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

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**FORM 8-K**

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

Date of Report (Date of earliest event reported) November 15, 2013

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**BLACK HILLS CORPORATION**

(Exact name of registrant as specified in its charter)

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**South Dakota**

(State or other jurisdiction of incorporation)

**001-31303**

(Commission File Number)

**46-0458824**

(IRS Employer Identification No.)

**625 Ninth Street, PO Box 1400  
Rapid City, South Dakota**  
(Address of principal executive offices)

**57709-1400**

(Zip Code)

**605.721.1700**

(Registrant's telephone number, including area code)

**Not Applicable**

(Former name or former address, if changed since last report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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## **Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements for Certain Officers**

### **(e) Compensatory Arrangements**

On November 15, 2013, the Company entered into new Change in Control Agreements (“Agreements”) with each of its senior executive officers, David R. Emery, Linden R. Evans, Anthony S. Cleberg, Steven J. Helmers, Robert A. Myers and Scott A. Buchholz. The new Agreements replace the Change in Control Agreements dated September 7, 2010, that expired on November 15, 2013. The new Agreements are for a three-year period with an expiration date of November 15, 2016.

The new Agreements are substantially the same as the prior agreements with the addition of non-competition, non-solicitation and non-disparagement provisions.

The Agreement entered into with David R. Emery, our Chairman, President and Chief Executive Officer, provides for a payment equal to 2.99 times the officer’s base salary and annual incentive target if there is a Change in Control. The Agreement entered into with each of the other senior executive officers provides for a payment equal to two (2) times the officer’s base salary plus annual incentive target if there is a Change in Control. The specific benefits and the definition of a Change in Control are fully described in the form of Agreements. Mr. Emery’s Agreement is attached as exhibit 10.1 and the form of Agreement for the other senior executive officers is attached as Exhibit 10.2 to this Current Report on Form 8-K are incorporated herein by reference.

## **Item 9.01 Financial Statements and Exhibits**

### **(d) Exhibits**

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|------|---|
| 10.1 | Change in Control Agreement dated November 15, 2013 between Black Hills Corporation and David R. Emery                                |
| 10.2 | Form of Change in Control Agreement dated November 15, 2013 between Black Hills Corporation and its Non-CEO Senior Executive Officers |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

BLACK HILLS CORPORATION

By: /s/ Anthony S. Cleberg  
Anthony S. Cleberg  
Executive Vice President  
and Chief Financial Officer

Date: November 19, 2013

## Exhibit Index

### Exhibits

- 10.1 Change in Control Agreement dated November 15, 2013 between Black Hills Corporation and David R. Emery
- 10.2 Form of Change in Control Agreement dated November 15, 2013 between Black Hills Corporation and its Non-CEO Senior Executive Officers

## CHANGE IN CONTROL AGREEMENT

This Change in Control Agreement (“**Agreement**”) dated as of November 15, 2013, is entered into by and between Black Hills Corporation (“**Company**”) and David R. Emery (“**Employee**”).

### 1. RECITALS.

The Board of Directors of the Company (“**Board**”) has determined that it is in the best interests of the Company and its shareholders to encourage the Employee’s full attention and dedication to the Company currently and in the event of any threatened or pending Change in Control (as defined below). Therefore, in order to accomplish these objectives, the Board has caused the Company to enter into this Agreement.

### 2. DEFINITIONS.

“**AFFILIATE**” shall have the meaning ascribed to such term in rule 12b-2 of the General Rules and Regulations of the Exchange Act.

“**BENEFICIAL OWNER**” or “**BENEFICIAL OWNERSHIP**” shall have the meaning ascribed to such term in Rule 13d-3 of the General Rules and Regulations under the Exchange Act.

“**CAUSE**” means those events or conditions described in subsections 9(a)(1) and (2).

“**CHANGE IN CONTROL**” shall mean any of the following events:

(a) The acquisition in a transaction or series of transactions by any Person of Beneficial Ownership of thirty percent (30%) or more of the combined voting power of the then outstanding shares of common stock of the Company; provided, however, that for purposes of this Agreement, the following acquisitions will not constitute a Change in Control: (A) any acquisition by the Company; (B) any acquisition of common stock of the Company by an underwriter holding securities of the Company in connection with a public offering thereof; and (C) any acquisition by any Person pursuant to a transaction which complies with subsections (c)(i), (ii) and (iii);

(b) Individuals who, as of December 31, 2012 are members of the Board (the “**Incumbent Board**”), cease for any reason to constitute at least a majority of the members of the Board; provided, however, that if the election, or nomination for election by the Company’s common shareholders, of any new director was approved by a vote of at least two-thirds of the Incumbent Board, such new director shall, for purposes of this Agreement, be considered as a member of the Incumbent Board; provided further, however, that no individual shall be considered a member of the Incumbent Board if such individual initially assumed office as a result of either an actual or threatened “Election Contest” (as described in Rule 14a-11 promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board (a “**Proxy Contest**”) including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest;

(c) Consummation, following shareholder approval, of a reorganization, merger, or consolidation of the Company, or a sale or other disposition of all or substantially all of the assets of the Company (each a “**Business Combination**”), unless, in each case, immediately following such Business Combination, all of the following have occurred: (i) all or substantially all of the individuals and entities who were beneficial owners of shares of the common stock of the Company immediately prior to such Business Combination beneficially own, directly or indirectly, more than fifty percent (50%) of the combined voting power of the then outstanding shares of the entity resulting from the Business Combination or any direct or indirect parent corporation thereof (including, without limitation, an entity 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 (1) or more subsidiaries) (the “**Successor Entity**”) (ii) no Person (excluding any Successor Entity or any employee benefit plan or related trust, of the Company or such Successor Entity) owns, directly or indirectly, thirty percent (30%) or more of the combined voting power of the then outstanding shares of common stock of the Successor Entity, except to the extent that such ownership existed prior to such Business Combination; and (iii) at least a majority of the members of the Board of Directors of the entity resulting from such Business Combination or any direct or indirect parent corporation thereof were members of the Incumbent Board at the time of the execution of the initial agreement or action of the Board providing for such Business Combination; or

(d) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company, except pursuant to a Business Combination that complies with subsections (c)(i), (ii), and (iii) above.

(e) A Change in Control shall not be deemed to occur solely because any Person (the “**Subject Person**”) acquired Beneficial Ownership of more than the permitted amount of the then outstanding Common Stock as a result of the acquisition of Common Stock by the Company which, by reducing the number of shares of Common stock then outstanding, increases the proportional number of shares Beneficially Owned by the Subject Persons, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of Common Stock by the Company, and after such stock acquisition by the Company, the Subject Person becomes the Beneficial Owner of any additional Common Stock which increases the percentage of the then outstanding Common Stock Beneficially Owned by the Subject Person, then a Change in Control shall occur.

(f) A Change in Control shall not be deemed to occur unless and until all regulatory approvals required in order to effectuate a Change in Control of the Company have been obtained and the transaction constituting the Change in Control has been consummated.

“**CODE**” means the Internal Revenue Code of 1986, as amended.

“**DISABILITY**” means a physical or mental infirmity because of which Employee is receiving benefits under the Company sponsored long-term disability plan in which the Employee participates.

“**DISABILITY DATE**” means the date subsequent to a Change in Control on which the Employee is determined to have a Disability.

**“EFFECTIVE DATE”** means the first date on which a Change in Control occurs. The Effective Date does not occur and no benefits shall be paid under this Agreement if for any reason the Employee is not an employee of the Company on the day prior to the Effective Date.

**“ERISA”** means the Employee Retirement Income Security Act of 1974, as amended.

**“EXCHANGE ACT”** means the Securities Exchange Act of 1934, as amended from time to time, or any successor act thereto.

**“GOOD REASON”** means those events or conditions described in subsections 9(c)(i) through (vi) below.

**“NONQUALIFIED DEFERRED COMPENSATION PLAN”** means the Company’s Nonqualified Deferred Compensation Plan as amended and restated effective January 1, 2011, and as amended or replaced from time to time thereafter prior to the Effective Date.

**“NOTICE OF TERMINATION”** means a notice which indicates the specific termination provision in this Agreement, if any, relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Employee’s employment under the provisions so indicated. Any purported termination by the Company or Employee shall be communicated by written notice of termination to the other.

**“OMNIBUS INCENTIVE COMPENSATION PLAN”** means the incentive compensation plan known as the “Black Hills Corporation 2005 Omnibus Incentive Compensation Plan” as effective May 25, 2005, and as amended or replaced from time to time thereafter prior to the Effective Date.

**“2005 PENSION EQUALIZATION PLAN”** means the Company’s 2005 Pension Equalization Plan as in effect on January 1, 2008 and as amended or replaced from time to time thereafter prior to the Effective Date.

**“PENSION PLAN”** means the Company’s tax qualified defined benefit pension plan as amended and restated effective October 1, 2000, and as amended from time to time thereafter prior to the Effective Date.

**“PERSON”** shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a “group” as defined in Section 13(d).

**“PROTECTION PERIOD”** means the time period beginning on the Effective Date and which shall expire on the third anniversary of the Effective Date; provided, that the Protection Period shall in no event extend beyond the first day of the month following the month in which the Employee attains age 65, if Employee is an executive officer of the Company on the Effective Date.

**“RELATED COMPANY”** means any business organization or legal entity that directly or indirectly, controls, is controlled by or is under common control with the Company. For purposes of this definition, the term “control” (including the terms “controlling”,

“controlled by”, and “under common control with”) includes the possession, direct or indirect, of the power to vote 50 percent or more of the voting equity securities, membership interest, or other voting interest, or to direct or cause the direction of the management and policies of such business organization or other legal entity, whether through the ownership of voting equity securities, membership interest, by contract, or otherwise.

“**RESTORATION PLAN**” means the Company’s Restoration Plan as in effect on January 1, 2008 and as amended or replaced from time to time thereafter prior to the Effective Date.

“**RETIREE HEALTHCARE PLAN**” means the Company’s Retiree Healthcare Plan as amended and restated effective January 1, 2010, and as further amended from time to time thereafter prior to the Effective Date.

“**RETIREMENT SAVINGS PLAN**” means the Black Hills Corporation Retirement Savings Plan (401K) as amended and restated effective January 1, 2000, and as further amended from time to time thereafter prior to the effective date.

“**SEVERANCE COMPENSATION**” means the Employee’s base salary and annual incentive target on the date of the Change in Control.

“**SUBSIDIARY**” means any corporation, partnership, limited liability company, joint venture, or other entity in which the Company has a majority voting interest.

“**SUCCESSOR EMPLOYER**” means any Successor Entity (as defined in the definition of “Change in Control” herein) or any other successor in interest or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) of the business and/or assets of the Company.

“**TERMINATION DATE**” means the date, subsequent to the Effective Date, of the Employee’s separation from service (as defined for purposes of Code Section 409A) with the Company and all Related Companies.

“**WELFARE BENEFITS**” means the Black Hills Corporation Medical and Dental Plan, the Black Hills Corporation Flexible Benefit Plan, and the Black Hills Corporation Employee Life and Long-Term Disability Plan, and the Short-Term Disability Plan, as the plans and the terms and conditions thereof exist on the day prior to the Effective Date. Following the Employee’s Termination Date, the term Welfare Benefits shall not include a “flexible spending arrangement” (within the meaning of Proposed Regulation Section 1.125-5(a) or subsequent authoritative guidance).

### **3. TERM OF AGREEMENT.**

The Term of this Agreement shall commence on the date of execution and shall continue in effect until November 15, 2016. If no Change in Control shall have occurred during the Term, this Agreement shall expire. If a Change in Control occurs during the Term, this Agreement shall remain in effect for full performance according to its terms. Upon expiration of this Agreement, the Company, by action of its Board of Directors, may elect to renew or not renew this Agreement, or may offer to renew the Agreement subject to modifications of any term or



condition, at its discretion. The Board of Directors may, in its discretion, terminate this Agreement prior to the expiration of the Term, in the event that Employee, for any reason, ceases to be employed with the Company in a position as an executive officer within the meaning of the Exchange Act.

#### **4. EMPLOYMENT.**

Subject to the provisions of this Agreement, during the Protection Period the Company agrees to continue to employ the Employee and the Employee agrees to remain in the employ of the Company. During the Protection Period, the Employee shall be employed at a position substantially similar to Employee's position prior to the Change in Control or in such other capacity as may be mutually agreed to in writing by the parties. Employee shall perform the duties, undertake the responsibilities and exercise the authority customarily performed, undertaken and exercised by persons situated in a similar capacity.

During the Protection Period, excluding periods of vacation, sick leave or another approved leave of absence, Employee agrees to devote full attention and time during usual business hours to the business and affairs of the Company to the extent necessary to discharge the responsibilities assigned to Employee hereunder. It is expressly understood and agreed that to the extent that any civic, charitable or industry-related activities have been conducted by Employee prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Effective Date shall not thereafter be deemed to interfere with the performance of Employee's responsibilities to the Company. In addition, if Employee serves on a public Board of Directors prior to the effective date, the Employee shall retain the right to continue to serve on that particular Board.

#### **5. COMPENSATION.**

During the Protection Period, the Company agrees to pay or cause to be paid to Employee Annual Compensation at a rate at least equal to the highest rate of the Employee's Annual Compensation as in effect at any time within one year preceding the Effective Date, and as may be increased from time to time. Such Annual Compensation shall be payable in accordance with the Company's customary practices applicable to its officers and employees. For purposes of this Agreement, Annual Compensation shall mean all of the following compensation paid to the Employee by the Company during a calendar year including: (a) base salary, targeted annual incentive bonus, targeted long-term incentive grants and awards; and (b) Company Matching Contributions and Company Retirement Contributions or other benefits payable under the Retirement Savings Plan and Supplemental Matching Contributions, Supplemental Retirement Contributions and Supplemental Target Contributions under the Nonqualified Deferred Compensation Plan.

#### **6. EMPLOYEE WELFARE AND PENSION BENEFITS.**

During the Protection Period, the Company or the Successor Employer shall provide to the Employee the Welfare Benefits (including Retiree Healthcare Plan credits for purposes of this Section 6) and the Pension Plan, including supplemental medical insurance, travel accident insurance, short-term disability, long-term disability or life insurance benefits, or other substantially similar employee welfare and pension benefits, but in no event on a basis less favorable in terms of benefit levels and coverage than the Welfare Benefits and the Pension Plan. Subsequent to the Protection Period, the Company or Successor Employer shall provide to the

Employee ongoing Welfare Benefits (whether in active or subsequent inactive status) under terms at least as favorable as provided to other Company or Successor Employer employees. In the event Employee is not a participant in a Welfare Benefits plan or the Pension Plan prior to the Effective Date, then Company shall have no obligation to provide that Welfare Benefits plan or the Pension Plan or other substantially similar employee welfare and pension benefits as provided in this Section 6. For purposes of this Section 6, if the Employee is not entitled to any future benefit accruals in the Pension Plan as of the Effective Date the Employee shall not be treated as a participant in the Pension Plan for purposes of accruing benefits under the Pension Plan.

**7. 2005 PENSION EQUALIZATION PLAN; RESTORATION PLAN.**

If Employee was a participant in the 2005 Pension Equalization Plan prior to the Effective Date, then during the Protection Period, the Company or Successor Employer shall continue to provide Employee with coverage and participation under the 2005 Pension Equalization Plan or a substantially similar supplemental retirement plan.

If Employee was a participant in the Restoration Plan prior to the Effective Date, then during the Protection Period, the Company or Successor Employer shall continue to provide Employee with coverage and participation under the Restoration Plan or a substantially similar supplemental retirement plan. For purposes of this Section 7, if the Employee is not entitled to any future benefit accruals in the Restoration Plan as of the Effective Date the Employee shall not be treated as a participant in the Restoration Plan for purposes of accruing benefits under the Restoration Plan.

In no event shall coverage during the Protection Period be on a basis less favorable in terms of benefit levels and coverage than the 2005 Pension Equalization Plan and the Restoration Plan.

**8. OTHER BENEFITS.**

(a) Executive and Fringe Benefits and Paid Time Off. During the Protection Period, Employee shall be entitled to all executive and fringe benefits and paid-time-off generally made available by the Company and Successor Employer to its executives or other employees. Unless otherwise provided herein, the executive and fringe benefits and paid-time-off provided to Employee shall be on the same basis and terms as other similarly situated employees of the Company, but in no event shall be less favorable than the most favorable executive and fringe benefits or paid-time-off to Employee at any time within one year period preceding the Effective Date, or if more favorable, at any time thereafter.

(b) Expenses. Employee shall be entitled to receive prompt reimbursement of all expenses reasonably incurred by him in connection with the performance of his duties hereunder or for promoting, pursuing or otherwise furthering the business or interests of the Company or Successor Employer. All reimbursements under this Section 8(b) will be paid as promptly as administratively practicable, but in no event later than by December 31<sup>st</sup> of the year next following the calendar year in which the expense was incurred.

(c) Indemnity. If, at the time of a Change in Control, the Employee was covered by an Indemnity Agreement and/or Directors' and Officers' Insurance (D & O) coverage, then the Indemnity Agreement and D & O coverage shall continue in full force and effect

throughout the Protection Period, and beyond the Protection Period, with respect to claims arising out of acts or omissions of the Employee prior to a Change in Control. If, following a Change in Control, Company or the Successor Employer adopts substitute Indemnity Agreements, and/or D & O coverage, for employees having substantially the same authority, duties, and responsibilities as Employee, then Employee shall be entitled to receive the benefit of such protection with respect to claims arising from acts or omissions of Employee following a Change in Control. Payment for expenses to be reimbursed under this Section 8(c) shall be made in accordance with the time specified under the Indemnity Agreement or D & O coverage, but in no event later than by December 31<sup>st</sup> of the year next following the year in which the expense was incurred.

**9. TERMINATION.**

During the Protection Period, Employee's employment hereunder may be terminated under the following circumstances:

(a) Cause. The Company may terminate Employee's employment for "Cause." A termination of employment is for "Cause" if Employee (1) enters a guilty plea, pleads *nolo contendere* to, or is convicted of a felony offense that is demonstrably injurious to the Company; (2) intentionally engages in other conduct which is demonstrably injurious to the Company, monetarily or otherwise; or (3) fails, after reasonable request, to cooperate with the Company or governmental authorities in connection with a civil or criminal regulatory investigation or proceeding, or other civil litigation involving the company; provided, however, that no termination of Employee's employment shall be for Cause as set forth in clauses (2) or (3), unless (i) there shall have been delivered to Employee a copy of a written Notice of Termination, at least thirty (30) days in advance of the Termination Date, setting forth that Employee was guilty of the conduct set forth in such applicable clause and specifying the particulars thereof in detail; and (ii) Employee shall have been provided an opportunity to be heard by the Board (with the assistance of Employee's counsel if Employee so desires). No act, nor failure to act, on Employee's part shall be considered "intentional" unless he has acted, or failed to act, with an absence of good faith and without a reasonable belief that his action or failure to act was in the best interest of the Company. Notwithstanding anything contained in this Agreement to the contrary, no failure to perform by Employee after a Notice of Termination is given to the Employee shall constitute Cause for purposes of this Agreement.

(b) Disability. The Company may terminate Employee's employment after the Employee's Disability Date. Employee shall be entitled to the compensation and benefits provided for under this Agreement for any period during the Protection Period and prior to the Employee's Disability Date, during which Employee is unable to work due to a physical or mental infirmity, and up to the Employee's Disability Date. Notwithstanding anything contained in this Agreement to the contrary, and subject to applicable law and the provisions of the Company's long-term disability policy, until the Termination Date specified in a Notice of Termination relating to Employee's Disability, Employee shall be entitled to return to his position with the Company as set forth in this Agreement, in which event no Disability Date will be deemed to have occurred.

(c) Good Reason. During the Protection Period, the Employee may terminate his employment for "Good Reason." For purposes of this Agreement, "Good Reason" shall

mean the occurrence after the Effective Date of any of the events or conditions described below.

- (i) A material reduction of the Employee's authority, duties, or responsibilities from those in effect immediately prior to the Effective Date, including a requirement that the Employee is required to report to a corporate officer or employee, instead of reporting directly to a board of directors of a publicly-traded corporation;
- (ii) A material reduction in the Employee's "base compensation" within the meaning of such term under the Final Treasury Regulations issued under Code Section 409A, or a failure to pay the Employee any compensation or benefits to which he is entitled within a reasonable period after the date due, provided that such failure to pay constitutes a material breach under subsection 9(c)(vi) (unless otherwise specified in authority under Code Section 409A, a material reduction in base compensation for this purpose shall occur if the Employee's base compensation is reduced by two percent (2%) or more of the base compensation as in effect immediately prior to such reduction);
- (iii) Any material breach by the Company of any provision of this Agreement, including, but not limited to, the Company's failure to provide the Employee Welfare and Pension Benefits or the Pension Equalization Plan or Restoration Plan benefits, as set forth in Sections 6 and 7, provided that such failure constitutes a material breach under subsection 9(c)(vi);
- (iv) The Company's requiring the Employee to be based outside a 50-mile radius from Employee's usual and normal place of work prior to the Change in Control, except for reasonably required travel on the Company's business which is not substantially greater than such travel requirements prior to the Effective Date;
- (v) Any purported termination of the Employee's employment for Cause by the Company which does not comply with the terms of Section 9(a), provided that such termination constitutes a material breach under subsection 9(c)(vi); or
- (vi) Any other action or inaction that constitutes a material breach by the Company of the agreements under which the Employee provides services including, but not limited to, the failure of the Company to obtain an agreement, satisfactory to the Employee, from any Successor Employer or assign of the Company, to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be obligated to perform under this Agreement, as contemplated in Section 14.

In order to effectuate a termination for Good Reason under this Section 9(c), the Employee shall, within 90 days after the initial existence of the condition, deliver written notice to the Company stating the grounds for Good Reason in support of termination. The Company may, within 30 days after receipt of such notice, remedy the condition, in which case the Good Reason for termination shall be deemed not to have occurred. For purposes of determining the amount of any cash payment payable to the Employee in

accordance with Section 10, any reduction in compensation or benefit that would constitute Good Reason hereunder shall be deemed not to have occurred.

## 10. COMPENSATION UPON TERMINATION.

Upon termination of Employee's employment, prior to the end of the Protection Period, Employee shall be entitled to the following compensation and benefits:

(a) If Employee's employment with the Company shall be terminated (i) by the Company for Cause or Disability, or (ii) by reason of Employee's death, or (iii) by Employee without "Good Reason" pursuant to Section 9(c), the Company shall pay Employee all amounts earned or accrued through the Termination Date, but not paid as of the Termination Date, including all Annual Compensation, reimbursement for reasonable and necessary expenses incurred by Employee on behalf of the Company during the period ending on the Termination Date, together with accrued vacation pay, and paid time off (collectively "**Accrued Compensation**"). In addition to the foregoing, if the Employee's employment is terminated by the Company for Disability or by reason of the Employee's death, the Company shall pay to the Employee or his beneficiaries an amount equal to the "Pro Rata Bonus" which shall mean an amount equal to 100% of the target bonus that the Employee would have been eligible to receive for the Company's fiscal year in which the Employee's employment terminates, multiplied by a fraction, the numerator of which is the number of days in such fiscal year through the Termination Date and the denominator of which is 365. All amounts payable under this Section 10(a) shall be paid in a lump sum within 60 days following the Employee's Termination Date.

(b) If the Employee's employment with the Company shall be terminated (other than by reason of death) (i) by the Company other than for Cause or Disability, or (ii) by Employee for Good Reason, then following his Termination Date, the Employee shall be entitled to the following:

(i) The Company shall pay Employee all Accrued Compensation and a Pro Rata Bonus.

(ii) The Company shall pay Employee, in lieu of any further compensation for periods subsequent to the Termination Date, a lump sum severance payment, in cash, in an amount equal to 2.99 times (2.99x) the Employee's Severance Compensation. Notwithstanding the foregoing, if the Employee is an executive officer who has attained the age of 62 on the Termination Date, the severance payment to be paid under this subsection shall be the amount described above multiplied by a fraction, the numerator of which shall be the number of days remaining until the Employee's 65<sup>th</sup> birthday, and the denominator of which shall be 1095. The lump sum severance payment described in this paragraph shall be paid within 60 days after the Employee's Termination Date (unless the Company's deduction for the payment is restricted by Code Section 162(m), in which case payment must be made as soon as practicable or as soon as the payment becomes deductible).

(iii) Within ten (10) business days after the Termination Date, and as a condition of receiving payments provided in subsection 10(b)(ii) above, Employee shall execute and deliver to Company the Waiver and Release

Agreement (“**Release**”) in the same form as attached hereto as Exhibit A. The severance payment shall not be paid unless the Employee has executed and delivered the Release, and the Release has become irrevocable as provided therein. Prior to the Effective Date, the Company may revise the Release to conform to applicable law, so long as the Release does not increase the obligations of Employee thereunder.

(iv) If Employee, prior to the Termination Date, was a participant in any Welfare Benefits, the Company or the Successor Employer, or any affiliate of the Successor Employer as determined under the rules of Code Sections 414(b) and (c), shall at its expense continue on behalf of Employee and his dependents and beneficiaries, for a period of three (3) years following the Termination Date, the Welfare Benefits or similar benefits no less favorable than the benefit levels and coverage provided to Employee prior to the Termination Date. Following the three year period, the Company or the Successor Employer shall provide to the Employee Welfare Benefits (whether in active or subsequent inactive status) under terms at least as favorable as provided to other Company or Successor Employer employees. Employee shall pay the employee portion of applicable premiums required to be paid by similarly-situated active employees (or retired employees in the case that the Employee is retired) of the Company. At its election, the Company may provide Employee and his dependents with equivalent benefits outside the Welfare Benefits plans (though not by method of direct cash payment). The Company’s obligation with respect to the foregoing benefit shall be discontinued in the event that Employee becomes covered under the health insurance coverage of a subsequent employer, other than the Successor Employer or any affiliate thereof, which does not contain any exclusion or limitation with respect to any preexisting condition of the Employee and his dependents. For purposes of this provision, Employee shall have a duty to inform Company as to the terms and conditions of any subsequent employment and the corresponding benefits earned from such employment. The continued coverage or provision of equivalent benefits under this subsection 10(b)(iv) or subsection 10(b)(v) shall be provided in a manner that is intended to satisfy an exception to Code Section 409A, and therefore not treated as an arrangement providing for nonqualified deferred compensation that is subject to taxation under Code Section 409A, including (i) providing such benefits on a nontaxable basis to Employee, (ii) providing for the reimbursement of medical expenses incurred during the time period during which Employee would be entitled to continuation coverage under a group health plan of the Company pursuant to Code Section 4980B (*i.e.*, COBRA continuation coverage), (iii) providing that such benefits constitute the reimbursement or provision of in-kind benefits payable at a specified time or pursuant to a fixed schedule as permitted under Code Section 409A, or (4) such other manner as determined to be in compliance with an exception from being treated as nonqualified deferred compensation that is subject to taxation under Code Section 409A.

(v) If Employee was a participant in the Retiree Healthcare Plan immediately prior to a Change in Control, then as of Employee’s Termination Date, the Employee’s benefit under the Retiree Healthcare Plan shall be determined as if (i) Employee had completed an additional three (3) Years of Plan Participation (as defined in the Retiree Healthcare Plan), and (ii) Employee were

three (3) years older for determining eligibility for plan benefits. Furthermore, if the Employee is not eligible for benefits after the age and participation adjustment, then the Retirement Medical Savings Account (after adjustment for three years of participation) will be considered vested, and upon attainment of age 55 the Employee shall be deemed eligible for Retiree Healthcare Plan benefits, with the vested Retirement Medical Savings Account available to offset premiums. At its election, the Company may provide Employee and his dependents with equivalent benefits outside the Retiree Healthcare Plan (though not by method of direct cash payment).

(vi) If Employee was a participant in the 2005 Pension Equalization Plan immediately prior to a Change in Control, then as of Employee's Termination Date, the Employee's benefit under the 2005 Pension Equalization Plan shall be determined as if (i) Employee had completed an additional three (3) Years of Plan Participation (as defined in the 2005 Pension Equalization Plan), and (ii) Employee received Annual Compensation (as defined in Section 5) during each additional Year of Plan Participation.

If Employee was a participant in the Restoration Plan and the Pension Plan immediately prior to a Change in Control, then as of Employee's Termination Date, Employee's Restoration Plan benefit shall be determined as if (i) Employee completed three (3) additional years of Credited Service under the Pension Plan, and (ii) the Employee received Annual Compensation (as defined in Section 5) during each additional year of Credited Service. For purposes of this subsection 10(b)(vi), if the Employee is not entitled to any future benefit accruals in the Restoration Plan as of the Effective Date the Employee shall not receive any additional Credited Service or Annual Compensation when determining their Restoration benefit.

Furthermore, the Employee shall be made 100% vested for purposes of both the 2005 Pension Equalization Plan and Restoration Plan, if the Employee is a participant in such plans (for purposes of this subsection) and is not already fully vested.

(vii) If Employee was a participant in the Nonqualified Deferred Compensation Plan immediately prior to a Change in Control, then as of Employee's Termination Date, Employee's Non-Elective Account in the Nonqualified Deferred Compensation Plan shall become immediately vested and be determined as if (i) Employee had completed three (3) additional Plan Years of participation and earned the related Supplemental Matching Contributions, Supplemental Retirement Contributions, and Supplemental Target Contributions (all as defined in the Nonqualified Deferred Compensation Plan); no investment earnings shall be attributed for this additional period, and (ii) Employee received Annual Compensation (as defined in Section 5) during each additional Plan Year of participation.

For purposes of this subsection 10(b)(vii), the additional contributions under the Nonqualified Deferred Compensation Plan (Supplemental Matching Contributions, Supplemental Retirement Contributions, and Supplemental Target Contributions) shall be determined without regard to any offsets from the

Retirement Savings Plan. (This has the same effect as if the Supplemental Matching Contributions and Supplemental Retirement Contributions were determined on total pay rather than only on pay over IRS pay limits.)

(viii) Notwithstanding any provision herein to the contrary, if the Employee is a “specified employee” (as defined for purposes of Code Section 409A), no payment under this Agreement shall be made before the date which is six (6) months after the date of the Employee’s Termination Date, or such earlier date upon which such amount can be paid or provided under Code Section 409A without being subject to additional taxes thereunder, if such payment constitutes deferred compensation subject to Code Section 409A. To the extent that the Agreement provides for such nonqualified deferred compensation, it is intended to be compliant with Code Section 409A, and shall be interpreted and administered accordingly.

**11. OFFSET.**

Employee shall not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise, and except as provided in Section 10(b)(iv), such payments shall not be reduced whether or not Employee obtains other employment.

**12. TAX EFFECT.**

No additional payments shall be made to the Employee to account for any excise taxes, income taxes, interest or penalties the employee may incur due to receipt of any Severance Compensation payment or distribution of any type by the Company.

In the event it shall be determined that any Severance Compensation payment or distribution of any type by the Company, or by any Affiliate of the Company, or by any Person who acquires ownership or effective control of the Company or ownership of a substantial portion of the Company’s assets (within the meaning of Code Section 280G) or any Affiliate of such Person, to or for the benefit of the Employee, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (the “**Total Payments**”) (including but not limited to distribution of stock or options which vest upon a Change in Control pursuant to the Omnibus Incentive Stock Plan), is or will be subject to the excise tax imposed by Section 4999 of the Code (the “**Excise Tax**”), and the amount of the Total Payments after reducing for the Excise Tax does not exceed the largest amount that would result in no portion of the Total Payments being subject to the Excise Tax (the “**Safe Harbor Amount**”), the Employee’s Total Payments shall be reduced to an amount equal to the Safe Harbor Amount. However, if the amount of the Total Payments after reducing for the Excise Tax exceeds the Safe Harbor Amount, then no reduction shall be applied to the Total Payments. In applying any reduction required herein, Employee may elect whether the non-cash severance benefits or the cash severance benefits shall first be reduced.

**13. OUTPLACEMENT SERVICES.**

The Company shall, at its expense, permit the Employee to participate in outplacement assistance services, as determined by the Company, which are: (a) as to executive officers, at a level appropriate for senior management of a public company; and (b) not more than six (6)



months in duration. Outplacement services shall be provided in kind; cash shall not be paid in lieu thereof, nor will cash compensation be increased if Employee declines or does not use outplacement services. All outplacement services shall be provided by the last day of the second calendar year beginning after the Employee's Termination Date.

**14. SUCCESSORS AND ASSIGNS.**

This Agreement shall be fully binding upon any Successor Employer or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) to the business and/or assets of the Company, in the same manner and to the same extent that the Company would be obligated under this Agreement as if no succession had taken place. In the case of any transaction in which a successor or assign would not be bound by the foregoing provision, or by operation of law, be bound by this Agreement, the Company shall require such successor or assign to expressly and unconditionally assume and agree to perform all the obligations of the Company and each Employer under this Agreement, in the same manner and to the same extent that the Company and each Employer would be required to perform it if no such succession or assignment had taken place. Any failure to obtain such assumption and continuation of this Agreement shall constitute a material breach hereof.

Neither this Agreement nor any right or interest hereunder shall be assignable or transferable by the Employee, his beneficiaries or legal representatives, except by will or by the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Employee's legal personal representative.

**15. FEES AND EXPENSES.**

The company shall pay all legal fees and related expenses (including the costs of experts, evidence and counsel) reasonably and in good faith incurred by the Employee as they become due as a result of (a) the Employee's termination of employment (including all such fees and expenses, if any, incurred in contesting or disputing any such termination of employment), (b) the Employee seeking to obtain or enforce any right or benefit provided by this Agreement or by any other plan or arrangement maintained by the Company under which the Employee is or may be entitled to receive benefits; provided, however, that the circumstances set forth in clauses (a) and (b) of this Section (other than as a result of the Employee's termination of employment at the expiration of the Protection Period) occurred on or after the Effective Date. For purposes of this Section 15, the Employee will not be deemed to have incurred legal fees or expenses reasonably or in good faith if, following resolution of a dispute under this Agreement, he has failed to prevail on at least one material issue in dispute. In addition, only with regard to claims by the Employee based on wrongful termination, employment discrimination, the Fair Labor Standards Act, or worker's compensation statutes, in no event shall the Company pay any legal fees or related expenses in accordance with this Section 15 unless (i) such fees and expenses are incurred with respect to a *bona fide* claim by the Employee and (ii) no payment of legal fees or related expenses shall be made with respect to such claims to the extent that they are incurred with respect to benefits that would have been paid regardless of a claim by the Employee, even if such amounts are paid or modified as part of a settlement or award resolving an actual *bona fide* claim.

**16. NOTICE.**

For the purposes of this Agreement, notices and all other communications provided for in the Agreement (including the Notice of Termination) shall be in writing and shall be deemed to

have been duly given when personally delivered or sent by certified mail, return receipt requested, postage prepaid, addressed to the respective addresses last given by each party to the other. All notices and communications shall be deemed to have been received on the date of delivery thereof on the third business day after the mailing thereof, except that notice of change of address shall be effective only upon receipt.

**17. NONEXCLUSIVITY OF RIGHTS.**

Except as expressly provided herein, nothing in this Agreement shall prevent or limit Employee's continuing or future participation in any benefit, bonus, incentive or other plan or program provided by the Company or any of its subsidiaries or affiliates and for which Employee may qualify, nor shall anything herein limit or reduce such rights as Employee may have under any other agreements with the Company or any of its subsidiaries or affiliates. Amounts which are vested benefits or which Employee is otherwise entitled to receive under any plan or program of the Company or any of its subsidiaries or affiliates shall be payable in accordance with such plan or program, except as explicitly modified by this Agreement; provided, however, and notwithstanding anything contained in this Agreement, in the event that Employee is not a participant in or eligible to participate in any Welfare Benefits or the Pension Plan, then nothing contained in this Agreement shall be deemed to provide for or suggest the right in Employee to be a participant in or be eligible to participate in the Welfare Benefits or the Pension Plan.

**18. MISCELLANEOUS.**

No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by Employee and the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreement or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement.

**19. GOVERNING LAW.**

This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of South Dakota.

**20. SEVERABILITY.**

The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.

**21. NO GUARANTEED EMPLOYMENT.**

Employee and the Company acknowledge that, except as may otherwise be provided under any other written agreement between Employee and the Company, the employment of Employee by the Company is "at will" and, prior to the Effective Date, may be terminated by either Employee or the Company at any time. Moreover, if prior to the Effective Date,

Employee's employment with the Company terminates, Employee shall have no further rights under this Agreement.

**22. NO ADMINISTRATION.**

The parties hereto understand and agree that this Agreement shall not be subject to a separate ongoing administrative scheme to administer the benefits of this Agreement, as the parties agree that the benefits provided hereunder that are not subject to the terms of a separate plan are capable of simple or mechanical determination upon the happening of a required event or events.

**23. SUBSIDIARY DEEMED TO BE COMPANY FOR PORTIONS OF AGREEMENT.**

In the event that subsequent to the date of this Agreement the Employee becomes an employee of a subsidiary or Affiliate of the Company, or in the event that any Employee is an employee of a subsidiary or Affiliate of the Company, the references to "Company" in this Agreement shall be deemed to be a reference to the subsidiary or Affiliate which may employ the Employee to the full extent necessary or appropriate to preserve the intent of this Agreement; provided, however, nothing herein shall mean or suggest that any benefits are applicable hereunder upon a Change in Control of a subsidiary or Affiliate rather than the Company.

**24. ENTIRE AGREEMENT.**

This Agreement constitutes the entire agreement between the parties hereto and supersedes all prior agreements, if any, understandings and arrangements, oral or written, between the parties hereto with respect to the subject matter hereof.

Dated this 15<sup>th</sup> day of November, 2013.

BLACK HILLS CORPORATION

By: /s/ Steven J. Helmers  
Steven J. Helmers  
Senior Vice President  
and General Counsel

EMPLOYEE

/s/ David R. Emery  
David R. Emery

## EXHIBIT A

### WAIVER AND RELEASE AGREEMENT

This **Waiver and Release Agreement** (the “**Waiver and Release**”) is entered into by and among Black Hills Corporation (“**Company**”) and David R. Emery (“**Employee**”) this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

**1. General Waiver and Release.** For and in consideration of the agreement of Company to provide Employee the severance benefits described in that certain Change in Control Agreement, dated as of \_\_\_\_\_, 20\_\_, between Employee and the Company (the “**Agreement**”), Employee, with the intention of binding himself and all of his heirs, executors, administrators and assigns, does hereby release, remise, acquit and forever discharge the Company, and all of their respective past and present officers, directors, stockholders, employees, agents, parent corporations, predecessors, subsidiaries, affiliates, estates, successors, assigns and attorneys (hereinafter collectively referred to as “**Released Parties**”) from any and all claims, charges, actions causes of action, sums of money due, suites, debts, covenants, contracts, agreements, rights, damages, promises, demands or liabilities (hereinafter collectively referred to as “**Claims**”) whatsoever, in law or in equity, whether known or unknown, suspected or unsuspected, which Employee, individually or as a member of any class, now has, owns or holds or has at any time heretofore ever had, owned or held against the Released Parties, which arise out of or are in any way connected with Employee’s employment with the Company or any of the Released Parties or the termination of any such employment relationship, including, but not by way of limitation, Claims pursuant to federal, state or local statute, regulation, ordinance or common-law for (i) employment discrimination; (ii) wrongful discharge; (iii) breach of contract; (iv) tort actions of any type, including those for intentional or negligent infliction of emotional harm; and (v) unpaid benefits, wages, compensation, commissions, bonuses or incentive payments of any type, except as follows:

- a. Those obligations of the Company and its affiliates under the Agreement, pursuant to which this Waiver and Release is being executed and delivered;
- b. Claims, if any, for Employee’s accrued or vested benefits under the retirement plans, savings plans, investment plans and employee welfare benefit plans, if any, of the Released Parties (within the meaning of Section 3(1) of the Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”)), as amended; provided, however, that nothing herein is intended to or shall be construed to require the Released Parties to institute or continue in effect any particular plan or benefit sponsored by the Released Parties and the Company and all other Released Parties hereby reserve the right to amend or terminate any such plan or benefit at any time; and
- c. Any rights to indemnification or advancement of expenses to which Employee may otherwise be entitled pursuant to the Articles of Incorporation or Bylaws of any of the Released Parties, or by contract or applicable law, as a result of Employee’s service as an officer or director of any of the Released Parties.

Employee further understands and agrees that he has knowingly relinquished, waived and forever released any and all remedies arising out of the aforesaid employment relationship or the termination thereof, including, without limitation, claims for back pay, front pay, liquidated damages, compensatory damages, general damages, special damages, punitive damage, exemplary damages, costs, expenses and attorneys' fees.

**2. Waiver and Release of ADEA Claims.** Without limiting the generality of the foregoing, and also for and in consideration of the Company's agreement to provide Employee severance payments and benefits as described in the Agreement, Employee specifically acknowledges and agrees that he does hereby knowingly and voluntarily release the Company and all other Released Parties from any and all claims arising under the Age Discrimination in Employment Act, 29 U.S.C. Section 621, et seq. ("ADEA"), which Employee ever had or now has from the beginning of time up to the date this Waiver and Release is executed, including, but not by way of limitation, those ADEA Claims which are in any way connected with any employment relationship or the termination of any employment relationship which existed between the Company or any other Released Parties and Employee. Employee also acknowledges that he has been provided with a notice, as required by the Older Workers Benefit Protection Act of 1990, that contains (i) information about the individuals covered under the Agreement, (ii) the eligibility factors for participation in the Agreement, (iii) the time limits applicable to the Agreement, (iv) the job titles and ages of the employees designated to participate in the Agreement, (v) and the ages of the employees in the same job classification who have not been designated to participate in the Agreement. Employee further acknowledges and agrees that he has been advised to consult with an attorney prior to executing this Waiver and Release and that he has been given forty-five (45) days to consider this Waiver and Release prior to its execution. Employee agrees that in the event that he executes this Waiver and Release prior to the expiration of the forty-five (45) day period, he shall waive the balance of said period. Employee also understands that he may revoke this Waiver and Release of ADEA Claims at any time within seven (7) days following its execution and that, if Employee revokes this waiver and Release of ADEA Claims within such seven (7) day period, it shall not be effective or enforceable and he will not receive the above-described consideration or any payments provided for in the Agreement that have not been paid.

**3. Covenant Not to Sue.** Employee acknowledges and agrees that this Waiver and Release may not be revoked at any time after the expiration of the seven (7) day revocation period and that he will not institute any suit, action, or proceeding, whether at law or equity, challenging the enforceability of this Waiver and Release. Should Employee ever attempt to challenge the terms of this Waiver and release, attempt to obtain an order declaring this Waiver and release to be null and void, or institute litigation against any of the released Parties based upon a Claim other than an ADEA Claim which is covered by the terms of this Waiver and Release, Employee will as a condition precedent to such action repay all monies paid to him under the terms of this Waiver and Release. Furthermore, if Employee does not prevail in an action to challenge this Waiver and Release, to obtain an order declaring this Waiver and release to be null and void, or in any action against any of the Released Parties based upon a Claim other than an ADEA Claim which is covered by the Waiver and release set forth herein, Employee shall pay to the Company and/or the appropriate Released Parties all their costs and attorneys' fees incurred in their defense of Employee's action.

Provided, however that it is understood and agreed by the parties that Employee shall not be required to repay the monies paid to him under the terms of this Waiver and Release or pay the Company and/or the appropriate Released Parties all their costs and attorneys' fees incurred in their defense of Employee's action (except those attorneys' fees or costs specifically authorized under federal law) in the event that Employee seeks to challenge his Waiver and Release of Claims under the ADEA.

**4. Denial of Liability.** Employee acknowledges and agrees that neither the payment of severance payments or benefits under the Agreement nor this Waiver and release is to be construed in any way as an admission of any liability whatsoever by Company or any of the other released Parties, by whom liability is expressly denied.

**5. Agreement Not to Seek Further Relief.** Employee acknowledges and agrees that he has not, with respect to any transaction or state of facts existing prior to the date of execution of this Waiver and Release, filed any complaints, charges or lawsuits against any of the Released Parties with any governmental agency or any court or tribunal, and that he will not do so at any time hereafter. Employee further acknowledges and agrees that he hereby waives any right to accept any relief or recovery, including costs and attorneys' fees that may arise from any charge or complaint before any federal, state or local court or administrative agency against the Released Parties.

**6. Company Property and Confidential Information.** Employee agrees that he will not retain or destroy, and will immediately return to the Company, any and all property of the Company in his possession or subject to his control, including, but not limited to, keys, credit and identification cards, personal items or equipment provided for his use, customer files and information, all other files and documents relating to the Company and its business, together with all written or recorded materials, documents, computer disks, plans, records or notes or other papers belonging to the Company. Employee further agrees not to make, distribute or retain copies of any such information or property.

The Employee shall hold in a fiduciary capacity of the benefit of the Company all material proprietary information, knowledge or data relating to the Company or any of its affiliated companies, and their respective businesses, which shall have been obtained by the Employee during the Employee's employment by the Company or any of its affiliated companies and which shall not be or become public knowledge. Employee agrees after termination of the Employee's employment with the Company, the Employee shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it.

**7. Non-Competition.** Employee agrees for a period of one-year following his or her Termination Date, he or she shall not, without the written express consent of the Company, directly or indirectly, alone or as a partner, owner, officer, director, employee, or consultant of any other firm, business or entity, engage in any activity in competition with the Company; provided, however, that the foregoing shall not be construed to preclude the Employee from making any investments in any securities to the extent such securities are traded on a national exchange or over-the-counter market and such investment does not exceed five percent (5%) of the issued and outstanding voting securities of such issuer.

**8. Non-Solicitation.** Employee agrees for a period of two-years following his or her Termination Date, he or she shall not, directly or indirectly, whether for his or her own benefit or on behalf of another: (i) hire or offer to hire any of the Company's officers, employees or agents; (ii) persuade, or attempt to persuade, any officer, employee or agent of the Company to discontinue any relationship with the Company; or (iii) solicit or divert or attempt to divert any customer or supplier of the Company then doing business in the Company's service territory.

**9. Non-Disparagement.** Employee agrees for a period of two-years following his or her Termination Date, he or she shall not, directly or indirectly, disparage, criticize, or otherwise make derogatory statements regarding the Company or any aspect of management policies, operations, practices, or personnel of the Company. Notwithstanding the foregoing, nothing contained herein will be deemed to restrict the Employee from providing information to any governmental or regulatory agency (or in any way limit the content of such information) to the extent the Employee is required to provide such information pursuant to applicable law or regulation; nor will the foregoing restrict the Employee from enforcing his or her rights under this Agreement.

**10. Supersedes All Other Non-Competition, Non-Solicitation and Non-Disparagement Agreements.** Employee agrees, that in the event of a Termination Date under this Agreement, the foregoing Section 7. Non-Competition, Section 8. Non-Solicitation and Section 9. Non-Disparagement supersedes any other non-competition, non-solicitation or non-disparagement agreements or provisions that may have been in place prior to the Termination Date.

**11. Confidentiality Agreement.** Employee acknowledges that the terms of this Waiver and Release must be kept confidential. Accordingly, Employee agrees not to disclose or publish to any person or entity, except as required by law or as necessary to prepare tax returns, the terms and conditions or sums being paid in connection with this Waiver and Release.

**12. Cooperation.** Employee agrees to cooperate with the Company and its attorneys in connection with all lawsuits, claims, investigations, or similar proceedings, including the provision of testimony as may reasonably be required, arising out of or in any way related to Employee's employment by the Company or any of its Subsidiaries.

**13. Acknowledgement.** Employee acknowledges that he has carefully read and fully understands the terms of this Waiver and Release and the Agreement and that this Waiver and Release is executed by Employee voluntarily and is not based upon any representations or statements of any kind made by the Company or any of the other Released Parties as to the merits, legal liabilities or value of his claims. Employee further acknowledges that he has had a full and reasonable opportunity to consider this waiver Release and that he has not been pressured or in any way coerced into executing this Waiver and Release.

**14. Choice of Laws.** This Waiver and Release and the rights and obligation so the parties hereto shall be governed and construed in accordance with the laws of the State of South Dakota.

**15. Severability.** With the exception of the waiver and releases contained in Sections 1 and 2 hereof, if any provision of this waiver and Release is unenforceable or is held to be unenforceable, such provision shall be fully severable, and this Waiver and Release and its terms shall be construed and enforced as if such unenforceable provision had never comprised a part hereof, the remaining provisions hereof shall remain in full force and effect, and the court construing the provisions shall add as a part hereof a provision as similar in terms and effect to such unenforceable provision as may be enforceable, in lieu of the unenforceable provision. In the event that both of the releases contained in Sections 1 and 2 are unenforceable or are held to be unenforceable, the parties understand and agree that the remaining provisions of this Waiver and Release shall be rendered null and void and that neither party shall have any further obligation under any provision of this Waiver and Release.

**16. Entire Agreement.** This document contains all terms of the Waiver and Release and supersedes and invalidates any previous agreements or contracts regarding the same subject matter. No representations, inducements, promises or agreements, oral or otherwise, which are not embodied herein shall be of any force or effect.

***Please read this document carefully, as it includes a release of claims.***

**IN WITNESS WHEREOF**, the undersigned acknowledges that he has read this Waiver and Release Agreement and sets his hand and seal this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

EMPLOYEE

\_\_\_\_\_  
David R. Emery

BLACK HILLS CORPORATION

By: \_\_\_\_\_  
Title:



## CHANGE IN CONTROL AGREEMENT

This Change in Control Agreement (“**Agreement**”) dated as of November 15, 2013, is entered into by and between Black Hills Corporation (“**Company**”) and \_\_\_\_\_ (“**Employee**”).

### **1. RECITALS.**

The Board of Directors of the Company (“**Board**”) has determined that it is in the best interests of the Company and its shareholders to encourage the Employee’s full attention and dedication to the Company currently and in the event of any threatened or pending Change in Control (as defined below). Therefore, in order to accomplish these objectives, the Board has caused the Company to enter into this Agreement.

### **2. DEFINITIONS.**

“**AFFILIATE**” shall have the meaning ascribed to such term in rule 12b-2 of the General Rules and Regulations of the Exchange Act.

“**BENEFICIAL OWNER**” or “**BENEFICIAL OWNERSHIP**” shall have the meaning ascribed to such term in Rule 13d-3 of the General Rules and Regulations under the Exchange Act.

“**CAUSE**” means those events or conditions described in subsections 9(a)(1) and (2).

“**CHANGE IN CONTROL**” shall mean any of the following events:

(a) The acquisition in a transaction or series of transactions by any Person of Beneficial Ownership of thirty percent (30%) or more of the combined voting power of the then outstanding shares of common stock of the Company; provided, however, that for purposes of this Agreement, the following acquisitions will not constitute a Change in Control: (A) any acquisition by the Company; (B) any acquisition of common stock of the Company by an underwriter holding securities of the Company in connection with a public offering thereof; and (C) any acquisition by any Person pursuant to a transaction which complies with subsections (c)(i), (ii) and (iii);

(b) Individuals who, as of December 31, 2012 are members of the Board (the “**Incumbent Board**”), cease for any reason to constitute at least a majority of the members of the Board; provided, however, that if the election, or nomination for election by the Company’s common shareholders, of any new director was approved by a vote of at least two-thirds of the Incumbent Board, such new director shall, for purposes of this Agreement, be considered as a member of the Incumbent Board; provided further, however, that no individual shall be considered a member of the Incumbent Board if such individual initially assumed office as a result of either an actual or threatened “Election Contest” (as described in Rule 14a-11 promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board (a “**Proxy Contest**”) including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest;

(c) Consummation, following shareholder approval, of a reorganization, merger, or consolidation of the Company, or a sale or other disposition of all or substantially all of the assets of the Company (each a “**Business Combination**”), unless, in each case, immediately following such Business Combination, all of the following have occurred: (i) all or substantially all of the individuals and entities who were beneficial owners of shares of the common stock of the Company immediately prior to such Business Combination beneficially own, directly or indirectly, more than fifty percent (50%) of the combined voting power of the then outstanding shares of the entity resulting from the Business Combination or any direct or indirect parent corporation thereof (including, without limitation, an entity 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 (1) or more subsidiaries) (the “**Successor Entity**”) (ii) no Person (excluding any Successor Entity or any employee benefit plan or related trust, of the Company or such Successor Entity) owns, directly or indirectly, thirty percent (30%) or more of the combined voting power of the then outstanding shares of common stock of the Successor Entity, except to the extent that such ownership existed prior to such Business Combination; and (iii) at least a majority of the members of the Board of Directors of the entity resulting from such Business Combination or any direct or indirect parent corporation thereof were members of the Incumbent Board at the time of the execution of the initial agreement or action of the Board providing for such Business Combination; or

(d) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company, except pursuant to a Business Combination that complies with subsections (c)(i), (ii), and (iii) above.

(e) A Change in Control shall not be deemed to occur solely because any Person (the “**Subject Person**”) acquired Beneficial Ownership of more than the permitted amount of the then outstanding Common Stock as a result of the acquisition of Common Stock by the Company which, by reducing the number of shares of Common stock then outstanding, increases the proportional number of shares Beneficially Owned by the Subject Persons, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of Common Stock by the Company, and after such stock acquisition by the Company, the Subject Person becomes the Beneficial Owner of any additional Common Stock which increases the percentage of the then outstanding Common Stock Beneficially Owned by the Subject Person, then a Change in Control shall occur.

(f) A Change in Control shall not be deemed to occur unless and until all regulatory approvals required in order to effectuate a Change in Control of the Company have been obtained and the transaction constituting the Change in Control has been consummated.

“**CODE**” means the Internal Revenue Code of 1986, as amended.

“**DISABILITY**” means a physical or mental infirmity because of which Employee is receiving benefits under the Company sponsored long-term disability plan in which the Employee participates.

“**DISABILITY DATE**” means the date subsequent to a Change in Control on which the Employee is determined to have a Disability.

**“EFFECTIVE DATE”** means the first date on which a Change in Control occurs. The Effective Date does not occur and no benefits shall be paid under this Agreement if for any reason the Employee is not an employee of the Company on the day prior to the Effective Date.

**“ERISA”** means the Employee Retirement Income Security Act of 1974, as amended.

**“EXCHANGE ACT”** means the Securities Exchange Act of 1934, as amended from time to time, or any successor act thereto.

**“GOOD REASON”** means those events or conditions described in subsections 9(c)(i) through (vi) below.

**“NONQUALIFIED DEFERRED COMPENSATION PLAN”** means the Company’s Nonqualified Deferred Compensation Plan as amended and restated effective January 1, 2011, and as amended or replaced from time to time thereafter prior to the Effective Date.

**“NOTICE OF TERMINATION”** means a notice which indicates the specific termination provision in this Agreement, if any, relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Employee’s employment under the provisions so indicated. Any purported termination by the Company or Employee shall be communicated by written notice of termination to the other.

**“OMNIBUS INCENTIVE COMPENSATION PLAN”** means the incentive compensation plan known as the “Black Hills Corporation 2005 Omnibus Incentive Compensation Plan” as effective May 25, 2005, and as amended or replaced from time to time thereafter prior to the Effective Date.

**“2005 PENSION EQUALIZATION PLAN”** means the Company’s 2005 Pension Equalization Plan as in effect on January 1, 2008 and as amended or replaced from time to time thereafter prior to the Effective Date.

**“PENSION PLAN”** means the Company’s tax qualified defined benefit pension plan as amended and restated effective October 1, 2000, and as amended from time to time thereafter prior to the Effective Date.

**“PERSON”** shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a “group” as defined in Section 13(d).

**“PROTECTION PERIOD”** means the time period beginning on the Effective Date and which shall expire on the second anniversary of the Effective Date; provided, that the Protection Period shall in no event extend beyond the first day of the month following the month in which the Employee attains age 65, if Employee is an executive officer of the Company on the Effective Date.

**“RELATED COMPANY”** means any business organization or legal entity that directly or indirectly, controls, is controlled by or is under common control with the Company. For purposes of this definition, the term “control” (including the terms “controlling”, “controlled by”, and “under common control with”) includes the possession, direct or

indirect, of the power to vote 50 percent or more of the voting equity securities, membership interest, or other voting interest, or to direct or cause the direction of the management and policies of such business organization or other legal entity, whether through the ownership of voting equity securities, membership interest, by contract, or otherwise.

**“RESTORATION PLAN”** means the Company’s Restoration Plan as in effect on January 1, 2008 and as amended or replaced from time to time thereafter prior to the Effective Date.

**“RETIREE HEALTHCARE PLAN”** means the Company’s Retiree Healthcare Plan as amended and restated effective January 1, 2010, and as further amended from time to time thereafter prior to the Effective Date.

**“RETIREMENT SAVINGS PLAN”** means the Black Hills Corporation Retirement Savings Plan (401K) as amended and restated effective January 1, 2000, and as further amended from time to time thereafter prior to the effective date.

**“SEVERANCE COMPENSATION”** means the Employee’s base salary and annual incentive target on the date of the Change in Control.

**“SUBSIDIARY”** means any corporation, partnership, limited liability company, joint venture, or other entity in which the Company has a majority voting interest.

**“SUCCESSOR EMPLOYER”** means any Successor Entity (as defined in the definition of “Change in Control” herein) or any other successor in interest or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) of the business and/or assets of the Company.

**“TERMINATION DATE”** means the date, subsequent to the Effective Date, of the Employee’s separation from service (as defined for purposes of Code Section 409A) with the Company and all Related Companies.

**“WELFARE BENEFITS”** means the Black Hills Corporation Medical and Dental Plan, the Black Hills Corporation Flexible Benefit Plan, and the Black Hills Corporation Employee Life and Long-Term Disability Plan, and the Short-Term Disability Plan, as the plans and the terms and conditions thereof exist on the day prior to the Effective Date. Following the Employee’s Termination Date, the term Welfare Benefits shall not include a “flexible spending arrangement” (within the meaning of Proposed Regulation Section 1.125-5(a) or subsequent authoritative guidance).

### **3. TERM OF AGREEMENT.**

The Term of this Agreement shall commence on the date of execution and shall continue in effect until November 15, 2016. If no Change in Control shall have occurred during the Term, this Agreement shall expire. If a Change in Control occurs during the Term, this Agreement shall remain in effect for full performance according to its terms. Upon expiration of this Agreement, the Company, by action of its Board of Directors, may elect to renew or not renew this Agreement, or may offer to renew the Agreement subject to modifications of any term or condition, at its discretion. The Board of Directors may, in its discretion, terminate this

Agreement prior to the expiration of the Term, in the event that Employee, for any reason, ceases to be employed with the Company in a position as an executive officer within the meaning of the Exchange Act.

#### **4. EMPLOYMENT.**

Subject to the provisions of this Agreement, during the Protection Period the Company agrees to continue to employ the Employee and the Employee agrees to remain in the employ of the Company. During the Protection Period, the Employee shall be employed at a position substantially similar to Employee's position prior to the Change in Control or in such other capacity as may be mutually agreed to in writing by the parties. Employee shall perform the duties, undertake the responsibilities and exercise the authority customarily performed, undertaken and exercised by persons situated in a similar capacity.

During the Protection Period, excluding periods of vacation, sick leave or another approved leave of absence, Employee agrees to devote full attention and time during usual business hours to the business and affairs of the Company to the extent necessary to discharge the responsibilities assigned to Employee hereunder. It is expressly understood and agreed that to the extent that any civic, charitable or industry-related activities have been conducted by Employee prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Effective Date shall not thereafter be deemed to interfere with the performance of Employee's responsibilities to the Company. In addition, if Employee serves on a public Board of Directors prior to the effective date, the Employee shall retain the right to continue to serve on that particular Board.

#### **5. COMPENSATION.**

During the Protection Period, the Company agrees to pay or cause to be paid to Employee Annual Compensation at a rate at least equal to the highest rate of the Employee's Annual Compensation as in effect at any time within one year preceding the Effective Date, and as may be increased from time to time. Such Annual Compensation shall be payable in accordance with the Company's customary practices applicable to its officers and employees. For purposes of this Agreement, Annual Compensation shall mean all of the following compensation paid to the Employee by the Company during a calendar year including: (a) base salary, targeted annual incentive bonus, targeted long-term incentive grants and awards; and (b) Company Matching Contributions and Company Retirement Contributions or other benefits payable under the Retirement Savings Plan and Supplemental Matching Contributions, Supplemental Retirement Contributions and Supplemental Target Contributions under the Nonqualified Deferred Compensation Plan.

#### **6. EMPLOYEE WELFARE AND PENSION BENEFITS.**

During the Protection Period, the Company or the Successor Employer shall provide to the Employee the Welfare Benefits (including Retiree Healthcare Plan credits for purposes of this Section 6) and the Pension Plan, including supplemental medical insurance, travel accident insurance, short-term disability, long-term disability or life insurance benefits, or other substantially similar employee welfare and pension benefits, but in no event on a basis less favorable in terms of benefit levels and coverage than the Welfare Benefits and the Pension Plan. Subsequent to the Protection Period, the Company or Successor Employer shall provide to the Employee ongoing Welfare Benefits (whether in active or subsequent inactive status) under terms

at least as favorable as provided to other Company or Successor Employer employees. In the event Employee is not a participant in a Welfare Benefits plan or the Pension Plan prior to the Effective Date, then Company shall have no obligation to provide that Welfare Benefits plan or the Pension Plan or other substantially similar employee welfare and pension benefits as provided in this Section 6. For purposes of this Section 6, if the Employee is not entitled to any future benefit accruals in the Pension Plan as of the Effective Date the Employee shall not be treated as a participant in the Pension Plan for purposes of accruing benefits under the Pension Plan.

**7. 2005 PENSION EQUALIZATION PLAN; RESTORATION PLAN.**

If Employee was a participant in the 2005 Pension Equalization Plan prior to the Effective Date, then during the Protection Period, the Company or Successor Employer shall continue to provide Employee with coverage and participation under the 2005 Pension Equalization Plan or a substantially similar supplemental retirement plan.

If Employee was a participant in the Restoration Plan prior to the Effective Date, then during the Protection Period, the Company or Successor Employer shall continue to provide Employee with coverage and participation under the Restoration Plan or a substantially similar supplemental retirement plan. For purposes of this Section 7, if the Employee is not entitled to any future benefit accruals in the Restoration Plan as of the Effective Date the Employee shall not be treated as a participant in the Restoration Plan for purposes of accruing benefits under the Restoration Plan.

In no event shall coverage during the Protection Period be on a basis less favorable in terms of benefit levels and coverage than the 2005 Pension Equalization Plan and the Restoration Plan.

**8. OTHER BENEFITS.**

(a) Executive and Fringe Benefits and Paid Time Off. During the Protection Period, Employee shall be entitled to all executive and fringe benefits and paid-time-off generally made available by the Company and Successor Employer to its executives or other employees. Unless otherwise provided herein, the executive and fringe benefits and paid-time-off provided to Employee shall be on the same basis and terms as other similarly situated employees of the Company, but in no event shall be less favorable than the most favorable executive and fringe benefits or paid-time-off to Employee at any time within one year period preceding the Effective Date, or if more favorable, at any time thereafter.

(b) Expenses. Employee shall be entitled to receive prompt reimbursement of all expenses reasonably incurred by him in connection with the performance of his duties hereunder or for promoting, pursuing or otherwise furthering the business or interests of the Company or Successor Employer. All reimbursements under this Section 8(b) will be paid as promptly as administratively practicable, but in no event later than by December 31<sup>st</sup> of the year next following the calendar year in which the expense was incurred.

(c) Indemnity. If, at the time of a Change in Control, the Employee was covered by an Indemnity Agreement and/or Directors' and Officers' Insurance (D & O) coverage, then the Indemnity Agreement and D & O coverage shall continue in full force and effect throughout the Protection Period, and beyond the Protection Period, with respect to

claims arising out of acts or omissions of the Employee prior to a Change in Control. If, following a Change in Control, Company or the Successor Employer adopts substitute Indemnity Agreements, and/or D & O coverage, for employees having substantially the same authority, duties, and responsibilities as Employee, then Employee shall be entitled to receive the benefit of such protection with respect to claims arising from acts or omissions of Employee following a Change in Control. Payment for expenses to be reimbursed under this Section 8(c) shall be made in accordance with the time specified under the Indemnity Agreement or D & O coverage, but in no event later than by December 31<sup>st</sup> of the year next following the year in which the expense was incurred.

**9. TERMINATION.**

During the Protection Period, Employee's employment hereunder may be terminated under the following circumstances:

(a) Cause. The Company may terminate Employee's employment for "Cause." A termination of employment is for "Cause" if Employee (1) enters a guilty plea, pleads *nolo contendere* to, or is convicted of a felony offense that is demonstrably injurious to the Company; (2) intentionally engages in other conduct which is demonstrably injurious to the Company, monetarily or otherwise; or (3) fails, after reasonable request, to cooperate with the Company or governmental authorities in connection with a civil or criminal regulatory investigation or proceeding, or other civil litigation involving the company; provided, however, that no termination of Employee's employment shall be for Cause as set forth in clauses (2) or (3), unless (i) there shall have been delivered to Employee a copy of a written Notice of Termination, at least thirty (30) days in advance of the Termination Date, setting forth that Employee was guilty of the conduct set forth in such applicable clause and specifying the particulars thereof in detail; and (ii) Employee shall have been provided an opportunity to be heard by the Board (with the assistance of Employee's counsel if Employee so desires). No act, nor failure to act, on Employee's part shall be considered "intentional" unless he has acted, or failed to act, with an absence of good faith and without a reasonable belief that his action or failure to act was in the best interest of the Company. Notwithstanding anything contained in this Agreement to the contrary, no failure to perform by Employee after a Notice of Termination is given to the Employee shall constitute Cause for purposes of this Agreement.

(b) Disability. The Company may terminate Employee's employment after the Employee's Disability Date. Employee shall be entitled to the compensation and benefits provided for under this Agreement for any period during the Protection Period and prior to the Employee's Disability Date, during which Employee is unable to work due to a physical or mental infirmity, and up to the Employee's Disability Date. Notwithstanding anything contained in this Agreement to the contrary, and subject to applicable law and the provisions of the Company's long-term disability policy, until the Termination Date specified in a Notice of Termination relating to Employee's Disability, Employee shall be entitled to return to his position with the Company as set forth in this Agreement, in which event no Disability Date will be deemed to have occurred.

(c) Good Reason. During the Protection Period, the Employee may terminate his employment for "Good Reason." For purposes of this Agreement, "Good Reason" shall mean the occurrence after the Effective Date of any of the events or conditions described below.

- (i) A material reduction of the Employee's authority, duties, or responsibilities from those in effect immediately prior to the Effective Date;
- (ii) A material reduction in the Employee's "base compensation" within the meaning of such term under the Final Treasury Regulations issued under Code Section 409A, or a failure to pay the Employee any compensation or benefits to which he is entitled within a reasonable period after the date due, provided that such failure to pay constitutes a material breach under subsection 9(c)(vi) (unless otherwise specified in authority under Code Section 409A, a material reduction in base compensation for this purpose shall occur if the Employee's base compensation is reduced by two percent (2%) or more of the base compensation as in effect immediately prior to such reduction);
- (iii) Any material breach by the Company of any provision of this Agreement, including, but not limited to, the Company's failure to provide the Employee Welfare and Pension Benefits or the Pension Equalization Plan or Restoration Plan benefits, as set forth in Sections 6 and 7, provided that such failure constitutes a material breach under subsection 9(c)(vi);
- (iv) The Company's requiring the Employee to be based outside a 50-mile radius from Employee's usual and normal place of work prior to the Change in Control, except for reasonably required travel on the Company's business which is not substantially greater than such travel requirements prior to the Effective Date;
- (v) Any purported termination of the Employee's employment for Cause by the Company which does not comply with the terms of Section 9(a), provided that such termination constitutes a material breach under subsection 9(c)(vi); or
- (vi) Any other action or inaction that constitutes a material breach by the Company of the agreements under which the Employee provides services including, but not limited to, the failure of the Company to obtain an agreement, satisfactory to the Employee, from any Successor Employer or assign of the Company, to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be obligated to perform under this Agreement, as contemplated in Section 14.

In order to effectuate a termination for Good Reason under this Section 9(c), the Employee shall, within 90 days after the initial existence of the condition, deliver written notice to the Company stating the grounds for Good Reason in support of termination. The Company may, within 30 days after receipt of such notice, remedy the condition, in which case the Good Reason for termination shall be deemed not to have occurred. For purposes of determining the amount of any cash payment payable to the Employee in accordance with Section 10, any reduction in compensation or benefit that would constitute Good Reason hereunder shall be deemed not to have occurred.



## 10. COMPENSATION UPON TERMINATION.

Upon termination of Employee's employment, prior to the end of the Protection Period, Employee shall be entitled to the following compensation and benefits:

(a) If Employee's employment with the Company shall be terminated (i) by the Company for Cause or Disability, or (ii) by reason of Employee's death, or (iii) by Employee without "Good Reason" pursuant to Section 9(c), the Company shall pay Employee all amounts earned or accrued through the Termination Date, but not paid as of the Termination Date, including all Annual Compensation, reimbursement for reasonable and necessary expenses incurred by Employee on behalf of the Company during the period ending on the Termination Date, together with accrued vacation pay, and paid time off (collectively "**Accrued Compensation**"). In addition to the foregoing, if the Employee's employment is terminated by the Company for Disability or by reason of the Employee's death, the Company shall pay to the Employee or his beneficiaries an amount equal to the "Pro Rata Bonus" which shall mean an amount equal to 100% of the target bonus that the Employee would have been eligible to receive for the Company's fiscal year in which the Employee's employment terminates, multiplied by a fraction, the numerator of which is the number of days in such fiscal year through the Termination Date and the denominator of which is 365. All amounts payable under this Section 10(a) shall be paid in a lump sum within 60 days following the Employee's Termination Date.

(b) If the Employee's employment with the Company shall be terminated (other than by reason of death) (i) by the Company other than for Cause or Disability, or (ii) by Employee for Good Reason, then following his Termination Date, the Employee shall be entitled to the following:

(i) The Company shall pay Employee all Accrued Compensation and a Pro Rata Bonus.

(ii) The Company shall pay Employee, in lieu of any further compensation for periods subsequent to the Termination Date, a lump sum severance payment, in cash, in an amount equal to two times (2x) the Employee's Severance Compensation. Notwithstanding the foregoing, if the Employee is an executive officer who has attained the age of 63 on the Termination Date, the severance payment to be paid under this subsection shall be the amount described above multiplied by a fraction, the numerator of which shall be the number of days remaining until the Employee's 65<sup>th</sup> birthday, and the denominator of which shall be 730. The lump sum severance payment described in this paragraph shall be paid within 60 days after the Employee's Termination Date (unless the Company's deduction for the payment is restricted by Code Section 162(m), in which case payment must be made as soon as practicable or as soon as the payment becomes deductible).

(iii) Within ten (10) business days after the Termination Date, and as a condition of receiving payments provided in subsection 10(b)(ii) above, Employee shall execute and deliver to Company the Waiver and Release Agreement ("**Release**") in the same form as attached hereto as Exhibit A. The severance payment shall not be paid unless the Employee has executed and

delivered the Release, and the Release has become irrevocable as provided therein. Prior to the Effective Date, the Company may revise the Release to conform to applicable law, so long as the Release does not increase the obligations of Employee thereunder.

(iv) If Employee, prior to the Termination Date, was a participant in any Welfare Benefits, the Company or the Successor Employer, or any affiliate of the Successor Employer as determined under the rules of Code Sections 414(b) and (c), shall at its expense continue on behalf of Employee and his dependents and beneficiaries, for a period of two (2) years following the Termination Date, the Welfare Benefits or similar benefits no less favorable than the benefit levels and coverage provided to Employee prior to the Termination Date. Following the two year period, the Company or the Successor Employer shall provide to the Employee Welfare Benefits (whether in active or subsequent inactive status) under terms at least as favorable as provided to other Company or Successor Employer employees. Employee shall pay the employee portion of applicable premiums required to be paid by similarly-situated active employees (or retired employees in the case that the Employee is retired) of the Company. At its election, the Company may provide Employee and his dependents with equivalent benefits outside the Welfare Benefits plans (though not by method of direct cash payment). The Company's obligation with respect to the foregoing benefit shall be discontinued in the event that Employee becomes covered under the health insurance coverage of a subsequent employer, other than the Successor Employer or any affiliate thereof, which does not contain any exclusion or limitation with respect to any preexisting condition of the Employee and his dependents. For purposes of this provision, Employee shall have a duty to inform Company as to the terms and conditions of any subsequent employment and the corresponding benefits earned from such employment. The continued coverage or provision of equivalent benefits under this subsection 10(b)(iv) or subsection 10(b)(v) shall be provided in a manner that is intended to satisfy an exception to Code Section 409A, and therefore not treated as an arrangement providing for nonqualified deferred compensation that is subject to taxation under Code Section 409A, including (i) providing such benefits on a nontaxable basis to Employee, (ii) providing for the reimbursement of medical expenses incurred during the time period during which Employee would be entitled to continuation coverage under a group health plan of the Company pursuant to Code Section 4980B (*i.e.*, COBRA continuation coverage), (iii) providing that such benefits constitute the reimbursement or provision of in-kind benefits payable at a specified time or pursuant to a fixed schedule as permitted under Code Section 409A, or (4) such other manner as determined to be in compliance with an exception from being treated as nonqualified deferred compensation that is subject to taxation under Code Section 409A.

(v) If Employee was a participant in the Retiree Healthcare Plan immediately prior to a Change in Control, then as of Employee's Termination Date, the Employee's benefit under the Retiree Healthcare Plan shall be determined as if (i) Employee had completed an additional two (2) Years of Plan Participation (as defined in the Retiree Healthcare Plan), and (ii) Employee were two (2) years older for determining eligibility for plan benefits. Furthermore, if the Employee is not eligible for benefits after the age and participation

adjustment, then the Retirement Medical Savings Account (after adjustment for two years of participation) will be considered vested, and upon attainment of age 55 the Employee shall be deemed eligible for Retiree Healthcare Plan benefits, with the vested Retirement Medical Savings Account available to offset premiums. At its election, the Company may provide Employee and his dependents with equivalent benefits outside the Retiree Healthcare Plan (though not by method of direct cash payment).

(vi) If Employee was a participant in the 2005 Pension Equalization Plan immediately prior to a Change in Control, then as of Employee's Termination Date, the Employee's benefit under the 2005 Pension Equalization Plan shall be determined as if (i) Employee had completed an additional two (2) Years of Plan Participation (as defined in the 2005 Pension Equalization Plan), and (ii) Employee received Annual Compensation (as defined in Section 5) during each additional Year of Plan Participation.

If Employee was a participant in the Restoration Plan and the Pension Plan immediately prior to a Change in Control, then as of Employee's Termination Date, Employee's Restoration Plan benefit shall be determined as if (i) Employee completed two (2) additional years of Credited Service under the Pension Plan, and (ii) the Employee received Annual Compensation (as defined in Section 5) during each additional year of Credited Service. For purposes of this subsection 10(b)(vi), if the Employee is not entitled to any future benefit accruals in the Restoration Plan as of the Effective Date the Employee shall not receive any additional Credited Service or Annual Compensation when determining their Restoration benefit.

Furthermore, the Employee shall be made 100% vested for purposes of both the 2005 Pension Equalization Plan and Restoration Plan, if the Employee is a participant in such plans (for purposes of this subsection) and is not already fully vested.

(vii) If Employee was a participant in the Nonqualified Deferred Compensation Plan immediately prior to a Change in Control, then as of Employee's Termination Date, Employee's Non-Elective Account in the Nonqualified Deferred Compensation Plan shall become immediately vested and be determined as if (i) Employee had completed two (2) additional Plan Years of participation and earned the related Supplemental Matching Contributions, Supplemental Retirement Contributions, and Supplemental Target Contributions (all as defined in the Nonqualified Deferred Compensation Plan); no investment earnings shall be attributed for this additional period, and (ii) Employee received Annual Compensation (as defined in Section 5) during each additional Plan Year of participation.

For purposes of this subsection 10(b)(vii), the additional contributions under the Nonqualified Deferred Compensation Plan (Supplemental Matching Contributions, Supplemental Retirement Contributions, and Supplemental Target Contributions) shall be determined without regard to any offsets from the Retirement Savings Plan. (This has the same effect as if the Supplemental

Matching Contributions and Supplemental Retirement Contributions were determined on total pay rather than only on pay over IRS pay limits.)

- (viii) Notwithstanding any provision herein to the contrary, if the Employee is a “specified employee” (as defined for purposes of Code Section 409A), no payment under this Agreement shall be made before the date which is six (6) months after the date of the Employee’s Termination Date, or such earlier date upon which such amount can be paid or provided under Code Section 409A without being subject to additional taxes thereunder, if such payment constitutes deferred compensation subject to Code Section 409A. To the extent that the Agreement provides for such nonqualified deferred compensation, it is intended to be compliant with Code Section 409A, and shall be interpreted and administered accordingly.

**11. OFFSET.**

Employee shall not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise, and except as provided in Section 10(b)(iv), such payments shall not be reduced whether or not Employee obtains other employment.

**12. TAX EFFECT.**

No additional payments shall be made to the Employee to account for any excise taxes, income taxes, interest or penalties the employee may incur due to receipt of any Severance Compensation payment or distribution of any type by the Company.

In the event it shall be determined that any Severance Compensation payment or distribution of any type by the Company, or by any Affiliate of the Company, or by any Person who acquires ownership or effective control of the Company or ownership of a substantial portion of the Company’s assets (within the meaning of Code Section 280G) or any Affiliate of such Person, to or for the benefit of the Employee, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (the “**Total Payments**”) (including but not limited to distribution of stock or options which vest upon a Change in Control pursuant to the Omnibus Incentive Stock Plan), is or will be subject to the excise tax imposed by Section 4999 of the Code (the “**Excise Tax**”), and the amount of the Total Payments after reducing for the Excise Tax does not exceed the largest amount that would result in no portion of the Total Payments being subject to the Excise Tax (the “**Safe Harbor Amount**”), the Employee’s Total Payments shall be reduced to an amount equal to the Safe Harbor Amount. However, if the amount of the Total Payments after reducing for the Excise Tax exceeds the Safe Harbor Amount, then no reduction shall be applied to the Total Payments. In applying any reduction required herein, Employee may elect whether the non-cash severance benefits or the cash severance benefits shall first be reduced.

**13. OUTPLACEMENT SERVICES.**

The Company shall, at its expense, permit the Employee to participate in outplacement assistance services, as determined by the Company, which are: (a) as to executive officers, at a level appropriate for senior management of a public company; and (b) not more than six (6) months in duration. Outplacement services shall be provided in kind; cash shall not be paid in

lieu thereof, nor will cash compensation be increased if Employee declines or does not use outplacement services. All outplacement services shall be provided by the last day of the second calendar year beginning after the Employee's Termination Date.

**14. SUCCESSORS AND ASSIGNS.**

This Agreement shall be fully binding upon any Successor Employer or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) to the business and/or assets of the Company, in the same manner and to the same extent that the Company would be obligated under this Agreement as if no succession had taken place. In the case of any transaction in which a successor or assign would not be bound by the foregoing provision, or by operation of law, be bound by this Agreement, the Company shall require such successor or assign to expressly and unconditionally assume and agree to perform all the obligations of the Company and each Employer under this Agreement, in the same manner and to the same extent that the Company and each Employer would be required to perform it if no such succession or assignment had taken place. Any failure to obtain such assumption and continuation of this Agreement shall constitute a material breach hereof.

Neither this Agreement nor any right or interest hereunder shall be assignable or transferable by the Employee, his beneficiaries or legal representatives, except by will or by the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Employee's legal personal representative.

**15. FEES AND EXPENSES.**

The company shall pay all legal fees and related expenses (including the costs of experts, evidence and counsel) reasonably and in good faith incurred by the Employee as they become due as a result of (a) the Employee's termination of employment (including all such fees and expenses, if any, incurred in contesting or disputing any such termination of employment), (b) the Employee seeking to obtain or enforce any right or benefit provided by this Agreement or by any other plan or arrangement maintained by the Company under which the Employee is or may be entitled to receive benefits; provided, however, that the circumstances set forth in clauses (a) and (b) of this Section (other than as a result of the Employee's termination of employment at the expiration of the Protection Period) occurred on or after the Effective Date. For purposes of this Section 15, the Employee will not be deemed to have incurred legal fees or expenses reasonably or in good faith if, following resolution of a dispute under this Agreement, he has failed to prevail on at least one material issue in dispute. In addition, only with regard to claims by the Employee based on wrongful termination, employment discrimination, the Fair Labor Standards Act, or worker's compensation statutes, in no event shall the Company pay any legal fees or related expenses in accordance with this Section 15 unless (i) such fees and expenses are incurred with respect to a *bona fide* claim by the Employee and (ii) no payment of legal fees or related expenses shall be made with respect to such claims to the extent that they are incurred with respect to benefits that would have been paid regardless of a claim by the Employee, even if such amounts are paid or modified as part of a settlement or award resolving an actual *bona fide* claim.

**16. NOTICE.**

For the purposes of this Agreement, notices and all other communications provided for in the Agreement (including the Notice of Termination) shall be in writing and shall be deemed to have been duly given when personally delivered or sent by certified mail, return receipt

requested, postage prepaid, addressed to the respective addresses last given by each party to the other. All notices and communications shall be deemed to have been received on the date of delivery thereof on the third business day after the mailing thereof, except that notice of change of address shall be effective only upon receipt.

**17. NONEXCLUSIVITY OF RIGHTS.**

Except as expressly provided herein, nothing in this Agreement shall prevent or limit Employee's continuing or future participation in any benefit, bonus, incentive or other plan or program provided by the Company or any of its subsidiaries or affiliates and for which Employee may qualify, nor shall anything herein limit or reduce such rights as Employee may have under any other agreements with the Company or any of its subsidiaries or affiliates. Amounts which are vested benefits or which Employee is otherwise entitled to receive under any plan or program of the Company or any of its subsidiaries or affiliates shall be payable in accordance with such plan or program, except as explicitly modified by this Agreement; provided, however, and notwithstanding anything contained in this Agreement, in the event that Employee is not a participant in or eligible to participate in any Welfare Benefits or the Pension Plan, then nothing contained in this Agreement shall be deemed to provide for or suggest the right in Employee to be a participant in or be eligible to participate in the Welfare Benefits or the Pension Plan.

**18. MISCELLANEOUS.**

No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by Employee and the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreement or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement.

**19. GOVERNING LAW.**

This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of South Dakota.

**20. SEVERABILITY.**

The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.

**21. NO GUARANTEED EMPLOYMENT.**

Employee and the Company acknowledge that, except as may otherwise be provided under any other written agreement between Employee and the Company, the employment of Employee by the Company is “at will” and, prior to the Effective Date, may be terminated by either Employee or the Company at any time. Moreover, if prior to the Effective Date, Employee’s employment with the Company terminates, Employee shall have no further rights under this Agreement.

**22. NO ADMINISTRATION.**

The parties hereto understand and agree that this Agreement shall not be subject to a separate ongoing administrative scheme to administer the benefits of this Agreement, as the parties agree that the benefits provided hereunder that are not subject to the terms of a separate plan are capable of simple or mechanical determination upon the happening or a required event or events.

**23. SUBSIDIARY DEEMED TO BE COMPANY FOR PORTIONS OF AGREEMENT.**

In the event that subsequent to the date of this Agreement the Employee becomes an employee of a subsidiary or Affiliate of the Company, or in the event that any Employee is an employee of a subsidiary or Affiliate of the Company, the references to “Company” in this Agreement shall be deemed to be a reference to the subsidiary or Affiliate which may employ the Employee to the full extent necessary or appropriate to preserve the intent of this Agreement; provided, however, nothing herein shall mean or suggest that any benefits are applicable hereunder upon a Change in Control of a subsidiary or Affiliate rather than the Company.

**24. ENTIRE AGREEMENT.**

This Agreement constitutes the entire agreement between the parties hereto and supersedes all prior agreements, if any, understandings and arrangements, oral or written, between the parties hereto with respect to the subject matter hereof.

Dated this 15<sup>th</sup> day of November, 2013.

BLACK HILLS CORPORATION

By: \_\_\_\_\_  
David R. Emery  
Chairman, President  
And Chief Executive Officer

EMPLOYEE

\_\_\_\_\_

EXHIBIT A

WAIVER AND RELEASE AGREEMENT

This **Waiver and Release Agreement** (the “**Waiver and Release**”) is entered into by and among Black Hills Corporation (“**Company**”) and \_\_\_\_\_ (“**Employee**”) this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

**1. General Waiver and Release.** For and in consideration of the agreement of Company to provide Employee the severance benefits described in that certain Change in Control Agreement, dated as of \_\_\_\_\_, 20\_\_, between Employee and the Company (the “**Agreement**”), Employee, with the intention of binding himself and all of his heirs, executors, administrators and assigns, does hereby release, remise, acquit and forever discharge the Company, and all of their respective past and present officers, directors, stockholders, employees, agents, parent corporations, predecessors, subsidiaries, affiliates, estates, successors, assigns and attorneys (hereinafter collectively referred to as “**Released Parties**”) from any and all claims, charges, actions causes of action, sums of money due, suites, debts, covenants, contracts, agreements, rights, damages, promises, demands or liabilities (hereinafter collectively referred to as “**Claims**”) whatsoever, in law or in equity, whether known or unknown, suspected or unsuspected, which Employee, individually or as a member of any class, now has, owns or holds or has at any time heretofore ever had, owned or held against the Released Parties, which arise out of or are in any way connected with Employee’s employment with the Company or any of the Released Parties or the termination of any such employment relationship, including, but not by way of limitation, Claims pursuant to federal, state or local statute, regulation, ordinance or common-law for (i) employment discrimination; (ii) wrongful discharge; (iii) breach of contract; (iv) tort actions of any type, including those for intentional or negligent infliction of emotional harm; and (v) unpaid benefits, wages, compensation, commissions, bonuses or incentive payments of any type, except as follows:

- a. Those obligations of the Company and its affiliates under the Agreement, pursuant to which this Waiver and Release is being executed and delivered;
- b. Claims, if any, for Employee’s accrued or vested benefits under the retirement plans, savings plans, investment plans and employee welfare benefit plans, if any, of the Released Parties (within the meaning of Section 3(1) of the Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”)), as amended; provided, however, that nothing herein is intended to or shall be construed to require the Released Parties to institute or continue in effect any particular plan or benefit sponsored by the Released Parties and the Company and all other Released Parties hereby reserve the right to amend or terminate any such plan or benefit at any time; and
- c. Any rights to indemnification or advancement of expenses to which Employee may otherwise be entitled pursuant to the Articles of Incorporation or Bylaws of any of the Released Parties, or by contract or applicable law, as a result of Employee’s service as an officer or director of any of the Released Parties.



Employee further understands and agrees that he has knowingly relinquished, waived and forever released any and all remedies arising out of the aforesaid employment relationship or the termination thereof, including, without limitation, claims for back pay, front pay, liquidated damages, compensatory damages, general damages, special damages, punitive damage, exemplary damages, costs, expenses and attorneys' fees.

**2. Waiver and Release of ADEA Claims.** Without limiting the generality of the foregoing, and also for and in consideration of the Company's agreement to provide Employee severance payments and benefits as described in the Agreement, Employee specifically acknowledges and agrees that he does hereby knowingly and voluntarily release the Company and all other Released Parties from any and all claims arising under the Age Discrimination in Employment Act, 29 U.S.C. Section 621, et seq. ("ADEA"), which Employee ever had or now has from the beginning of time up to the date this Waiver and Release is executed, including, but not by way of limitation, those ADEA Claims which are in any way connected with any employment relationship or the termination of any employment relationship which existed between the Company or any other Released Parties and Employee. Employee also acknowledges that he has been provided with a notice, as required by the Older Workers Benefit Protection Act of 1990, that contains (i) information about the individuals covered under the Agreement, (ii) the eligibility factors for participation in the Agreement, (iii) the time limits applicable to the Agreement, (iv) the job titles and ages of the employees designated to participate in the Agreement, (v) and the ages of the employees in the same job classification who have not been designated to participate in the Agreement. Employee further acknowledges and agrees that he has been advised to consult with an attorney prior to executing this Waiver and Release and that he has been given forty-five (45) days to consider this Waiver and Release prior to its execution. Employee agrees that in the event that he executes this Waiver and Release prior to the expiration of the forty-five (45) day period, he shall waive the balance of said period. Employee also understands that he may revoke this Waiver and Release of ADEA Claims at any time within seven (7) days following its execution and that, if Employee revokes this waiver and Release of ADEA Claims within such seven (7) day period, it shall not be effective or enforceable and he will not receive the above-described consideration or any payments provided for in the Agreement that have not been paid.

**3. Covenant Not to Sue.** Employee acknowledges and agrees that this Waiver and Release may not be revoked at any time after the expiration of the seven (7) day revocation period and that he will not institute any suit, action, or proceeding, whether at law or equity, challenging the enforceability of this Waiver and Release. Should Employee ever attempt to challenge the terms of this Waiver and release, attempt to obtain an order declaring this Waiver and release to be null and void, or institute litigation against any of the released Parties based upon a Claim other than an ADEA Claim which is covered by the terms of this Waiver and Release, Employee will as a condition precedent to such action repay all monies paid to him under the terms of this Waiver and Release. Furthermore, if Employee does not prevail in an action to challenge this Waiver and Release, to obtain an order declaring this Waiver and release to be null and void, or in any action against any of the Released Parties based upon a Claim other than an ADEA Claim which is covered by the Waiver and release set forth herein, Employee shall pay to the Company and/or the appropriate Released Parties all their costs and attorneys' fees incurred in their defense of Employee's action.

Provided, however that it is understood and agreed by the parties that Employee shall not be required to repay the monies paid to him under the terms of this Waiver and Release or pay the Company and/or the appropriate Released Parties all their costs and attorneys' fees incurred in their defense of Employee's action (except those attorneys' fees or costs specifically authorized under federal law) in the event that Employee seeks to challenge his Waiver and Release of Claims under the ADEA.

**4. Denial of Liability.** Employee acknowledges and agrees that neither the payment of severance payments or benefits under the Agreement nor this Waiver and release is to be construed in any way as an admission of any liability whatsoever by Company or any of the other released Parties, by whom liability is expressly denied.

**5. Agreement Not to Seek Further Relief.** Employee acknowledges and agrees that he has not, with respect to any transaction or state of facts existing prior to the date of execution of this Waiver and Release, filed any complaints, charges or lawsuits against any of the Released Parties with any governmental agency or any court or tribunal, and that he will not do so at any time hereafter. Employee further acknowledges and agrees that he hereby waives any right to accept any relief or recovery, including costs and attorneys' fees that may arise from any charge or complaint before any federal, state or local court or administrative agency against the Released Parties.

**6. Company Property and Confidential Information.** Employee agrees that he will not retain or destroy, and will immediately return to the Company, any and all property of the Company in his possession or subject to his control, including, but not limited to, keys, credit and identification cards, personal items or equipment provided for his use, customer files and information, all other files and documents relating to the Company and its business, together with all written or recorded materials, documents, computer disks, plans, records or notes or other papers belonging to the Company. Employee further agrees not to make, distribute or retain copies of any such information or property.

The Employee shall hold in a fiduciary capacity of the benefit of the Company all material proprietary information, knowledge or data relating to the Company or any of its affiliated companies, and their respective businesses, which shall have been obtained by the Employee during the Employee's employment by the Company or any of its affiliated companies and which shall not be or become public knowledge. Employee agrees after termination of the Employee's employment with the Company, the Employee shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it.

**7. Non-Competition.** Employee agrees for a period of one-year following his or her Termination Date, he or she shall not, without the written express consent of the Company, directly or indirectly, alone or as a partner, owner, officer, director, employee, or consultant of any other firm, business or entity, engage in any activity in competition with the Company; provided, however, that the foregoing shall not be construed to preclude the Employee from making any investments in any securities to the extent such securities are traded on a national exchange or over-the-counter market and such investment does not exceed five percent (5%) of the issued and outstanding voting securities of such issuer.

**8. Non-Solicitation.** Employee agrees for a period of two-years following his or her Termination Date, he or she shall not, directly or indirectly, whether for his or her own benefit or on behalf of another: (i) hire or offer to hire any of the Company's officers, employees or agents; (ii) persuade, or attempt to persuade, any officer, employee or agent of the Company to discontinue any relationship with the Company; or (iii) solicit or divert or attempt to divert any customer or supplier of the Company then doing business in the Company's service territory.

**9. Non-Disparagement.** Employee agrees for a period of two-years following his or her Termination Date, he or she shall not, directly or indirectly, disparage, criticize, or otherwise make derogatory statements regarding the Company or any aspect of management policies, operations, practices, or personnel of the Company. Notwithstanding the foregoing, nothing contained herein will be deemed to restrict the Employee from providing information to any governmental or regulatory agency (or in any way limit the content of such information) to the extent the Employee is required to provide such information pursuant to applicable law or regulation; nor will the foregoing restrict the Employee from enforcing his or her rights under this Agreement.

**10. Supersedes All Other Non-Competition, Non-Solicitation and Non-Disparagement Agreements.** Employee agrees, that in the event of a Termination Date under this Agreement, the foregoing Section 7. Non-Competition, Section 8. Non-Solicitation and Section 9. Non-Disparagement supersedes any other non-competition, non-solicitation or non-disparagement agreements or provisions that may have been in place prior to the Termination Date.

**11. Confidentiality Agreement.** Employee acknowledges that the terms of this Waiver and Release must be kept confidential. Accordingly, Employee agrees not to disclose or publish to any person or entity, except as required by law or as necessary to prepare tax returns, the terms and conditions or sums being paid in connection with this Waiver and Release.

**12. Cooperation.** Employee agrees to cooperate with the Company and its attorneys in connection with all lawsuits, claims, investigations, or similar proceedings, including the provision of testimony as may reasonably be required, arising out of or in any way related to Employee's employment by the Company or any of its Subsidiaries.

**13. Acknowledgement.** Employee acknowledges that he has carefully read and fully understands the terms of this Waiver and Release and the Agreement and that this Waiver and Release is executed by Employee voluntarily and is not based upon any representations or statements of any kind made by the Company or any of the other Released Parties as to the merits, legal liabilities or value of his claims. Employee further acknowledges that he has had a full and reasonable opportunity to consider this waiver Release and that he has not been pressured or in any way coerced into executing this Waiver and Release.

**14. Choice of Laws.** This Waiver and Release and the rights and obligation so the parties hereto shall be governed and construed in accordance with the laws of the State of South Dakota.

**15. Severability.** With the exception of the waiver and releases contained in Sections 1 and 2 hereof, if any provision of this waiver and Release is unenforceable or is held to be unenforceable, such provision shall be fully severable, and this Waiver and Release and its terms shall be construed and enforced as if such unenforceable provision had never comprised a part hereof, the remaining provisions hereof shall remain in full force and effect, and the court construing the provisions shall add as a part hereof a provision as similar in terms and effect to such unenforceable provision as may be enforceable, in lieu of the unenforceable provision. In the event that both of the releases contained in Sections 1 and 2 are unenforceable or are held to be unenforceable, the parties understand and agree that the remaining provisions of this Waiver and Release shall be rendered null and void and that neither party shall have any further obligation under any provision of this Waiver and Release.

**16. Entire Agreement.** This document contains all terms of the Waiver and Release and supersedes and invalidates any previous agreements or contracts regarding the same subject matter. No representations, inducements, promises or agreements, oral or otherwise, which are not embodied herein shall be of any force or effect.

***Please read this document carefully, as it includes a release of claims.***

**IN WITNESS WHEREOF**, the undersigned acknowledges that he has read this Waiver and Release Agreement and sets his hand and seal this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

EMPLOYEE

\_\_\_\_\_

BLACK HILLS CORPORATION

By: \_\_\_\_\_

Title: