

Questar Corporation

Questar Corporation Supplemental Executive Retirement Plan

**Actuarial Valuation Report
Disclosure for Fiscal Year Ending December 31, 2015
and Preliminary 2016 Benefit Cost under US GAAP**

January 26, 2016

TOWERS WATSON 

This report is confidential and intended solely for the information and benefit of the intended recipient thereof. It may not be distributed to a third party unless expressly allowed under the "Actuarial Certification" section herein.

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Purposes of valuation

Questar Corporation engaged Towers Watson Delaware Inc. (Towers Watson) to value the Company's pension plan.

As requested by Questar Corporation (the Company), this report provides information for year-end financial reporting purposes required by FASB Accounting Standards Codification Topic 715-20-50 (ASC 715) for your fiscal year ending December 31, 2015 for the QEP Resources, Inc. Supplemental Executive Retirement Plan (the Plan).

The exhibits present year-end financial reporting information in accordance with ASC 715-20-50, including net balance sheet position of the Plan, cash flow, plan asset information, amortization amounts during the fiscal year, participant information, the provisions on which the valuation is based, and the actuarial assumptions and methods used in the calculations. Additional input is required (as described below) by the Company in relation to the asset disclosures specified in ASC 715-20-50-1(d) (public entities) or ASC 715-20-50-5(c) (nonpublic entities).

In addition, this report presents the Net Periodic Benefit Cost/(Income) (Benefit Cost), in accordance with ASC 715, for the fiscal year beginning January 1, 2016. Both year-end financial reporting and benefit cost results are based on a valuation of the Plan as of December 31, 2015.

Limitations

This valuation has been conducted for the purposes described above and may not be suitable for any other purpose. In particular, please note the following:

1. There may be certain events that have occurred since the valuation date that are not reflected in the current valuation. See Subsequent Events in the Basis for Valuation section below for more information.
2. This report is not intended to constitute a certification of the Adjusted Funding Target Attainment Percentage (AFTAP) under IRC §436 for any plan year.
3. This report does not determine funding requirements under IRC §430.
4. This report does not provide information for plan reporting under ASC 960.

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Section 1: Summary of key results

Benefit cost, assets & obligations

All monetary amounts shown in US Dollars

Fiscal Year Beginning		01/01/2015	01/01/2014
Benefit Cost/ (Income)	Net Periodic Benefit Cost/(Income)	3,896,483	4,044,102
	Immediate Recognition of Benefit Cost/(Income) due to Special Events	0	0
	Total Benefit Cost/(Income)	3,896,483	4,044,102
Measurement Date		12/31/2015	12/31/2014
Plan Assets	Fair Value of Assets (FVA)	0	0
	Return on Fair Value Assets during Prior Year	N/A	N/A
Benefit Obligations	Accumulated Benefit Obligation (ABO)	(26,972,170)	(25,992,347)
	Projected Benefit Obligation (PBO)	(31,541,401)	(30,890,726)
Funded Ratios	Fair Value of Assets to ABO	0.0%	0.0%
	Fair Value of Assets to PBO	0.0%	0.0%
Accumulated Other Comprehensive (Income)/Loss	Net Prior Service Cost/(Credit)	0	0
	Net Loss/(Gain)	14,286,706	14,729,351
	Total Accumulated Other Comprehensive (Income)/Loss	14,286,706	14,729,351
Assumptions	Discount Rate	3.100%	2.900%
	Expected Long-term Rate of Return on Plan Assets	N/A	N/A
	Rate of Compensation Increase	5.500%	5.500%
Participant Data	Census Date	01/01/2015	01/01/2014

Comments on results

The actuarial gain/(loss) due to demographic experience, including any assumption changes, and investment return different from assumed during the prior year was \$(2,162,574) and \$0 respectively.

Change in net periodic cost and funded position

The net periodic cost decreased from \$3,896,483 in fiscal 2015 to an estimated \$3,046,766 in fiscal 2016 and the funded position declined from \$(30,890,726) to \$(31,541,401).

Significant reasons for these changes include the following:

- The discount rate increased 20 basis points compared to the prior year, which caused the funded position to improve.
- The mortality tables were changed, and the net result of this change was an improvement to the funded position and a decrease to the net periodic benefit cost.
- Salary increases were higher than expected, which caused the funded position to deteriorate and the net periodic benefit cost to increase.
- The service cost declined due to expected demographic experience, which caused the net periodic cost to decline.
- The average future working life time increased, which caused the net periodic cost to decline.
- There was an experience loss from the prior measurement date, which caused the funded status to deteriorate and the net periodic benefit cost to increase.

Basis for valuation

Appendix A summarizes the assumptions and methods used in the valuation. Appendix B summarizes our understanding of the principal provisions of the plan being valued. The most recent plan change reflected in this valuation was effective on January 1, 2005. Unless otherwise described below under Subsequent Events, assumptions were selected based on information known as of the measurement date.

Changes in assumptions

Rates of mortality were changed from separate rates for non-annuitants (based on RP-2014 "Employees" table without collar or amount adjustments, using Scale MP-2014 with generational projection) and annuitants (based on RP-2014 "Healthy Annuitants" table without collar or amount adjustments, using Scale MP-2014 with generational projection) to separate rates for non-annuitants (based on RP-2015 "Employees" table without collar or amount adjustments, using Scale MP-2015

with generational projection) and annuitants (based on RP-2015 “Healthy Annuitants” table without collar or amount adjustments, using Scale MP-2015 with generational projection) because recent experience evidenced by the Society of Actuaries’ study that produced the MP-2015 projection scale indicates that longevity has not been as aggressive as MP-2014 suggested.

The discount rate was changed from 2.90% to 3.10%.

Changes in methods

None.

Changes in benefits valued

None.

Subsequent events

There have been no subsequent events since the last actuarial valuation.

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Actuarial certification

This valuation has been conducted in accordance with generally accepted actuarial principles and practices. However, please note the information discussed below regarding this valuation.

Reliances

In preparing the results presented in this report, we have relied upon information regarding plan provisions, participants, assets, and sponsor accounting policies and methods provided by the Company and other persons or organizations designated by the Company. We have relied on all the data and information provided as complete and accurate. We have reviewed this information for overall reasonableness and consistency, but have neither audited nor independently verified this information. Based on discussions with and concurrence by the plan sponsor, assumptions or estimates may have been made if data were not available. We are not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations. The results presented in this report are directly dependent upon the accuracy and completeness of the underlying data and information. Any material inaccuracy in the data, assets, plan provisions or other information provided to us may have produced results that are not suitable for the purposes of this report and such inaccuracies, as corrected by the Company, may produce materially different results that could require that a revised report be issued.

Measurement of benefit obligations, plan assets and balance sheet adjustments

Census date/measurement date

The measurement date is December 31, 2015. The benefit obligations were measured as of the Company's December 31, 2015 fiscal year end and are based on participant data as of the census date, January 1, 2015. However, new participants that have exceeded the pay limit for the plan year have been included. We are not aware of any significant changes in the plan demographics during the year. We have projected forward benefit obligations to the end of the year, adjusting for benefit payments, expected growth in benefit obligations, changes in key assumptions and plan provisions, and any significant changes in plan demographics that occurred during the year.

This is the same data that was used for the calculation of the preliminary Net Periodic Benefit Cost/(Income) for the fiscal year ending December 31, 2016.

Plan assets and balance sheet adjustments

Information about the fair value of plan assets was furnished to us by the Company. The Company also provided information about the general ledger account balances for the pension plan cost at

December 31, 2015, which reflect the expected funded status of the plans before adjustment to reflect the funded status based on the year-end measurements. Towers Watson used information supplied by the Company regarding amounts recognized in accumulated other comprehensive income as of December 31, 2015. This data was reviewed for reasonableness and consistency, but no audit was performed.

Accumulated other comprehensive (income)/loss amounts shown in the report are shown prior to adjustment for tax effects. Any tax effects in AOCI should be determined in consultation with the Company's tax advisors and auditors.

Assumptions and methods under U.S. GAAP

As required by U.S. GAAP, the actuarial assumptions and methods employed in the development of the pension cost and other financial reporting have been selected by the Company. Towers Watson has concurred with these assumptions and methods. U.S. GAAP requires that each significant assumption "individually represent the best estimate of a particular future event."

The results shown in this report have been developed based on actuarial assumptions that, to the extent evaluated by Towers Watson, we consider to be reasonable. Other actuarial assumptions could also be considered to be reasonable. Thus, reasonable results differing from those presented in this report could have been developed by selecting different reasonable assumptions.

A summary of the assumptions and methods used is provided in Appendix A. Note that any subsequent changes in methods or assumptions for the December 31, 2015 measurement date will change the results shown in this report.

Nature of actuarial calculations

The results shown in this report are estimates based on data that may be imperfect and on assumptions about future events that cannot be predicted with any certainty. The effects of certain plan provisions may be approximated, or determined to be insignificant and therefore not valued. Reasonable efforts were made in preparing this valuation to confirm that items that are significant in the context of the actuarial liabilities or costs are treated appropriately, and are not excluded or included inappropriately. Any rounding (or lack thereof) used for displaying numbers in this report is not intended to imply a degree of precision, which is not a characteristic of actuarial calculations.

If overall future plan experience produces higher benefit payments or lower investment returns than assumed, the relative level of plan costs reported in this valuation will likely increase in future valuations (and vice versa). Future actuarial measurements may differ significantly from the current measurements presented in this report due to many factors, including: plan experience differing from that anticipated by the economic or demographic assumptions, changes in economic or demographic assumptions, increases or decreases expected as part of the natural operation of the methodology used for the measurements (such as the end of an amortization period), and changes in plan

provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of such future measurements.

See Basis for Valuation in Section 1 above for a discussion of any material events that have occurred after the valuation date that are not reflected in this valuation.

Limitations on use

This report is provided subject to the terms set out herein and in our engagement letter dated November 12, 2013 and any accompanying or referenced terms and conditions.

The information contained in this report was prepared for the internal use of the Company and its auditors in connection with our actuarial valuation of the pension plan as described in Purposes of Valuation above. It is not intended for and may not be used for other purposes, and we accept no responsibility or liability in this regard. The Company may distribute this actuarial valuation report to the appropriate authorities who have the legal right to require the Company to provide them this report, in which case the Company will use best efforts to notify Towers Watson in advance of this distribution. Further distribution to, or use by, other parties of all or part of this report is expressly prohibited without Towers Watson's prior written consent. Towers Watson accepts no responsibility for any consequences arising from any other party relying on this report or any advice relating to its contents.

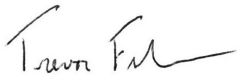
Professional qualifications

The undersigned consulting actuaries are members of the Society of Actuaries and meet the "Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States" relating to pension plans. Our objectivity is not impaired by any relationship between the plan sponsor and our employer, Towers Watson Delaware Inc.



Zach Robinson, F.S.A., E.A.
Senior Consulting Actuary
January 26, 2016

Towers Watson



Trevor Fuhrman, F.S.A., E.A.
Consulting Actuary
January 26, 2016

Towers Watson

[http://natct.internal.towerswatson.com/clients/608860/2015FundingValuation/Documents/Questar SERP 2015 Year-End Disclosure Report_v2.docx](http://natct.internal.towerswatson.com/clients/608860/2015FundingValuation/Documents/Questar%20SERP%202015%20Year-End%20Disclosure%20Report_v2.docx)

Section 2: Accounting exhibits

2.1 Disclosed benefit cost

All monetary amounts shown in US Dollars

Fiscal Year Ending	12/31/2015	12/31/2014
A Disclosed Benefit Cost		
1 Employer service cost	364,518	455,502
2 Interest cost	926,746	967,505
3 Expected return on assets	0	0
4 Subtotal	1,291,264	1,423,007
5 Net prior service cost/(credit) amortization	0	0
6 Net loss/(gain) amortization	2,605,219	2,621,095
7 Subtotal	2,605,219	2,621,095
8 Net periodic benefit cost/(income)	3,896,483	4,044,102
9 Curtailments	0	0
10 Settlements	0	0
11 Special/contractual termination benefits	0	0
12 Disclosed benefit cost	3,896,483	4,044,102
B Assumptions Used to Determine Benefit Cost¹		
1 Discount rate	2.900%	3.300%
2 Long-term rate of return on assets	N/A	N/A
3 Rate of compensation increase	5.500%	5.500%

¹ These assumptions were used to calculate Net Periodic Benefit Cost/(Income) as of the beginning of the year. Rates are expressed on an annual basis where applicable. See Appendix A for interim measurements, if any.

2.2 Balance sheet asset/(liability)

All monetary amounts shown in US Dollars

Fiscal Year Ending	12/31/2015	12/31/2014
A Development of Balance Sheet Asset/(Liability)		
1 Projected benefit obligation (PBO)	(31,541,401)	(30,890,726)
2 Fair value of assets (FVA) ¹	0	0
3 Net balance sheet asset/(liability)	(31,541,401)	(30,890,726)
B Current and Noncurrent Allocation		
1 Noncurrent asset	0	0
2 Current liability	(5,606,369)	(1,850,974)
3 Noncurrent liability	(25,935,032)	(29,039,752)
4 Net balance sheet asset/(liability)	(31,541,401)	(30,890,726)
C Reconciliation of Net Balance Sheet Asset/(Liability)		
1 Net balance sheet asset/(liability) at end of prior fiscal year	(30,890,726)	(27,575,989)
2 Employer service cost	(364,518)	(455,502)
3 Interest cost	(926,746)	(967,505)
4 Expected return on assets	0	0
5 Plan amendments	0	0
6 Actuarial gain/(loss)	(2,162,574)	(2,820,028)
7 Employer contributions	0	0
8 Benefits paid directly by the Company	2,803,163	928,298
9 Transfer payments	0	0
10 Acquisitions/divestitures	0	0
11 Curtailments	0	0
12 Settlements (if settled using corporate cash)	0	0
13 Special/contractual termination benefits	0	0
14 Net balance sheet asset/(liability) at end of current fiscal year	(31,541,401)	(30,890,726)
D Assumptions and Dates Used at Disclosure		
1 Discount rate	3.100%	2.900%
2 Rate of compensation increase	5.500%	5.500%
3 Census date	01/01/2015	01/01/2014

¹ Excludes receivable contributions.

2.3 Accumulated other comprehensive (income)/loss

All monetary amounts shown in US Dollars

Fiscal Year Ending	12/31/2015	12/31/2014
A Accumulated Other Comprehensive (Income)/Loss		
1 Net prior service cost/(credit)	0	0
2 Net loss/(gain)	14,286,706	14,729,351
3 Accumulated other comprehensive (income)/loss ¹	14,286,706	14,729,351
B Development of Accumulated Other Comprehensive (Income)/Loss (AOCI)		
1 AOCI at prior fiscal year end	14,729,351	14,530,418
2 Amounts amortized during the year		
a Net prior service (cost)/credit	0	0
b Net (loss)/gain	(2,605,219)	(2,621,095)
3 Occurring during the year		
a Net prior service cost/(credit)	0	0
b Net loss/(gain)	2,162,574	2,820,028
4 AOCI at current fiscal year end	14,286,706	14,729,351

¹ Amount shown is pre-tax and should be adjusted by plan sponsor for tax effects.

2.4 Additional disclosure information

All monetary amounts shown in US Dollars

A Accumulated Benefit Obligation (ABO)	
1 ABO at current fiscal year end	(26,972,170)
2 ABO at prior fiscal year end	(25,992,347)
B Expected Future Benefit Payments	
1 During fiscal year ending 12/31/2016	5,692,604
2 During fiscal year ending 12/31/2017	4,187,012
3 During fiscal year ending 12/31/2018	13,448,859
4 During fiscal year ending 12/31/2019	862,703
5 During fiscal year ending 12/31/2020	753,805
6 During fiscal years ending 12/31/2021 through 12/31/2025	5,379,981
C Expected Contributions during fiscal year ending December 31, 2016	
1 Employer	5,692,604
2 Plan participants	0
D Expected Amortization Amounts during fiscal year ending December 31, 2016¹	
1 Amortization of net prior service cost/(credit)	0
2 Amortization of net loss/(gain)	1,869,621
3 Total	1,869,621

¹ These amounts have been determined assuming there are no special events, plan amendments, assumption changes, or actuarial losses/(gains) during the upcoming fiscal year.

2.5 Changes in disclosed liabilities and assets

All monetary amounts shown in US Dollars

Fiscal Year Ending	12/31/2015	12/31/2014
A Change in Projected Benefit Obligation (PBO)		
1 PBO at prior fiscal year end	30,890,726	27,575,989
2 Employer service cost	364,518	455,502
3 Interest cost	926,746	967,505
4 Actuarial loss/(gain)	2,162,574	2,820,028
5 Plan participants' contributions	0	0
6 Benefits paid from plan assets	0	0
7 Benefits paid from the Company	(2,803,163)	(928,298)
8 Transfers from (to) other plans	0	0
9 Administrative expenses paid	0	0
10 Plan change	0	0
11 Acquisitions/(divestitures)	0	0
12 Curtailments	0	0
13 Settlements	0	0
14 Special/contractual termination benefits	0	0
15 PBO at current fiscal year end	31,541,401	30,890,726
B Change in Plan Assets		
1 Fair value of assets at prior fiscal year end	0	0
2 Actual return on assets	0	0
3 Employer contributions	2,803,163	928,298
4 Plan participants' contributions	0	0
5 Benefits paid	(2,803,163)	(928,298)
6 Transfer payments	0	0
7 Administrative expenses paid	0	0
8 Acquisitions/(divestitures)	0	0
9 Settlements	0	0
10 Fair value of assets at current fiscal year end	0	0

2.6 Reconciliation of net balances

All monetary amounts shown in US Dollars

A Reconciliation of Net Prior Service Cost/(Credit)

Measurement Date Established	Original Amount	Net Amount at 12/31/2014	Amortization Amount in 2015	Effect of Curtailments	Other Events	Net Amount at 12/31/2015	Remaining Amortization Period	Amortization Amount in 2016
Total		0	0	0	0	0		0

All monetary amounts shown in US Dollars

B Reconciliation of Net Loss/(Gain)¹

Net Amount at 12/31/2014	Amortization Amount in 2015	Experience Loss/(Gain)	Effect of Curtailments	Effect of Settlements	Net Amount at 12/31/2015	Amortization Amount in 2016
14,729,351	(2,605,219)	2,162,574	0	0	14,286,706	(1,869,621)

¹ See Appendix A for description of amortization method.

2.7 Reconciliation with prior year's disclosure

All monetary amounts shown in US Dollars

	Projected Benefit Obligation (i)	Fair Value of Assets (ii)	Net Balance Sheet Asset / (Liability) (i+ii) (iii)	Net Prior Service Cost / (Credit) (iv)	Net Loss / (Gain) (v)	Accumulated Other Comprehensive (Income)/Loss (iv+v) (vi)
1 At December 31, 2014	(30,890,726)	0	(30,890,726)	0	14,729,351	14,729,351
2 Employer service cost	(364,518)		(364,518)			
3 Interest cost	(926,746)		(926,746)			
4 Expected asset return		0	0			
5 Amortizations				0	(2,605,219)	(2,605,219)
6 Experience loss/gain	(2,162,574)	0	(2,162,574)		2,162,574	2,162,574
7 Employer contributions		2,803,163	2,803,163			
8 Plan participants' contributions	0	0	0			
9 Benefits paid	2,803,163	(2,803,163)	0			
10 Administrative expenses paid	0	0	0			
11 Plan changes	0		0	0		0
12 Acquisitions/divestitures	0	0	0			
13 Curtailments	0		0	0	0	0
14 Settlements	0	0	0		0	0
15 Special/contractual termination benefits	0		0			
16 Transfer payments	0	0	0			
17 At December 31, 2015	(31,541,401)	0	(31,541,401)	0	14,286,706	14,286,706

2.8 Preliminary summary and comparison of benefit cost and cash flows

All monetary amounts shown in US Dollars

Fiscal Year Ending	Estimated 12/31/2016	12/31/2015
A Total Benefit Cost		
1 Employer service cost	287,597	364,518
2 Interest cost	889,548	926,746
3 Expected return on assets	0	0
4 Subtotal	1,177,145	1,291,264
5 Net prior service cost/(credit) amortization	0	0
6 Net loss/(gain) amortization	1,869,621	2,605,219
7 Subtotal	1,869,621	2,605,219
8 Net periodic benefit cost/(income)	3,046,766	3,896,483
9 Curtailments	0	0
10 Settlements	0	0
11 Special/contractual termination benefits	0	0
12 Total benefit cost	3,046,766	3,896,483
B Assumptions¹		
1 Discount rate	3.100%	2.900%
2 Rate of return on assets	N/A	N/A
3 Rate of compensation increase	5.500%	5.500%
6 Census date	01/01/2015	01/01/2015
C Fair Market Value of Assets at Beginning of Year		
	0	0
D Cash Flow		
	Expected	Actual
1 Employer contributions	5,692,604	2,803,163
2 Plan participants' contributions ²	0	0
3 Benefits paid from the Company	5,692,604	2,803,163
4 Benefits paid from plan assets ²	0	0

¹ These assumptions were used to calculate Net Periodic Benefit Cost/(Income) as of the beginning of the year. Rates are expressed on an annual basis where applicable. For assumptions used for interim measurement periods, if any, refer to Appendix A.

² Over the fiscal year.

Section 3: Data exhibits

3.1 Plan participant data

All monetary amounts shown in US Dollars

Census Date	01/01/2015	01/01/2014	
A Participating Employees			
1 Number	22	25	
2 Expected plan compensation for year beginning on the valuation date	9,846,720	10,036,499	
3 Average expected plan compensation	447,578	401,460	
4 Average age	56.77	56.16	
5 Average credited service	28.96	28.01	
B Participants Receiving Benefits			
1 Number	30	28	
2 Total annual pension ¹	235,289	235,289	
3 Average annual pension	8,714	8,714	
4 Average age	76.27	76.45	
5 Distribution at January 1, 2015 ¹			
	Age	Number	Annual Pension
	Under 55	0	0
	55-59	0	0
	60-64	0	0
	65-69	8	82,052
	70-74	3	39,988
	75-79	5	36,060
	80-84	1	9,057
	85 and over	10	68,132

¹ Does not include Charles Brown, Kimberley Heimsath or Morris Jackson lump sum benefit payments made in 2015.

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Appendix A- Statement of actuarial assumptions and methods

Plan Sponsor

Questar Corporation

Statement of Assumptions

The assumptions disclosed in this Appendix are for the fiscal year ending December 31, 2015 financial reporting, and the fiscal year 2016 benefit cost.

Assumptions and methods for pension cost purposes

Actuarial Assumptions and Methods — Pension Cost

Economic Assumptions

Discount rate	3.10%																				
Expected rate of return on assets	N/A																				
Annual rates of increase																					
<ul style="list-style-type: none"> • Prices 	3.00%																				
<ul style="list-style-type: none"> • Compensation: <ul style="list-style-type: none"> • Representative rates 																					
	<table border="1"> <thead> <tr> <th>Age</th> <th>Percentage</th> </tr> </thead> <tbody> <tr><td>25</td><td>10.00%</td></tr> <tr><td>30</td><td>8.50%</td></tr> <tr><td>35</td><td>7.00%</td></tr> <tr><td>40</td><td>5.70%</td></tr> <tr><td>45</td><td>5.20%</td></tr> <tr><td>50</td><td>4.70%</td></tr> <tr><td>55</td><td>4.20%</td></tr> <tr><td>60</td><td>3.70%</td></tr> <tr><td>65</td><td>0.00%</td></tr> </tbody> </table>	Age	Percentage	25	10.00%	30	8.50%	35	7.00%	40	5.70%	45	5.20%	50	4.70%	55	4.20%	60	3.70%	65	0.00%
Age	Percentage																				
25	10.00%																				
30	8.50%																				
35	7.00%																				
40	5.70%																				
45	5.20%																				
50	4.70%																				
55	4.20%																				
60	3.70%																				
65	0.00%																				
<ul style="list-style-type: none"> • Weighted average 	5.50%																				
<ul style="list-style-type: none"> • Employees are assumed to receive a bonus of 120% of their target in the valuation year and later 																					
<ul style="list-style-type: none"> • Social Security wage base 	4.00%																				

<ul style="list-style-type: none"> • Statutory limits on compensation and benefits <p>Lump sum conversion rate</p>	<p>3.00%</p> <p>3.60%</p>
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Demographic and Other Assumptions

Inclusion date	The valuation date coincident with or next following the date on which the employee becomes a participant.
New or rehired employees	It was assumed there will be no new or rehired employees.
Benefit commencement dates	
<ul style="list-style-type: none"> • Retirement benefit 	Upon termination of employment.
Form of payment	100% of participants are assumed to elect a lump sum.
Percent married	80% of males; 60% of females.
Spouse age	Wife 3 years younger than husband.

Demographic Assumptions

Mortality:	
<ul style="list-style-type: none"> • Pre-retirement mortality rates • Post-retirement mortality rates • Disabled life mortality rates 	<p>None.</p> <p>Annuitant rates (based on RP-2015 “Healthy Annuitants” table without collar or amount adjustments, using Scale MP-2015 with generational projection).</p> <p>None.</p>
Disability rates	None.
Termination (not due to disability or retirement) rates	None.
Retirement rates	Ronald Jibson is assumed to retire at age 65. For all others, rates vary by age. The average retirement age is 62.

Percentage leaving during the year	
Attained Age	Rate
<55	5.00%
56	5.00%
57	5.00%
58	5.00%
59	20.00%
60	20.00%
61	20.00%
>=62	100.00%

Additional Assumptions

Administrative expenses \$0; the plan sponsor pays administrative expenses directly.

Cash flow

- **Timing of benefit payments** Lump sum benefit payments are assumed to be made immediately upon retirement.

Methods – Pension Cost and Funded Position

Census date January 1, 2015

Measurement date December 31, 2015

The benefit obligations are based on census data collected as of January 1, 2015. However, new participants that have exceeded the pay limit for the plan year have been included. We have projected forward the benefit obligations to December 31, 2015, adjusting for benefit payments, expected growth in the benefit obligations, changes in key assumptions, and plan provisions, and any significant changes in the plan population. We are not aware of any significant changes in the plan demographics since the census date, other than as specified above.

Service cost and projected benefit obligation

The Projected Unit Credit Cost Method is used to determine the present value of the Projected Benefit Obligation and the related current service cost. Under this method, a “projected accrued benefit” is calculated based upon service as of the measurement date and projected future compensation and social security levels at the age at which the employee is assumed to leave active service. In normal circumstances the "projected accrued benefit" is based upon the Plan's accrual formula. However, if service in later years leads to a materially higher level of benefit than in earlier years, the "projected accrued benefit" is calculated by attributing benefits on a straight-line basis over the relevant period.

The benefits described above are used to determine both ABO and PBO, except that final average pay is assumed to remain constant in the future when calculating ABO.

Market-related value of assets

Since this is an unfunded plan, the asset method is not applicable.

Amortization of unamortized amounts:

- **Recognition of past service cost/(credit)** Amortization of net prior service cost/(credit) resulting from a plan change is included as a component of Net Periodic Benefit Cost/(Income) in the year first recognized and every year thereafter until such time as it is fully amortized. The

annual amortization payment is determined in the first year as the increase in Projected Benefit Obligation due to the plan change divided by the average remaining service period of participating employees expected to receive benefits under the plan.

However, when the plan change reduces the Projected Benefit Obligation, existing positive prior service costs are reduced or eliminated starting with the earliest established before a new prior service credit base is established.

- Recognition of gains or losses

Amortization of the net gain or loss resulting from experience different from that assumed and from changes in assumptions (excluding asset gains and losses not yet reflected in market-related value) is included as a component of Net Periodic Benefit Cost/(Income) for a year.

If, as of the beginning of the year, that net gain or loss exceeds 10% of the greater of the projected benefit obligation and the market-related value of plan assets, the amortization is that excess divided by the average remaining service period of participating employees expected to receive benefits under the plan.

Under this methodology, the gain/loss amounts recognized in AOCI are not expected to be fully recognized in benefit cost until the plan is terminated (or an earlier event, like a settlement, triggers recognition) because the average expected remaining service of active participants expected to benefit under the plan over which the amounts are amortized is redetermined each year and amounts that fall within the corridor described above are not amortized.

Benefits not valued

All benefits described in the Plan Provisions section of this report were valued. Towers Watson has reviewed the plan provisions with Questar Corporation and, based on that review, is not aware of any other significant benefits required to be valued that were not.

Data Sources

Questar Corporation furnished participant data and claims data as of January 1, 2015. Data were reviewed for reasonableness and consistency, but no audit was performed. Based on discussions with the plan sponsor, assumptions or estimates were made when data were not available, and the data was adjusted to reflect any significant events that occurred between the date the data was collected and the measurement date. We are not aware of any other errors or omissions in the data that would have a significant effect on the results of our calculations.

Assumptions Rationale - Significant Economic Assumptions

Discount rate	As required by U.S. GAAP, the discount rate was chosen by the plan sponsor based on market information on the measurement date. Cash flows were matched to the towers Watson Rate:Link 40:90 yield curve as of December 31, 2015.
Lump sum conversion rate	Lump sum benefits are valued using a long term assumption for the plan's lump sum conversion rate that is not significantly inconsistent with what would be reasonable and consistent with other economic assumptions used, other than the discount rate.
Rates of increase in compensation, National Average Wages (NAW) and Consumer Price Index (CPI)	Assumed increases were chosen by the plan sponsor and, as required by U.S. GAAP, they represent an estimate of future experience.

Assumptions Rationale - Significant Demographic Assumptions

Healthy Mortality	Assumptions were selected by the plan sponsor and, as required by U.S. GAAP, represents a best estimate of future experience, and reflects the most recent recommendations made by the Society of Actuaries.
Termination	Due to the size of the population, the plan sponsor has determined that given the lack of credible experience for participants in this plan, there is not a different assumption that the plan sponsor believes to be a better estimate.
Retirement	Retirement rates are based on plan sponsor expectations for the future.

Source of Prescribed Methods

Accounting methods	The methods used for accounting purposes as described in Appendix A are "prescribed methods set by another party", as defined in the actuarial standards of practice (ASOPs). As required by U.S. GAAP, these methods were selected by the plan sponsor.
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Changes in Assumptions and Methods

Change in assumptions since prior valuation	Rates of mortality were changed from separate rates for non-annuitants (based on RP-2014 "Employees" table without collar or amount adjustments, using Scale MP-2014 with generational projection) and annuitants (based on RP-2014 "Healthy Annuitants" table without collar or amount adjustments, using Scale MP-2014 with generational projection) to separate rates for non-annuitants (based on RP-2015 "Employees" table without collar or amount adjustments, using Scale MP-2015 with generational projection) and annuitants (based on RP-2015
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Changes in Assumptions and Methods

“Healthy Annuitants” table without collar or amount adjustments, using Scale MP-2015 with generational projection) because recent experience evidenced by the Society of Actuaries’ study that produced the MP-2015 projection scale indicates that longevity has not been as aggressive as MP-2014 suggested.

The discount rate was changed from 2.90% to 3.10%.

Change in methods since prior valuation

There have been no changes in method since the prior valuation.

Appendix B - Summary of principal pension plan provisions

Plan Provisions

The plan was originally effective January 1, 1987. The most recent amendment reflected in the following plan provisions was adopted and effective on January 1, 2005.

Covered employees	Selected employees of Questar designated by committee to be eligible to participate.
Participation date	Date of becoming a covered employee and receives written notification from the Committee, or its designee, that the individual has been selected to participate in the Plan.

Definitions

Vesting service	A year of Vesting Service is granted for each 12-month period measured from date hire (or anniversary of date of hire) during which an employee works 1,000 hours.
Credited service	A year of Credited Service is granted for each 12-month period measured from date hire (or anniversary of date of hire) during which a participant works 2,080 hours. Fractional service is granted for participants who work over 1,000 hours but less than 2,080 hours. For the final partial year of employment, fractional service is granted based on 1,000 hours rather than 2,080, provided that the termination is due to death, normal/early retirement, or to receive an enhanced benefit.
Pensionable pay	<p>Compensation means wages for purposes of income tax withholding, including base salary, overtime, bonuses, commissions and shift differential. Compensation also includes deemed compensation for qualifying periods of military service. Compensation also includes salary reduction contributions to the Questar Corporation Employee Investment Plan, Cafeteria Plan, and IRC Section 132(f)(4) transportation benefits.</p> <p>Compensation does not include reimbursements or other expense allowances, fringe benefits, income from stock options, moving expenses, nonqualified deferred compensation, cash or stock signing/retention bonuses after January 1, 2003, or loan forgiveness. Compensation also does not include welfare benefits such as vacation sales, payment at termination for unused vacation or paid leave, and severance payments.</p>

Final average compensation	Highest 72 consecutive semi-monthly average compensation during final 10 years of employment.
Covered compensation	The 35-year average of taxable wage bases ending with the year the participant attains Social Security Normal Retirement Age, assuming constant future wage bases.
Normal retirement benefit	The benefit calculated using the benefit formula under the Questar Corporation Retirement Plan, determined without application of compensation limits under IRC Section 401(a)(17) and IRC Section 415(b), reduced by the benefit payable to the participant under the qualified plan.

Eligibility for Benefits

Normal retirement	Retirement after the date on which the Participant reaches the later of (i) age 65 or (ii) the fifth anniversary of the date the Participant commenced participation in the Plan. With regard to subsection (ii), five years of participation will be measured from January 1 of the Plan Year in which the Participant first commenced participation in the Plan.
Early retirement	Retirement after attaining age 55 and completing 10 years of Credited Service.
Vested termination	Participants vest in their benefit on the later of five years of Vesting Service, or the earlier of: <ul style="list-style-type: none"> i. the 13-month anniversary of participation, or ii. the date of death or disability, or iii. the occurrence of a Section 409A change in control.

Benefits Paid Upon the Following Events

Normal retirement	The Normal Retirement Benefit.
Early retirement	The Normal Retirement Benefit reduced 2.5% per year for payment prior to age 62.
Vested termination	The Normal Retirement Benefit reduced 6.0% per year for payment prior to age 65.

Other Plan Provisions

Forms of payment

A participant can elect to be paid in either a lump sum or in up to four annual installments. Lump sums will be calculated using the 1983 Group Annuity Mortality table and an interest rate equal to 80% of the average 30-year Treasury Securities rate for the six-month period preceding the distribution date. Distributions will be made in accordance with IRS Code Section 409(A).

Future Plan Changes

Towers Watson is not aware of any future plan changes which are required to be reflected.

Changes in Benefits Valued Since Prior Year

There have been no changes in benefits valued since the prior year.