiatives to address climate change, may impact the Company’ s financial results. In early 2021, the U. S. rejoined the Paris Agreement, the international effort to establish emissions reduction goals for signatory countries. Under the Paris Agreement, signatory countries are expected to submit their nationally determined contributions to curb greenhouse gas emissions and meet the agreed temperature objectives every five years. On April 22, 2021, the federal administration announced the U. S. nationally determined contribution to achieve a fifty to fifty- two percent reduction from 2005 levels in economy- wide net greenhouse gas pollution by 2030. ~~In addition to the federal reentry into the Paris- 14- Agreement, state and local governments, non- governmental organizations, investment firms, and financial institutions have made, and will likely continue to make, more aggressive efforts to reduce emissions and advance the objectives of the Paris Agreement.~~ Executive orders from the federal administration, in **- 14-** addition to federal, state and local legislative and regulatory initiatives proposed or adopted in an attempt to limit the effects of climate change, including greenhouse gas emissions, could have significant impacts on the energy industry including government- imposed limitations, prohibitions or moratoriums on the use and / or production of **natural** gas, establishment of a carbon tax and / or methane fee, lack of support for system modernization, as well as accelerated depreciation of assets and / or stranded assets. Federal and state legislatures have from time to time considered bills that would establish a cap- and- trade **program, cap- and- invest** program, methane fee or carbon tax to incent the reduction of greenhouse gas emissions. For example, in August 2022, the federal Inflation Reduction Act was signed into law, which includes a methane charge that is expected to be applicable to the reported annual methane emissions of certain oil and gas facilities, above specified methane intensity thresholds, starting in calendar year 2024. ~~In addition~~ **A number of states have also adopted energy strategies or plans with goals that include the reduction of greenhouse gas emissions. For example, Pennsylvania has a methane reduction framework for the natural gas industry which has resulted in permitting changes with the stated goal of reducing methane emissions from well sites, compressor stations and pipelines. Furthermore, in 2019** , the New York State legislature **passed the CLCPA** , ~~in early~~ **which created emission reduction and electrification mandates, and could ultimately impact the Utility segment’ s customer base and business. Pursuant to the CLCPA, New York' s Climate Action Council (“ CAC ”) approved a final scoping plan that includes recommendations to strategically downsize and decarbonize the natural gas system and curtail use of natural gas and natural gas appliances. The final**

scoping plan was approved on December 19, ~~2021~~ **2022 and includes detailed recommendations to meet the CLCPA' s emissions reduction targets in the transportation** , **buildings, electricity, industry, agriculture & forestry and waste sectors. The final scoping plan also recommends statewide and cross- sector policies relevant to gas system transition, economywide strategies, land use, local government and adaptation and resilience. Additionally, the scoping plan recommends the implementation of a cap- and- invest program in New York. In January 2023, New York' s Governor directed the NYDEC and the New York State Energy Research and Development Authority to advance an economywide cap- and- invest program that establishes a declining cap on greenhouse gas emissions, and invests in programs to drive emissions reductions. If this** proposed **program** ~~a bill known as the Climate and Community Investment Act, which proposed an escalating fee starting at $ 55 per short ton of carbon dioxide equivalent on any carbon- based fuels sold, used~~ or **a** ~~brought into the state. That bill did not pass, but~~ similar **program becomes effective and** ~~legislation may be proposed in the future. If~~ the Company becomes subject to new or revised cap- and- trade **programs, cap- and- invest** programs, methane charges, fees for carbon- based fuels or other similar costs or charges, the Company may experience additional costs and incremental operating expenses, which would impact our future earnings and cash flows **, and may** ~~. A number of states have~~ also **experience decreased revenue in the event** ~~adopted energy strategies or plans with goals~~ that ~~include~~ **implementation of** ~~the~~ **these policies leads to reduced demand** ~~reduction of greenhouse gas emissions. For example, Pennsylvania has a methane reduction framework~~ for ~~the~~ natural gas ~~industry which has resulted in permitting changes with the stated goal of reducing methane emissions from well sites, compressor stations and pipelines~~ . In addition ~~, the NYPSC initiated a proceeding~~ to ~~consider climate- related financial disclosures at~~ the ~~utility operating level, and in 2019, the New York State legislature passed the CLCPA, which created emission reduction and electric generation mandates, and could ultimately impact the Utility segment' s customer base and business. Pursuant to the CLCPA, New York' s Climate Action Council issued for comment a draft~~ scoping plan **,** ~~that includes recommendations to decommission substantial portions of the natural gas system and curtail use of natural gas and natural gas appliances. Legislation~~ **legislation** or regulation that aims to reduce greenhouse gas emissions could also include natural gas bans, greenhouse gas emissions limits and reporting requirements, carbon taxes and / or similar fees on carbon dioxide, methane or equivalent emissions, restrictive permitting, increased efficiency standards requiring system remediation and / or changes in operating practices, and incentives or mandates to conserve energy or use renewable energy sources. ~~NYDEC finalized~~ **For example, in May 2023, New York State passed legislation that prohibits the installation of fossil fuel burning equipment and building systems in new buildings commencing on or after December 31, 2025, subject to various exemptions. While the Company does not currently expect that this legislation will have a substantial impact on** its **financial results or operations** ~~Part 203 Oil and Gas Sector Rule in March 2022~~ , ~~which significantly increases leak detection and repair inspections, recordkeeping, reporting, and notification~~ **future legislation or regulation that aims to reduce natural gas demand or to impose additional operations** requirements ~~for~~ - **or restrictions on natural** ~~multiple sources along city gates~~ -- **gas** ~~, transmission pipelines, compressor stations, storage~~ facilities, **if effectuated, could impact our future earnings** and ~~gathering lines~~ **cash flows** . Additionally, the trend toward increased energy conservation, change in consumer behaviors, competition from renewable energy sources, and technological advances to address climate change may reduce the demand for natural gas **, which could impact our future earnings and cash flows** . For further discussion of the risks associated with environmental regulation to address climate change, refer to Item ~~7~~ **2** , MD & A under the heading " Environmental Matters. " ~~Further, recent trends directed toward a low- carbon economy could shift funding away from, or limit or restrict certain sources of funding for, companies focused on fossil fuel- related development or carbon- intensive investments. To the extent financial markets view climate change and greenhouse gas emissions as a financial risk, the Company' s cost of and access to capital could be negatively impacted. Organized opposition to the natural gas industry could have an adverse effect on Company operations. Organized opposition to the natural gas industry, including exploration and production activity, pipeline expansion and replacement projects, and the extension and continued operation of natural gas distribution systems, may continue to increase as a result of, among other things, safety incidents involving natural gas facilities, and concerns raised by politicians, financial institutions and advocacy groups about greenhouse gas- 15- emissions, hydraulic fracturing, or fossil fuels generally. This opposition may lead to increased regulatory and legislative initiatives that could place limitations, prohibitions or moratoriums on the use of natural gas, impose costs tied to carbon emissions, provide cost advantages to alternative energy sources, or impose mandates that increase operational costs associated with new natural gas infrastructure and technology. There are also increasing litigation risks associated with climate change concerns and related disclosures. Increased litigation could cause operational delays or restrictions, and increase the Company' s operating costs. In turn, these factors could impact the competitive position of natural gas, ultimately affecting the Company' s results of operations and cash flows. Delays or changes in plans or costs with respect to Company projects, including regulatory delays or denials with respect to necessary approvals, permits or orders, could delay or prevent anticipated project completion and may result in asset write- offs and reduced earnings. Construction of planned distribution, gathering, and transmission pipeline and storage facilities, as well as the expansion and replacement of existing facilities, and the development of new natural gas wells, is subject to various regulatory, environmental, political, legal, economic and other development risks, including the ability to obtain necessary approvals and permits from regulatory agencies on a timely basis and on acceptable terms, or at all. Existing or potential third- party opposition, such as opposition from landowner and environmental groups, which are beyond our control, could materially affect the anticipated construction of a project. In addition, third parties could impede the Company' s acquisition, expansion or renewal of rights- of- way or land rights on a timely basis and on acceptable terms. Any delay in project development or construction may prevent a planned project from going into service when anticipated, which could cause a delay in the receipt of revenues from those facilities, result in asset write- offs and materially impact operating results or anticipated results. Additionally, delays in pipeline construction projects or gathering facility completion could impede the Exploration and Production segment' s ability to transport its production to premium markets, or to fulfill obligations to sell at~~

~~contracted delivery points. FINANCIAL RISKS As a holding company, the Company depends on its operating subsidiaries to meet its financial obligations. The Company is a holding company with no significant assets other than the stock of its operating subsidiaries. In order to meet its financial needs, the Company relies exclusively on repayments of principal and interest on intercompany loans made by the Company to its operating subsidiaries and income from dividends. Such operating subsidiaries may not generate sufficient net income to pay dividends to the Company or generate sufficient cash flow to make payments of principal or interest on such intercompany loans. The Company may be adversely affected by economic conditions and their impact on our suppliers and customers. Periods of slowed economic activity generally result in decreased energy consumption, particularly by industrial and large commercial companies. As a consequence, national or regional recessions or other downturns in economic activity could adversely affect the Company' s revenues and cash flows or restrict its future growth. Additionally, supply chain disruptions, and the associated costs and inflation related thereto, could have an impact on the Company' s operations. Economic conditions in the Company' s utility service territories, along with legislative and regulatory prohibitions and / or limitations on terminations of service, also impact its collections of accounts receivable. Customers of the Company' s Utility segment may have particular trouble paying their bills during periods of declining economic activity, high inflation, or high commodity prices, potentially resulting in increased bad debt expense and reduced earnings. Similarly, if reductions were to occur in funding of the federal Low Income Home Energy Assistance Program, bad debt expense could increase and earnings could decrease. In addition, oil and natural gas exploration and production companies that are customers of the Company' s Pipeline and Storage segment may decide not to renew contracts for the same transportation capacity. Certain customers of the Company' s Exploration and Production segment can represent a concentrated risk during times of high commodity prices and high hedge losses. Any of these events- 16- or circumstances could have or contribute to a material adverse effect on the Company' s results of operations, financial condition and cash flows. Changes in interest rates may affect the Company' s financing and its regulated businesses' rates of return. Rising interest rates may impair the Company' s ability to cost-effectively finance capital expenditures and to refinance maturing debt. In addition, the Company' s authorized rate of return in its regulated businesses is based upon certain assumptions regarding interest rates. If interest rates are lower than assumed rates, the Company' s authorized rate of return could be reduced. If interest rates are higher than assumed rates, the Company' s ability to earn its authorized rate of return may be adversely impacted. Loans to the Company under its committed credit facilities may be alternate base rate loans or term SOFR loans. SOFR is a reference rate (the Secured Overnight Financing Rate) published by the Federal Reserve Bank of New York. SOFR is one available replacement for LIBOR (the London Interbank Offered Rate), which the U. K.' s Financial Conduct Authority is phasing out as a benchmark. The change from LIBOR to SOFR could expose the Company' s borrowings to less favorable rates. If the change to SOFR results in increased interest rates or if the Company' s lenders have increased costs due to the change, then the Company' s debt that uses benchmark rates could be affected and, in turn, the Company' s cash flows and interest expense could be adversely impacted. Fluctuations in natural gas prices could adversely affect revenues, cash flows and profitability. Financial results in the Company' s Exploration and Production segment are materially dependent on prices received for its natural gas production. Both short- term and long- term price trends affect the economics of exploring for, developing, producing, and gathering natural gas. Natural gas prices can be volatile and can be affected by various factors, including weather conditions, natural disasters, the level of consumer product demand, national and worldwide economic conditions, economic disruptions caused by terrorist activities, acts of war or major accidents, political conditions in foreign countries, the price and availability of alternative fuels, the proximity to, and availability of, sufficient capacity on transportation and liquefaction facilities, regional and global levels of supply and demand, energy conservation measures, and government regulations. The Company sells the natural gas that it produces at a combination of current market prices, indexed prices or through fixed- price contracts. The Company hedges a significant portion of future sales that are based on indexed prices utilizing the physical sale counter- party and / or the financial markets. The prices the Company receives depend upon factors beyond the Company' s control, including the factors affecting price mentioned above. The Company believes that any prolonged reduction in natural gas prices could restrict its ability to continue the level of exploration and production activity the Company otherwise would pursue, which could have a material adverse effect on its future revenues, cash flows and results of operations. In the Company' s Pipeline and Storage segment, significant changes in the price differential between equivalent quantities of natural gas at different geographic locations could adversely impact the Company. For example, if the price of natural gas at a particular receipt point on the Company' s pipeline system increases relative to the price of natural gas at other locations, then the volume of natural gas received by the Company at the relatively more expensive receipt point may decrease, or the Company may need to discount the approved tariff rate for that transportation path in the future in order to maintain the existing volumes on its system. Changes in price differentials can cause shippers to seek alternative lower priced natural gas supplies and, consequently, alternative transportation routes. In some cases, shippers may decide not to renew transportation contracts due to changes in price differentials. While much of the impact of lower volumes under existing contracts would be offset by the straight fixed- variable rate design, this rate design does not protect Supply Corporation or Empire where shippers do not contract for expiring capacity at the same quantity and rate. If contract renewals were to decrease, revenues and earnings in this segment may decrease. Significant changes in the price differential between futures contracts for gas having different delivery dates could also adversely impact the Company. For example, if the prices of natural gas futures contracts for winter deliveries to locations served by the Pipeline and Storage segment decline relative to the prices of such contracts for summer deliveries (as a result, for instance, of increased production of gas within the segment' s geographic area or other- 17- factors), then demand for the Company' s natural gas storage services driven by that price differential could decrease. These changes could adversely affect future revenues, cash flows and results of operations. In the Company' s Utility segment, during periods when natural gas prices are significantly higher than historical levels, customers may have trouble paying the resulting higher bills, which could increase bad debt expenses and ultimately reduce earnings. Additionally, increases in the cost of purchased gas affect cash flows and can therefore impact the amount or availability of the~~

~~Company’ s capital resources. The Company has significant transactions involving price hedging of its natural gas production as well as its fixed price sale commitments. To protect itself to some extent against price volatility and to lock in fixed pricing on natural gas production for certain periods of time, the Company’ s Exploration and Production segment regularly enters into commodity price derivatives contracts (hedging arrangements) with respect to a portion of its expected production. These contracts may extend over multiple years, covering a substantial majority of the Company’ s expected energy production over the course of the current fiscal year, and lesser percentages of subsequent years' expected production. These contracts reduce exposure to subsequent price drops but can also limit the Company’ s ability to benefit from increases in commodity prices. The nature of these hedging contracts could lead to potential liquidity impacts in scenarios of significantly increased natural gas prices if the Company has hedged its current production at prices below the current market price. Hedging collateral deposits represent the cash, letters of credit, or other eligible instruments held in Company funded margin accounts to serve as collateral for hedging positions used in the Company’ s Exploration and Production segment. A significant increase in natural gas prices may cause the Company’ s outstanding derivative instrument contracts to be in a liability position creating margin calls on the Company’ s hedging arrangements, which could require the Company to temporarily post significant amounts of cash collateral with our hedge counterparties. That collateral could be in excess of the Company’ s available short- term liquidity under its committed credit facility and other uncommitted sources of capital, leading to potential default under certain of its hedging arrangements. That interest- bearing cash collateral is returned to us in whole or in part upon a reduction in forward market prices, depending on the amount of such reduction, or in whole upon settlement of the related derivative contract. Use of energy commodity price hedges also exposes the Company to the risk of nonperformance by a contract counterparty. These parties might not be able to perform their obligations under the hedge arrangements. In the Exploration and Production segment, under the Company’ s hedging guidelines, commodity derivatives contracts must be confined to the price hedging of existing and forecast production. The Company maintains a system of internal controls to monitor compliance with its policy. However, unauthorized speculative trades, if they were to occur, could expose the Company to substantial losses to cover positions in its derivatives contracts. In addition, in the event the Company’ s actual production of natural gas falls short of hedged forecast production, the Company may incur substantial losses to cover its hedges. The Dodd- Frank Act increased federal oversight and regulation of the over- the- counter derivatives markets and certain entities that participate in those markets. Although regulators have issued certain regulations, other rules that may be relevant to the Company have yet to be finalized. For discussion of the risks associated with the Dodd- Frank Act, refer to Item 7, MD & A under the heading “ Market Risk Sensitive Instruments. ” You should not place undue reliance on reserve information because such information represents estimates. This Form 10- K contains estimates of the Company’ s proved natural gas reserves and the future net cash flows from those reserves, which the Company’ s petroleum engineers prepared and independent petroleum engineers audited. Petroleum engineers consider many factors and make assumptions in estimating natural gas reserves and future net cash flows. These factors include: historical production from the area compared with production from other producing areas; the assumed effect of governmental regulation; and assumptions- 18- concerning natural gas prices, production and development costs, severance and excise taxes, and capital expenditures. Changes in natural gas prices impact the quantity of economic natural gas reserves. Estimates of reserves and expected future cash flows prepared by different engineers, or by the same engineers at different times, may differ substantially. Ultimately, actual production, revenues and expenditures relating to the Company’ s reserves will vary from any estimates, and these variations may be material. Accordingly, the accuracy of the Company’ s reserve estimates is a function of the quality of available data and of engineering and geological interpretation and judgment. If conditions remain constant, then the Company is reasonably certain that its reserve estimates represent economically recoverable natural gas reserves and future net cash flows. If conditions change in the future, then subsequent reserve estimates may be revised accordingly. You should not assume that the present value of future net cash flows from the Company’ s proved reserves is the current market value of the Company’ s estimated natural gas reserves. In accordance with SEC requirements, the Company bases the estimated discounted future net cash flows from its proved reserves on a 12- month average of historical prices for natural gas (based on first day of the month prices and adjusted for hedging) and on costs as of the date of the estimate, which are all discounted at the SEC mandated discount rate. Actual future prices and costs may differ materially from those used in the net present value estimate. Any significant price changes will have a material effect on the present value of the Company’ s reserves. Petroleum engineering is a subjective process of estimating underground accumulations of natural gas and other hydrocarbons that cannot be measured in an exact manner. The process of estimating natural gas reserves is complex. The process involves significant assumptions in the evaluation of available geological, geophysical, engineering and economic data for each reservoir. Future economic and operating conditions are uncertain, and changes in those conditions could cause a revision to the Company’ s reserve estimates in the future. Estimates of economically recoverable natural gas reserves and of future net cash flows depend upon a number of variable factors and assumptions, including historical production from the area compared with production from other comparable producing areas, and the assumed effects of regulations by governmental agencies. Because all reserve estimates are to some degree subjective, each of the following items may differ materially from those assumed in estimating reserves: the quantities of natural gas that are ultimately recovered, the timing of the recovery of natural gas reserves, the production and operating costs to be incurred, the amount and timing of future development and abandonment expenditures, and the price received for the production. Financial accounting requirements regarding exploration and production activities may affect the Company' s profitability. The Company accounts for its exploration and production activities under the full cost method of accounting. Each quarter, the Company must perform a" ceiling test" calculation, comparing the level of its unamortized investment in oil and natural gas properties to the present value of the future net revenue projected to be recovered from those properties according to methods prescribed by the SEC. In determining present value, the Company uses a 12- month historical average price for oil and natural gas (based on first day of the month prices and adjusted for hedging) as well as the SEC mandated discount rate. If, at the end of any quarter, the amount of the unamortized investment exceeds the net present value of~~

~~the projected future cash flows, such investment may be considered to be" impaired," and the full cost authoritative accounting and reporting guidance require that the investment must be written down to the calculated net present value. Such an instance would require the Company to recognize an immediate expense in that quarter, and its earnings would be reduced. Depending on the magnitude of any decrease in average prices, that charge could be material. Under the Company' s existing indenture covenants, an impairment could restrict the Company' s ability to issue incremental long- term unsecured indebtedness for a period of time, beginning with the fourth calendar month following the impairment. In addition, because an impairment results in a charge to retained earnings, it lowers the Company' s total capitalization, all other things being equal, and increases the Company' s debt to capitalization ratio. As a result, an impairment can impact the Company' s ability to maintain compliance with the debt to capitalization covenant set forth in its credit facilities. For example, for the fiscal year ended September 30, 2020 and the quarter ended December 31, 2020, the Company recognized non- cash, pre- tax impairment charges on its oil and natural gas properties of $ 449. 4 million and $ 76. 2 million, respectively.- 19- OPERATIONAL RISKS The nature of the Company' s operations presents inherent risks of loss that could adversely affect its results of operations, financial condition and cash flows. The Company' s operations in its various reporting segments are subject to inherent hazards and risks such as: fires; natural disasters; explosions; blowouts during well drilling; collapses of wellbore casing or other tubulars; pipeline ruptures; spills; and other hazards and risks that may cause personal injury, death, property damage, environmental damage or business interruption losses. Additionally, the Company' s facilities, machinery, and equipment may be subject to sabotage. These events, in turn, could lead to governmental investigations, recommendations, claims, fines or penalties. As protection against operational hazards, the Company maintains insurance coverage against some, but not all, potential losses. The Company also seeks, but may be unable, to secure written indemnification agreements with contractors that adequately protect the Company against liability from all of the consequences of the hazards described above. The occurrence of an event not fully insured or indemnified against, the imposition of fines, penalties or mandated programs by governmental authorities, the failure of a contractor to meet its indemnification obligations, or the failure of an insurance company to pay valid claims could result in substantial losses to the Company. In addition, insurance may not be available, or if available may not be adequate, to cover any or all of these risks. It is also possible that insurance premiums or other costs may rise significantly in the future, so as to make such insurance prohibitively expensive. Hazards and risks faced by the Company, and insurance and indemnification obtained or provided by the Company, may subject the Company to litigation or administrative proceedings from time to time. Such litigation or proceedings could result in substantial monetary judgments, fines or penalties against the Company or be resolved on unfavorable terms, the result of which could have a material adverse effect on the Company' s results of operations, financial condition and cash flows. Our businesses depend on natural gas gathering, storage, and transmission facilities, which, if unavailable, could adversely affect the Company' s results of operations, financial condition, and cash flows. Our businesses depend on natural gas gathering, storage, and transmission facilities, including third- party midstream facilities that are not within our control. Our Exploration and Production and Utility segments have entered into long- term agreements with midstream providers for natural gas gathering, storage, and / or transportation services. The disruption or unavailability of the midstream facilities required to provide these services, due to maintenance, mechanical failures, accidents, weather, regulatory requirements and / or other operational hazards, could negatively impact our ability to market and / or deliver our products, especially if such disruption were to last for an extended period of time. In addition, any substantial disruptions to the services provided by our midstream providers could cause us to curtail a significant amount of our production or could impair our ability to deliver natural gas to our utility customers and could have a material adverse effect on the Company' s results of operations, financial condition, and cash flows. Furthermore, as substantially all of our production is transported from the well pad to interconnections with various FERC- regulated pipelines though our affiliated gathering facilities, such a production curtailment could result in significantly reduced throughput on those facilities, adversely affecting revenues and cash flows of our Gathering business. The disruption of the Company' s information technology and operational technology systems, including third party attempts to breach the Company' s network security, could adversely affect the Company' s financial results. The Company relies on information technology and operational technology systems to process, transmit, and store information, to manage and support a variety of business processes and activities, and to comply with regulatory, legal, and tax requirements. The Company' s information technology and operational technology systems, some of which are dependent on services provided by third parties, may be vulnerable to damage, interruption, or shutdown due to any number of causes outside of our control such as catastrophic events, natural disasters, fires, power outages, systems failures, telecommunications failures, and employee error or malfeasance. In addition, the Company' s information technology and operational technology systems are subject to attempts by others to gain unauthorized access, or to otherwise introduce malicious software. These- 20- attempts might be the result of industrial or other espionage, or actions by hackers seeking to harm the Company, its services or customers. These more sophisticated cyber- related attacks, as well as cybersecurity failures resulting from human error, pose a risk to the security of the Company' s systems and networks and the confidentiality, availability and integrity of the Company' s and its customers' data. That data may be considered sensitive, confidential, or personal information that is subject to privacy and security laws, regulations and directives. While the Company employs reasonable and appropriate controls to maintain and protect its information technology and operational technology systems, the Company may be vulnerable to material disruptions, material security breaches, lost or corrupted data, programming errors and employee errors and / or malfeasance that could lead to interruptions to the Company' s business operations or the unauthorized access, use, disclosure, modification or destruction of sensitive, confidential or personal information. Attempts to breach the Company' s network security may result in disruption of the Company' s business operations and services, delays in production, theft of sensitive and valuable data, damage to our physical systems, and reputational harm. Significant expenditures may be required to remedy system disruptions or breaches, including restoration of customer service and enhancement of information technology and operational technology systems. The Company seeks to prevent, detect and investigate security incidents, but in some cases the Company might be unaware of an~~

~~incident or its magnitude and effects. In addition to existing risks, the adoption of new technologies may also increase the Company’ s exposure to data breaches or the Company’ s ability to detect and remediate effects of a breach. The Company has experienced attempts to breach its network security and has received notifications from third- party service providers who have experienced disruptions to services or data breaches where Company data was potentially impacted. Although the scope of such incidents is sometimes unknown, they could prove to be material to the Company. Even though insurance coverage is in place for cyber- related risks, if a material disruption or breach were to occur, the Company’ s operations, earnings, cash flows and financial condition could be adversely affected to the extent not fully covered by such insurance. The amount and timing of actual future natural gas production and the cost of drilling are difficult to predict and may vary significantly from reserves and production estimates, which may reduce the Company’ s earnings. There are many risks in developing natural gas, including numerous uncertainties inherent in estimating quantities of proved natural gas reserves and in projecting future rates of production and timing of development expenditures. The future success of the Company’ s Exploration and Production and Gathering segments depends on its ability to develop additional natural gas reserves that are economically recoverable, and its failure to do so may reduce the Company’ s earnings. The total and timing of actual future production may vary significantly from reserves and production estimates. The Company’ s drilling of development wells can involve significant risks, including those related to timing, success rates, and cost overruns, and these risks can be affected by lease and rig availability, completion crew and related equipment availability, geology, and other factors. Drilling for natural gas can be unprofitable, not only from non- productive wells, but from productive wells that do not produce sufficient revenues to return a profit. Also, title problems, competition and cost to acquire mineral rights, weather conditions, governmental requirements, including completion of environmental impact analyses and compliance with other environmental laws and regulations, and shortages or delays in the delivery of equipment and services can delay drilling operations or result in their cancellation. The cost of drilling, completing, and operating wells is significant and often uncertain, and new wells may not be productive or the Company may not recover all or any portion of its investment. Production can also be delayed or made uneconomic if there is insufficient gathering, processing and transportation capacity available at an economic price to get that production to a location where it can be profitably sold. Without continued successful exploitation or acquisition activities, the Company’ s reserves and revenues will decline as a result of its current reserves being depleted by production. The Company cannot make assurances that it will be able to find or acquire additional reserves at acceptable costs.- 21- The physical risks associated with climate change may adversely affect the Company’ s operations and financial results. Climate change could create acute and / or chronic physical risks to the Company’ s operations, which may adversely affect financial results. Acute physical risks include more frequent and severe weather events, which may result in adverse physical effects on portions of U. S. natural gas infrastructure, and could disrupt the Company’ s supply chain and ultimately its operations. Disruption of production activities, as well as natural gas transportation and distribution systems, could result in reduced operational efficiency, and customer service interruption. Severe weather events could also cause physical damage to facilities, all of which could lead to reduced revenues, increased insurance premiums or increased operational costs. To the extent the Company’ s regulated businesses are unable to recover those costs, or if the recovery of those costs results in higher rates and reduced demand for Company services, the Company’ s future financial results could be adversely impacted. Chronic physical risks include long- term shifts in climate patterns resulting in new storm patterns or chronic increased temperatures, which could cause demand for gas to increase or decrease as a result of warmer weather and less degree days, and adversely impact the Company' s future financial results. Disputes with collective bargaining units representing the Company’ s workforce, and work stoppage (e. g. strike or lockout), could adversely affect the Company’ s operations as well as its financial results. Approximately half of the Company’ s active workforce is represented by collective bargaining units in New York and Pennsylvania. These labor agreements are negotiated periodically, and therefore, the Company is subject to the risk that such agreements may not be able to be renewed on reasonably satisfactory terms, on anticipated timelines, or at all. In connection with the negotiation of such collective bargaining agreements, or in future matters involving collective bargaining units representing the Company’ s workforce, the Company could experience, among other things, strikes, work stoppages, slowdowns or lockouts, which could cause a disruption of the Company' s operations and have a material adverse effect on the Company' s results of operations and financial condition. REGULATORY RISKS The Company’ s need to comply with comprehensive, complex, and the sometimes unpredictable enforcement of government regulations may increase its costs and limit its revenue growth, which may result in reduced earnings. The Company’ s businesses are subject to regulation under a wide variety of federal and state laws, regulations and policies. Existing statutes and regulations, including current tax rates, may be revised or reinterpreted and new laws and regulations may be adopted or become applicable to the Company, which may increase the Company' s costs, require refunds to customers or affect its business in ways that the Company cannot predict. Administrative agencies may apply existing laws and regulations in unanticipated, inconsistent or legally unsupportable ways, making it difficult to develop and complete projects, and harming the economic climate generally. Various aspects of the Company' s operations are subject to regulation by a variety of federal and state agencies with respect to permitting and environmental requirements. In some areas, the Company’ s operations may also be subject to locally adopted ordinances. Administrative proceedings or increased regulation by these agencies could lead to operational delays or restrictions and increased expense for one or more of the Company’ s subsidiaries. The Company is subject to the jurisdiction of the Pipeline and Hazardous Materials Safety Administration (PHMSA). The PHMSA issues regulations and conducts evaluations, among other things, that set safety standards for pipelines and underground storage facilities. If as a result of these or similar new laws or regulations the Company incurs material compliance costs that it is unable to recover fully through rates or otherwise offset, the Company' s financial condition, results of operations, and cash flows could be adversely affected. The Company is subject to the jurisdiction of the FERC with respect to Supply Corporation, Empire and some transactions performed by other Company subsidiaries. The FERC, among other things, approves the rates- 22- that Supply Corporation and Empire may charge to their gas transportation and / or storage customers. Those approved rates also impact the returns that~~

Supply Corporation and Empire may earn on the assets that are dedicated to those operations. Pursuant to the petition of a customer or state commission, or on the FERC' s own initiative, the FERC has the authority to investigate whether Supply Corporation' s and Empire' s rates are still" just and reasonable" as required by the NGA, and if not, to adjust those rates prospectively. If Supply Corporation or Empire is required in a rate proceeding to adjust the rates it charges its gas transportation and / or storage customers, or if either Supply Corporation or Empire is unable to obtain approval for rate increases, particularly when necessary to cover increased costs, Supply Corporation' s or Empire' s earnings may decrease. In addition, the FERC exercises jurisdiction over the construction and operation of interstate natural gas transmission and storage facilities and also possesses significant penalty authority with respect to violations of the laws and regulations it administers. The operations of Distribution Corporation are subject to the jurisdiction of the NYPSC, the PaPUC and, with respect to certain transactions, the FERC. The NYPSC and the PaPUC, among other things, approve the rates that Distribution Corporation may charge to its utility customers. Those approved rates also impact the returns that Distribution Corporation may earn on the assets that are dedicated to those operations. If Distribution Corporation is unable to obtain approval from these regulators for the rates it is requesting to charge utility customers, particularly when necessary to cover increased costs, earnings and / or cash flows may decrease. Environmental regulation significantly affects the Company' s business. The Company' s business operations are subject to federal, state, and local laws, regulations and agency policies relating to environmental protection including obtaining and complying with permits, leases, approvals, consents and certifications from various governmental and permit authorities. These laws, regulations and policies concern the generation, storage, transportation, disposal, emission or discharge of pollutants, contaminants, hazardous substances and greenhouse gases into the environment, the reporting of such matters, and the general protection of public health, natural resources, wildlife and the environment. For example, currently applicable environmental laws and regulations restrict the types, quantities and concentrations of materials that can be released into the environment in connection with regulated activities, limit or prohibit activities in certain protected areas, and may require the Company to investigate and / or remediate contamination at certain current and former properties regardless of whether such contamination resulted from the Company' s actions or whether such actions were in compliance with applicable laws and regulations at the time they were taken. Moreover, spills or releases of regulated substances or the discovery of currently unknown contamination could expose the Company to material losses, expenditures and environmental, health and safety liabilities. Such liabilities could include penalties, sanctions or claims for damages to persons, property or natural resources brought on behalf of the government or private litigants that could cause the Company to incur substantial costs or uninsured losses. Costs of compliance and liabilities could negatively affect the Company' s results of operations, financial condition and cash flows. In addition, compliance with environmental laws, regulations or permit conditions could require unexpected capital expenditures at the Company' s facilities, temporarily shut down the Company' s facilities or delay or cause the cancellation of expansion projects or natural gas drilling activities. Because the costs of such compliance are significant, additional regulation could negatively affect the Company' s business. Increased regulation of exploration and production activities, including hydraulic fracturing, could adversely impact the Company. Various state legislative and regulatory initiatives regarding the exploration and production business have been proposed or adopted in the northeast United States affecting the Marcellus and Utica Shale gas plays. These initiatives include potential new or updated statutes and regulations governing the drilling, casing, cementing, testing, monitoring and abandonment of wells, the protection of water supplies and restrictions on water use and water rights, hydraulic fracturing operations, surface owners' rights and damage compensation, the spacing of wells, use and disposal of potentially hazardous materials, and environmental and safety issues regarding gas pipelines. New permitting fees and / or severance taxes for natural gas production are also possible.- 23- Additionally, legislative initiatives in the U. S. Congress and regulatory studies, proceedings or rule- making initiatives at federal, state or local agencies focused on the hydraulic fracturing process, the use of underground injection control wells for produced water disposal, and related operations could result in operational delays or prohibitions and / or additional permitting, compliance, reporting and disclosure requirements, which could lead to increased operating costs and increased risks of litigation for the Company. The Company could be adversely affected by the delayed recovery or disallowance of purchased gas costs incurred by the Utility segment. Tariff rate schedules in each of the Utility segment' s service territories contain purchased natural gas adjustment clauses which permit Distribution Corporation to file with state regulators for rate adjustments to recover increases in the cost of purchased natural gas. Assuming those rate adjustments are granted, increases in the cost of purchased natural gas have no direct impact on profit margins. Distribution Corporation is required to file an accounting reconciliation with the regulators in each of the Utility segment' s service territories regarding the costs of purchased natural gas. Extreme weather events, variations in seasonal weather, and other events disrupting supply and / or demand could cause the Company to experience unforeseeable and unprecedented increases in the costs of purchased natural gas. Any prudently incurred natural gas costs could be subject to deferred recovery if regulators determine such costs are detrimental to customers in the short- term. Furthermore, there is a risk of disallowance of full recovery of these costs if regulators determine that Distribution Corporation was imprudent in making its natural gas purchases. Any material delayed recovery or disallowance of purchased natural gas costs could have a material adverse effect on cash flow and earnings. GENERAL RISKS The Company' s credit ratings may not reflect all the risks of an investment in its securities. The Company' s credit ratings are an independent assessment of its ability to pay its obligations. Consequently, real or anticipated changes in the Company' s credit ratings will generally affect the market value of the specific debt instruments that are rated, as well as the market value of the Company' s common stock. The Company' s credit ratings, however, may not reflect the potential impact on the value of its common stock of risks related to structural, market or other factors discussed in this Form 10- K. The increasing costs of certain employee and retiree benefits could adversely affect the Company' s results. The Company' s earnings and cash flow may be impacted by the amount of income or expense it expends or records for employee benefit plans. This is particularly true for pension and other post- retirement benefit plans, which are dependent on actual plan asset returns and factors used to determine the value and current costs of plan benefit obligations. In

~~addition, if medical costs rise at a rate faster than the general inflation rate, the Company might not be able to mitigate the rising costs of medical benefits. Increases to the costs of pension, other post- retirement and medical benefits could have an adverse effect on the Company' s financial results. Significant shareholders or potential shareholders may attempt to effect changes at the Company or acquire control over the Company, which could adversely affect the Company' s results of operations and financial condition. Shareholders of the Company may from time to time engage in proxy solicitations, advance shareholder proposals or otherwise attempt to effect changes or acquire control over the Company. Campaigns by shareholders to effect changes at publicly traded companies are sometimes led by investors seeking to increase short- term shareholder value through actions such as financial restructuring, increased debt, special dividends, stock repurchases or sales of assets or the entire company. Additionally, activist shareholders may submit proposals to promote an environmental, social, and / or governance position. Responding to proxy contests and other actions by activist shareholders can be costly and time- consuming, disrupting the Company' s operations and diverting the attention of the Company' s Board of Directors and senior management from the pursuit of business strategies. As a result, shareholder campaigns could adversely affect the Company' s results of operations and financial condition.~~