

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

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

For quarterly period ended: March 31, 2022
OR

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

For the transition period from _____ to _____
Commission File Number: 1-4221



HELMERICH & PAYNE, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

73-0679879

(I.R.S. Employer Identification No.)

1437 South Boulder Avenue, Suite 1400, Tulsa, Oklahoma, 74119

(Address of principal executive offices) (Zip Code)

(918) 742-5531

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year,
if changed since last report)

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

| Title of each class | Trading symbol(s) | Name of each exchange on which registered |
|---------------------------------|-------------------|---|
| Common Stock (\$0.10 par value) | HP | New York Stock Exchange |

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

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

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

| | | | |
|-------------------------|-------------------------------------|---------------------------|--------------------------|
| Large accelerated filer | <input checked="" type="checkbox"/> | Accelerated filer | <input type="checkbox"/> |
| Non-accelerated filer | <input type="checkbox"/> | Smaller reporting company | <input type="checkbox"/> |
| | | Emerging growth company | <input type="checkbox"/> |

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

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

CLASS

Common Stock, \$0.10 par value

OUTSTANDING AT April 20, 2022

105,287,469



HELMERICH & PAYNE, INC.

INDEX TO FORM 10-Q

| | Page |
|---|-----------|
| PART I | |
| <u>Item 1.</u> <u>Financial Statements</u> | 3 |
| <u>Unaudited Condensed Consolidated Balance Sheets as of March 31, 2022 and September 30, 2021</u> | 3 |
| <u>Unaudited Condensed Consolidated Statements of Operations for the Three and Six Months Ended March 31, 2022 and 2021</u> | 4 |
| <u>Unaudited Condensed Consolidated Statements of Comprehensive Loss for the Three and Six Months Ended March 31, 2022 and 2021</u> | 5 |
| <u>Unaudited Condensed Consolidated Statements of Shareholders' Equity for the Three and Six Months Ended March 31, 2022 and 2021</u> | 6 |
| <u>Unaudited Condensed Consolidated Statements of Cash Flows for the Six Months Ended March 31, 2022 and 2021</u> | 8 |
| <u>Notes to Unaudited Condensed Consolidated Financial Statements</u> | 9 |
| <u>Item 2.</u> <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u> | 28 |
| <u>Item 3.</u> <u>Quantitative and Qualitative Disclosures about Market Risk</u> | 45 |
| <u>Item 4.</u> <u>Controls and Procedures</u> | 45 |
| PART II. | 45 |
| <u>Item 1.</u> <u>Legal Proceedings</u> | 45 |
| <u>Item 1A.</u> <u>Risk Factors</u> | 46 |
| <u>Item 2.</u> <u>Unregistered Sales of Equity Securities and Use of Proceeds</u> | 46 |
| <u>Item 6.</u> <u>Exhibits</u> | 46 |
| SIGNATURES | 47 |

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

HELMERICH & PAYNE, INC. UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

| <i>(in thousands except share data and share amounts)</i> | March 31, 2022 | September 30, 2021 |
|--|-------------------|-----------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 202,206 | \$ 917,534 |
| Short-term investments | 148,377 | 198,700 |
| Accounts receivable, net of allowance of \$2,490 and \$2,068, respectively | 329,572 | 228,894 |
| Inventories of materials and supplies, net | 83,588 | 84,057 |
| Prepaid expenses and other, net | 97,380 | 85,928 |
| Assets held-for-sale | 57,373 | 71,453 |
| Total current assets | 918,496 | 1,586,566 |
| Investments | 219,295 | 135,444 |
| Property, plant and equipment, net | 3,022,335 | 3,127,287 |
| Other Noncurrent Assets: | | |
| Goodwill | 45,653 | 45,653 |
| Intangible assets, net | 70,246 | 73,838 |
| Operating lease right-of-use assets | 45,325 | 49,187 |
| Other assets, net | 13,000 | 16,153 |
| Total other noncurrent assets | 174,224 | 184,831 |
| Total assets | \$ 4,334,350 | \$ 5,034,128 |
| LIABILITIES & SHAREHOLDERS' EQUITY | | |
| Current Liabilities: | | |
| Accounts payable | \$ 105,123 | \$ 71,996 |
| Dividends payable | 26,697 | 27,332 |
| Current portion of long-term debt, net | — | 483,486 |
| Accrued liabilities | 245,778 | 283,492 |
| Total current liabilities | 377,598 | 866,306 |
| Noncurrent Liabilities: | | |
| Long-term debt, net | 541,969 | 541,997 |
| Deferred income taxes | 552,263 | 563,437 |
| Other | 125,754 | 147,757 |
| Noncurrent liabilities - discontinued operations | 2,356 | 2,013 |
| Total noncurrent liabilities | 1,222,342 | 1,255,204 |
| Commitments and contingencies (Note 13) | | |
| Shareholders' Equity: | | |
| Common stock, \$.10 par value, 160,000,000 shares authorized, 112,222,865 shares issued as of both March 31, 2022 and September 30, 2021, and 105,285,460 and 107,898,859 shares outstanding as of March 31, 2022 and September 30, 2021, respectively | 11,222 | 11,222 |
| Preferred stock, no par value, 1,000,000 shares authorized, no shares issued | — | — |
| Additional paid-in capital | 514,771 | 529,903 |
| Retained earnings | 2,463,665 | 2,573,375 |
| Accumulated other comprehensive loss | (19,456) | (20,244) |
| Treasury stock, at cost, 6,937,405 shares and 4,324,006 shares as of March 31, 2022 and September 30, 2021, respectively | (235,792) | (181,638) |
| Total shareholders' equity | 2,734,410 | 2,912,618 |
| Total liabilities and shareholders' equity | \$ 4,334,350 | \$ 5,034,128 |

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

HELMERICH & PAYNE, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

| | Three Months Ended March 31, | | Six Months Ended March 31, | |
|---|---------------------------------|---------------------|-------------------------------|---------------------|
| | 2022 | 2021 | 2022 | 2021 |
| <i>(in thousands, except per share amounts)</i> | | | | |
| OPERATING REVENUES | | | | |
| Drilling services | \$ 465,370 | \$ 294,026 | \$ 872,904 | \$ 538,807 |
| Other | 2,227 | 2,145 | 4,475 | 3,741 |
| | 467,597 | 296,171 | 877,379 | 542,548 |
| OPERATING COSTS AND EXPENSES | | | | |
| Drilling services operating expenses, excluding depreciation and amortization | 339,759 | 230,313 | 639,411 | 429,002 |
| Other operating expenses | 1,181 | 1,274 | 2,363 | 2,636 |
| Depreciation and amortization | 102,937 | 106,417 | 203,374 | 213,278 |
| Research and development | 6,387 | 5,334 | 12,914 | 10,917 |
| Selling, general and administrative | 47,051 | 39,349 | 90,766 | 78,652 |
| Asset impairment charge | — | 54,284 | 4,363 | 54,284 |
| Restructuring charges | 63 | 1,608 | 805 | 1,746 |
| Gain on reimbursement of drilling equipment | (6,448) | (3,748) | (11,702) | (5,939) |
| Other (gain) loss on sale of assets | (716) | 22,263 | 313 | 12,118 |
| | 490,214 | 457,094 | 942,607 | 796,694 |
| OPERATING LOSS FROM CONTINUING OPERATIONS | | | | |
| | (22,617) | (160,923) | (65,228) | (254,146) |
| Other income (expense) | | | | |
| Interest and dividend income | 3,399 | 4,819 | 5,988 | 6,698 |
| Interest expense | (4,390) | (5,759) | (10,504) | (11,898) |
| Gain on investment securities | 22,132 | 2,520 | 69,994 | 5,444 |
| Loss on extinguishment of debt | — | — | (60,083) | — |
| Other | (476) | (577) | (1,018) | (2,057) |
| | 20,665 | 1,003 | 4,377 | (1,813) |
| Loss from continuing operations before income taxes | (1,952) | (159,920) | (60,851) | (255,959) |
| Income tax expense (benefit) | 2,672 | (36,624) | (4,896) | (54,739) |
| Loss from continuing operations | (4,624) | (123,296) | (55,955) | (201,220) |
| Income (loss) from discontinued operations before income taxes | (352) | 2,293 | (383) | 9,786 |
| Income tax provision | — | — | — | — |
| Income (loss) from discontinued operations | (352) | 2,293 | (383) | 9,786 |
| NET LOSS | \$ (4,976) | \$ (121,003) | \$ (56,338) | \$ (191,434) |
| Basic earnings (loss) per common share: | | | | |
| Loss from continuing operations | \$ (0.05) | \$ (1.15) | \$ (0.53) | \$ (1.87) |
| Income from discontinued operations | — | 0.02 | — | 0.09 |
| Net loss | \$ (0.05) | \$ (1.13) | \$ (0.53) | \$ (1.78) |
| Diluted earnings (loss) per common share: | | | | |
| Loss from continuing operations | \$ (0.05) | \$ (1.15) | \$ (0.53) | \$ (1.87) |
| Income from discontinued operations | — | 0.02 | — | 0.09 |
| Net loss | \$ (0.05) | \$ (1.13) | \$ (0.53) | \$ (1.78) |
| Weighted average shares outstanding: | | | | |
| Basic | 105,393 | 107,861 | 106,494 | 107,738 |
| Diluted | 105,393 | 107,861 | 106,494 | 107,738 |

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

HELMERICH & PAYNE, INC.**UNAUDITED CONDENSED CONSOLIDATED
STATEMENTS OF COMPREHENSIVE LOSS**

| <i>(in thousands)</i> | Three Months Ended March 31, | | Six Months Ended March 31, | |
|--|---------------------------------|--------------|-------------------------------|--------------|
| | 2022 | 2021 | 2022 | 2021 |
| Net loss | \$ (4,976) | \$ (121,003) | \$ (56,338) | \$ (191,434) |
| Other comprehensive income, net of income taxes: | | | | |
| Net change related to employee benefit plans, net of income taxes of \$(0.1) million and \$(0.2) million for the three and six months ended March 31, 2022, respectively, and \$(0.1) million and \$(0.3) million for the three and six months ended March 31, 2021. | 394 | 457 | 788 | 914 |
| Other comprehensive income | 394 | 457 | 788 | 914 |
| Comprehensive loss | \$ (4,582) | \$ (120,546) | \$ (55,550) | \$ (190,520) |

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

HELMERICH & PAYNE, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Three and Six Months Ended March 31, 2022

| <i>(in thousands, except per share amounts)</i> | Common Stock | | Additional Paid-In Capital | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Treasury Stock | | Total |
|---|----------------|------------------|----------------------------|---------------------|---|----------------|---------------------|---------------------|
| | Shares | Amount | | | | Shares | Amount | |
| Balance, September 30, 2021 | 112,222 | \$ 11,222 | \$ 529,903 | \$ 2,573,375 | \$ (20,244) | 4,324 | \$ (181,638) | \$ 2,912,618 |
| Comprehensive income (loss): | | | | | | | | |
| Net loss | — | — | — | (51,362) | — | — | — | (51,362) |
| Other comprehensive income | — | — | — | — | 394 | — | — | 394 |
| Dividends declared (\$0.25 per share) | — | — | — | (26,807) | — | — | — | (26,807) |
| Vesting of restricted stock awards, net of shares withheld for employee taxes | — | — | (21,152) | — | — | (381) | 17,040 | (4,112) |
| Stock-based compensation | — | — | 6,218 | — | — | — | — | 6,218 |
| Share repurchases | — | — | — | — | — | 2,548 | (60,358) | (60,358) |
| Balance, December 31, 2021 | <u>112,222</u> | <u>\$ 11,222</u> | <u>\$ 514,969</u> | <u>\$ 2,495,206</u> | <u>\$ (19,850)</u> | <u>6,491</u> | <u>\$ (224,956)</u> | <u>\$ 2,776,591</u> |
| Comprehensive income: | | | | | | | | |
| Net loss | — | — | — | (4,976) | — | — | — | (4,976) |
| Other comprehensive income | — | — | — | — | 394 | — | — | 394 |
| Dividends declared (\$0.25 per share) | — | — | — | (26,565) | — | — | — | (26,565) |
| Vesting of restricted stock awards, net of shares withheld for employee taxes | — | — | (7,197) | — | — | (161) | 5,805 | (1,392) |
| Stock-based compensation | — | — | 6,999 | — | — | — | — | 6,999 |
| Share repurchases | — | — | — | — | — | 607 | (16,641) | (16,641) |
| Balance, March 31, 2022 | <u>112,222</u> | <u>\$ 11,222</u> | <u>\$ 514,771</u> | <u>\$ 2,463,665</u> | <u>\$ (19,456)</u> | <u>6,937</u> | <u>\$ (235,792)</u> | <u>\$ 2,734,410</u> |

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

HELMERICH & PAYNE, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
Three and Six Months Ended March 31, 2021

| <i>(in thousands, except per share amounts)</i> | Common Stock | | Additional Paid-In Capital | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Treasury Stock | | Total |
|---|----------------|------------------|----------------------------|---------------------|---|----------------|---------------------|---------------------|
| | Shares | Amount | | | | Shares | Amount | |
| Balance, September 30, 2020 | 112,151 | \$ 11,215 | \$ 521,628 | \$ 3,010,012 | \$ (26,188) | 4,663 | \$ (198,153) | \$ 3,318,514 |
| Comprehensive income (loss): | | | | | | | | |
| Net loss | — | — | — | (70,431) | — | — | — | (70,431) |
| Other comprehensive income | — | — | — | — | 457 | — | — | 457 |
| Dividends declared (\$0.25 per share) | — | — | — | (27,324) | — | — | — | (27,324) |
| Vesting of restricted stock awards, net of shares withheld for employee taxes | 72 | 7 | (16,742) | — | — | (295) | 14,618 | (2,117) |
| Stock-based compensation | — | — | 7,451 | — | — | — | — | 7,451 |
| Cumulative effect adjustment for adoption of ASU No. 2016-13 | — | — | — | (1,251) | — | — | — | (1,251) |
| Other | — | — | (381) | — | — | — | — | (381) |
| Balance, December 31, 2020 | <u>112,223</u> | <u>\$ 11,222</u> | <u>\$ 511,956</u> | <u>\$ 2,911,006</u> | <u>\$ (25,731)</u> | <u>4,368</u> | <u>\$ (183,535)</u> | <u>\$ 3,224,918</u> |
| Comprehensive income: | | | | | | | | |
| Net loss | — | — | — | (121,003) | — | — | — | (121,003) |
| Other comprehensive income | — | — | — | — | 457 | — | — | 457 |
| Dividends declared (\$0.25 per share) | — | — | — | (27,268) | — | — | — | (27,268) |
| Vesting of restricted stock awards, net of shares withheld for employee taxes | — | — | (1,678) | — | — | (39) | 1,678 | — |
| Stock-based compensation | — | — | 6,826 | — | — | — | — | 6,826 |
| Other | — | — | (234) | — | — | — | — | (234) |
| Balance, March 31, 2021 | <u>112,223</u> | <u>\$ 11,222</u> | <u>\$ 516,870</u> | <u>\$ 2,762,735</u> | <u>\$ (25,274)</u> | <u>4,329</u> | <u>\$ (181,857)</u> | <u>\$ 3,083,696</u> |

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

HELMERICH & PAYNE, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

| (in thousands) | Six Months Ended March 31, | |
|--|----------------------------|--------------|
| | 2022 | 2021 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| NET LOSS | \$ (56,338) | \$ (191,434) |
| Adjustment for (income) loss from discontinued operations | 383 | (9,786) |
| Loss from continuing operations | (55,955) | (201,220) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Depreciation and amortization | 203,374 | 213,278 |
| Asset impairment charge | 4,363 | 54,284 |
| Amortization of debt discount and debt issuance costs | 559 | 920 |
| Loss on extinguishment of debt | 60,083 | — |
| Provision for credit loss | 669 | (227) |
| Provision for obsolete inventory | (761) | 423 |
| Stock-based compensation | 14,163 | 14,277 |
| Gain on investment securities | (69,994) | (5,444) |
| Gain on reimbursement of drilling equipment | (11,702) | (5,939) |
| Other loss on sale of assets | 313 | 12,118 |
| Deferred income tax benefit | (11,597) | (46,068) |
| Other | (3,526) | 3,646 |
| Change in assets and liabilities: | | |
| Accounts receivable | (103,751) | (8,498) |
| Inventories of materials and supplies | 158 | 7,159 |
| Prepaid expenses and other | (4,068) | (7,951) |
| Other noncurrent assets | 10,375 | (3,696) |
| Accounts payable | 32,138 | 25,277 |
| Accrued liabilities | (29,322) | (451) |
| Deferred income tax liability | 196 | 27 |
| Other noncurrent liabilities | (16,777) | 6,912 |
| Net cash provided by operating activities from continuing operations | 18,938 | 58,827 |
| Net cash used in operating activities from discontinued operations | (42) | (25) |
| Net cash provided by operating activities | 18,896 | 58,802 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Capital expenditures | (104,482) | (30,745) |
| Other capital expenditures related to assets held-for-sale | (10,550) | — |
| Purchase of short-term investments | (68,565) | (105,662) |
| Purchase of long-term investments | (14,124) | (1,069) |
| Proceeds from sale of short-term investments | 117,456 | 63,742 |
| Proceeds from asset sales | 34,944 | 13,419 |
| Net cash used in investing activities | (45,321) | (60,315) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Dividends paid | (54,007) | (54,230) |
| Payments for employee taxes on net settlement of equity awards | (5,503) | (2,119) |
| Payment of contingent consideration from acquisition of business | (250) | (250) |
| Payments for early extinguishment of long-term debt | (487,148) | — |
| Make-whole premium payment | (56,421) | — |
| Share repurchases | (76,999) | — |
| Other | (587) | — |
| Net cash used in financing activities | (680,915) | (56,599) |
| Net decrease in cash and cash equivalents and restricted cash | (707,340) | (58,112) |
| Cash and cash equivalents and restricted cash, beginning of period | 936,716 | 536,747 |
| Cash and cash equivalents and restricted cash, end of period | \$ 229,376 | \$ 478,635 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: | | |
| Cash paid during the period: | | |
| Interest paid | \$ 10,798 | \$ 11,473 |
| Income tax paid (received), net | 633 | (31,965) |
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Payments for operating leases | 6,069 | 8,970 |
| Non-cash operating and investing activities: | | |
| Changes in accounts payable and accrued liabilities related to purchases of property, plant and equipment | (2,431) | (1,296) |
| Changes in accounts receivable, property, plant and equipment and other noncurrent assets related to the sale of equipment | — | 9,290 |
| Cumulative effect adjustment for adoption of ASU No. 2016-13 | — | (1,251) |

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

HELMERICH & PAYNE, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 NATURE OF OPERATIONS

Helmerich & Payne, Inc. (“H&P,” which, together with its subsidiaries, is identified as the “Company,” “we,” “us,” or “our,” except where stated or the context requires otherwise) through its operating subsidiaries provides performance-driven drilling solutions and technologies that are intended to make hydrocarbon recovery safer and more economical for oil and gas exploration and production companies.

Our drilling services operations are organized into the following reportable operating business segments: North America Solutions, Offshore Gulf of Mexico and International Solutions. Our real estate operations, our incubator program for new research and development projects and our wholly-owned captive insurance companies are included in “Other.” Refer to Note 14—Business Segments and Geographic Information for further details on our reportable segments.

Our North America Solutions operations are primarily located in Colorado, Louisiana, New Mexico, Nevada, North Dakota, Ohio, Oklahoma, Pennsylvania, Texas, Utah, West Virginia and Wyoming. Additionally, our Offshore Gulf of Mexico operations are conducted in Louisiana and in U.S. federal waters in the Gulf of Mexico and in our International Solutions we have operations in four international locations: Argentina, Bahrain, Colombia and United Arab Emirates.

We also own and operate limited commercial real estate properties. Our real estate assets, which are located exclusively within Tulsa, Oklahoma, include a shopping center and undeveloped real estate.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, RISKS AND UNCERTAINTIES

Interim Financial Information

The accompanying Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) and applicable rules and regulations of the Securities and Exchange Commission (the “SEC”) pertaining to interim financial information. Accordingly, these interim financial statements do not include all information or footnote disclosures required by GAAP for complete financial statements and, therefore, should be read in conjunction with the Consolidated Financial Statements and notes thereto in our 2021 Annual Report on Form 10-K and other current filings with the SEC. In the opinion of management, all adjustments, consisting of those of a normal recurring nature, necessary to present fairly the results of the periods presented have been included. The results of operations for the interim periods presented may not necessarily be indicative of the results to be expected for the full year.

Principles of Consolidation

The Unaudited Condensed Consolidated Financial Statements include the accounts of Helmerich & Payne, Inc. and its domestic and foreign subsidiaries. Consolidation of a subsidiary begins when the Company gains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the fiscal year are included in the Unaudited Condensed Consolidated Statements of Operations and Unaudited Condensed Consolidated Statements of Comprehensive Loss from the date the Company gains control until the date when the Company ceases to control the subsidiary. All intercompany accounts and transactions have been eliminated upon consolidation.

COVID-19 and Russia-Ukraine Conflict

The direct impacts of the COVID-19 pandemic on the Company have diminished significantly as health guidelines and restrictions have eased in most jurisdictions in which we operate. Since the COVID-19 outbreak began, no rigs have been fully shut down (other than temporary shutdowns for disinfecting and the suspension for a certain period of time on one of our international rigs) and these temporary shutdowns did not have a significant impact on service.

The COVID-19 pandemic is predicted to continue and increases in infection rates may cause governmental authorities in highly impacted areas to impose more rigorous restrictions on business and social activities. We have experienced, and may experience in the future, some periodic disruptions to our business operations from government restrictions. We work to comply with all regulations of governmental authorities in the jurisdictions where our operations reside. In some cases, policies and procedures are more stringent in our foreign operations than in our North America operations.

More recently, the Russian Federation's invasion of Ukraine and the related international reaction to the invasion, including sanctions, have introduced additional volatility in commodity prices. As we have no operations in the impacted regions of this conflict, we do not expect any direct impact to our operations. Additionally, we do not source supplies from these regions; however, the far-reaching ramifications of this conflict could result in some inflationary pressure within our supply chain.

From a financial perspective, we believe the Company is well positioned to manage through events, even protracted ones, that may result from market disruptions and the related commodity price volatility. More recent events, like the COVID-19 global pandemic and the Russian invasion into the Ukraine, have elevated commodity price volatility and have other far reaching global market ramifications.

At March 31, 2022, the Company had cash and cash equivalents and short-term investments of \$350.6 million. The 2018 Credit Facility (as defined within Note 6—Debt) has \$750.0 million in aggregate availability with a maximum of \$75.0 million available for use as letters of credit. As of March 31, 2022, there were no borrowings or letters of credit outstanding, leaving \$750.0 million available to borrow under the 2018 Credit Facility. We currently do not anticipate the need to draw on the 2018 Credit Facility. Furthermore, the Company's 2031 Notes (as defined within Note 6—Debt) do not mature until September 29, 2031. On March 8, 2022, we entered into the second amendment to the 2018 Credit Facility, which, among other things, raised the number of potential future extensions of the maturity date applicable to extending lenders from one to two such potential extensions and replaced provisions in respect of interest rate determinations that were based on the London Interbank Offered Rate with provisions based on the Secured Overnight Financing Rate. Lenders with \$680.0 million of commitments under the 2018 Credit Facility also exercised their option to extend the maturity of the 2018 Credit Facility from November 12, 2025 to November 11, 2026. Refer to Note 6—Debt for further details.

On September 27, 2021, the Company delivered a conditional notice of optional full redemption for all of the outstanding 4.65 percent unsecured senior notes due 2025 (the "2025 Notes") at a redemption price calculated in accordance with the indenture governing the 2025 Notes, plus accrued and unpaid interest on the 2025 Notes to be redeemed. On September 29, 2021, we issued \$550.0 million aggregate principal amount of the 2.90 percent unsecured senior notes due 2031 (the "2031 Notes"). The Company's obligation to redeem the 2025 Notes was conditioned upon the prior consummation of the issuance of the 2031 Notes, which was satisfied on September 29, 2021. The 2031 Notes mature on September 29, 2031. On October 27, 2021, we redeemed all of the outstanding 2025 Notes. As a result, these notes were included in the current portion of long-term debt on our Consolidated Balance Sheets as of September 30, 2021. The associated make-whole premium of \$56.4 million and the write off of the unamortized discount and debt issuance costs of \$3.7 million were recognized during the first fiscal quarter of 2022 contemporaneously with the October 27, 2021 debt extinguishment. These amounts were recorded in Loss on Extinguishment of Debt in our Unaudited Condensed Consolidated Statements of Operations during the six months ended March 31, 2022. Refer to Note 6—Debt for further details.

Cash, Cash Equivalents, and Restricted Cash

Cash and cash equivalents include cash on hand, demand deposits with banks and all highly liquid investments with original maturities of three months or less. Our cash, cash equivalents and short-term investments are subject to potential credit risk, and certain of our cash accounts carry balances greater than the federally insured limits.

We had restricted cash of \$27.2 million and \$51.4 million at March 31, 2022 and 2021, respectively, and \$19.2 million and \$48.9 million at September 30, 2021 and 2020, respectively. Of the total restricted cash at March 31, 2022 and September 30, 2021, \$1.1 million and \$1.5 million, respectively, is related to the acquisition of drilling technology companies, and \$25.9 million and \$17.7 million, respectively, represents an amount management has elected to restrict for the purpose of potential insurance claims in our wholly-owned captive insurance companies. The restricted amounts are primarily invested in short-term money market securities.

The cash, cash equivalents, and restricted cash are reflected within the following line items on the Unaudited Condensed Consolidated Balance Sheets:

| <i>(in thousands)</i> | March 31, | | September 30, | |
|---|------------|------------|---------------|------------|
| | 2022 | 2021 | 2021 | 2020 |
| Cash and cash equivalents | \$ 202,206 | \$ 427,243 | \$ 917,534 | \$ 487,884 |
| Restricted cash | | | | |
| Prepaid expenses and other, net | 26,438 | 48,457 | 18,350 | 45,577 |
| Other assets, net | 732 | 2,935 | 832 | 3,286 |
| Total cash, cash equivalents, and restricted cash | \$ 229,376 | \$ 478,635 | \$ 936,716 | \$ 536,747 |

During the six months ended March 31, 2022, our cash, cash equivalents, and restricted cash balance decreased approximately \$707.3 million compared to our balance at September 30, 2021. This change was primarily driven by the redemption of all the outstanding 2025 Notes, resulting in a cash outflow of \$487.1 million. Additionally, the associated make-whole premium of \$56.4 million was paid during the first fiscal quarter of 2022 contemporaneously with the October 27, 2021 debt extinguishment.

Recently Issued Accounting Updates

Changes to U.S. GAAP are established by the Financial Accounting Standards Board ("FASB") in the form of Accounting Standards Updates ("ASUs") to the FASB Accounting Standards Codification ("ASC"). We consider the applicability and impact of all ASUs. ASUs not listed below were assessed and determined to be either not applicable, clarifications of ASUs listed below, immaterial, or already adopted by the Company.

The following table provides a brief description of a recently adopted accounting pronouncement and our analysis of the effects on our financial statements:

| Standard | Description | Date of Adoption | Effect on the Financial Statements or Other Significant Matters |
|--|--|------------------|---|
| Recently Adopted Accounting Pronouncements | | | |
| ASU No. 2019-12, Financial Instruments – Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes | This ASU simplifies the accounting for income taxes by removing certain exceptions related to Topic 740. The ASU also improves consistent application of and simplifies GAAP for other areas of Topic 740 by clarifying and amending existing guidance. This update is effective for annual and interim periods beginning after December 15, 2020. Early adoption in any interim period for public entities for periods for which financial statements have not yet been issued. An entity that elects to early adopt the amendments in an interim period should reflect any adjustments as of the beginning of the annual period that includes that interim period. Additionally, an entity that elects early adoption must adopt all the amendments in the same period. Upon adoption, the amendments addressed in this ASU will be applied either prospectively, retrospectively or on a modified retrospective basis through a cumulative effect adjustment to retained earnings. This update is effective for annual periods beginning after December 15, 2020. | October 1, 2021 | We adopted this ASU during the first quarter of fiscal year 2022. The adoption did not have a material effect on our Unaudited Condensed Consolidated Financial Statements and disclosures. |
| Standards that are not yet adopted as of March 31, 2022 | | | |
| ASU No. 2020-06, Debt with conversion and other options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's own equity (subtopic 815-40): Accounting For Convertible Instruments and Contracts In An Entity's Own Equity | This ASU reduces the complexity of accounting for convertible debt and other equity-linked instruments by reducing the number of accounting models for convertible debt instruments and convertible preferred stock. Limiting the accounting models results in fewer embedded conversion features being separately recognized from the host contract as compared with current GAAP. Convertible instruments that continue to be subject to separation models are (1) those with embedded conversion features that are not clearly and closely related to the host contract, that meet the definition of a derivative, and that do not qualify for a scope exception from derivative accounting and (2) convertible debt instruments issued with substantial premiums for which the premiums are recorded as paid-in capital. | October 1, 2022 | We are currently evaluating the impact of this ASU on our Unaudited Condensed Consolidated Financial Statements and disclosures. |

Self-Insurance

Our wholly-owned insurance captives ("Captives") incurred direct operating costs consisting primarily of adjustments to accruals for estimated losses of \$1.8 million and \$2.3 million for the three months ended March 31, 2022 and 2021, respectively, and \$(0.4) million and \$2.8 million for the six months ended March 31, 2022 and 2021, respectively, and rig casualty insurance premiums of \$7.9 million and \$5.0 million for the three months ended March 31, 2022 and 2021, respectively, and \$16.7 million and \$7.5 million for the six months ended March 31, 2022 and 2021, respectively, and were recorded within drilling services operating expenses in our Unaudited Condensed Consolidated Statement of Operations. Intercompany premium revenues recorded by the Captives amounted to \$13.2 million and \$8.7 million during the three months ended March 31, 2022 and 2021, respectively, and \$26.9 million and \$15.8 million during the six months ended March 31, 2022 and 2021, respectively, which were eliminated upon consolidation. These intercompany insurance premiums are reflected as segment operating expenses within the North America Solutions, Offshore Gulf of Mexico, and International Solutions reportable operating segments and are reflected as intersegment sales within "Other." The Company self-insures employee health plan exposures in excess of employee deductibles. Starting in the second quarter of fiscal year 2020, the Captives' insurer issued a stop-loss program that will reimburse the Company's health plan for claims that exceed \$50,000. This program is reviewed at the end of each policy year by an outside actuary. Our medical stop loss operating expenses for the three months ended March 31, 2022 and 2021 were \$3.6 million and \$3.1 million, respectively, and \$6.9 million and \$5.4 million for the six months ended March 31, 2022 and 2021, respectively.

International Solutions Drilling Risks

International Solutions drilling operations may significantly contribute to our revenues and net operating income (loss). There can be no assurance that we will be able to successfully conduct such operations, and a failure to do so may have an adverse effect on our financial position, results of operations, and cash flows. Also, the success of our International Solutions operations will be subject to numerous contingencies, some of which are beyond management's control. These contingencies include general and regional economic conditions, fluctuations in currency exchange rates, modified exchange controls, changes in international regulatory requirements and international employment issues, risk of expropriation of real and personal property and the burden of complying with foreign laws. Additionally, in the event that extended labor strikes occur or a country experiences significant political, economic or social instability, we could experience shortages in labor and/or material and supplies necessary to operate some of our drilling rigs, thereby potentially causing an adverse material effect on our business, financial condition and results of operations.

We have also experienced certain risks specific to our Argentine operations. In Argentina, while our dayrate is denominated in U.S. dollars, we are paid in the equivalent of Argentine pesos. The Argentine branch of one of our second-tier subsidiaries remits U.S. dollars to its U.S. parent by converting the Argentine pesos into U.S. dollars through the Argentine Foreign Exchange Market and repatriating the U.S. dollars. Argentina also has a history of implementing currency controls which restrict the conversion and repatriation of U.S. dollars. In September 2020, Argentina implemented additional currency controls in an effort to preserve Argentina's U.S. dollar reserves. As a result of these currency controls, our ability to remit funds from our Argentine subsidiary to its U.S. parent has been limited. In the past, the Argentine government has also instituted price controls on crude oil, diesel and gasoline prices and instituted an exchange rate freeze in connection with those prices. These price controls and an exchange rate freeze could be instituted again in the future. Further, there are additional concerns regarding Argentina's debt burden, notwithstanding Argentina's restructuring deal with international bondholders in August 2020, as Argentina attempts to manage its substantial sovereign debt issues. These concerns could further negatively impact Argentina's economy and adversely affect our Argentine operations. Argentina's economy is considered highly inflationary, which is defined as cumulative inflation rates exceeding 100 percent in the most recent three-year period based on inflation data published by the respective governments. Nonetheless, all of our foreign subsidiaries use the U.S. dollar as the functional currency and local currency monetary assets and liabilities are remeasured into U.S. dollars with gains and losses resulting from foreign currency transactions included in current results of operations.

We recorded aggregate foreign currency losses of \$2.4 million for both the three months ended March 31, 2022 and 2021, and \$3.3 million and \$4.2 million for the six months ended March 31, 2022 and 2021, respectively. In the future, we may incur larger currency devaluations, foreign exchange restrictions or other difficulties repatriating U.S. dollars from Argentina or elsewhere, which could have a material adverse impact on our business, financial condition and results of operations. As of March 31, 2022, our cash balance in Argentina was \$43.2 million.

Because of the impact of local laws, our future operations in certain areas may be conducted through entities in which local citizens own interests and through entities (including joint ventures) in which we hold only a minority interest or pursuant to arrangements under which we conduct operations under contract to local entities. While we believe that neither operating through such entities nor pursuant to such arrangements would have a material adverse effect on our operations or revenues, there can be no assurance that we will in all cases be able to structure or restructure our operations to conform to local law (or the administration thereof) on terms acceptable to us.

Although we attempt to minimize the potential impact of such risks by operating in more than one geographical area, during the three and six months ended March 31, 2022, approximately 5.9 percent and 7.5 percent of our operating revenues were generated from international locations in our drilling business compared to 5.2 percent and 4.9 percent during the three and six months ended March 31, 2021, respectively. During the three and six months ended March 31, 2022, approximately 75.8 percent and 76.6 percent of operating revenues from international locations were from operations in South America, compared to 51.4 percent and 37.6 percent during the three and six months ended March 31, 2021, respectively. Substantially all of the South American operating revenues were from Argentina and Colombia. The future occurrence of one or more international events arising from the types of risks described above could have a material adverse impact on our business, financial condition and results of operations.

NOTE 3 DISCONTINUED OPERATIONS

Noncurrent liabilities from discontinued operations include an uncertain tax liability related to the country of Venezuela. Expenses incurred for in-country obligations are reported as discontinued operations within our Unaudited Condensed Consolidated Statements of Operations.

The activity for the three and six months ended March 31, 2022 and 2021 was primarily due to the remeasurement of an uncertain tax liability as a result of the devaluation of the Venezuela Bolivar. Early in 2018, the Venezuelan government announced that it changed the existing dual-rate foreign currency exchange system by eliminating its heavily subsidized foreign exchange rate, which was 10 Bolivars per United States dollar, and relaunched an exchange system known as DICOM. The Venezuela government also established a new currency called the "Sovereign Bolivar," which was determined by the elimination of five zeros from the old currency. The DICOM floating rate was approximately 4,181,782 and 1,987,185 Bolivars per United States dollar at September 30, 2021, and March 31, 2021, respectively. In October 2021, the Venezuela government launched another monetary overhaul by cutting six zeros from the Bolivar in response to hyperinflation and to simplifying accounting. As such, as of March 31, 2022, the DICOM floating rate was approximately 4.38 Bolivars per United States dollar. The DICOM floating rate might not reflect the barter market exchange rates.

NOTE 4 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as of March 31, 2022 and September 30, 2021 consisted of the following:

| <i>(in thousands)</i> | Estimated Useful Lives | March 31, 2022 | September 30, 2021 |
|---|------------------------|----------------|--------------------|
| Drilling services equipment | 4 - 15 years | \$ 6,284,174 | \$ 6,229,011 |
| Tubulars | 4 years | 555,968 | 573,900 |
| Real estate properties | 10 - 45 years | 44,916 | 43,302 |
| Other | 2 - 23 years | 420,589 | 459,741 |
| Construction in progress ⁽¹⁾ | | 62,959 | 47,587 |
| | | 7,368,606 | 7,353,541 |
| Accumulated depreciation | | (4,346,271) | (4,226,254) |
| Property, plant and equipment, net | | \$ 3,022,335 | \$ 3,127,287 |
| Assets held-for-sale | | \$ 57,373 | \$ 71,453 |

(1) Included in construction in progress are costs for projects in progress to upgrade or refurbish certain rigs in our existing fleet. Additionally, we include other capital maintenance purchase orders that are open/in process. As these various projects are completed, the costs are then classified to their appropriate useful life category.

Depreciation

Depreciation expense in the Unaudited Condensed Consolidated Statements of Operations was \$101.1 million and \$104.6 million, including \$2.5 million and \$0.5 million in abandonments, for the three months ended March 31, 2022 and 2021, respectively. Depreciation expense in the Unaudited Condensed Consolidated Statements of Operations was \$199.8 million and \$209.7 million, including \$3.8 million and \$0.4 million in abandonments for the six months ended March 31, 2022 and 2021, respectively.

Assets Held-for-Sale

The following table summarizes the balance (in thousands) of our assets held-for-sale at the dates indicated below:

| | |
|-------------------------------|-----------|
| Balance at September 30, 2021 | \$ 71,453 |
| Plus: | |
| Asset additions | 1,459 |
| Less: | |
| Sale of assets held-for-sale | (15,539) |
| Balance at March 31, 2022 | \$ 57,373 |

In March 2021, the Company's leadership continued the execution of the current strategy, which was initially introduced in 2019, focusing on operating various types of highly capable upgraded rigs and phasing out the older, less capable fleet. As a result, the Company has undertaken a plan to sell 71 Domestic non-super-spec rigs, all within our North America Solutions segment, the majority of which were previously decommissioned, written down and/or held as capital spares. The book values of those assets were written down to \$13.5 million, which represents their fair value less estimated costs to sell, and were reclassified as held-for-sale in the second and third quarters of fiscal year 2021. During the fiscal year ended September 30, 2021, we completed the sale of a portion of the assets with a net book value of \$6.5 million that were originally classified as held-for-sale during the second and third quarters of fiscal year 2021. Additionally, during the six months ended March 31, 2022, we completed the sale of a portion of the remaining assets with a net book value of \$1.6 million that were originally classified as held-for-sale during the second and third quarters of fiscal year 2021.

During September 2021, the Company agreed to sell eight FlexRig® land rigs with an aggregate net book value of \$55.6 million to ADNOC Drilling Company P.J.S.C. ("ADNOC Drilling") for \$86.5 million. Two of the eight rigs were already located in the U.A.E where ADNOC Drilling is domiciled with the remaining six rigs to be shipped from the United States. We received the \$86.5 million in cash consideration in advance of delivering the rigs. As part of the sales agreement, the rigs will be delivered and commissioned in stages over a twelve-month period subject to acceptance upon successful completion of final inspection on customary terms and conditions. During the second quarter of fiscal year 2022, ADNOC Drilling accepted delivery of the two rigs located in the U.A.E. with a net book value of \$4.1 million and, as a result, we recognized a gain of \$1.2 million, after incurring \$2.4 million of selling costs, during the three months ended March 31, 2022 and the rigs were removed from assets classified as held-for-sale as of March 31, 2022. The gain of \$1.2 million is recorded in Other (Gain) Loss on Sale of Assets within our Unaudited Condensed Consolidated Statement of Operations for the three and six months ended March 31, 2022. The remaining cash proceeds received in advance of rig delivery and acceptance of \$78.8 million is recorded in Accrued Liabilities within our Unaudited Condensed Consolidated Balance Sheets as of March 31, 2022. Additionally, the six remaining rigs in the United States are classified as held-for-sale in the Unaudited Condensed Consolidated Balance Sheets until each rig is delivered and accepted, at which time any related gain/loss on the sale will be recognized in the Unaudited Condensed Consolidated Statement of Operations. Estimated cost to sell related to the remaining rigs is approximately \$26.6 million, including approximately \$11.2 million of expenses incurred during the six months ended March 31, 2022, and approximately \$15.4 million of expenses to be incurred in future periods. We paid approximately \$10.6 million in cash charges related to these costs during the six months ended March 31, 2022.

During the fiscal year ended September 30, 2021, we formalized a plan to sell assets related to two of our lower margin service offerings, trucking and casing running assets, which contributed approximately 2.8 percent to our consolidated revenues during fiscal year 2021, all within our North America Solutions segment. The combined net book values of these assets of \$23.2 million were written down to their combined fair value less estimated cost to sell of \$8.8 million, and were reclassified as held-for-sale during the fourth quarter of fiscal year 2021. During the six months ended March 31, 2022, we closed on the sale of these assets in two separate transactions. The sale of our trucking assets was completed on November 3, 2021 while the sale of our casing running assets was completed on November 15, 2021 for total consideration less costs to sell of \$6.0 million, in addition to the possibility of future earnout revenue, resulting in a loss of \$3.4 million. Losses related to the sale of these assets are recorded in Other (Gain) Loss on Sale of Assets within our Unaudited Condensed Consolidated Statements of Operations.

During the first quarter of fiscal year 2022, we identified two partial rig substructures that met the asset held-for-sale criteria and were reclassified as assets held-for-sale on our Unaudited Condensed Consolidated Balance Sheets. The combined net book value of the rig substructures of \$2.0 million were written down to their estimated scrap value of \$0.1 million, resulting in a non-cash impairment charge of \$1.9 million within our North America Solutions segment and recorded in the Unaudited Condensed Consolidated Statement of Operations for the six months ended March 31, 2022. During the three months ended March 31, 2022, we completed the sale of a portion of the assets with a net book value of approximately \$0.1 million, resulting in no gain or loss as a result of the sale.

During the first quarter of fiscal year 2022, we identified two international FlexRig® drilling rigs located in Colombia that met the asset held-for-sale criteria and were reclassified as assets held-for-sale on our Unaudited Condensed Consolidated Balance Sheets. In conjunction with establishing a plan to sell the two international FlexRig® drilling rigs, we recognized a non-cash impairment charge of \$2.5 million within our International Solutions segment and recorded in the Unaudited Condensed Consolidated Statement of Operations during the six months ended March 31, 2022, as the rigs aggregate net book value of \$3.4 million exceeded the fair value of the rigs less estimated cost to sell of \$0.9 million. During the three months ended March 31, 2022, we completed the sale of the two international FlexRig® drilling rigs for total consideration of \$0.9 million, resulting in no gain or loss as a result of the sale.

The significant assumptions utilized in the valuation of assets held-for-sale were based on our intended method of disposal, historical sales of similar assets, and market quotes and are classified as Level 2 and Level 3 inputs by ASC Topic 820, Fair Value Measurement and Disclosures. Although we believe the assumptions used in our analysis are reasonable and appropriate, different assumptions and estimates could materially impact the analysis and our resulting conclusion.

(Gain)/Loss on Sale of Assets

We had a gain of \$6.4 million and \$11.7 million, during the three and six months ended March 31, 2022, respectively, and \$3.8 million and \$5.9 million, during the three and six months ended March 31, 2021, respectively, related to customer reimbursement for the replacement value of lost or damaged drill pipe. Gains related to these asset sales are recorded in Gains on Reimbursement of Drilling Equipment within our Unaudited Condensed Consolidated Statements of Operations.

During the three and six months ended March 31, 2022, we had a (gain) loss of \$(0.7) million and \$0.3 million, respectively, related to the sale of rig equipment and other capital assets. During the first quarter of fiscal year 2022, we closed on the sale of our trucking and casing running assets resulting in a loss of \$3.4 million, as mentioned above. During the second quarter of fiscal year 2022, ADNOC Drilling accepted delivery of two rigs resulting in a gain of \$1.2 million, as mentioned above. The (gain) loss related to the sale of these assets are recorded in Other (Gain) Loss on Sale of Assets within our Unaudited Condensed Consolidated Statements of Operations.

During the three and six months ended March 31, 2021, we had a loss of \$22.3 million and \$12.1 million, respectively, related to sale of rig equipment and other capital assets. During the first quarter of fiscal year 2021, we completed the sale of an offshore platform rig within our Offshore Gulf of Mexico operating segment resulting in a gain of \$9.2 million. During the second quarter of fiscal year 2021, we sold excess drilling equipment and spares, which resulted in a net loss of \$23.0 million. The (gain) loss related to these asset sales were recorded in Other (Gain) Loss on Sale of Assets within our Unaudited Condensed Consolidated Statements of Operations.

NOTE 5 GOODWILL AND INTANGIBLE ASSETS

Goodwill

Goodwill represents the excess of the purchase price over the fair values of the assets acquired and liabilities assumed in a business combination, at the date of acquisition. Goodwill is not amortized but is tested for potential impairment at the reporting unit level, at a minimum on an annual basis, or when indications of potential impairment exist. All of our goodwill is within our North America Solutions reportable segment.

During the three and six months ended March 31, 2022, we had no additions or impairments to goodwill. As of March 31, 2022 and September 30, 2021, the goodwill balance was \$45.7 million.

Intangible Assets

Finite-lived intangible assets are amortized using the straight-line method over the period in which these assets contribute to our cash flows and are evaluated for impairment in accordance with our policies for valuation of long-lived assets. All of our intangible assets are within our North America Solutions reportable segment. Intangible assets consist of the following:

| (in thousands) | Weighted Average Estimated Useful Lives | March 31, 2022 | | | September 30, 2021 | | |
|--------------------------------|---|-----------------------|--------------------------|------------------|-----------------------|--------------------------|------------------|
| | | Gross Carrying Amount | Accumulated Amortization | Net | Gross Carrying Amount | Accumulated Amortization | Net |
| Finite-lived intangible asset: | | | | | | | |
| Developed technology | 15 years | \$ 89,096 | \$ 25,160 | \$ 63,936 | \$ 89,096 | \$ 22,182 | \$ 66,914 |
| Intellectual property | 13 years | 1,500 | 272 | 1,228 | 1,500 | 216 | 1,284 |
| Trade name | 20 years | 5,865 | 1,316 | 4,549 | 5,865 | 1,158 | 4,707 |
| Customer relationships | 5 years | 4,000 | 3,467 | 533 | 4,000 | 3,067 | 933 |
| | | <u>\$ 100,461</u> | <u>\$ 30,215</u> | <u>\$ 70,246</u> | <u>\$ 100,461</u> | <u>\$ 26,623</u> | <u>\$ 73,838</u> |

Amortization expense in the Unaudited Condensed Consolidated Statements of Operations was \$1.8 million for both the three months ended March 31, 2022 and 2021, and \$3.6 million for both the six months ended March 31, 2022 and 2021. Amortization is estimated to be approximately \$3.6 million for the remainder of fiscal year 2022, approximately \$6.5 million for fiscal year 2023, and approximately \$6.4 million for fiscal years 2024, 2025 and 2026.

NOTE 6 DEBT

We had the following unsecured long-term debt outstanding with maturities shown in the following table:

| <i>(in thousands)</i> | March 31, 2022 | | | September 30, 2021 | | |
|---|----------------|--|---------------|--------------------|--|---------------|
| | Face Amount | Unamortized Discount and Debt Issuance Cost | Book Value | Face Amount | Unamortized Discount and Debt Issuance Cost | Book Value |
| Unsecured senior notes: | | | | | | |
| Due March 19, 2025 | \$ — | \$ — | \$ — | \$ 487,148 | \$ (3,662) | \$ 483,486 |
| Due September 29, 2031 | 550,000 | (8,031) | 541,969 | 550,000 | (8,003) | 541,997 |
| | 550,000 | (8,031) | 541,969 | 1,037,148 | (11,665) | 1,025,483 |
| Less long-term debt due within one year | — | — | — | (487,148) | 3,662 | (483,486) |
| Long-term debt | \$ 550,000 | \$ (8,031) | \$ 541,969 | \$ 550,000 | \$ (8,003) | \$ 541,997 |

Senior Notes

2.90% Senior Notes due 2031 On September 29, 2021, we issued \$550.0 million aggregate principal amount of 2.90 percent 2031 Notes in an offering to persons reasonably believed to be qualified institutional buyers in the United States pursuant to Rule 144A under the Securities Act ("Rule 144A") and to certain non-U.S. persons in transactions outside the United States pursuant to Regulation S under the Securities Act ("Regulation S"). Interest on the 2031 Notes is payable semi-annually on March 29 and September 29 of each year, commencing on March 29, 2022. The 2031 Notes will mature on September 29, 2031 and bear interest at a rate of 2.90 percent per annum.

The indenture governing the 2031 Notes contains certain covenants that, among other things and subject to certain exceptions, limit the ability of the Company and its subsidiaries to incur certain liens; engage in sale and lease-back transactions; and consolidate, merge or transfer all or substantially all of the assets of the Company. The indenture governing the 2031 Notes also contains customary events of default with respect to the 2031 Notes.

4.65% Senior Notes due 2025 On December 20, 2018, we issued approximately \$487.1 million in aggregate principal amount of the 2025 Notes. Interest on the 2025 Notes was payable semi-annually on March 15 and September 15 of each year, commencing on March 15, 2019. The debt issuance cost was being amortized straight-line over the stated life of the obligation, which approximated the effective interest method.

On September 27, 2021, the Company delivered a conditional notice of optional full redemption for all of the outstanding 2025 Notes at a redemption price calculated in accordance with the indenture governing the 2025 Notes, plus accrued and unpaid interest on the 2025 Notes to be redeemed. The Company financed the redemption of the 2025 Notes with the net proceeds from the offering of the 2031 Notes, together with cash on hand. The Company's obligation to redeem the 2025 Notes was conditioned upon the prior consummation of the issuance of the 2031 Notes, which was satisfied on September 29, 2021.

On October 27, 2021, we redeemed all of the outstanding 2025 Notes. As a result, the associated make-whole premium of \$56.4 million and the write off of the unamortized discount and debt issuance costs of \$3.7 million were recognized during the first fiscal quarter of 2022 contemporaneously with the October 27, 2021 debt extinguishment and recorded in Loss on Extinguishment of Debt on our Unaudited Condensed Consolidated Statements of Operations during the six months ended March 31, 2022.

Credit Facilities

On November 13, 2018, we entered into a credit agreement by and among the Company, as borrower, Wells Fargo Bank, National Association, as administrative agent, and the lenders party thereto, which was amended on November 13, 2019, providing for an unsecured revolving credit facility (as amended, the "2018 Credit Facility"), that was set to mature on November 13, 2024. On April 16, 2021, lenders with \$680.0 million of commitments under the 2018 Credit Facility exercised their option to extend the maturity of the 2018 Credit Facility from November 13, 2024 to November 12, 2025. Additionally, on March 8, 2022, we entered into the second amendment to the 2018 Credit Facility, which, among other things, raised the number of potential future extensions of the maturity date applicable to extending lenders from one to two such potential extensions and replaced provisions in respect of interest rate determinations that were based on the London Interbank Offered Rate with provisions based on the Secured Overnight Financing Rate. Lenders with \$680.0 million of commitments under the 2018 Credit Facility also exercised their option to extend the maturity of the 2018 Credit Facility from November 12, 2025 to November 11, 2026. The remaining \$70.0 million of commitments under the 2018 Credit Facility will expire on November 13, 2024, unless extended by the applicable lender before such date.

The 2018 Credit Facility has \$750.0 million in aggregate availability with a maximum of \$75.0 million available for use as letters of credit. As of March 31, 2022, there were no borrowings or letters of credit outstanding, leaving \$750.0 million available to borrow under the 2018 Credit Facility. For a full description of the 2018 Credit Facility, see Note 7—Debt to the Consolidated Financial Statements in our 2021 Annual Report on Form 10-K.

As of March 31, 2022, we had four separate bi-lateral credit facilities with banks with an aggregate outstanding balance of \$33.8 million.

As of March 31, 2022, we also had a \$20.0 million unsecured standalone line of credit facility, for the purpose of obtaining the issuance of international letters of credit, bank guarantees, and performance bonds. Of the \$20.0 million, \$5.8 million of financial guarantees were outstanding as of March 31, 2022.

The applicable agreements for all unsecured debt contain additional terms, conditions and restrictions that we believe are usual and customary in unsecured debt arrangements for companies that are similar in size and credit quality. At March 31, 2022, we were in compliance with all debt covenants.

NOTE 7 INCOME TAXES

We have historically calculated our provision for income taxes during interim reporting periods by applying the estimated annual effective tax rate for the full year to pre-tax income or loss, excluding discrete items, for the reporting period. We used a discrete effective tax rate method to calculate income taxes for the three and six months ended March 31, 2022. We determined that, since small changes in estimated "ordinary" income would result in significant changes in the estimated annual effective tax rate the historical annualized effective rate method would not provide a reliable estimate for the three and six months ended March 31, 2022. We anticipate utilizing the discrete effective tax rate method to calculate the provision for income taxes for the remainder of this fiscal year.

Our income tax provision (benefit) from continuing operations for the three months ended March 31, 2022 and 2021 was \$2.7 million and \$(36.6) million, respectively, resulting in effective tax rates of (136.9) percent and 22.9 percent, respectively. Our income tax (benefit) from continuing operations for the six months ended March 31, 2022 and 2021 was \$(4.9) million and \$(54.7) million, respectively, resulting in effective tax rates of 8.0 percent and 21.4 percent, respectively. Effective tax rates differ from the U.S. federal statutory rate of 21.0 percent for the three and six months ended March 31, 2022 primarily due to state and foreign income taxes and permanent non-deductible items. Additionally, the effective tax rate for the three months ended March 31, 2022 differs from the statutory rate due to the adjustments required to reflect the change in methodology to calculate the provision for income taxes as discussed above.

Effective tax rates differ from the U.S. federal statutory rate of 21.0 percent for the three and six months ended March 31, 2021 primarily due to state and foreign income taxes, permanent non-deductible items and discrete adjustments. Additionally, the effective tax rate for the three and six months ended March 31, 2021 includes a federal tax benefit arising from the ability to carryback the projected fiscal year 2021 federal net operating loss to a year when the statutory rate was 35.0 percent. The discrete adjustments for the six months ended March 31, 2021 is primarily due to tax expense related to equity compensation of \$4.1 million.

For the next 12 months, we cannot predict with certainty whether we will achieve ultimate resolution of any uncertain tax positions associated with our U.S. and international operations that could result in increases or decreases of our unrecognized tax benefits. However, we do not expect these increases or decreases to have a material effect on our results of continuing operations or financial position.

NOTE 8 SHAREHOLDERS' EQUITY

The Company has an evergreen authorization from the Board of Directors (the "Board") for the repurchase of up to four million common shares in any calendar year. The repurchases may be made using our cash and cash equivalents or other available sources. During the three and six months ended March 31, 2022, we repurchased 0.6 million and 3.2 million common shares at an aggregate cost of \$16.6 million and \$77.0 million, respectively, which are held as treasury shares. We had no repurchases of common shares during the six months ended March 31, 2021.

A cash dividend of \$0.25 per share was declared on December 10, 2021 for shareholders of record on February 11, 2022, and was paid on February 28, 2022. An additional cash dividend of \$0.25 per share was declared on March 2, 2022 for shareholders of record on May 13, 2022, payable on May 27, 2022. As a result, we recorded a dividend payable of \$26.7 million within Dividends Payable on our Unaudited Condensed Consolidated Balance Sheets as of March 31, 2022.

Accumulated Other Comprehensive Loss

Components of accumulated other comprehensive loss were as follows:

| <i>(in thousands)</i> | March 31, 2022 | September 30, 2021 |
|---------------------------------|--------------------|-----------------------|
| Pre-tax amounts: | | |
| Unrecognized net actuarial loss | \$ (25,254) | \$ (26,268) |
| | <u>(25,254)</u> | <u>(26,268)</u> |
| After-tax amounts: | | |
| Unrecognized net actuarial loss | (19,456) | (20,244) |
| | <u>\$ (19,456)</u> | <u>\$ (20,244)</u> |

The following is a summary of the changes in accumulated other comprehensive loss, net of tax, related to the defined benefit pension plan for the three and six months ended March 31, 2022:

| <i>(in thousands)</i> | Three Months Ended March 31, 2022 | Six Months Ended March 31, 2022 |
|--|--------------------------------------|------------------------------------|
| Balance at beginning of period | \$ (19,850) | \$ (20,244) |
| Activity during the period | | |
| Amounts reclassified from accumulated other comprehensive loss | 394 | 788 |
| Net current-period other comprehensive income | 394 | 788 |
| Balance at March 31, 2022 | <u>\$ (19,456)</u> | <u>\$ (19,456)</u> |

NOTE 9 REVENUE FROM CONTRACTS WITH CUSTOMERS

Drilling Services Revenue

The releases for rigs under term contracts result in early termination compensation owed to us, while releases for rigs under well-to-well contracts given outside the notification window provided for in the contract result in notification fees owed to us. During the three months ended March 31, 2022, we recognized \$0.7 million in early termination revenue associated with term contracts compared to \$1.9 million during the three months ended March 31, 2021. During the six months ended March 31, 2022, we also recognized \$0.7 million in early termination revenue associated with term contracts compared to \$7.7 million during the six months ended March 31, 2021.

With most drilling contracts, we also receive payments contractually designated for the mobilization and demobilization of drilling rigs and other equipment to and from the client's drill site. Revenues associated with the mobilization and demobilization of our drilling rigs to and from the client's drill site do not relate to a distinct good or service. These revenues are deferred and recognized ratably over the related contract term that drilling services are provided. For any contracts that include a provision for pooled term days at contract inception, followed by the assignment of days to specific rigs throughout the contract term, we have elected, as a practical expedient, to recognize revenue in the amount to which the entity has a right to invoice, as permitted by ASC 606.

On November 12, 2021, we settled a drilling contract dispute related to drilling services provided from fiscal years 2016 through 2019 with YPF S.A. (Argentina) ("YPF"). The settlement required that YPF make a one-time cash payment to H&P in the amount of \$11.0 million and enter into drilling service contracts for three drilling rigs, each with multi-year terms. In addition, both parties were released of all outstanding claims against each other, and as a result, H&P recognized \$5.4 million in revenue primarily due to accrued contingent liabilities for disputed amounts. Total revenue recognized as a result of the settlement in the amount of \$16.4 million is included in Drilling Services Revenue within the International Solutions segment on our Unaudited Condensed Consolidated Statements of Operations for the six months ended March 31, 2022.

Contract Costs

We had capitalized fulfillment costs of \$8.1 million and \$4.3 million as of March 31, 2022 and September 30, 2021, respectively.

Remaining Performance Obligations

The total aggregate transaction price allocated to the unsatisfied performance obligations, commonly referred to as backlog, as of March 31, 2022 was approximately \$727.7 million, of which approximately \$437.8 million is expected to be recognized during the remainder of fiscal year 2022, approximately \$226.4 million during fiscal year 2023, and approximately \$63.5 million during fiscal year 2024 and thereafter. These amounts do not include anticipated contract renewals. Additionally, contracts that currently contain month-to-month terms are represented in our backlog as one month of unsatisfied performance obligations. Our contracts are subject to cancellation or modification at the election of the customer, but also carry certain early termination provisions customers abide by in cases of cancellation or modification. Due to the level of capital deployed by our customers on underlying projects, we have not been materially adversely affected by contract cancellations or modifications in the past.

Contract Assets and Liabilities

The following tables summarize the balances of our contract assets (net of allowance for estimated credit losses) and liabilities at the dates indicated below:

| <i>(in thousands)</i> | March 31, 2022 | September 30, 2021 |
|--|----------------|--------------------|
| Contract assets, net | \$ 5,166 | \$ 4,513 |
| <i>(in thousands)</i> | | |
| | March 31, 2022 | |
| Contract liabilities balance at September 30, 2021 | | \$ 9,286 |
| Payment received/accrued and deferred | | 25,382 |
| Revenue recognized during the period | | (20,113) |
| Contract liabilities balance at March 31, 2022 | | <u>\$ 14,555</u> |

NOTE 10 STOCK-BASED COMPENSATION

A summary of compensation cost for stock-based payment arrangements recognized in drilling services operating expense, research and development expense and selling, general and administrative expense on our Unaudited Condensed Consolidated Statements of Operations is as follows:

| <i>(in thousands)</i> | Three Months Ended March 31, | | Six Months Ended March 31, | |
|-------------------------------------|------------------------------|-----------------|----------------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Stock-based compensation expense | | | | |
| Drilling services operating | \$ 1,282 | \$ 1,529 | \$ 2,522 | \$ 3,292 |
| Research and development | 393 | 271 | 746 | 607 |
| Selling, general and administrative | 6,270 | 5,026 | 10,895 | 10,378 |
| | <u>\$ 7,945</u> | <u>\$ 6,826</u> | <u>\$ 14,163</u> | <u>\$ 14,277</u> |

Restricted Stock

A summary of the status of our restricted stock awards as of March 31, 2022 and changes in non-vested restricted stock outstanding during the six months then ended is presented below:

| <i>(in thousands, except per share amounts)</i> | Shares ⁽¹⁾ | Weighted Average Grant Date Fair Value per Share |
|---|-----------------------|--|
| Non-vested restricted stock outstanding at September 30, 2021 | 1,412 | \$ 37.36 |
| Granted | 744 | 25.83 |
| Vested ⁽²⁾ | (602) | 39.87 |
| Forfeited | (38) | 31.51 |
| Non-vested restricted stock outstanding at March 31, 2022 | <u>1,516</u> | <u>\$ 30.86</u> |

(1) Restricted stock shares include restricted phantom stock units under our Director Deferred Compensation Plan. These phantom stock units confer the economic benefits of owning company stock without the actual ownership, transfer or issuance of any shares. During the six months ended March 31, 2022, 14,199 restricted phantom stock units were granted and 18,906 restricted phantom stock units vested during the same period.

(2) The number of restricted stock awards vested includes shares that we withheld on behalf of our employees to satisfy the statutory tax withholding requirements.

Performance Units

A summary of the status of our performance-vested restricted share units ("performance units") as of March 31, 2022 and changes in non-vested performance units outstanding during the six months ended is presented below:

| <i>(in thousands, except per share amounts)</i> | Performance Units | Weighted Average Grant Date Fair Value per Performance Unit |
|---|--------------------------|--|
| Non-vested performance units outstanding at September 30, 2021 | 699 | \$ 41.55 |
| Granted | 227 | 30.12 |
| Vested ⁽²⁾ | (161) | 62.66 |
| Dividend equivalent right performance units credited | 7 | 31.82 |
| Forfeited | (46) | 35.11 |
| Non-vested performance units outstanding at March 31, 2022 ⁽¹⁾ | <u>726</u> | <u>\$ 33.68</u> |

- (1) Of the total non-vested performance units at the end of the period, specified performance criteria has been achieved with respect to 97,097 performance units which is calculated based on the payout percentage for the completed performance cycle. The vesting and number of the remainder of non-vested performance units reflected at the end of the period is contingent upon our achievement of specified target performance criteria. If we meet the specified maximum performance criteria, approximately 910,492 additional performance units could vest or become eligible to vest.
- (2) The number of performance units vested includes units that we withheld on behalf of our employees to satisfy the statutory tax withholding requirements.

Subject to the terms and conditions set forth in the applicable performance unit award agreements and the 2020 Plan, grants of performance units are subject to a vesting period of three years (the "Vesting Period") that is dependent on the achievement of certain performance goals. Such performance unit grants consist of two separate components. Performance units that comprise the first component are subject to a three-year performance cycle. Performance units that comprise the second component are further divided into three separate tranches, each of which is subject to a separate one-year performance cycle within the full three-year performance cycle. The vesting of the performance units is generally dependent on (i) the achievement of the Company's total shareholder return ("TSR") performance goals relative to the TSR achievement of a peer group of companies over the applicable performance cycle, and (ii) the continued employment of the recipient of the performance unit award throughout the Vesting Period. The Vesting Period for performance units granted in December 2018 ended on December 31, 2021 and the performance units earned were settled in shares of common stock during the three months ended March 31, 2022.

NOTE 11 EARNINGS (LOSSES) PER COMMON SHARE

ASC 260, Earnings per Share, requires companies to treat unvested share-based payment awards that have non-forfeitable rights to dividends or dividend equivalents as a separate class of securities in calculating earnings per share. We have granted and expect to continue to grant to employees restricted stock grants that contain non-forfeitable rights to dividends. Such grants are considered participating securities under ASC 260. As such, we are required to include these grants in the calculation of our basic earnings per share and calculate basic earnings per share using the two-class method. The two-class method of computing earnings per share is an earnings allocation formula that determines earnings per share for each class of common stock and participating security according to dividends declared (or accumulated) and participation rights in undistributed earnings.

Basic earnings per share is computed utilizing the two-class method and is calculated based on the weighted-average number of common shares outstanding during the periods presented.

Diluted earnings per share is computed using the weighted-average number of common and common equivalent shares outstanding during the periods utilizing the two-class method for stock options, non-vested restricted stock and performance units.

Under the two-class method of calculating earnings per share, dividends paid and a portion of undistributed net income, but not losses, are allocated to unvested restricted stock grants that receive dividends, which are considered participating securities.

The following table sets forth the computation of basic and diluted earnings (loss) per share:

| <i>(in thousands, except per share amounts)</i> | Three Months Ended March 31, | | Six Months Ended March 31, | |
|--|---------------------------------|--------------|-------------------------------|--------------|
| | 2022 | 2021 | 2022 | 2021 |
| Numerator: | | | | |
| Loss from continuing operations | \$ (4,624) | \$ (123,296) | \$ (55,955) | \$ (201,220) |
| Income (loss) from discontinued operations | (352) | 2,293 | (383) | 9,786 |
| Net loss | (4,976) | (121,003) | (56,338) | (191,434) |
| Adjustment for basic earnings (loss) per share | | | | |
| Earnings allocated to unvested shareholders | (396) | (354) | (770) | (714) |
| Numerator for basic earnings (loss) per share: | | | | |
| From continuing operations | (5,020) | (123,650) | (56,725) | (201,934) |
| From discontinued operations | (352) | 2,293 | (383) | 9,786 |
| | (5,372) | (121,357) | (57,108) | (192,148) |
| Numerator for diluted earnings (loss) per share: | | | | |
| From continuing operations | (5,020) | (123,650) | (56,725) | (201,934) |
| From discontinued operations | (352) | 2,293 | (383) | 9,786 |
| | \$ (5,372) | \$ (121,357) | \$ (57,108) | \$ (192,148) |
| Denominator: | | | | |
| Denominator for basic earnings (loss) per share - weighted-average shares | 105,393 | 107,861 | 106,494 | 107,738 |
| Effect of dilutive shares from stock options, restricted stock and performance units | — | — | — | — |
| Denominator for diluted earnings (loss) per share - adjusted weighted-average shares | 105,393 | 107,861 | 106,494 | 107,738 |
| Basic earnings (loss) per common share: | | | | |
| Loss from continuing operations | \$ (0.05) | \$ (1.15) | \$ (0.53) | \$ (1.87) |
| Income from discontinued operations | — | 0.02 | — | 0.09 |
| Net loss | \$ (0.05) | \$ (1.13) | \$ (0.53) | \$ (1.78) |
| Diluted earnings (loss) per common share: | | | | |
| Loss from continuing operations | \$ (0.05) | \$ (1.15) | \$ (0.53) | \$ (1.87) |
| Income from discontinued operations | — | 0.02 | — | 0.09 |
| Net loss | \$ (0.05) | \$ (1.13) | \$ (0.53) | \$ (1.78) |

We had a net loss for all periods presented above. Accordingly, our diluted loss per share calculation was equivalent to our basic loss per share calculation since diluted loss per share excluded any assumed exercise of equity awards. These were excluded because they were deemed to be anti-dilutive, meaning their inclusion would have reduced the reported net loss per share in the applicable period.

The following potentially dilutive average shares attributable to outstanding equity awards were excluded from the calculation of diluted earnings (loss) per share because their inclusion would have been anti-dilutive:

| <i>(in thousands, except per share amounts)</i> | Three Months Ended March 31, | | Six Months Ended March 31, | |
|---|---------------------------------|----------|-------------------------------|----------|
| | 2022 | 2021 | 2022 | 2021 |
| Potentially dilutive shares excluded as anti-dilutive | 2,675 | 3,920 | 2,856 | 4,146 |
| Weighted-average price per share | \$ 60.26 | \$ 57.15 | \$ 59.58 | \$ 56.79 |

NOTE 12 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

We have certain assets and liabilities that are required to be measured and disclosed at fair value. Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. We use the fair value hierarchy established in ASC 820-10 to measure fair value to prioritize the inputs:

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.
- Level 2 — Observable inputs, other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets; quoted prices for similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Recurring Fair Value Measurements

The following tables summarize our financial assets and liabilities measured at fair value on a recurring basis and indicate the level in the fair value hierarchy in which we classify the fair value measurement.

| (in thousands) | March 31, 2022 | | | |
|---|----------------|---------|------------|----------|
| | Fair Value | Level 1 | Level 2 | Level 3 |
| Assets | | | | |
| Short-term investments: | | | | |
| Corporate debt securities | \$ 141,655 | \$ — | \$ 141,655 | \$ — |
| U.S. government and federal agency securities | 6,722 | 6,722 | — | — |
| Total short-term investments | 148,377 | 6,722 | 141,655 | — |
| Investments: | | | | |
| Non-qualified supplemental savings plan | 17,710 | 17,710 | — | — |
| Equity and debt securities | 22,812 | 19,312 | — | 3,500 |
| Equity investment in ADNOC Drilling | 164,783 | 164,783 | — | — |
| Total investments | 205,305 | 201,805 | — | 3,500 |
| Liabilities | | | | |
| Contingent consideration | \$ 2,996 | \$ — | \$ — | \$ 2,996 |

| (in thousands) | September 30, 2021 | | | |
|---|--------------------|---------|------------|----------|
| | Fair Value | Level 1 | Level 2 | Level 3 |
| Assets | | | | |
| Short-term investments: | | | | |
| Corporate debt securities | \$ 192,950 | \$ — | \$ 192,950 | \$ — |
| U.S. government and federal agency securities | 5,750 | 5,750 | — | — |
| Total short-term investments | 198,700 | 5,750 | 192,950 | — |
| Investments: | | | | |
| Non-qualified supplemental savings plan | 18,221 | 18,221 | — | — |
| Equity and debt securities | 14,358 | 13,858 | — | 500 |
| Cornerstone investment in ADNOC Drilling | 100,000 | 100,000 | — | — |
| Total investments | 132,579 | 132,079 | — | 500 |
| Liabilities | | | | |
| Contingent consideration | \$ 2,996 | \$ — | \$ — | \$ 2,996 |

Short-term investments include securities classified as trading securities. Both realized and unrealized gains and losses on trading securities are included in other income (expense) in the Unaudited Condensed Consolidated Statements of Operations. The securities are recorded at fair value. Level 1 inputs include U.S. agency issued debt securities with active markets and money market funds. For these items, quoted current market prices are readily available. Level 2 inputs included corporate bonds measured using broker quotations that utilize observable market inputs.

Our long-term investments include debt and equity securities and assets held in a Non-Qualified Supplemental Savings Plan ("Savings Plan"). Our assets that we hold in the Savings Plan are comprised of mutual funds that are measured using Level 1 inputs. Additionally we hold equity securities in Schlumberger, Ltd., which is classified as Level 1 and based on the quoted stock price. Our long-term debt securities are classified as available-for-sale and considered a Level 3 input based on the absence of market activity.

During September 2021, the Company made a \$100.0 million cornerstone investment in ADNOC Drilling in advance of its announced IPO, representing 159.7 million shares of ADNOC Drilling, equivalent to a one percent ownership stake and subject to a three-year lockup period. ADNOC Drilling's IPO was completed on October 3, 2021, and its shares are listed and traded on the Abu Dhabi Securities Exchange (ADX). Our investment is classified as a long-term equity investment within Investments in our Unaudited Condensed Consolidated Balance Sheets. We have applied the guidance in Topic 820, Fair Value Measurement, in the initial accounting of the transaction and the subsequent revaluation of the investment balance, concluding that a contractual restriction on the sale of an equity security that is publicly traded is not considered in measuring fair value. During the three and six months ended March 31, 2022, we recognized a gain of \$16.7 million and \$64.5 million, respectively, in our Unaudited Condensed Consolidated Statement of Operations. As of March 31, 2022, this investment is classified as a Level 1 investment and based on the quoted stock price on the Abu Dhabi Securities Exchange, without applying a discount factor.

Our financial liabilities measured using Level 3 unobservable inputs primarily consist of potential earnout payments associated with our business acquisitions in fiscal year 2019. The contingent considerations are recorded in Accrued Liabilities and Other Noncurrent Liabilities in the Unaudited Condensed Consolidated Balance Sheets based on the expected timing of the milestone achievement. The following table reconciles changes in the fair value for the periods presented below:

| <i>(in thousands)</i> | Three Months Ended March 31, | | Six Months Ended March 31, | |
|------------------------------------|---------------------------------|----------|-------------------------------|----------|
| | 2022 | 2021 | 2022 | 2021 |
| Liabilities at beginning of period | \$ 3,096 | \$ 8,973 | \$ 2,996 | \$ 9,123 |
| Additions | — | — | 500 | — |
| Total gains or losses: | | | | |
| Included in earnings | (100) | — | (250) | 100 |
| Settlements ¹ | — | — | (250) | (250) |
| Liabilities at end of period | \$ 2,996 | \$ 8,973 | \$ 2,996 | \$ 8,973 |

(1) Settlements represent earnout payments that have been paid or earned during the period.

Nonrecurring Fair Value Measurements

We have certain assets that are subject to measurement at fair value on a nonrecurring basis. For these nonfinancial assets, measurement at fair value in periods subsequent to their initial recognition is applicable if they are determined to be impaired. These assets generally include assets held-for-sale, property, plant and equipment, goodwill, intangible assets, and operating lease right-of-use assets. If measured at fair value in the Unaudited Condensed Consolidated Balance Sheets, these would generally be classified within Level 2 or 3 of the fair value hierarchy. Further details on any changes in valuation of these assets is provided in their respective footnotes.

We also hold various other equity securities without readily determinable fair values. These equity securities are measured at cost, less any impairments on a nonrecurring basis. During the three and six months ended March 31, 2022, we did not have any impairments on these investments.

The following table reconciles changes in the balance our equity securities, without readily determinable fair values, that are classified as Level 3 for the periods presented below:

| <i>(in thousands)</i> | Three Months Ended March 31, | | Six Months Ended March 31, | |
|-------------------------------|---------------------------------|----------|-------------------------------|----------|
| | 2022 | 2021 | 2022 | 2021 |
| Assets at beginning of period | \$ 8,881 | \$ 1,000 | \$ 2,865 | \$ — |
| Purchases | 5,109 | — | 11,125 | 1,000 |
| Assets at end of period | \$ 13,990 | \$ 1,000 | \$ 13,990 | \$ 1,000 |

As of March 31, 2022 and September 30, 2021 the aggregate balance of our debt and equity security investments in geothermal energy was \$16.9 million and \$2.7 million, respectively. These investments include assets measured on both a recurring and nonrecurring basis.

Other Financial Instruments

The carrying amount of cash and cash equivalents and restricted cash approximates fair value due to the short-term nature of these items. The majority of cash equivalents are invested in highly liquid money-market mutual funds invested primarily in direct or indirect obligations of the U.S. Government and in federally insured deposit accounts. The carrying value of accounts receivables, other current and noncurrent assets, accounts payable, accrued liabilities and other liabilities approximated fair value at March 31, 2022 and September 30, 2021.

The following information presents the supplemental fair value information about current and long-term fixed-rate debt at March 31, 2022 and September 30, 2021:

| <i>(in millions)</i> | March 31, 2022 | September 30, 2021 |
|---|----------------|--------------------|
| Current portion of long-term debt, net ¹ | | |
| Carrying value | \$ — | \$ 483.5 |
| Fair value | — | 541.6 |
| Long-term debt, net | | |
| Carrying value | 542.0 | 542.0 |
| Fair value | 506.9 | 554.3 |

(1) On October 27, 2021 we redeemed the outstanding 2025 Notes. See Note 6—Debt to our Consolidated Financial Statements

The fair values of the current and long-term fixed-rate debt is based on broker quotes as of March 31, 2022 and September 30, 2021. The notes are classified within Level 2 of the fair value hierarchy as they are not actively traded in markets.

NOTE 13 COMMITMENTS AND CONTINGENCIES

Purchase Commitments

Equipment, parts and supplies are ordered in advance to promote efficient construction and capital improvement progress. At March 31, 2022, we had purchase commitments for equipment, parts and supplies of approximately \$79.6 million.

Guarantee Arrangements

We are contingently liable to sureties in respect of bonds issued by the sureties in connection with certain commitments entered into by us in the normal course of business. We have agreed to indemnify the sureties for any payments made by them in respect of such bonds.

Contingencies

During the ordinary course of our business, contingencies arise resulting from an existing condition, situation or set of circumstances involving an uncertainty as to the realization of a possible gain or loss contingency. We account for gain contingencies in accordance with the provisions of ASC 450, Contingencies, and, therefore, we do not record gain contingencies or recognize income until realized. The property and equipment of our Venezuelan subsidiary was seized by the Venezuelan government on June 30, 2010. Our wholly-owned subsidiaries, Helmerich & Payne International Drilling Co. ("HPIDC") and Helmerich & Payne de Venezuela, C.A., filed a lawsuit in the United States District Court for the District of Columbia on September 23, 2011 against the Bolivarian Republic of Venezuela, Petroleos de Venezuela, S.A. and PDVSA Petroleo, S.A., seeking damages for the taking of their Venezuelan drilling business in violation of international law and for breach of contract. While there exists the possibility of realizing a recovery, we are currently unable to determine the timing or amounts we may receive, if any, or the likelihood of recovery.

In May 2018, an employee of our subsidiary, HPIDC, was involved in a car accident in his personal vehicle while not clocked in for work. The accident resulted in a fatality of a passenger in the other vehicle. The estate of the victim, his widow and children subsequently brought a lawsuit against the employee and HPIDC in Texas State District Court in January 2020. In February 2022, trial began in the matter and the jury reached a verdict against HPIDC and our employee for approximately \$126.0 million, including interest. In March 2022, the court entered a judgment consistent with the findings of the jury. In April 2022, the Company and its insurers filed post-trial motions and if unsuccessful, the Company and its insurers plan to appeal the judgment. Accordingly, the Company cannot make an estimate of the possible loss at this time. As of March 31, 2022, we have accrued a total of \$3.0 million, and currently have incurred some expense, mainly legal fees, against the deductible. However, as our insurance carriers are responsible for amounts over our insurance deductible up to a coverage amount, we believe any foreseeable exposure to the Company at this time above the \$3.0 million will be paid for by insurance recoveries. Accordingly, we do not believe it is reasonably possible that our exposure will exceed our insurance coverage amount.

The Company and its subsidiaries are parties to various other pending legal actions arising in the ordinary course of our business. We maintain insurance against certain business risks subject to certain deductibles. Although no assurance can be given, we believe, based on our experiences to date and taking into account established reserves and insurance, that the ultimate resolution of such items will not have a material adverse impact on our financial condition, cash flows, or results of operations. When we determine a loss is probable of occurring and is reasonably estimable, we accrue an undiscounted liability for such contingencies based on our best estimate using information available at that time. If the estimated loss is a range of potential outcomes and there is no better estimate within the range, we accrue the amount at the low end of the range. We disclose contingencies where an adverse outcome may be material, or in the judgment of management, we conclude the matter should otherwise be disclosed.

NOTE 14 BUSINESS SEGMENTS AND GEOGRAPHIC INFORMATION

Description of the Business

We are a performance-driven drilling solutions and technologies company based in Tulsa, Oklahoma with operations in all major U.S. onshore oil and gas producing basins as well as South America and the Middle East. Our drilling operations consist mainly of contracting Company-owned drilling equipment primarily to large oil and gas exploration companies. We believe we are the recognized industry leader in drilling as well as technological innovation. We focus on offering our customers an integrated solutions-based approach by combining proprietary rig technology, automation software, and digital expertise into our rig operations rather than a product-based offering, such as a rig or separate technology package. Our drilling services operations are organized into the following reportable operating business segments: North America Solutions, Offshore Gulf of Mexico and International Solutions.

Each reportable operating segment is a strategic business unit that is managed separately, and consolidated revenues and expenses reflect the elimination of all material intercompany transactions. Our real estate operations, our incubator program for new research and development projects, and our wholly-owned captive insurance companies are included in "Other." External revenues included in "Other" primarily consist of rental income.

Segment Performance

We evaluate segment performance based on income or loss from continuing operations (segment operating income (loss)) before income taxes which includes:

- Revenues from external and internal customers
- Direct operating costs
- Depreciation and amortization
- Allocated general and administrative costs
- Asset impairment charges
- Restructuring charges

but excludes gain on reimbursement of drilling equipment, other (gain) loss on sale of assets, corporate selling, general and administrative costs, corporate depreciation, and corporate restructuring charges.

General and administrative costs are allocated to the segments based primarily on specific identification and, to the extent that such identification is not practical, other methods may be used which we believe to be a reasonable reflection of the utilization of services provided.

Summarized financial information of our reportable segments for the three and six months ended March 31, 2022 and 2021 is shown in the following tables:

| | Three Months Ended March 31, 2022 | | | | | |
|---------------------------------|-----------------------------------|-------------------------|-------------------------|----------|--------------|------------|
| <i>(in thousands)</i> | North America Solutions | Offshore Gulf of Mexico | International Solutions | Other | Eliminations | Total |
| External sales | \$ 408,814 | \$ 29,147 | \$ 27,422 | \$ 2,214 | \$ — | \$ 467,597 |
| Intersegment | — | — | — | 13,204 | (13,204) | — |
| Total sales | 408,814 | 29,147 | 27,422 | 15,418 | (13,204) | 467,597 |
| Segment operating income (loss) | 1,297 | 5,278 | (848) | 3,167 | (2,031) | 6,863 |

| | Three Months Ended March 31, 2021 | | | | | |
|---------------------------------|-----------------------------------|-------------------------|-------------------------|----------|--------------|------------|
| <i>(in thousands)</i> | North America Solutions | Offshore Gulf of Mexico | International Solutions | Other | Eliminations | Total |
| External sales | \$ 249,939 | \$ 29,274 | \$ 14,813 | \$ 2,145 | \$ — | \$ 296,171 |
| Intersegment | — | — | — | 8,680 | (8,680) | — |
| Total sales | 249,939 | 29,274 | 14,813 | 10,825 | (8,680) | 296,171 |
| Segment operating income (loss) | (109,834) | 2,978 | (3,458) | (1,072) | (3,433) | (114,819) |

| | Six Months Ended March 31, 2022 | | | | | |
|---------------------------------|---------------------------------|-------------------------|-------------------------|----------|--------------|------------|
| <i>(in thousands)</i> | North America Solutions | Offshore Gulf of Mexico | International Solutions | Other | Eliminations | Total |
| External sales | \$ 749,848 | \$ 58,461 | \$ 64,581 | \$ 4,489 | \$ — | \$ 877,379 |
| Intersegment | — | — | — | 26,852 | (26,852) | — |
| Total sales | 749,848 | 58,461 | 64,581 | 31,341 | (26,852) | 877,379 |
| Segment operating income (loss) | (27,596) | 10,744 | 7,201 | 7,096 | (3,313) | (5,868) |

| | Six Months Ended March 31, 2021 | | | | | |
|---------------------------------|---------------------------------|-------------------------|-------------------------|----------|--------------|------------|
| <i>(in thousands)</i> | North America Solutions | Offshore Gulf of Mexico | International Solutions | Other | Eliminations | Total |
| External sales | \$ 451,929 | \$ 61,547 | \$ 25,331 | \$ 3,741 | \$ — | \$ 542,548 |
| Intersegment | — | — | — | 15,802 | (15,802) | — |
| Total sales | 451,929 | 61,547 | 25,331 | 19,543 | (15,802) | 542,548 |
| Segment operating income (loss) | (182,762) | 5,720 | (11,815) | 3,039 | (5,559) | (191,377) |

[Table of Contents](#)

The following table reconciles segment operating income (loss) per the tables above to loss from continuing operations before income taxes as reported on the Unaudited Condensed Consolidated Statements of Operations:

| <i>(in thousands)</i> | Three Months Ended March 31, | | Six Months Ended March 31, | |
|--|------------------------------|--------------|----------------------------|--------------|
| | 2022 | 2021 | 2022 | 2021 |
| Segment operating income (loss) | \$ 6,863 | \$ (114,819) | \$ (5,868) | \$ (191,377) |
| Gain on reimbursement of drilling equipment | 6,448 | 3,748 | 11,702 | 5,939 |
| Other gain (loss) on sale of assets | 716 | (22,263) | (313) | (12,118) |
| Corporate selling, general and administrative costs, corporate depreciation, and corporate restructuring charges | (36,644) | (27,589) | (70,749) | (56,590) |
| Operating loss from continuing operations | (22,617) | (160,923) | (65,228) | (254,146) |
| Other income (expense) | | | | |
| Interest and dividend income | 3,399 | 4,819 | 5,988 | 6,698 |
| Interest expense | (4,390) | (5,759) | (10,504) | (11,898) |
| Gain on investment securities | 22,132 | 2,520 | 69,994 | 5,444 |
| Loss on extinguishment of debt | — | — | (60,083) | — |
| Other | (476) | (577) | (1,018) | (2,057) |
| Total unallocated amounts | 20,665 | 1,003 | 4,377 | (1,813) |
| Loss from continuing operations before income taxes | \$ (1,952) | \$ (159,920) | \$ (60,851) | \$ (255,959) |

The following table reconciles segment total assets as reported on the Unaudited Condensed Consolidated Balance Sheets:

| <i>(in thousands)</i> | March 31, 2022 | September 30, 2021 |
|--------------------------------------|-------------------|-----------------------|
| Total assets ¹ | | |
| North America Solutions | \$ 3,365,225 | \$ 3,418,569 |
| Offshore Gulf of Mexico | 81,575 | 84,580 |
| International Solutions | 386,832 | 269,820 |
| Other | 105,630 | 95,398 |
| | 3,939,262 | 3,868,367 |
| Investments and corporate operations | 395,088 | 1,165,761 |
| | \$ 4,334,350 | \$ 5,034,128 |

(1) Assets by segment exclude investments in subsidiaries and intersegment activity.

The following table presents revenues from external customers by country based on the location of service provided:

| <i>(in thousands)</i> | Three Months Ended March 31, | | Six Months Ended March 31, | |
|-----------------------|------------------------------|------------|----------------------------|------------|
| | 2022 | 2021 | 2022 | 2021 |
| Operating revenues | | | | |
| United States | \$ 439,793 | \$ 280,757 | \$ 811,282 | \$ 516,201 |
| Argentina | 15,450 | 6,979 | 44,601 | 8,532 |
| Bahrain | 4,826 | 6,921 | 12,459 | 14,470 |
| United Arab Emirates | 1,524 | — | 1,524 | 990 |
| Colombia | 5,622 | 946 | 5,997 | 1,375 |
| Other Foreign | 382 | 568 | 1,516 | 980 |
| Total | \$ 467,597 | \$ 296,171 | \$ 877,379 | \$ 542,548 |

Refer to Note 9—Revenue from Contracts with Customers for additional information regarding the recognition of revenue.

NOTE 15 SUBSEQUENT EVENTS

During April 2022, the Company made a \$33.0 million cornerstone investment in an affiliate of Galileo Technologies ("Galileo") in the form of a convertible note. Galileo is a world leader in natural gas compression and re-gasification modular systems and technologies. The company creates and manufactures innovative products providing cost-effective solutions for its customers. The convertible note bears interest at 5% per annum and matures on April 2027. If the conversion option is exercised, the note would convert into common shares of Galileo.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q ("Form 10-Q") contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical facts included in this Form 10-Q, including without limitation, statements regarding our future financial position, business strategy, budgets, projected costs and plans, objectives of management for future operations, contract terms, financing and funding, and the ongoing effect of the COVID-19 pandemic and actions we or others may take in response to the COVID-19 pandemic are forward-looking statements. In addition, forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "estimate," "anticipate," "believe," "predict," "project," "target," "continue," or the negative thereof or similar terminology. Forward-looking statements are based upon current plans, estimates, and expectations that are subject to risks, uncertainties, and assumptions. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. Actual results may vary materially from those indicated or anticipated by such forward-looking statements. The inclusion of such statements should not be regarded as a representation that such plans, estimates, or expectations will be achieved.

These forward-looking statements include, among others, information concerning our possible or assumed future results of operations and statements about the following such as:

- our business strategy;
- estimates of our revenues, income, earnings per share, and market share;
- our capital structure and our ability to return cash to stockholders through dividends or share repurchases;
- the amount and nature of our future capital expenditures and how we expect to fund our capital expenditures;
- the volatility of future oil and natural gas prices;
- the effects of actions by, or disputes among or between, members of the Organization of Petroleum Exporting Countries ("OPEC") and other oil producing nations (together, "OPEC+") with respect to production levels or other matters related to the prices of oil and natural gas;
- changes in future levels of drilling activity and capital expenditures by our customers, whether as a result of global capital markets and liquidity, changes in prices of oil and natural gas or otherwise, which may cause us to idle or stack additional rigs, or increase our capital expenditures and the construction or acquisition of rigs;
- the ongoing effect, impact, potential duration or other implications of the novel strain of coronavirus ("COVID-19") pandemic, including any variants of the virus, and the effectiveness of vaccines and distribution of vaccines to treat the virus, any reinstatement of governmental-imposed restrictions, and the pace of the economic recovery and any expectations we may have with respect thereto;
- changes in worldwide rig supply and demand, competition, or technology;
- possible cancellation, suspension, renegotiation or termination (with or without cause) of our contracts as a result of general or industry-specific economic conditions, mechanical difficulties, performance or other reasons;
- expansion and growth of our business and operations;
- our belief that the final outcome of our legal proceedings will not materially affect our financial results;
- impact of federal and state legislative and regulatory actions and policies affecting our costs and increasing operation restrictions or delay and other adverse impacts on our business;
- impact of geopolitical developments and tensions, war and uncertainty in oil-producing countries (including the invasion of Ukraine by Russia and any related political or economic responses and counter-responses or otherwise by various global actors or the general effect on the global economy);

[Table of Contents](#)

- environmental or other liabilities, risks, damages or losses, whether related to storms or hurricanes (including wreckage or debris removal), collisions, grounding, blowouts, fires, explosions, other accidents, terrorism or otherwise, for which insurance coverage and contractual indemnities may be insufficient, unenforceable or otherwise unavailable;
- our financial condition and liquidity;
- tax matters, including our effective tax rates, tax positions, results of audits, changes in tax laws, treaties and regulations, tax assessments and liabilities for taxes;
- the occurrence of cybersecurity incidents, attacks or other breaches to our information technology systems;
- potential impacts on our business resulting from climate change, greenhouse gas regulations, and the impact of climate change-related changes in the frequency and severity of weather patterns;
- potential long-lived asset impairments; and
- our sustainability strategy, including expectations, plans, or goals related to corporate responsibility, sustainability and environmental matters, and any related reputational risks as a result of execution of this strategy.

Important factors that could cause actual results to differ materially from our expectations or results discussed in the forward-looking statements are disclosed in our 2021 Annual Report on Form 10-K under Item 1A—“Risk Factors,” and Item 7—“Management’s Discussion and Analysis of Financial Condition and Results of Operations.” All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by such cautionary statements. Because of the underlying risks and uncertainties, we caution you against placing undue reliance on these forward-looking statements. We assume no duty to update or revise these forward-looking statements based on changes in internal estimates, expectations or otherwise, except as required by law.

[Executive Summary](#)

Helmerich & Payne, Inc. (“H&P,” which, together with its subsidiaries, is identified as the “Company,” “we,” “us,” or “our,” except where stated or the context requires otherwise) through its operating subsidiaries provides performance-driven drilling solutions and technologies that are intended to make hydrocarbon recovery safer and more economical for oil and gas exploration and production companies. As of March 31, 2022, our drilling rig fleet included a total of 271 drilling rigs. Our reportable operating business segments consist of the North America Solutions segment with 236 rigs, the Offshore Gulf of Mexico segment with seven offshore platform rigs and the International Solutions segment with 28 rigs as of March 31, 2022. At the close of the second quarter of fiscal year 2022, we had 181 contracted rigs, of which 106 were under a fixed-term contract and 75 were working well-to-well, compared to 137 contracted rigs at September 30, 2021. Our long-term strategy remains focused on innovation, technology, safety, operational excellence and reliability. As we move forward, we believe that our advanced uniform rig fleet, technology offerings, financial strength, contract backlog and strong customer and employee base position us very well to respond to continued cyclical and often times volatile market conditions and take advantage of future opportunities.

[Market Outlook](#)

Our revenues are primarily derived from the capital expenditures of companies involved in the exploration, development and production of crude oil and natural gas (“E&Ps”). Generally, the level of capital expenditures is dictated by current and expected future prices of crude oil and natural gas, which are determined by improving supply and demand factors. Both commodities have historically been, and we expect them to continue to be, cyclical and highly volatile.

Our drilling services operations are organized into the following reportable operating segments: North America Solutions, Offshore Gulf of Mexico, and International Solutions. With respect to North America Solutions, the resurgence of oil and natural gas production coming from the United States brought about by unconventional shale drilling for oil has significantly impacted the supply of oil and natural gas and the type of rig utilized in the U.S. land drilling industry. The advent of unconventional drilling for oil in the United States began in early 2009 and continues to evolve as E&Ps drill longer lateral wells with tighter well spacing. During this time, we designed, built and delivered to the market new technology AC drive rigs (FlexRig[®]), substantially growing our fleet. The pace of progress of unconventional drilling over the years has been cyclical and volatile, dictated by crude oil and natural gas price fluctuations.

Throughout this time, the length of the lateral section of wells drilled in the United States has continued to grow. The progression of longer lateral wells has required many of the industry's rigs to be upgraded to certain specifications in order to meet the technical challenges of drilling longer lateral wells. The upgraded rigs meeting those specifications are commonly referred to in the industry as super-spec rigs and have the following specific characteristics: AC drive, minimum of 1,500 horsepower drawworks, minimum of 750,000 lbs. hookload rating, 7,500 psi mud circulating system, and multiple-well pad capability.

The technical requirements of drilling longer lateral wells often necessitate the use of super-spec rigs and even when not required for shorter lateral wells, there is a strong customer preference for super-spec due to the drilling efficiencies gained in utilizing a super-spec rig. As a result, there has been a structural decline in the use of non-super-spec rigs across the industry. However, because we have a large super-spec fleet, we gained market share and became the largest provider of super-spec rigs in the industry. Accordingly, we believe we are well positioned to respond to various market conditions.

In early March 2020, the increase in crude oil supply resulting from production escalations from OPEC+ combined with a decrease in crude oil demand stemming from the global response and uncertainties surrounding the COVID-19 pandemic resulted in a sharp decline in crude oil prices. Specifically, during calendar year 2020, crude oil prices fell from approximately \$60 per barrel to the low-to-mid-\$20 per barrel range, lower in some cases, which resulted in customers decreasing their 2020 capital budgets nearly 50 percent from calendar year 2019 levels. There was a corresponding dramatic decline in the demand for land rigs, such that the overall rig count for calendar year 2020 averaged roughly 430 rigs, significantly lower than in calendar year 2019, which averaged approximately 940 rigs.

Crude oil prices stabilized during the back half of calendar 2020 and were in the \$40 to \$50 per barrel range as customers set their capital budgets for calendar year 2021. During calendar 2021 crude oil prices continued to increase, reaching more than \$70 per barrel. However, as expected, rig activity did not move in tandem with crude oil prices to the same extent it had historically as a large portion of our customers have a more disciplined approach to their operations and capital spending in order to enhance their own financial returns.

The capital budgets for calendar year 2022 established by our customers were done so in a higher crude oil price environment compared to the prior year, which suggests a higher level of capital spending and activity in calendar year 2022 compared to calendar year 2021. Additionally, higher commodity prices have allowed customers to strengthen their balance sheets following the 2020 downturn freeing up additional funds for investment. More recently the invasion of Ukraine by Russia caused crude oil prices to spike well above \$100 per barrel. However, as we have experienced in recent years, our customers have maintained a disciplined approach to their operations and kept capital spending levels as originally planned. We have noted no material reaction in customer behavior resulting from the spike in crude oil prices.

In the U.S., the demand for super-spec rigs continues to strengthen following higher capital spending by E&Ps in both calendar year 2021 and year to date 2022. While there is still idle super-spec rig capacity in the market, much of that idle capacity represents rigs that have not been active during the preceding two years and in some cases even longer. Consequently, there are additional costs that would be incurred to bring those long-idled rigs back into working condition, which has resulted in upward pricing for super-spec rigs. This supply-demand dynamic combined with the value proposition we provide our customers through our drilling expertise, high-quality FlexRig fleet, and automation technology has resulted in an improvement in our underlying contract economics. We believe these improvements will become more apparent in the coming quarters as an increasing amount of our active rigs are re-priced at higher rates.

Our North America Solutions active rig count has more than tripled from 47 rigs in August 2020 to 171 rigs at March 31, 2022. To date, our fiscal 2022 rig count increases appear to mirror those of 2021 with 27 rigs added during the first quarter and 17 rigs added during the second quarter of fiscal 2022 compared to 25 rigs and 15 rigs added for the same fiscal quarters in the prior year, respectively. Considering the Company's disciplined approach to deploying capital, maintaining our fiscal year 2022 capital budget of \$250 to \$270 million, and given the current market dynamics, we expect our active count to grow at a much more muted pace during the remaining quarters in fiscal year 2022.

Collectively, our other business segments, Offshore Gulf of Mexico and International Solutions, are exposed to the same macro commodity price environment affecting our North America Solutions segment; however, activity levels in the International Solutions segment are also subject to other various geopolitical and financial factors specific to the countries of our operations. While we do not expect much change in our Offshore Gulf of Mexico segment, we see opportunities for improvement in our International Solutions segment, but those will likely occur on a more extended timeline compared to what we have experienced in the North America Solutions segment.

From a financial perspective, we believe the Company is well positioned to manage through events, even protracted ones, that may result from market disruptions and the related commodity price volatility. More recent events, like the COVID-19 global pandemic and the Russian invasion of Ukraine, have elevated commodity price volatility and have other far reaching global market ramifications. The direct impacts of the COVID-19 pandemic on the Company have diminished significantly as health guidelines and restrictions have eased in most jurisdictions in which we operate. Since the COVID-19 outbreak began, no rigs have been fully shut down (other than temporary shutdowns for disinfecting and the suspension for a certain period of time on one of our international rigs) and these temporary shutdowns did not have a significant impact on service. Recently, the conflict between the Russian Federation and Ukraine, and the international and social sanctions in reaction to the conflict have resulted in an increase in commodity price volatility. The Company does not have any operations in the Russia Federation, Ukraine or adjacent regions and therefore our rig activity levels are not directly impacted by this conflict. While we do not have supplies originating in these countries, the conflict may create some inflationary pressures within our supply chain.

Recent Developments

Investments in Geothermal Energy

During the six months ended March 31, 2022, we made an additional \$14.1 million in geothermal energy investments consisting of both debt and equity securities. Investments were made in four separate companies that are pursuing technological concepts to make unconventional geothermal energy a viable economic renewable energy source. These companies are developing an enhanced geothermal system ("EGS") and closed loop concepts. The EGS concept uses horizontal drilling, induced permeability, and fiber optic sensing. The closed loop concepts use multilateral wellbores, propriety working fluid, or coaxial pipe configurations. All of these concepts are designed to harvest geothermal heat to create carbon-free, baseload energy. Our aggregate balance of investments in geothermal energy companies was \$16.9 million at March 31, 2022.

Investment in ADNOC Drilling

During September 2021, the Company made a \$100.0 million cornerstone investment in ADNOC Drilling in advance of its announced IPO, representing 159.7 million shares of ADNOC Drilling, equivalent to a one percent ownership stake and subject to a three-year lockup period. ADNOC Drilling's IPO was completed on October 3, 2021, and its shares are listed and traded on the Abu Dhabi Securities Exchange (ADX). Our investment is classified as a long-term equity investment within Investments in our Unaudited Condensed Consolidated Balance Sheets. We have applied the guidance in Topic 820, Fair Value Measurement, in the initial accounting of the transaction and the subsequent revaluation of the investment balance, concluding that a contractual restriction on the sale of an equity security that is publicly traded is not considered in measuring fair value. During the three and six months ended March 31, 2022, we recognized a gain of \$16.7 million and \$64.5 million, respectively, in our Unaudited Condensed Consolidated Statement of Operations. As of March 31, 2022, this investment is classified as a Level 1 investment and based on the quoted stock price on the Abu Dhabi Securities Exchange, without applying a discount factor.

Investment in Galileo Technologies

During April 2022, the Company made a \$33.0 million cornerstone investment in an affiliate of Galileo Technologies ("Galileo") in the form of a convertible note. The convertible note bears interest at 5% per annum and matures on April 2027. If the conversion option is exercised, the note would convert into common shares of Galileo. One of our Directors is an independent director of Galileo. This Director does not have a direct or indirect material interest in the transaction and was not involved in the negotiations or any approvals related to the transaction.

Contract Backlog

As of March 31, 2022 and September 30, 2021, our contract drilling backlog, being the expected future dayrate revenue from executed contracts, was \$727.7 million and \$572.0 million, respectively. These amounts do not include anticipated contract renewals or expected performance bonuses. The increase in backlog at March 31, 2022 from September 30, 2021 is primarily due to an increase in the number of fixed term drilling contracts executed. Approximately 39.8 percent of the March 31, 2022 total backlog is reasonably expected to be fulfilled in fiscal year 2023 and thereafter.

[Table of Contents](#)

The following table sets forth the total backlog by reportable segment as of March 31, 2022 and September 30, 2021, and the percentage of the March 31, 2022 backlog reasonably expected to be fulfilled in fiscal year 2023 and thereafter:

| <i>(in millions)</i> | March 31, 2022 | September 30, 2021 | Percentage Reasonably Expected to be Filled in Fiscal Year 2023 and Thereafter |
|-------------------------|-----------------|--------------------|--|
| North America Solutions | \$ 534.2 | \$ 429.6 | 29.7 % |
| Offshore Gulf of Mexico | 9.8 | 17.2 | — |
| International Solutions | 183.7 | 125.2 | 71.5 |
| | <u>\$ 727.7</u> | <u>\$ 572.0</u> | |

The early termination of a contract may result in a rig being idle for an extended period of time, which could adversely affect our financial condition, results of operations and cash flows. In some limited circumstances, such as sustained unacceptable performance by us, no early termination payment would be paid to us. Early terminations could cause the actual amount of revenue earned to vary from the backlog reported. See "Item 1A. Risk Factors – *Our current backlog of drilling services and solutions revenue may continue to decline and may not be ultimately realized as fixed-term contracts and may, in certain instances, be terminated without an early termination payment,*" in our 2021 Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC"), regarding fixed term contract risk. Additionally, see "Item 1A. Risk Factors – *The impact and effects of public health crises, pandemics and epidemics, such as the COVID-19 pandemic, have adversely affected and are expected to continue to adversely affect our business, financial condition and results of operations*" within our 2021 Annual Report on Form 10-K.

Results of Operations for the Three Months Ended March 31, 2022 and 2021

Consolidated Results of Operations

Net Loss We reported a loss from continuing operations of \$4.6 million (\$0.05 loss per diluted share) on operating revenues of \$467.6 million for the three months ended March 31, 2022 compared to a loss from continuing operations of \$123.3 million (\$1.15 loss per diluted share) on operating revenues of \$296.2 million for the three months ended March 31, 2021. Included in the net loss for the three months ended March 31, 2022 is a loss of \$0.4 million (with no impact on a per diluted share basis) from discontinued operations. Including discontinued operations, we recorded a net loss of \$5.0 million (\$0.05 loss per diluted share) for the three months ended March 31, 2022 compared to a net loss of \$121.0 million (\$1.13 loss per diluted share) for the three months ended March 31, 2021.

Selling, General and Administrative Expense Selling, general and administrative expenses increased to \$47.1 million during the three months ended March 31, 2022 compared to \$39.3 million during the three months ended March 31, 2021. The \$7.8 million increase in fiscal year 2022 compared to the same period in fiscal year 2021 is primarily due to increases in IT infrastructure spending and professional services fees.

Asset Impairment Charge During the three months ended March 31, 2022, we reported no asset impairment charge in the Unaudited Condensed Consolidated Statement of Operations, compared to an impairment charge of \$54.3 million for the three months ended March 31, 2021.

Gain on Investment Securities In September 2021, the Company made a cornerstone equity investment consisting of 159.7 million shares for \$100.0 million as part of ADNOC Drilling's initial public offering. This investment is subject to a three-year lock-up period. During the three months ended March 31, 2022 we recognized a gain of \$16.7 million due to an increase in the fair market value of the stock.

Income Taxes We have historically calculated our provision for income taxes during interim reporting periods by applying the estimated annual effective tax rate for the full year to pre-tax income or loss, excluding discrete items, for the reporting period. We used a discrete effective tax rate method to calculate income taxes for the three months ended March 31, 2022 as we determined the historical annualized effective rate method would not provide a reliable estimate for the three months ended March 31, 2022. We anticipate utilizing the discrete effective tax rate method to calculate the provision for income taxes for the remainder of this fiscal year.

For the three months ended March 31, 2022, we had an income tax expense of \$2.7 million compared to an income tax benefit of \$36.6 million for the three months ended March 31, 2021. Our statutory federal income tax rate for fiscal year 2022 is 21.0 percent (before incremental state and foreign taxes).

North America Solutions

(in thousands, except operating statistics)

| | Three Months Ended March 31, | | % Change |
|---|------------------------------|--------------|----------|
| | 2022 | 2021 | |
| Operating revenues | \$ 408,814 | \$ 249,939 | 63.6 |
| Direct operating expenses | 294,397 | 185,841 | 58.4 |
| Depreciation and amortization | 95,817 | 99,917 | (4.1) |
| Research and development | 6,420 | 5,329 | 20.5 |
| Selling, general and administrative expense | 10,883 | 12,960 | (16.0) |
| Asset impairment charge | — | 54,284 | (100.0) |
| Restructuring charges | — | 1,442 | (100.0) |
| Segment operating income (loss) | \$ 1,297 | \$ (109,834) | (101.2) |

Financial Data and Other Operating Statistics¹:

| | | | |
|---|-----------|-----------|-------|
| Direct margin (Non-GAAP) ² | 114,417 | 64,098 | 78.5 |
| Revenue days ³ | 14,752 | 9,454 | 56.0 |
| Average active rigs ⁴ | 164 | 105 | 56.2 |
| Number of active rigs at the end of period ⁵ | 171 | 109 | 56.9 |
| Number of available rigs at the end of period | 236 | 242 | (2.5) |
| Reimbursements of "out-of-pocket" expenses | \$ 46,664 | \$ 27,290 | 71.0 |

- 1) These operating metrics and financial data, including average active rigs, are provided to allow investors to analyze the various components of segment financial results in terms of activity, utilization and other key results. Management uses these metrics to analyze historical segment financial results and as the key inputs for forecasting and budgeting segment financial results.
- 2) Direct margin, which is considered a non-GAAP metric, is defined as operating revenues less direct operating expenses and is included as a supplemental disclosure because we believe it is useful in assessing and understanding our current operational performance, especially in making comparisons over time. See — Non-GAAP Measurements below for a reconciliation of segment operating income (loss) to direct margin.
- 3) Defined as the number of contractual days we recognized revenue for during the period.
- 4) Active rigs generate revenue for the Company; accordingly, 'average active rigs' represents the average number of rigs generating revenue during the applicable time period. This metric is calculated by dividing revenue days by total days in the applicable period (i.e. 90 days).
- 5) Defined as the number of rigs generating revenue at the applicable end date of the time period.

Operating Revenues Operating revenues were \$408.8 million and \$249.9 million in the three months ended March 31, 2022 and 2021, respectively. The 63.6 percent increase in operating revenue is primarily due to a 56.0 percent increase in activity levels and higher pricing levels.

Direct Operating Expenses Direct operating expenses increased to \$294.4 million during the three months ended March 31, 2022 as compared to \$185.8 million during the three months ended March 31, 2021. The increase in direct operating expense was due to higher activity levels and an increase in field wages in December of 2021.

Depreciation and Amortization Depreciation and amortization decreased to \$95.8 million during the three months ended March 31, 2022 as compared to \$99.9 million during the three months ended March 31, 2021. The decrease was primarily attributable to the termination of depreciation on the six rigs located in the US that were included in the ADNOC sale in fiscal year 2021 and ongoing relatively low levels of capital expenditures.

Asset Impairment Charge During the three months ended March 31, 2022, we reported no asset impairment charge, compared to an impairment charge of \$54.3 million for the three months ended March 31, 2021.

Offshore Gulf of Mexico

(in thousands, except operating statistics)

| | Three Months Ended March 31, | | % Change |
|---|------------------------------|-----------|----------|
| | 2022 | 2021 | |
| Operating revenues | \$ 29,147 | \$ 29,274 | (0.4) |
| Direct operating expenses | 20,884 | 23,069 | (9.5) |
| Depreciation | 2,401 | 2,593 | (7.4) |
| Selling, general and administrative expense | 584 | 634 | (7.9) |
| Segment operating income | \$ 5,278 | \$ 2,978 | 77.2 |

Financial Data and Other Operating Statistics¹:

| | | | |
|---|----------|----------|------|
| Direct margin (Non-GAAP) ² | 8,263 | 6,205 | 33.2 |
| Revenue days ³ | 360 | 360 | — |
| Average active rigs ⁴ | 4 | 4 | — |
| Number of active rigs at the end of period ⁵ | 4 | 4 | — |
| Number of available rigs at the end of period | 7 | 7 | — |
| Reimbursements of "out-of-pocket" expenses | \$ 5,809 | \$ 5,193 | 11.9 |

- 1) These operating metrics and financial data, including average active rigs, are provided to allow investors to analyze the various components of segment financial results in terms of activity, utilization and other key results. Management uses these metrics to analyze historical segment financial results and as the key inputs for forecasting and budgeting segment financial results.
- 2) Direct margin, which is considered a non-GAAP metric, is defined as operating revenues less direct operating expenses and is included as a supplemental disclosure because we believe it is useful in assessing and understanding our current operational performance, especially in making comparisons over time. See — Non-GAAP Measurements below for a reconciliation of segment operating income to direct margin.
- 3) Defined as the number of contractual days we recognized revenue for during the period.
- 4) Active rigs generate revenue for the Company; accordingly, 'average active rigs' represents the average number of rigs generating revenue during the applicable time period. This metric is calculated by dividing revenue days by total days in the applicable period (i.e. 90 days).
- 5) Defined as the number of rigs generating revenue at the applicable end date of the time period.

Operating Revenues Operating revenues were \$29.1 million and \$29.3 million in the three months ended March 31, 2022 and 2021, respectively. The 0.4 percent decrease was primarily driven by the mix of rigs working at full rates as compared to being on lower standby or mobilization rates.

Direct Operating Expenses Direct operating expenses decreased to \$20.9 million during the three months ended March 31, 2022 as compared to \$23.1 million during the three months ended March 31, 2021. The decrease was primarily driven by a favorable adjustment in self-insurance liabilities related to prior period as well as the factors described above.

International Solutions

(in thousands, except operating statistics)

| | Three Months Ended March 31, | | % Change |
|---|------------------------------|------------|----------|
| | 2022 | 2021 | |
| Operating revenues | \$ 27,422 | \$ 14,813 | 85.1 |
| Direct operating expenses | 25,171 | 16,718 | 50.6 |
| Depreciation | 1,049 | 415 | 152.8 |
| Selling, general and administrative expense | 2,050 | 1,138 | 80.1 |
| Segment operating loss | \$ (848) | \$ (3,458) | (75.5) |

Financial Data and Other Operating Statistics¹:

| | | | |
|---|----------|----------|---------|
| Direct margin (Non-GAAP) ² | 2,251 | (1,905) | (218.2) |
| Revenue days ³ | 636 | 393 | 61.8 |
| Average active rigs ⁴ | 7 | 4 | 75.0 |
| Number of active rigs at the end of period ⁵ | 6 | 5 | 20.0 |
| Number of available rigs at the end of period | 28 | 32 | (12.5) |
| Reimbursements of "out-of-pocket" expenses | \$ 1,226 | \$ 1,613 | (24.0) |

- 1) These operating metrics and financial data, including average active rigs, are provided to allow investors to analyze the various components of segment financial results in terms of activity, utilization and other key results. Management uses these metrics to analyze historical segment financial results and as the key inputs for forecasting and budgeting segment financial results.
- 2) Direct margin, which is considered a non-GAAP metric, is defined as operating revenues less direct operating expenses and is included as a supplemental disclosure because we believe it is useful in assessing and understanding our current operational performance, especially in making comparisons over time. See — Non-GAAP Measurements below for a reconciliation of segment operating loss to direct margin.
- 3) Defined as the number of contractual days we recognized revenue for during the period.
- 4) Active rigs generate revenue for the Company; accordingly, 'average active rigs' represents the average number of rigs generating revenue during the applicable time period. This metric is calculated by dividing revenue days by total days in the applicable period (i.e. 90 days).
- 5) Defined as the number of rigs generating revenue at the applicable end date of the time period.

Operating Revenues Operating revenues increased to \$27.4 million during the three months ended March 31, 2022 as compared to \$14.8 million during the three months ended March 31, 2021. The change was primarily driven by a 62 percent increase in activity as well as the mix of rigs working. For the three months ended March 31, 2022, we reported \$0.5 million in early termination revenue associated with term contracts compared to \$1.9 million during the same period of fiscal year 2021.

Direct Operating Expenses Direct operating expenses increased to \$25.2 million during the three months ended March 31, 2022 as compared to \$16.7 million during the three months ended March 31, 2021. This increase was primarily driven by higher activity levels.

Selling, General and Administrative Expense We recognized a \$0.9 million increase in selling, general and administrative costs during the three months ended March 31, 2022 compared to the three months ended March 31, 2021. This increase was primarily driven by higher compensation expense due to an increase in sales personnel.

Other Operations

Results of our other operations, excluding corporate restructuring charges, corporate selling, general and administrative costs and corporate depreciation, are as follows:

| | Three Months Ended March 31, | | % Change |
|---|------------------------------|------------|----------|
| | 2022 | 2021 | |
| Operating revenues | \$ 15,418 | \$ 10,825 | 42.4 |
| Direct operating expenses | 11,208 | 11,222 | (0.1) |
| Depreciation | 370 | 359 | 3.1 |
| Research and development | — | 5 | (100.0) |
| Selling, general and administrative expense | 673 | 311 | 116.4 |
| Operating income (loss) | \$ 3,167 | \$ (1,072) | (395.4) |

Operating Revenues On October 1, 2019, we elected to capitalize a new Captive insurance company to insure the deductibles for our domestic workers' compensation, general liability and automobile liability claims programs, and to continue the practice of insuring deductibles from the Company's international casualty and rig property programs. Intercompany premium revenues recorded by the Captives during the three months ended March 31, 2022 and 2021 amounted to \$13.2 million and \$8.7 million, respectively, which were eliminated upon consolidation.

Direct Operating Expenses Direct operating costs consisted primarily of \$1.8 million and \$2.3 million in adjustments to accruals for estimated losses allocated to the Captives and rig casualty insurance premiums of \$7.9 million and \$5.0 million during the three months ended March 31, 2022 and 2021, respectively. The decrease in estimated losses is primarily due to actuarial valuation adjustments by our third-party actuary.

Results of Operations for the Six Months Ended March 31, 2022 and 2021

Consolidated Results of Operations

Net Loss We reported a loss from continuing operations of \$56.0 million (\$0.53 loss per diluted share) on operating revenues of \$877.4 million for the six months ended March 31, 2022 compared to a loss from continuing operations of \$201.2 million (\$1.87 loss per diluted share) on operating revenues of \$542.5 million for the six months ended March 31, 2021. Included in the net loss for the six months ended March 31, 2022 is a loss of \$0.3 million (with no impact on a per diluted share basis) from discontinued operations. Including discontinued operations, we recorded a net loss of \$56.3 million (\$0.53 loss per diluted share) for the six months ended March 31, 2022 compared to a net loss of \$191.4 million (\$1.78 loss per diluted share) for the six months ended March 31, 2021.

Selling, General and Administrative Expense Selling, general and administrative expenses increased to \$90.8 million during the six months ended March 31, 2022 compared to \$78.7 million during the six months ended March 31, 2021. The \$12.1 million increase in fiscal year 2022 compared to the same period in fiscal year 2021 is primarily due to increases in IT infrastructure spending and professional services fees.

Asset Impairment Charge During the first quarter of fiscal year 2022, we identified two partial rig substructures and two international FlexRig® drilling rigs located in Colombia that met the asset held-for-sale criteria and were reclassified as assets held-for-sale on our Unaudited Condensed Consolidated Balance Sheets. The combined net book value of the rig substructures of \$2.0 million were written down to their estimated scrap value of \$0.1 million, resulting in a non-cash impairment charge of \$1.9 million, within our North America Solutions segment and recorded in the Unaudited Condensed Consolidated Statement of Operations for the six months ended March 31, 2022, compared to an impairment charge of \$54.3 million for the six months ended March 31, 2021. In conjunction with establishing a plan to sell the two international FlexRig® drilling rigs, we recognized a non-cash impairment charge of \$2.5 million within our International Solutions segment and recorded in the Unaudited Condensed Consolidated Statement of Operations during the six months ended March 31, 2022, as the rigs aggregate net book value of \$3.4 million exceeded the fair value of the rigs less estimated cost to sell of \$0.9 million.

Gain on Investment Securities In September 2021, the Company made a cornerstone equity investment consisting of 159.7 million shares for \$100.0 million as part of ADNOC Drilling's initial public offering. This investment is subject to a three-year lock-up period. During the six months ended March 31, 2022 we recognized a gain of \$64.5 million due to an increase in the fair market value of the stock.

Loss on Extinguishment of Debt On October 27, 2021, we redeemed all of the outstanding 2025 Notes. As a result, the associated make-whole premium of \$56.4 million and the write off of the unamortized discount and debt issuance costs of \$3.7 million were recognized during the first fiscal quarter of 2022 contemporaneously with the October 27, 2021 debt extinguishment and recorded in Loss on Extinguishment of Debt on our Unaudited Condensed Consolidated Statements of Operations during the six months ended March 31, 2022.

Income Taxes We have historically calculated our provision for income taxes during interim reporting periods by applying the estimated annual effective tax rate for the full year to pre-tax income or loss, excluding discrete items, for the reporting period. We used a discrete effective tax rate method to calculate income taxes for the six months ended March 31, 2022 as we determined the historical annualized method would not provide a reliable estimate for the six months ended March 31, 2022. We anticipate utilizing the discrete effective tax rate method to calculate the provision for income taxes for the remainder of this fiscal year.

For the six months ended March 31, 2022, we had an income tax benefit of \$4.9 million compared to an income tax benefit of \$54.7 million (which included discrete tax expense of approximately \$4.1 million related to equity compensation) for the six months ended March 31, 2021. Our statutory federal income tax rate for fiscal year 2022 is 21.0 percent (before incremental state and foreign taxes).

North America Solutions

(in thousands, except operating statistics)

| | Six Months Ended March 31, | | % Change |
|---|----------------------------|--------------|----------|
| | 2022 | 2021 | |
| Operating revenues | \$ 749,848 | \$ 451,929 | 65.9 |
| Direct operating expenses | 550,965 | 343,150 | 60.6 |
| Depreciation and amortization | 189,438 | 200,241 | (5.4) |
| Research and development | 12,988 | 10,795 | 20.3 |
| Selling, general and administrative expense | 21,712 | 24,640 | (11.9) |
| Asset impairment charge | 1,868 | 54,284 | (96.6) |
| Restructuring charges | 473 | 1,581 | (70.1) |
| Segment operating loss | \$ (27,596) | \$ (182,762) | (84.9) |
| Financial Data and Other Operating Statistics¹: | | | |
| Direct margin (Non-GAAP) ² | 198,883 | 108,779 | 82.8 |
| Revenue days ³ | 27,698 | 16,916 | 63.7 |
| Average active rigs ⁴ | 152 | 93 | 63.4 |
| Number of active rigs at the end of period ⁵ | 171 | 109 | 56.9 |
| Number of available rigs at the end of period | 236 | 242 | (2.5) |
| Reimbursements of "out-of-pocket" expenses | \$ 89,793 | \$ 46,079 | 94.9 |

- 1) These operating metrics and financial data, including average active rigs, are provided to allow investors to analyze the various components of segment financial results in terms of activity, utilization and other key results. Management uses these metrics to analyze historical segment financial results and as the key inputs for forecasting and budgeting segment financial results.
- 2) Direct margin, which is considered a non-GAAP metric, is defined as operating revenues less direct operating expenses and is included as a supplemental disclosure because we believe it is useful in assessing and understanding our current operational performance, especially in making comparisons over time. See — Non-GAAP Measurements below for a reconciliation of segment operating loss to direct margin.
- 3) Defined as the number of contractual days we recognized revenue for during the period.
- 4) Active rigs generate revenue for the Company; accordingly, 'average active rigs' represents the average number of rigs generating revenue during the applicable time period. This metric is calculated by dividing revenue days by total days in the applicable period (i.e. 182 days).
- 5) Defined as the number of rigs generating revenue at the applicable end date of the time period.

Operating Revenues Operating revenues were \$749.8 million and \$451.9 million during the six months ended March 31, 2022 and 2021, respectively. The 65.9 percent increase in operating revenue is primarily due to a 63.7 percent increase in activity levels, partially offset by a decrease in early termination revenue. For the six months ended March 31, 2022, we reported \$0.2 million in early termination revenue associated with term contracts compared to \$5.8 million during the same period of fiscal year 2021.

Direct Operating Expenses Direct operating expenses increased to \$551.0 million during the six months ended March 31, 2022 as compared to \$343.2 million during the six months ended March 31, 2021. The increase in direct operating expense was due to higher activity levels and higher rig recommissioning expenses.

Depreciation and Amortization Depreciation and amortization decreased to \$189.4 million during the six months ended March 31, 2022 as compared to \$200.2 million during the six months ended March 31, 2021. The decrease was primarily attributable to the termination of depreciation on the six rigs located in the US that were included in the ADNOC sale in fiscal year 2021 and ongoing relatively low levels of capital expenditures.

Asset Impairment Charge During the first quarter of fiscal year 2022, we identified two partial rig substructures that met the asset held-for-sale criteria and were reclassified as assets held-for-sale on our Unaudited Condensed Consolidated Balance Sheets. The combined net book value of these assets of \$2.0 million were written down to their estimated scrap value of \$0.1 million, resulting in a non-cash impairment charge of \$1.9 million during the six months ended March 31, 2022 in the Unaudited Condensed Consolidated Statement of Operations, compared to an impairment charge of \$54.3 million for the six months ended March 31, 2021.

Offshore Gulf of Mexico

(in thousands, except operating statistics)

| | Six Months Ended March 31, | | % Change |
|---|----------------------------|-----------------|----------|
| | 2022 | 2021 | |
| Operating revenues | \$ 58,461 | \$ 61,547 | (5.0) |
| Direct operating expenses | 41,595 | 49,325 | (15.7) |
| Depreciation | 4,781 | 5,199 | (8.0) |
| Selling, general and administrative expense | 1,341 | 1,303 | 2.9 |
| Segment operating income | <u>\$ 10,744</u> | <u>\$ 5,720</u> | 87.8 |

Financial Data and Other Operating Statistics¹:

| | | | |
|---|-----------|-----------|--------|
| Direct margin (Non-GAAP) ² | 16,866 | 12,222 | 38.0 |
| Revenue days ³ | 728 | 820 | (11.2) |
| Average active rigs ⁴ | 4 | 5 | (20.0) |
| Number of active rigs at the end of period ⁵ | 4 | 4 | — |
| Number of available rigs at the end of period | 7 | 7 | — |
| Reimbursements of "out-of-pocket" expenses | \$ 11,884 | \$ 13,061 | (9.0) |

- 1) These operating metrics and financial data, including average active rigs, are provided to allow investors to analyze the various components of segment financial results in terms of activity, utilization and other key results. Management uses these metrics to analyze historical segment financial results and as the key inputs for forecasting and budgeting segment financial results.
- 2) Direct margin, which is considered a non-GAAP metric, is defined as operating revenues less direct operating expenses and is included as a supplemental disclosure because we believe it is useful in assessing and understanding our current operational performance, especially in making comparisons over time. See — Non-GAAP Measurements below for a reconciliation of segment operating income to direct margin.
- 3) Defined as the number of contractual days we recognized revenue for during the period.
- 4) Active rigs generate revenue for the Company; accordingly, 'average active rigs' represents the average number of rigs generating revenue during the applicable time period. This metric is calculated by dividing revenue days by total days in the applicable period (i.e. 182 days).
- 5) Defined as the number of rigs generating revenue at the applicable end date of the time period.

Operating Revenues Operating revenues were \$58.5 million and \$61.5 million in the six months ended March 31, 2022 and 2021, respectively. The 5.0 percent decrease was primarily driven by the mix of rigs working at full rates as compared to being on lower standby or mobilization rates.

Direct Operating Expenses Direct operating expenses decreased to \$41.6 million during the six months ended March 31, 2021 as compared to \$49.3 million during the six months ended March 31, 2021. The decrease was primarily driven by a favorable adjustment in self-insurance liabilities related to prior period claims as well as the factors described above.

International Solutions

(in thousands, except operating statistics)

| | Six Months Ended March 31, | | % Change |
|---|----------------------------|--------------------|----------|
| | 2022 | 2021 | |
| Operating revenues | \$ 64,581 | \$ 25,331 | 154.9 |
| Direct operating expenses | 49,302 | 34,241 | 44.0 |
| Depreciation | 1,804 | 788 | 128.9 |
| Selling, general and administrative expense | 3,779 | 2,117 | 78.5 |
| Asset impairment charge | 2,495 | — | 100.0 |
| Segment operating income (loss) | <u>\$ 7,201</u> | <u>\$ (11,815)</u> | (160.9) |
| Financial Data and Other Operating Statistics¹: | | | |
| Direct margin (Non-GAAP) ² | 15,279 | (8,910) | (271.5) |
| Revenue days ³ | 1,283 | 741 | 73.1 |
| Average active rigs ⁴ | 7 | 4 | 75.0 |
| Number of active rigs at the end of period ⁵ | 6 | 5 | 20.0 |
| Number of available rigs at the end of period | 28 | 32 | (12.5) |
| Reimbursements of "out-of-pocket" expenses | \$ 2,669 | \$ 4,172 | (36.0) |

- 1) These operating metrics and financial data, including average active rigs, are provided to allow investors to analyze the various components of segment financial results in terms of activity, utilization and other key results. Management uses these metrics to analyze historical segment financial results and as the key inputs for forecasting and budgeting segment financial results.
- 2) Direct margin, which is considered a non-GAAP metric, is defined as operating revenues less direct operating expenses and is included as a supplemental disclosure because we believe it is useful in assessing and understanding our current operational performance, especially in making comparisons over time. See — Non-GAAP Measurements below for a reconciliation of segment operating income (loss) to direct margin.
- 3) Defined as the number of contractual days we recognized revenue for during the period.
- 4) Active rigs generate revenue for the Company; accordingly, 'average active rigs' represents the average number of rigs generating revenue during the applicable time period. This metric is calculated by dividing revenue days by total days in the applicable period (i.e. 182 days).
- 5) Defined as the number of rigs generating revenue at the applicable end date of the time period.

Operating Revenues Operating revenues increased to \$64.6 million during the six months ended March 31, 2022 as compared to \$25.3 million during the six months ended March 31, 2021. The change was primarily driven by a 73.1 percent increase in activity as well as the settlement of a contractual dispute that was recognized in operating revenues during the six months ended March 31, 2022. Refer to Note 9—Revenue from Contracts with Customers for additional details. For the six months ended March 31, 2022, we reported \$0.5 million in early termination revenue associated with term contracts compared to \$1.9 million during the same period of fiscal year 2021.

Direct Operating Expenses Direct operating expenses increased to \$49.3 million during the six months ended March 31, 2022 as compared to \$34.2 million during the six months ended March 31, 2021. This increase was primarily driven by higher activity levels partially offset by fixed cost leverage.

Selling, General and Administrative Expense We recognized a \$1.7 million increase in selling, general and administrative costs during the six months ended March 31, 2022 compared to the six months ended March 31, 2021. This increase was primarily driven by higher compensation expense due to an increase in sales personnel.

Asset Impairment Charge During the first quarter of fiscal year 2022, we identified two international FlexRig® drilling rigs that met the asset held-for-sale criteria and were reclassified as assets held-for-sale on our Unaudited Condensed Consolidated Balance Sheets. In conjunction with establishing a plan to sell these rigs we recognized a non-cash impairment charge of \$2.5 million during the six months ended March 31, 2021 in the Unaudited Condensed Consolidated Statement of Operations, as the aggregate net book value of \$3.4 million exceeded the fair value less estimated cost to sell of \$0.9 million.

Other Operations

Results of our other operations, excluding corporate restructuring charges, corporate selling, general and administrative costs and corporate depreciation, are as follows:

| <i>(in thousands)</i> | Six Months Ended March 31, | | % Change |
|---|----------------------------|-----------------|----------|
| | 2022 | 2021 | |
| Operating revenues | \$ 31,341 | \$ 19,543 | 60.4 |
| Direct operating expenses | 22,528 | 14,972 | 50.5 |
| Depreciation | 715 | 718 | (0.4) |
| Research and development | — | 122 | (100.0) |
| Selling, general and administrative expense | 1,002 | 692 | 44.8 |
| Operating income | <u>\$ 7,096</u> | <u>\$ 3,039</u> | 133.5 |

Operating Revenues On October 1, 2019, we elected to capitalize a new Captive insurance company to insure the deductibles for our domestic workers' compensation, general liability and automobile liability claims programs, and to continue the practice of insuring deductibles from the Company's international casualty and rig property programs. Intercompany premium revenues recorded by the Captives during the six months ended March 31, 2022 and 2021 amounted to \$26.9 million and \$15.8 million, respectively, which were eliminated upon consolidation.

Direct Operating Expenses Direct operating costs consisted primarily of \$(0.4) million and \$2.8 million in adjustments to accruals for estimated losses allocated to the Captives and rig casualty insurance premiums of \$16.7 million and \$7.5 million during the six months ended March 31, 2022 and 2021, respectively. The decrease in estimated losses is primarily due to actuarial valuation adjustments by our third-party actuary.

Liquidity and Capital Resources

Sources of Liquidity

Our sources of available liquidity include existing cash balances on hand, cash flows from operations, and availability under the 2018 Credit Facility. Our liquidity requirements include meeting ongoing working capital needs, funding our capital expenditure projects, paying dividends declared, and repaying our outstanding indebtedness. Historically, we have financed operations primarily through internally generated cash flows. During periods when internally generated cash flows are not sufficient to meet liquidity needs, we may utilize cash on hand, borrow from available credit sources, access capital markets or sell our investments. Likewise, if we are generating excess cash flows or have cash balances on hand beyond our near-term needs, we may invest in highly rated short-term money market and debt securities. These investments can include U.S. Treasury securities, U.S. Agency issued debt securities, corporate bonds and commercial paper, certificates of deposit and money market funds. However, in some international locations we may make short-term investments that are less conservative, as equivalent highly rated investments are unavailable. See—Note 2—Summary of Significant Accounting Policies, Risks and Uncertainties—International Solutions Drilling Risks.

We may seek to access the debt and equity capital markets from time to time to raise additional capital, increase liquidity as necessary, fund our additional purchases, exchange or redeem senior notes, or repay any amounts under the 2018 Credit Facility. Our ability to access the debt and equity capital markets depends on a number of factors, including our credit rating, market and industry conditions and market perceptions of our industry, general economic conditions, our revenue backlog and our capital expenditure commitments.

Cash Flows

Our cash flows fluctuate depending on a number of factors, including, among others, the number of our drilling rigs under contract, the revenue we receive under those contracts, the efficiency with which we operate our drilling rigs, the timing of collections on outstanding accounts receivable, the timing of payments to our vendors for operating costs, and capital expenditures. As our revenues increase, operating net working capital is typically a use of capital, while conversely, as our revenues decrease, operating net working capital is typically a source of capital. To date, general inflationary trends have not had a material effect on our operating margins.

[Table of Contents](#)

As of March 31, 2022, we had \$202.2 million of cash and cash equivalents on hand and \$148.4 million of short-term investments. Our cash flows for the six months ended March 31, 2022 and 2021 are presented below:

| <i>(in thousands)</i> | Six Months Ended March 31, | |
|---|----------------------------|-------------|
| | 2022 | 2021 |
| Net cash provided by (used in): | | |
| Operating activities | \$ 18,896 | \$ 58,802 |
| Investing activities | (45,321) | (60,315) |
| Financing activities | (680,915) | (56,599) |
| Net decrease in cash and cash equivalents and restricted cash | \$ (707,340) | \$ (58,112) |

Operating Activities

Our operating net working capital (non-GAAP) as of March 31, 2022 and September 30, 2021 is presented below:

| <i>(in thousands)</i> | March 31, | September 30, |
|---|------------|---------------|
| | 2022 | 2021 |
| Total current assets | \$ 918,496 | \$ 1,586,566 |
| Less: | | |
| Cash and cash equivalents | 202,206 | 917,534 |
| Short-term investments | 148,377 | 198,700 |
| Assets held-for-sale | 57,373 | 71,453 |
| | 510,540 | 398,879 |
| Total current liabilities | 377,598 | 866,306 |
| Less: | | |
| Dividends payable | 26,697 | 27,332 |
| Current portion of long-term debt, net | — | 483,486 |
| Advance payment for sale of property, plant and equipment | 78,793 | 86,524 |
| | \$ 272,108 | \$ 268,964 |
| Operating net working capital (non-GAAP) | \$ 238,432 | \$ 129,915 |

Cash flows provided by operating activities were approximately \$18.9 million and \$58.8 million for the six months ended March 31, 2022 and 2021, respectively. The change in cash used in operating activities is primarily driven by changes in working capital. For the six months ended March 31, 2022, working capital was a use of cash, while during the six months ended March 31, 2021, working capital was a source of cash. Higher activity levels during the six months ended March 31, 2022, are an offsetting contribution to cash flow from operations. For the purpose of understanding the impact on our cash flows from operating activities, operating net working capital is calculated as current assets, excluding cash and cash equivalents, short-term investments, and assets held-for-sale, less current liabilities, excluding dividends payable, short-term debt and advance payments for sale of property, plant and equipment. Operating net working capital was \$238.4 million as of March 31, 2022 compared to \$129.9 million as of September 30, 2021. This metric is considered a non-GAAP measure of the Company's liquidity. The Company considers operating net working capital to be a supplemental measure for presenting and analyzing trends in our cash flows from operations over time. Likewise, the Company believes that operating net working capital is useful to investors because it provides a means to evaluate the operating performance of the business using criteria that are used by our internal decision makers. The sequential increase in operating net working capital was primarily driven by higher rig activity and seasonal payments of annual incentive compensation and ad valorem taxes. Included in accounts receivable as of March 31, 2022 was \$24.3 million of income tax receivables, a portion of which we expect to collect before the end of calendar year 2022.

Investing Activities

Capital Expenditures Our capital expenditures during the six months ended March 31, 2022 were \$104.5 million compared to \$30.7 million during the six months ended March 31, 2021. The increase is driven by higher activity and spending on walking rig conversions.

Purchase (Sales) of Short-Term Investments Our net sales of short-term investments during the six months ended March 31, 2022 were \$(48.9) million compared to net purchases of \$41.9 million during the six months ended March 31, 2021. The change is driven by our ongoing liquidity management.

Purchase of Long-Term Investments Our purchases of long-term investments during the six months ended March 31, 2022 were \$14.1 million compared to \$1.1 million during the six months ended March 31, 2021. The increase is driven by purchases of geothermal investments made during the six months ended March 31, 2021.

Sale of Assets Our proceeds from asset sales during the six months ended March 31, 2022 were \$34.9 million compared to proceeds of \$13.4 million during the six months ended March 31, 2021. The increase in proceeds is mainly driven by higher rig activity which drives higher reimbursement from customers for lost or damaged drill pipe. The increase is also attributable to the sale of our casing running and trucking assets that occurred during the six months ended March 31, 2022.

Financing Activities

Dividends We paid dividends of \$0.50 per share during the six months ended March 31, 2022 and 2021. Total dividends paid were \$54.0 million and \$54.2 million during the six months ended March 31, 2022 and 2021, respectively. A cash dividend of \$0.25 per share was declared on March 2, 2022 for shareholders of record on May 13, 2022, payable on May 27, 2022. The declaration and amount of future dividends is at the discretion of the Board and subject to our financial condition, results of operations, cash flows, and other factors the Board deems relevant.

Redemption of 4.65% Senior Notes due 2025 On October 27, 2021, we redeemed all of the outstanding 2025 Notes, resulting in a cash outflow of \$487.1 million. As a result, the associated make-whole premium of \$56.4 million was paid during the first fiscal quarter of 2022 contemporaneously with the October 27, 2021 debt extinguishment.

Repurchase of Shares We have an evergreen authorization from the Board for the repurchase of up to four million common shares in any calendar year. The repurchases may be made using our cash and cash equivalents or other available sources. During the six months ended March 31, 2021, we repurchased 3.2 million common shares at an aggregate cost of \$77.0 million, which are held as treasury shares.

Credit Facilities

On November 13, 2018, we entered into a credit agreement by and among the Company, as borrower, Wells Fargo Bank, National Association, as administrative agent, and the lenders party thereto, which was amended on November 13, 2019, providing for an unsecured revolving credit facility (as amended, the "2018 Credit Facility"), that was set to mature on November 13, 2024. On April 16, 2021, lenders with \$680.0 million of commitments under the 2018 Credit Facility exercised their option to extend the maturity of the 2018 Credit Facility from November 13, 2024 to November 12, 2025. No other terms of the 2018 Credit Facility were amended in connection with this extension. The remaining \$70.0 million of commitments under the 2018 Credit Facility will expire on November 13, 2024, unless extended by the applicable lender before such date. On March 8, 2022, we entered into the second amendment to the 2018 Credit Facility, which, among other things, raised the number of potential future extensions of the maturity date applicable to extending lenders from one to two such potential extensions and replaced provisions in respect of interest rate determinations that were based on the London Interbank Offered Rate with provisions based on the Secured Overnight Financing Rate. Lenders with \$680.0 million of commitments under the 2018 Credit Facility also exercised their option to extend the maturity of the 2018 Credit Facility from November 12, 2025 to November 11, 2026. The remaining \$70.0 million of commitments under the 2018 Credit Facility will expire on November 13, 2024, unless extended by the applicable lender before such date.

The 2018 Credit Facility has \$750.0 million in aggregate availability with a maximum of \$75.0 million available for use as letters of credit. As of March 31, 2022, there were no borrowings or letters of credit outstanding, leaving \$750.0 million available to borrow under the 2018 Credit Facility. For a full description of the 2018 Credit Facility, see Note 7—Debt to the consolidated financial statements in our 2021 Annual Report on Form 10-K.

As of March 31, 2022, we had four separate bi-lateral credit facilities with banks with an aggregate outstanding balance of \$33.8 million.

As of March 31, 2022, we also had a \$20.0 million unsecured standalone line of credit facility, for the purpose of obtaining the issuance of international letters of credit, bank guarantees, and performance bonds. Of the \$20.0 million, \$5.8 million of financial guarantees were outstanding as of March 31, 2022.

The applicable agreements for all unsecured debt contain additional terms, conditions and restrictions that we believe are usual and customary in unsecured debt arrangements for companies that are similar in size and credit quality. At March 31, 2022, we were in compliance with all debt covenants, and we anticipate that we will continue to be in compliance during the next quarter of fiscal year 2022.

Senior Notes

2.90% Senior Notes due 2031 On September 29, 2021, we issued \$550.0 million aggregate principal amount of the 2.90 percent 2031 Notes in an offering to persons reasonably believed to be qualified institutional buyers in the United States pursuant to Rule 144A under the Securities Act ("Rule 144A") and to certain non-U.S. persons in transactions outside the United States pursuant to Regulation S under the Securities Act ("Regulation S"). Interest on the 2031 Notes is payable semi-annually on March 29 and September 29 of each year, commencing on March 29, 2022. The 2031 Notes will mature on September 29, 2031 and bear interest at a rate of 2.90 percent per annum.

The indenture governing the 2031 Notes contains certain covenants that, among other things and subject to certain exceptions, limit the ability of the Company and its subsidiaries to incur certain liens; engage in sale and lease-back transactions; and consolidate, merge or transfer all or substantially all of the assets of the Company. The indenture governing the 2031 Notes also contains customary events of default with respect to the 2031 Notes.

4.65% Senior Notes due 2025 On December 20, 2018, we issued approximately \$487.1 million in aggregate principal amount of the 2025 Notes. Interest on the 2025 Notes was payable semi-annually on March 15 and September 15 of each year, commencing on March 15, 2019. The debt issuance cost was being amortized straight-line over the stated life of the obligation, which approximated the effective interest method.

On September 27, 2021, the Company delivered a conditional notice of optional full redemption for all of the outstanding 2025 Notes at a redemption price calculated in accordance with the indenture governing the 2025 Notes, plus accrued and unpaid interest on the 2025 Notes to be redeemed. The Company financed the redemption of the 2025 Notes with the net proceeds from the offering of the 2031 Notes, together with cash on hand. The Company's obligation to redeem the 2025 Notes was conditioned upon the prior consummation of the issuance of the 2031 Notes, which was satisfied on September 29, 2021.

On October 27, 2021, we redeemed all of the outstanding 2025 Notes. As a result, the associated make-whole premium of \$56.4 million and the write off of the unamortized discount and debt issuance costs of \$3.7 million were recognized during the first fiscal quarter of 2022 contemporaneously with the October 27, 2021 debt extinguishment and recorded in Loss on Extinguishment of Debt on our Unaudited Condensed Consolidated Statements of Operations during the six months ended March 31, 2022.

Future Cash Requirements

Our operating cash requirements, scheduled debt repayments, interest payments, any declared dividends, and estimated capital expenditures for fiscal year 2022 are expected to be funded through current cash and cash to be provided from operating activities. However, there can be no assurance that we will continue to generate cash flows at current levels. If needed, we may decide to obtain additional funding from our \$750.0 million 2018 Credit Facility. We currently do not anticipate the need to draw on the 2018 Credit Facility. Our indebtedness under our unsecured senior notes totaled \$550.0 million at March 31, 2022 and matures on September 29, 2031. During April 2022, the Company made a \$33.0 million cornerstone investment in an affiliate of Galileo in the form of a convertible note. Refer to Note 15—Subsequent Events for further details.

As of March 31, 2022, we had a \$552.3 million deferred tax liability on our Unaudited Condensed Consolidated Balance Sheets, primarily related to temporary differences between the financial and income tax basis of property, plant and equipment. Our levels of capital expenditures over the last several years have been subject to accelerated depreciation methods (including bonus depreciation) available under the Internal Revenue Code of 1986, as amended, enabling us to defer a portion of cash tax payments to future years. Future levels of capital expenditures and results of operations will determine the timing and amount of future cash tax payments. We expect to be able to meet any such obligations utilizing cash and investments on hand, as well as cash generated from ongoing operations.

At March 31, 2022, we had \$4.9 million recorded for uncertain tax positions and related interest and penalties. However, the timing of such payments to the respective taxing authorities cannot be estimated at this time.

The long-term debt to total capitalization ratio was 16.7 percent and 15.9 percent at March 31, 2022 and September 30, 2021, respectively. For additional information regarding debt agreements, refer to Note 6—Debt to the Unaudited Condensed Consolidated Financial Statements.

There were no other significant changes in our financial position since September 30, 2021.

Material Commitments

Material commitments as reported in our 2021 Annual Report on Form 10-K have not changed significantly at March 31, 2022, other than those disclosed in Note 6—Debt and Note 13—Commitments and Contingencies to the Unaudited Condensed Consolidated Financial Statements.

Critical Accounting Policies and Estimates

Our accounting policies and estimates that are critical or the most important to understand our financial condition and results of operations, and that require management to make the most difficult judgments, are described in our 2021 Annual Report on Form 10-K. There have been no material changes in these critical accounting policies and estimates.

Recently Issued Accounting Policies

See Note 2—Summary of Significant Accounting Policies, Risks and Uncertainties to the Unaudited Condensed Consolidated Financial Statements for recently adopted accounting standards and new accounting standards not yet adopted.

Non-GAAP Measurements

Direct Margin

Direct margin is considered a non-GAAP metric. We define "Direct margin" as operating revenues less direct operating expenses. Direct margin is included as a supplemental disclosure because we believe it is useful in assessing and understanding our current operational performance, especially in making comparisons over time. Direct margin is not a substitute for financial measures prepared in accordance with GAAP and should therefore be considered only as supplemental to such GAAP financial measures.

The following table reconciles direct margin to segment operating income (loss), which we believe is the financial measure calculated and presented in accordance with GAAP that is most directly comparable to direct margin.

| <i>(in thousands)</i> | Three Months Ended March 31, 2022 | | |
|---|-----------------------------------|-------------------------|-------------------------|
| | North America Solutions | Offshore Gulf of Mexico | International Solutions |
| Segment operating income (loss) | \$ 1,297 | \$ 5,278 | \$ (848) |
| <i>Add back:</i> | | | |
| Depreciation and amortization | 95,817 | 2,401 | 1,049 |
| Research and development | 6,420 | — | — |
| Selling, general and administrative expense | 10,883 | 584 | 2,050 |
| Direct margin (Non-GAAP) | \$ 114,417 | \$ 8,263 | \$ 2,251 |

| <i>(in thousands)</i> | Three Months Ended March 31, 2021 | | |
|---|-----------------------------------|-------------------------|-------------------------|
| | North America Solutions | Offshore Gulf of Mexico | International Solutions |
| Segment operating income (loss) | \$ (109,834) | \$ 2,978 | \$ (3,458) |
| <i>Add back:</i> | | | |
| Depreciation and amortization | 99,917 | 2,593 | 415 |
| Research and development | 5,329 | — | — |
| Selling, general and administrative expense | 12,960 | 634 | 1,138 |
| Asset impairment charge | 54,284 | — | — |
| Restructuring charges | 1,442 | — | — |
| Direct margin (Non-GAAP) | \$ 64,098 | \$ 6,205 | \$ (1,905) |

| <i>(in thousands)</i> | Six Months Ended March 31, 2022 | | |
|---|---------------------------------|-------------------------|-------------------------|
| | North America Solutions | Offshore Gulf of Mexico | International Solutions |
| Segment operating income (loss) | \$ (27,596) | \$ 10,744 | \$ 7,201 |
| <i>Add back:</i> | | | |
| Depreciation and amortization | 189,438 | 4,781 | 1,804 |
| Research and development | 12,988 | — | — |
| Selling, general and administrative expense | 21,712 | 1,341 | 3,779 |
| Asset impairment charge | 1,868 | — | 2,495 |
| Restructuring charges | 473 | — | — |
| Direct margin (Non-GAAP) | \$ 198,883 | \$ 16,866 | \$ 15,279 |

| <i>(in thousands)</i> | Six Months Ended March 31, 2021 | | |
|---|---------------------------------|-------------------------|-------------------------|
| | North America Solutions | Offshore Gulf of Mexico | International Solutions |
| Segment operating income (loss) | \$ (182,762) | \$ 5,720 | \$ (11,815) |
| <i>Add back:</i> | | | |
| Depreciation and amortization | 200,241 | 5,199 | 788 |
| Research and development | 10,795 | — | — |
| Selling, general and administrative expense | 24,640 | 1,303 | 2,117 |
| Asset impairment charge | 54,284 | — | — |
| Restructuring charges | 1,581 | — | — |
| Direct Margin (Non-GAAP) | \$ 108,779 | \$ 12,222 | \$ (8,910) |

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For a description of our market risks, see

- Note 12—Fair Value Measurement of Financial Instruments to the Unaudited Condensed Consolidated Financial Statements contained in Item 1 of Part I hereof with regard to equity price risk which is incorporated herein by reference;
- “Item 7A. Quantitative and Qualitative Disclosures About Market Risk” in our 2021 Annual Report on Form 10-K filed with the SEC on November 18, 2021;
- Note 6—Debt to the Unaudited Condensed Consolidated Financial Statements contained in Item 1 of Part I hereof with regard to interest rate risk which is incorporated herein by reference; and
- Note 2—Summary of Significant Accounting Policies, Risks and Uncertainties to the Unaudited Condensed Consolidated Financial Statements contained in Item 1 of Part I hereof with regard to foreign currency exchange rate risk which is incorporated herein by reference.

ITEM 4. CONTROLS AND PROCEDURES

As of the end of the period covered by this report, an evaluation was performed with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, our management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of March 31, 2022 at ensuring that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms.

There have been no material changes in our internal controls over financial reporting that occurred during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See Note 13—Commitments and Contingencies to the Unaudited Condensed Consolidated Financial Statements for information regarding our legal proceedings.

ITEM 1A. RISK FACTORS

There have been no material changes in the risk factors previously disclosed in Part 1, Item 1A—“Risk Factors” in our 2021 Annual Report on Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The table below sets forth the information with respect to our repurchases of common shares during the three-month period ended March 31, 2022 (in thousands except per share amounts):

| Period | Total Number of Shares Purchased ¹ | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs ¹ |
|--------------------------|---|------------------------------|--|---|
| January 1 - January 31 | 607 | \$ 27.39 | — | 3,393 |
| February 1 - February 28 | — | — | — | 3,393 |
| March 1 - March 31 | — | — | — | 3,393 |
| Total | 607 | | — | |

(1) The Company has an evergreen authorization from the Board for the repurchase of up to four million common shares in any calendar year. The repurchases may be made using our cash and cash equivalents or other available sources. Shares of stock repurchased pursuant to such authorization are held as treasury shares.

ITEM 6. EXHIBITS

The following documents are included as exhibits to this Form 10-Q. Those exhibits below that are incorporated herein by reference are indicated as such by the information supplied in the parenthetical thereafter. If no parenthetical appears after an exhibit, the exhibit is filed or furnished herewith.

| Exhibit Number | Description |
|----------------|---|
| 3.1 | <u>Amended and Restated Certificate of Incorporation of Helmerich & Payne, Inc. (incorporated herein by reference to Exhibit 3.1 of the Company's Form 8-K filed on March 14, 2012, SEC File No. 001-04221).</u> |
| 3.2 | <u>Amended and Restated By-laws of Helmerich & Payne, Inc. (incorporated herein by reference to Exhibit 3.1 of the Company's Form 8-K filed on June 2, 2021, SEC File No. 001-04221).</u> |
| 10.1 | <u>Amendment No. 2 to Credit Agreement, dated March 8, 2022 among Helmerich & Payne, Inc., the lenders party thereto and Wells Fargo Bank, National Association,</u> |
| 10.2 | <u>Helmerich & Payne, Inc. Amended and Restated 2020 Omnibus Incentive Plan (incorporated herein by reference to Appendix "A" of the Company's Proxy Statement on Schedule 14A filed on January 18, 2022, SEC File No. 001-04221).</u> |
| 10.3 | <u>Form of Restricted Stock Agreement for the Helmerich & Payne Amended and Restated 2020 Omnibus Incentive Plan applicable to Directors.</u> |
| 10.4 | <u>Form of Annual Three-Year Performance-Vested Restricted Share Unit Award Agreement for the Helmerich & Payne, Inc. Amended and Restated 2020 Omnibus Incentive Plan.</u> |
| 10.5 | <u>Form of Standard Three-Year Performance-Vested Restricted Share Unit Award Agreement for the Helmerich & Payne, Inc. Amended and Restated 2020 Omnibus Incentive Plan.</u> |
| 10.6 | <u>Form of Restricted Stock Award Agreement applicable to employees for the Helmerich & Payne, Inc. Amended and Restated 2020 Omnibus Incentive Plan.</u> |
| 31.1 | <u>Certification of Chief Executive Officer, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u> |
| 31.2 | <u>Certification of Chief Financial Officer, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u> |
| 32 | <u>Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u> |
| 101 | Financial statements from the quarterly report on Form 10-Q of Helmerich & Payne, Inc. for the quarter ended March 31, 2022, filed on April 27, 2022, formatted in Inline Extensive Business Reporting Language (XBRL): (i) the Unaudited Condensed Consolidated Balance Sheets, (ii) the Unaudited Condensed Consolidated Statements of Operations, (iii) the Unaudited Condensed Consolidated Statements of Comprehensive Income (Loss), (iv) the Unaudited Condensed Consolidated Statements of Shareholders' Equity, (v) the Unaudited Condensed Consolidated Statements of Cash Flows and (vi) the Notes to Unaudited Condensed Consolidated Financial Statements. |
| 104 | Cover Page Interactive Date File (formatted as Inline XBRL and contained in Exhibit 101). |

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 thereunto duly authorized.

HELMERICH & PAYNE, INC.
(Registrant)

Date: April 27, 2022

By: /S/ JOHN W. LINDSAY

John W. Lindsay
Director, President and Chief Executive Officer

Date: April 27, 2022

By: /S/ MARK W. SMITH

Mark W. Smith
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

AMENDMENT NO. 2 TO CREDIT AGREEMENT

This AMENDMENT NO. 2 TO CREDIT AGREEMENT (“Agreement”) dated as of March 8, 2022 (the “Effective Date”) is among Helmerich & Payne, Inc., a Delaware corporation (the “Borrower”), the Lenders (as defined below) party hereto, and Wells Fargo Bank, National Association, as administrative agent (in such capacity, the “Administrative Agent”) for the Lenders, as swingline lender (in such capacity, the “Swingline Lender”), and as an issuing lender (in such capacity, the “Issuing Lender”).

RECITALS

A. The Borrower, the Administrative Agent, the Swingline Lender, the Issuing Lender, and the financial institutions party thereto from time to time, as lenders (the “Lenders”), are parties to that certain Credit Agreement dated as of November 13, 2018 (as amended by Amendment No. 1 to Credit Agreement dated as of November 13, 2019 and as extended pursuant to that certain Memorandum dated as of March 31, 2021 and as may be further amended, restated, amended and restated, or otherwise modified prior to the date hereof, the “Credit Agreement”).

B. Pursuant to Section 2.1(d) of the Credit Agreement, the Borrower gave written notice on February 1, 2022 requesting that each Lender extend such Lender’s Existing Maturity Date (as defined in the Credit Agreement) for an additional 364 days.

C. Subject to the terms and conditions set forth herein, the parties hereto wish to amend certain provisions of the Credit Agreement as set forth herein.

NOW THEREFORE, in consideration of the premises and the mutual covenants, representations and warranties contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

Section 1. **Defined Terms.** As used in this Agreement, each of the terms defined in the opening paragraph and the Recitals above shall have the meanings assigned to such terms therein. Each term defined in the Credit Agreement and used herein without definition shall have the meaning assigned to such term in the Credit Agreement, unless expressly provided to the contrary.

Section 2. **Other Definitional Provisions.** The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context requires otherwise, (a) any definition of or reference to any agreement, instrument or other document shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference to any Person shall be construed to include such Person’s successors and assigns, (c) the words “herein,” “hereof” and “hereunder,” and words of similar import when used herein, shall be construed to refer to this Agreement in its entirety and not to any particular provision thereof, (d) all references herein to Articles, Sections, Exhibits, Annexes, and Schedules shall be construed to refer to Articles and Sections of, and Exhibits, Annexes, and Schedules to, this Agreement, (e) any reference to any law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (f) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights. In the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including,” the words “to” and “until” each mean “to but excluding,” and the word “through” means “to and including.” Section headings herein are included for convenience of reference only and shall not affect the interpretation of this Agreement.

Section 3. **Amendments to Credit Agreement.**

(a) As of the Effective Date, the Credit Agreement (exclusive of Schedules and Exhibits thereto, unless expressly provided herein) is amended to read as reflected on Annex A attached hereto.

(b) As of the Effective Date, Schedule I (*Pricing Schedule*) and Schedule II (*Revolving Commitments*) of the Credit Agreement are amended and restated in their entirety as set forth on Schedule I and Schedule II, respectively, attached hereto.

Section 4. **Representations and Warranties.** The Borrower hereby represents and warrants that:

(a) immediately before and immediately after giving effect to this Agreement, the representations and warranties made by the Borrower in the Credit Documents are true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that are already qualified or modified by materiality or Material Adverse Change in the text thereof) on the date hereof, except that any representation and warranty which by its terms is made as of a specified date is true and correct as of such specified date;

(b) immediately before and immediately after giving effect to this Agreement, no Default exists;

(c) the execution, delivery and performance of this Agreement by the Borrower are within its corporate power and have been duly authorized by all necessary corporate action;

(d) this Agreement constitutes the legal, valid and binding obligation of the Borrower enforceable in accordance with its terms, except as limited by applicable Debtor Relief Laws affecting the rights of creditors generally and general principles of equity whether applied by a court of law or equity;

(e) there are no governmental or other third party consents, licenses and approvals required in connection with the execution, delivery, performance, validity and enforceability of this Agreement, except notices to or filings with the SEC; and

(f) as of the Effective Date, no action, suit, investigation or other proceeding by or before any arbitrator or any Governmental Authority is pending or, to the Borrower's knowledge, threatened and no preliminary or permanent injunction or order by a state or federal court has been entered in connection with this Agreement or any other Credit Document.

Section 5. **Conditions to Effectiveness.** This Agreement shall become effective on the Effective Date and enforceable against the parties hereto upon the occurrence of the following conditions, which may occur prior to or concurrently with the closing of this Agreement:

(a) the Administrative Agent shall have received this Agreement executed by duly authorized officers of the Borrower, the Administrative Agent, and Lenders constituting at least the Majority Lenders;

(b) the Administrative Agent shall have received that certain fee letter dated as of the Effective Date executed by duly authorized officers of the Borrower and Wells Fargo Securities, LLC (the "Amendment No. 2 Fee Letter");

(c) the representations and warranties contained in Section 4 of this Agreement shall be true and correct on and as of the Effective Date;

(d) the Administrative Agent shall have received a secretary's certificate from the Borrower certifying that attached thereto is evidence of appropriate authorization on the part of the Borrower with respect to the extension of the Maturity Date effected by this Agreement; and

(e) the Borrower shall have paid (i) all fees and expenses of the Administrative Agent's outside legal counsel required to be paid pursuant to all invoices presented for payment at least two Business Days prior to the Effective Date, and (ii) the fees required under the Amendment No. 2 Fee Letter.

Section 6. **Acknowledgments and Agreements.**

(a) Each Lender party hereto acknowledges and agrees that (i) it is an Extending Lender and (ii) effective as of the Effective Date, the Maturity Date as to such Lender shall be extended to the date set forth on Schedule II attached hereto.

(b) The Borrower, the Administrative Agent and the Lenders party hereto acknowledge and agree that (i) the extension of the Maturity Date of each Lender party hereto pursuant to this Agreement is an extension pursuant to Section 2.1(d) of the Credit Agreement, as amended by this Agreement, and (ii) each Lender that is not a party hereto, if any, shall be a Non-Extending Lender, and the Maturity Date as to each Non-Extending Lender shall be such Lender's Existing Maturity Date, as set forth on Schedule II attached hereto.

(c) The Borrower acknowledges that on the date hereof all outstanding Obligations are payable in accordance with their terms and that all payments thereof shall be made in accordance with Section 2.13(a) of the Credit Agreement.

(d) The Borrower, the Administrative Agent, the Swingline Lender, the Issuing Lender, and each Lender party hereto does each hereby adopt, ratify, and confirm the Credit Agreement, as amended hereby, and acknowledges and agrees that the Credit Agreement, as amended hereby, is and remains in full force and effect, and the Borrower acknowledges and agrees that its liabilities and obligations under the Credit Agreement, as amended hereby, and the other Credit Documents, are not impaired in any respect by this Agreement.

(e) Nothing herein shall constitute a waiver or relinquishment of (i) any Default under any of the Credit Documents, (ii) any of the agreements, terms, or conditions contained in any of the Credit Documents, (iii) any rights or remedies of the Administrative Agent, the Swingline Lender, any Issuing Lender, or any Lender with respect to the Credit Documents, or (iv) the rights of the Administrative Agent, the Swingline Lender, any Issuing Lender, or any Lender to collect the full amounts owing to it under the Credit Documents.

(f) From and after the Effective Date, all references to the Credit Agreement shall mean the Credit Agreement, as amended by this Agreement. This Agreement is a Credit Document for the purposes of the provisions of the other Credit Documents.

Section 7. **Counterparts.** This Agreement may be signed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which, taken together, constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or by e-mail "PDF" copy shall be effective as delivery of a manually executed counterpart of this Agreement. The execution and delivery of this Agreement shall be deemed to include electronic signatures on electronic platforms approved by the Administrative Agent, which shall be of the same legal effect, validity, or enforceability as delivery of a manually executed signature, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that, upon the request of any party hereto, such electronic signature shall be promptly followed by the original thereof.

Section 8. **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted pursuant to the Credit Agreement.

Section 9. **Invalidity.** In the event that any one or more of the provisions contained in this Agreement shall be held invalid, illegal or unenforceable in any respect under any applicable Legal Requirement, the validity, legality, and enforceability of the remaining provisions contained herein or therein shall not be affected or impaired thereby.

Section 10. **Governing Law.** This Agreement shall be deemed a contract under, and shall be governed by, and construed and enforced in accordance with, the laws of the State of New York without regard to conflicts of laws principles (other than Sections 5-1401 and 5-1402 of the General Obligations Law of the State of New York).

Section 11. **Entire Agreement.** **THIS WRITTEN AGREEMENT AND THE OTHER CREDIT DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.**

THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

[SIGNATURES BEGIN ON NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

BORROWER:

HELMERICH & PAYNE, INC.

By: /s/ Mark W. Smith

Name: Mark W. Smith

Title: Senior Vice President and Chief Financial Officer

Signature Page to Amendment No. 2 to Credit Agreement
(Helmerich & Payne, Inc.)

ADMINISTRATIVE AGENT:

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Administrative Agent, an Issuing Lender, Swingline Lender, and a Lender

By: /s/ Corbin M. Womac
Name: Corbin M. Womac
Title: Director

Signature Page to Amendment No. 2 to Credit Agreement
(Helmerich & Payne, Inc.)

LENDER:

BOKE, NA DBA BANK OF OKLAHOMA,
as a Lender

By: /s/ Timberly Harding
Name: Timberly Harding
Title: Senior Vice President

Signature Page to Amendment No. 2 to Credit Agreement
(Helmerich & Payne, Inc.)

LENDER:

BARCLAYS BANK PLC,
as a Lender

By: /s/ Sydney G. Dennis
Name: Sydney G. Dennis
Title: Director

Signature Page to Amendment No. 2 to Credit Agreement
(Helmerich & Payne, Inc.)

LENDER:

HSBC BANK USA, N.A.,
as a Lender

By: /s/ Jay Fort
Name: Jay Fort
Title: Senior Vice President

Signature Page to Amendment No. 2 to Credit Agreement
(Helmerich & Payne, Inc.)

LENDER:

THE BANK OF NOVA SCOTIA, HOUSTON BRANCH,
as a Lender

By: /s/ Joe Lattanzi
Name: Joe Lattanzi
Title: Managing Director

LENDER:

GOLDMAN SACHS BANK USA,
as a Lender

By: /s/ Andrew Vernon
Name: Andrew Vernon
Title: Authorized Signatory

Signature Page to Amendment No. 2 to Credit Agreement
(Helmerich & Payne, Inc.)

LENDER:

MORGAN STANLEY BANK, N.A.,
as a Lender

By: /s/ Michael King
Name: Michael King
Title: Authorized Signatory

LENDER:

MIDFIRST BANK,
as a Lender



By: /s/ Kevin M. Lackner
Name: Kevin M. Lackner
Title: Senior Vice President

Signature Page to Amendment No. 2 to Credit Agreement
(Helmerich & Payne, Inc.)

LENDER:

ARVEST BANK,
as a Lender

By: /s/ Andrew Coffey
Name: Andrew Coffey
Title: Senior Vice President

Signature Page to Amendment No. 2 to Credit Agreement
(Helmerich & Payne, Inc.)

ANNEX A

[See Attached]

Annex A

CREDIT AGREEMENT

dated as of November 13, 2018

among

**HELMERICH & PAYNE, INC.,
as Borrower,**

**WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Administrative Agent, an Issuing Lender, and Swingline Lender,
and**

**THE LENDERS PARTY HERETO FROM TIME TO TIME,
as Lenders**

\$750,000,000

**WELLS FARGO SECURITIES, LLC, BOKF, NA, BARCLAYS BANK PLC,
HSBC BANK USA, N.A., AND THE BANK OF NOVA SCOTIA, HOUSTON BRANCH,
as Joint Lead Arrangers and Joint Bookrunners**

**BOKF, NA, BARCLAYS BANK PLC, HSBC BANK USA, N.A., AND
THE BANK OF NOVA SCOTIA, HOUSTON BRANCH,**

as Co-Syndication Agents

TABLE OF CONTENTS

Page

ARTICLE I. DEFINITIONS AND ACCOUNTING TERMS 1

- Section 1.1 Certain Defined Terms 1
- Section 1.2 Accounting Terms; Changes in GAAP 23
- Section 1.3 Classes and Types of Advances 23
- Section 1.4 Other Interpretive Provisions 23
- Section 1.5 Rates 24

ARTICLE II. CREDIT FACILITIES 24

- Section 2.1 Commitments 24
- Section 2.2 Evidence of Indebtedness 29
- Section 2.3 Letters of Credit 29
- Section 2.4 Swingline Advances 34
- Section 2.5 Borrowings; Procedures and Limitations 36
- Section 2.6 Prepayments 40
- Section 2.7 Repayment 41
- Section 2.8 Fees 41
- Section 2.9 Interest 41
- Section 2.10 Changed Circumstances 42
- Section 2.11 Indemnity 43
- Section 2.12 Increased Costs 44
- Section 2.13 Payments and Computations 45
- Section 2.14 Taxes 47
- Section 2.15 Mitigation Obligations; Replacement of Lenders 50
- Section 2.16 Defaulting Lender 51

ARTICLE III. CONDITIONS PRECEDENT 54

**Table of Contents
(continued)**

| | | |
|---|---|-----------|
| Section 3.1 | Conditions Precedent to Initial Credit Extension | 54 |
| Section 3.2 | Conditions Precedent to Each Credit Extension | 55 |
| ARTICLE IV. REPRESENTATIONS AND WARRANTIES | | 56 |
| Section 4.1 | Organization | 56 |
| Section 4.2 | Authorization | 56 |
| Section 4.3 | Enforceability | 56 |
| Section 4.4 | Financial Condition | 56 |
| Section 4.5 | Ownership and Liens | 57 |
| Section 4.6 | True and Complete Disclosure | 57 |
| Section 4.7 | Litigation | 57 |
| Section 4.8 | No Default | 57 |
| Section 4.9 | Pension Plans | 57 |
| Section 4.10 | Environmental Condition | 58 |
| Section 4.11 | Subsidiaries | 58 |
| Section 4.12 | Investment Company Act | 59 |
| Section 4.13 | Taxes | 59 |
| Section 4.14 | Permits, Licenses, etc | 59 |
| Section 4.15 | Use of Proceeds | 59 |
| Section 4.16 | Condition of Property; Casualties | 59 |
| Section 4.17 | Insurance | 59 |
| Section 4.18 | Anti-Corruption Laws, Anti-Money Laundering/Anti-Terrorism Laws, and Sanctions | 59 |
| Section 4.19 | Affected Financial Institution | 60 |
| ARTICLE V. AFFIRMATIVE COVENANTS | | 60 |
| Section 5.1 | Organization | 60 |
| Section 5.2 | Reporting | 60 |

**Table of Contents
(continued)**

| | | |
|--|---|-----------|
| Section 5.3 | Insurance | 63 |
| Section 5.4 | Compliance with Laws | 63 |
| Section 5.5 | Taxes | 63 |
| Section 5.6 | Records; Inspection | 63 |
| Section 5.7 | Maintenance of Property | 64 |
| Section 5.8 | Compliance with Anti-Corruption Laws, Anti-Money Laundering/Anti-Terrorism Laws, and Sanctions | 64 |
| ARTICLE VI. NEGATIVE COVENANTS | | 64 |
| Section 6.1 | Debt | 64 |
| Section 6.2 | Liens | 64 |
| Section 6.3 | [Reserved.] | 65 |
| Section 6.4 | [Reserved.] | 65 |
| Section 6.5 | Restrictive Agreements | 65 |
| Section 6.6 | Use of Proceeds; Use of Letters of Credit | 66 |
| Section 6.7 | Corporate Actions; Fundamental Changes | 66 |
| Section 6.8 | [Reserved.] | 67 |
| Section 6.9 | Restricted Payments | 67 |
| Section 6.10 | Affiliate Transactions | 67 |
| Section 6.11 | Line of Business | 67 |
| Section 6.12 | Compliance with ERISA | 67 |
| Section 6.13 | Hedging Arrangements | 67 |
| Section 6.14 | Funded Leverage Ratio | 68 |
| Section 6.15 | [Reserved.] | 68 |
| ARTICLE VII. DEFAULT AND REMEDIES | | 68 |
| Section 7.1 | Events of Default | 68 |
| Section 7.2 | Optional Acceleration of Maturity | 69 |

Table of Contents
(continued)

| | | |
|---|---|-----------|
| Section 7.3 | Automatic Acceleration of Maturity | 70 |
| Section 7.4 | Set-off | 70 |
| Section 7.5 | Remedies Cumulative, No Waiver | 71 |
| Section 7.6 | Application of Payments | 71 |
| ARTICLE VIII. THE ADMINISTRATIVE AGENT AND ISSUING LENDERS | | 72 |
| Section 8.1 | Appointment and Authority | 72 |
| Section 8.2 | Rights as a Lender | 72 |
| Section 8.3 | Exculpatory Provisions | 72 |
| Section 8.4 | Reliance by Administrative Agent, Swingline Lender and Issuing Lenders | 73 |
| Section 8.5 | Delegation of Duties | 74 |
| Section 8.6 | Resignation of Administrative Agent or Issuing Lender | 74 |
| Section 8.7 | Non-Reliance on Administrative Agent and Other Lenders | 76 |
| Section 8.8 | No Other Duties, etc | 76 |
| Section 8.9 | Indemnification | 76 |
| Section 8.10 | Certain Authorization of Administrative Agent; Release of Guarantors | 77 |
| Section 8.11 | Certain ERISA Matters | 78 |
| ARTICLE IX. MISCELLANEOUS | | 79 |
| Section 9.1 | Expenses; Indemnity; Damage Waiver | 79 |
| Section 9.2 | Waivers and Amendments | 81 |
| Section 9.3 | Severability | 82 |
| Section 9.4 | Survival of Representations and Obligations | 82 |
| Section 9.5 | Successors and Assigns Generally | 82 |
| Section 9.6 | Lender Assignments and Participations | 82 |
| Section 9.7 | Notices, Etc | 85 |

**Table of Contents
(continued)**

| | | |
|--------------|---|----|
| Section 9.8 | Confidentiality | 86 |
| Section 9.9 | Usury Not Intended | 87 |
| Section 9.10 | Usury Recapture | 88 |
| Section 9.11 | Payments Set Aside | 88 |
| Section 9.12 | Governing Law; Submission to Jurisdiction | 89 |
| Section 9.13 | Execution and Effectiveness | 89 |
| Section 9.14 | Waiver of Jury | 90 |
| Section 9.15 | USA PATRIOT ACT Notice | 91 |
| Section 9.16 | Acknowledgment and Consent to Bail-In of Affected Financial Institutions | 91 |
| Section 9.17 | No Advisory or Fiduciary Responsibility | 91 |
| Section 9.18 | Integration | 92 |

SCHEDULES:

| | |
|---------------|---|
| Schedule I | – Pricing Schedule |
| Schedule II | – Revolving Commitments |
| Schedule III | – Notice Information Schedule 1.1 – Existing Letters of Credit Schedule 3.1(g) – Material Adverse Change Schedule 4.7 – Litigation |
| Schedule 4.9 | – Pension Plan Assets |
| Schedule 4.11 | – Subsidiaries |
| Schedule 6.12 | – ERISA |

Table of Contents
(continued)

EXHIBITS:

Exhibit A - Assignment and Assumption Exhibit B - Compliance Certificate
Exhibit C - Guaranty
Exhibit D - Notice of Borrowing
Exhibit E - Notice of Conversion or Continuance Exhibit F-1 - Form of U.S. Tax Compliance Certificate
Exhibit F-2 - Form of U.S. Tax Compliance Certificate Exhibit F-3 - Form of U.S. Tax Compliance
Certificate Exhibit F-4 - Form of U.S. Tax Compliance Certificate

CREDIT AGREEMENT

This **CREDIT AGREEMENT** dated as of November 13, 2018 (“Agreement”) is among (a) **Helmerich & Payne, Inc.**, a Delaware corporation (the “Borrower”), (b) the Lenders (as defined below), (c) the Issuing Lenders (as defined below) and (d) **Wells Fargo Bank, National Association**, as Administrative Agent for the Lenders, an Issuing Lender, and Swingline Lender (each as defined below).

The parties hereto hereby agree as follows:

ARTICLE I. DEFINITIONS AND ACCOUNTING TERMS

Section 1.1 **Certain Defined Terms.** As used in this Agreement, the defined terms set forth in the recitals above shall have the meanings set forth above and the following terms shall have the following meanings:

“Additional Commitment Lender” shall have the meaning assigned to such term in Section 2.1(d)(iii).

“Additional Lender” shall have the meaning assigned to such term in Section 2.1(c).

“Adjusted Base Rate” means, for any day, a fluctuating rate per annum of interest equal to the highest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Rate in effect on such day plus 0.5% or (c) Adjusted Term SOFR for a one-month tenor in effect on such day plus 1.0%; provided, that if the Adjusted Base Rate shall be less than the Floor for a determination, such rate shall be deemed to be the Floor for such determination. Any change in the Adjusted Base Rate due to a change in the Prime Rate or the Federal Funds Rate shall be effective on the effective date of such change in the Prime Rate or Federal Funds Rate.

“Adjusted Term SOFR” means, in respect of any Interest Period or calculation of Adjusted Base Rate, the rate per annum equal to (a) Term SOFR for such Interest Period or in respect of the calculation of Adjusted Base Rate, as the case may be plus (b) the Term SOFR Adjustment; provided that if Adjusted Term SOFR as so determined shall ever be less than the Floor, then Adjusted Term SOFR shall be deemed to be the Floor for such determination.

“Administrative Agent” means Wells Fargo in its capacity as agent for the Lenders pursuant to Article VIII and any successor agent pursuant to Section 8.6.

“Administrative Questionnaire” means an administrative questionnaire in a form supplied by the Administrative Agent.

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

“Advance” means a Revolving Advance or a Swingline Advance.

“Affiliate” means, with respect to a specified Person, another Person that directly or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

“Agreement” has the meaning assigned to such term in the preamble.

“Amendment No. 1 Effective Date” means November 13, 2019.

“Amendment No. 2 Effective Date” means March 8, 2022.

“Amendment No. 1 Fee Letter” means that certain fee letter dated as of the Amendment No. 1 Effective Date, between the Borrower and Wells Fargo Securities, LLC.

“Amendment No. 2 Fee Letter” means that certain fee letter dated as of the Amendment No. 2 Effective Date, between the Borrower and Wells Fargo Securities, LLC.

“Anti-Corruption Laws” means all applicable Legal Requirements of any jurisdiction from time to time concerning or relating to bribery or corruption, including, without limitation, the United States Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder.

“Anti-Money Laundering/Anti-Terrorism Laws” means all applicable Legal Requirements relating to money laundering or terrorist financing, including the Bank Secrecy Act, 31 U.S.C. Sections 5301 et seq.; The Currency and Foreign Transactions Reporting Act (31 U.S.C. §§ 5311-5330 and 12 U.S.C. §§ 1818(s), 1820(b) and 1951-1959); the Trading With the Enemy Act (50 U.S.C. § 1 et seq., as amended); the Patriot Act; Laundering of Monetary Instruments, 18 U.S.C. Section 1956; Engaging in Monetary Transactions in Property Derived from Specified Unlawful Activity, 18 U.S.C. Section 1957; the Financial Recordkeeping and Reporting of Currency and Foreign Transactions Regulations, 31 C.F.R. Part 103; Executive Order No. 13,224, 66 Fed. Reg. 49,079 (2001) issued by the President of the U.S. (Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism); and any similar Legal Requirement currently in force or hereafter enacted.

“Applicable Law” means all applicable provisions of constitutions, laws, statutes, ordinances, rules, treaties, regulations, permits, licenses, approvals, interpretations and orders of Governmental Authorities and all orders and decrees of all courts and arbitrators.

“Applicable Margin” means, at any time, with respect to each Type of Advance, the Letters of Credit and the Commitment Fees, the percentage rate per annum which is applicable at such time with respect to such Advance, Letter of Credit or Commitment Fee as set forth in Schedule I.

“Applicable Percentage” means, with respect to any Lender, (i) the ratio (expressed as a percentage) of such Lender’s Revolving Commitment at such time to the aggregate Revolving Commitments of the Lenders at such time or (ii) if the Revolving Commitments have been terminated or expired, the ratio (expressed as a percentage) of such Lender’s Revolving Commitment most recently in effect to the aggregate Revolving Commitments most recently in effect, in each case, after giving effect to any assignments.

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

“Assignee Group” means two or more Eligible Assignees that are Affiliates of one another or two or more Approved Funds managed by the same investment advisor.

“Assignment and Assumption” means an assignment and assumption executed by a Lender and an Eligible Assignee and accepted by the Administrative Agent and in substantially the form set forth in Exhibit A.

“Available Tenor” means, as of any date of determination and with respect to the then-current Benchmark, as applicable, (a) if such Benchmark is a term rate, any tenor for such Benchmark (or component thereof) that is or may be used for determining the length of an interest period pursuant to this Agreement or (b) otherwise, any payment period for interest calculated with reference to such Benchmark (or component thereof) that is or may be used for determining any frequency of making payments of interest calculated with reference to such Benchmark, in each case, as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of “Interest Period” pursuant to Section 2.5(g)(iv).

“Bail-In Action” means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

“Bail-In Legislation” means, (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the

implementing law, rule, regulation or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

“Base Rate Advance” means an Advance which bears interest based upon the Adjusted Base Rate as provided in Section 2.9(a).

“Base Rate Term SOFR Determination Day” has the meaning assigned thereto in the definition of “Term SOFR”.

“Benchmark” means, initially, the Term SOFR Reference Rate; provided that if a Benchmark Transition Event has occurred with respect to the Term SOFR Reference Rate or the then-current Benchmark, then “Benchmark” means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Section 2.5(g)(i).

“Benchmark Replacement” means, with respect to any Benchmark Transition Event, the sum of: (a) the alternate benchmark rate that has been selected by the Administrative Agent and the Borrower giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement to the then-current Benchmark for Dollar-denominated syndicated credit facilities and (b) the related Benchmark Replacement Adjustment; provided that, if such Benchmark Replacement as so determined would be less than the Floor, such Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Credit Documents.

“Benchmark Replacement Adjustment” means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement for any applicable Available Tenor, the spread adjustment, or method for calculating or determining such spread adjustment (which may be a positive or negative value or zero), that has been selected by the Administrative Agent and the Borrower giving due consideration to (a) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body or (b) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for Dollar-denominated syndicated credit facilities.

“Benchmark Replacement Date” means the earliest to occur of the following events with respect to the then-current Benchmark:

(a) in the case of clause (a) or (b) of the definition of “Benchmark Transition Event,” the later of (i) the date of the public statement or publication of information referenced therein and (ii) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof); or

(b) in the case of clause (c) of the definition of “Benchmark Transition Event,” the first date on which such Benchmark (or the published component used in the calculation thereof) has been determined and announced by the regulatory supervisor for the administrator of such Benchmark (or such component thereof) to be non-representative; provided that such non-representativeness will be determined by reference to the most recent statement or publication referenced in such clause (c) and even if any Available Tenor of such Benchmark (or such component thereof) continues to be provided on such date.

For the avoidance of doubt, the “Benchmark Replacement Date” will be deemed to have occurred in the case of clause (a) or (b) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to the then-current Benchmark:

(a) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

(b) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the FRB, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or

(c) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are not, or as of a specified future date will not be, representative.

For the avoidance of doubt, a “Benchmark Transition Event” will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Transition Start Date” means, in the case of a Benchmark Transition Event, the earlier of (a) the applicable Benchmark Replacement Date and (b) if such Benchmark Transition Event is a public statement or publication of information of a prospective event, the 90th day prior to the expected date of such event as of such public statement or publication of information (or if the expected date of such prospective event is fewer than 90 days after such statement or publication, the date of such statement or publication).

“Benchmark Unavailability Period” means the period (if any) (x) beginning at the time that a Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Credit Document in accordance with Section 2.5(g)(i) and (y) ending at the time that a Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Credit Document in accordance with Section 2.5(g)(i).

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

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

“Benefit Plan” means any of (a) an “employee benefit plan” (as defined in ERISA) that is subject to Title I of ERISA, (b) a “plan” as defined in and subject to Section 4975 of the Code, or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such “employee benefit plan” or “plan”.

“Business Day” means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Legal Requirements of, or are in fact closed in, Texas or North Carolina.

“Capital Leases” means, for any Person, any lease of any Property by such Person as lessee which would, in accordance with GAAP, be required to be classified and accounted for as a capital lease or a finance lease on the balance sheet of such Person.

“Cash Collateral Account” means a special cash collateral account pledged to the Administrative Agent containing cash deposited pursuant to the terms hereof to be maintained with the Administrative Agent in accordance with Section 2.3(g).

“Cash Collateralize” means, to deposit in a Cash Collateral Account or pledge and deposit with or deliver to the Administrative Agent, for the benefit of one or more of the Issuing Lenders or Lenders, as collateral for Letter of Credit Obligations or obligations of Lenders to fund participations in respect of Letter of Credit Obligations, cash or deposit account balances or, if the Administrative Agent and the Issuing Lenders shall agree in their sole discretion, other credit support, in each case pursuant to documentation in form and substance satisfactory to the Administrative Agent and the Issuing Lenders. “Cash Collateral” shall have a meaning correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support.

“CERCLA” means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, state and local analogs, and all rules and regulations and requirements thereunder.

“Change in Control” means the occurrence of any of the following events: (a) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, but excluding any employee benefit plan of such person or its subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, except that a person or group shall be deemed to have “beneficial ownership” of all securities that such person or group has the right to acquire (such right, an “option right”), whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of 50% or more of the equity securities of the Borrower entitled to vote for members of the board of directors or equivalent governing body of the Borrower on a fully-diluted basis (and taking into account all such securities that such person or group has the right to acquire pursuant to any option right), or (b) during any period of 12 consecutive months, a majority of the members of the board of directors or other equivalent governing body of the Borrower cease to be composed of individuals (i) who were members of that board or equivalent governing body on the first day of such period, (ii) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or (iii) whose election or nomination to that board or other equivalent governing body was approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body.

“Change in Law” means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, implementation, interpretation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority. For purposes of determining whether there has been a Change in Law, all requests, rules, guidelines or directives under the Dodd-Frank Wall Street Reform and Consumer Protection Act or issued in connection therewith and all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued.

“Class” has the meaning set forth in Section 1.3.

“Closing Date” means the first date all the conditions precedent in Section 3.1 are satisfied or waived in accordance with Section 9.2.

“Code” means the Internal Revenue Code of 1986, as amended, and the regulations and published interpretations thereof.

“Commitment Fee” means the fees required under Section 2.8(a).

“Commitment Increase” has the meaning set forth in Section 2.1(c).

“Commitment Letter” means that certain commitment letter dated October 15, 2018, among the Borrower, Wells Fargo Securities, LLC, and Wells Fargo.

“Commitments” means, as to any Lender, its Revolving Commitment and as to the Swingline Lender, its Swingline Commitment.

“Communications” shall have the meaning assigned to such term in Section 9.7(b)(i).

“Compliance Certificate” means a compliance certificate executed by a senior financial officer of the Borrower in substantially the same form as Exhibit B.

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

“Conforming Changes” means, with respect to either the use or administration of Term SOFR or the use, administration, adoption or implementation of any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Adjusted Base Rate,” the definition of “Business Day,” the definition of “U.S. Government Securities Business Day,” the definition of “Interest Period” or any similar or analogous definition (or the addition of a concept of “interest period”), timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, the applicability and length of lookback periods, the applicability of Section 2.11 and other technical, administrative or operational matters) that the Administrative Agent decides may be appropriate to reflect the adoption and implementation of any such rate or to permit the use and administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of any such rate exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement and the other Credit Documents).

“Contingent Debt” means, with respect to any Person, without duplication, any contingent liabilities, obligations or indebtedness (including, for the avoidance of doubt, any guarantee or similar obligations, contingent or otherwise) of such Person (other than endorsements in the ordinary course of business of negotiable instruments for deposit or collection), including (a) any obligations or similar undertakings to guarantee any Indebtedness of any other Person in any manner, whether direct or indirect, and including any obligation to purchase any such Debt or any Property constituting security therefor, to advance or provide funds or other support for the payment or purchase of any such Debt or to maintain working capital, solvency or other balance sheet condition of such other Person (including keep well agreements, maintenance agreements, comfort letters or similar agreements or arrangements) for the benefit of any holder of Indebtedness of such other Person, to lease or purchase Property, securities or services primarily for the purpose of assuring the holder of such Indebtedness, or otherwise to assure or hold harmless the holder of such Debt against loss in respect thereof, (b) obligations to indemnify other Persons against liability or loss, to the extent not arising in the ordinary course of business, and (c) warranty obligations and other contractually assumed obligations, to the extent not arising in the ordinary course of business.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto.

“Controlled Group” means all members of a controlled group of corporations and all businesses (whether or not incorporated) under common control which, together with the Borrower or any Subsidiary (as applicable), are treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Sections 412 and 430 of the Code, are treated as a single employer under Section 414(m) or (o) of the Code.

“Convert”, “Conversion” and “Converted” each refers to a conversion of Revolving Advances of one Type into a Revolving Advances of another Type pursuant to Section 2.5(b).

“Credit Documents” means this Agreement, the Notes, the Letter of Credit Documents, the Guaranty, the Fee Letter, the Amendment No. 1 Fee Letter, the Amendment No. 2 Fee Letter, and each other agreement, instrument, or document executed at any time in connection with this Agreement.

“Credit Extension” means an Advance or a Letter of Credit Extension.

“Credit Parties” means the Borrower and the Guarantors.

“Debt” means, for any Person, without duplication: (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, or upon which interest payments are customarily made; (c) all obligations of such Person under conditional sale or other title retention agreements relating to any Properties purchased by such Person (other than customary reservations or retentions of title under agreements with suppliers entered into in the ordinary course of business), (d) all obligations of such Person issued or assumed as the deferred purchase price of Property or services purchased by such Person (other than trade debt incurred in the ordinary course of business and due within twelve months of the incurrence thereof) which would appear as liabilities on a balance sheet of such Person, (e) all obligations of such Person under take-or-pay or similar arrangements or under commodities agreements, (f) all Debt of others secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien on, or payable out of the proceeds of production from, Property owned by such Person, whether or not the obligation secured thereby have been assumed (but if such Debt has not been assumed, limited to the lesser of the amount of such Debt and the fair market value of the property securing such Debt), (g) all Contingent Debt of such Person with respect to Debt of another Person, (h) the principal portion of all obligations of such Person under Capital Leases, (i) all net obligations of such Person under Hedging Arrangements, (j) the maximum amount of all standby letters of credit issued or bankers’ acceptances facilities created for the account of such Person and, without duplication, all drafts drawn thereunder (to the extent unreimbursed), (k) all preferred Equity Interests issued by such Person and which by the terms thereof could be (at the request of the holders thereof or otherwise) subject to mandatory sinking fund payments, repurchase, redemption or other acceleration any time during the period ending one year after the term of the Agreement, (l) the principal portion of all obligations of such Person under Synthetic Leases, and (m) the Debt of any partnership or unincorporated joint venture in which such Person is a general partner or a joint venturer, but only to the extent to which there is recourse to such Person for the payment of such Debt. For the avoidance of doubt, the term “Debt” shall not include liability for taxes.

“Debtor Relief Laws” means (a) the Bankruptcy Code of the United States of America, and (b) all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States or other applicable jurisdictions from time to time in effect.

“Default” means (a) an Event of Default or (b) any event or condition which with notice or lapse of time or both would, unless cured or waived, become an Event of Default.

“Defaulting Lender” means, subject to Section 2.16(b), any Lender that (a) has failed to (i) fund all or any portion of its Advances within two Business Days of the date such Advances were required to be funded hereunder unless such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender’s good faith determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Administrative Agent, any Issuing Lender, the Swingline Lender or any other Lender any other amount required to be paid by it hereunder (including in respect of its participation in Letters of Credit or Swingline Advances) within two Business Days of the date when due, (b) has notified the Borrower, the Administrative Agent or an Issuing Lender or the Swingline Lender in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender’s obligation to fund an Advance hereunder and states that such position is based on such Lender’s good faith determination that a condition precedent to funding (which condition precedent,

together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three Business Days after written request by the Administrative Agent or the Borrower, to confirm in writing to the Administrative Agent and the Borrower that it will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and the Borrower), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity, or (iii) become subject of a Bail-In Action; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.16(b)) upon delivery of written notice of such determination to the Borrower, each Issuing Lender, the Swingline Lender and each Lender.

“Dollars” and “\$” means lawful money of the United States.

“EEA Financial Institution” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority” means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“Electronic Record” has the meaning assigned to that term in, and shall be interpreted in accordance with, 15 U.S.C. 7006.

“Electronic Signature” has the meaning assigned to that term in, and shall be interpreted in accordance with, 15 U.S.C. 7006.

“Eligible Assignee” means (a) a Lender; (b) an Affiliate of a Lender; (c) an Approved Fund; and (d) any other Person (other than a natural person) approved by (i) the Administrative Agent, (ii) each Issuing Lender, and (iii) unless an Event of Default has occurred and is continuing at the time any assignment is effected in accordance with Section 9.6, the Borrower (each such approval not to be unreasonably withheld or delayed); provided, however, that (A) the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within 10 Business Days after having received notice thereof and (B) none of (x) the Borrower (y) an Affiliate or a Subsidiary of the Borrower or (y) a Defaulting Lender shall qualify as an Eligible Assignee.

“Environment” or “Environmental” shall have the meanings set forth in 42 U.S.C. 9601(8) (1988).

“Environmental Claim” means any third-party (including governmental agencies and employees) action, lawsuit, claim, demand, regulatory action or proceeding, order, decree, consent agreement or notice of potential or actual responsibility or violation (including claims or proceedings under the Occupational

Safety and Health Acts or similar laws or requirements relating to health or safety of employees) which seeks to impose liability under any Environmental Law.

“Environmental Law” means all federal, state, and local laws, rules, regulations, ordinances, orders, decisions, agreements, and other requirements, including common law theories, now or hereafter in effect and relating to, or in connection with the Environment, health, or safety, including without limitation CERCLA, relating to (a) pollution, contamination, injury, destruction, loss, protection, cleanup, reclamation or restoration of the air, surface water, groundwater, land surface or subsurface strata, or other natural resources; (b) solid, gaseous or liquid waste generation, treatment, processing, recycling, reclamation, cleanup, storage, disposal or transportation; (c) exposure to pollutants, contaminants, hazardous, medical infections, or toxic substances, materials or wastes; (d) the safety or health of employees; or (e) the manufacture, processing, handling, transportation, distribution in commerce, use, storage or disposal of hazardous or toxic substances, materials or wastes.

“Environmental Permit” means any permit, license, order, approval, registration or other authorization under Environmental Law.

“Equity Interests” means (a) in the case of a corporation, capital stock, (b) in the case of a partnership, partnership interests (whether general or limited), (c) in the case of a limited liability company, membership interests, (d) any other ownership interest in a Person or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person and (e) any and all warrants, rights or options to purchase any of the foregoing.

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

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

“Event of Default” has the meaning specified in Section 7.1.

“Excluded Taxes” means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in an Advance, Letter of Credit, Letter of Credit Obligation or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Advance, Letter of Credit, Letter of Credit Obligation or Commitment (other than pursuant to an assignment request by the Borrower under Section 2.15(b)) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.14, amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient’s failure to comply with Section 2.14(g) and (d) any withholding Taxes imposed under FATCA.

“Existing Credit Agreement” means that certain Credit Agreement dated as of July 13, 2016, among the Borrower, as parent guarantor, H&P International, as borrower, Wells Fargo, as administrative agent and swingline lender thereunder and as a lender, and the other lenders party thereto from time to time.

“Existing Letters of Credit” means the letters of credit issued or deemed issued under the Existing Credit Agreement including those listed on Schedule 1.1.

“Existing Maturity Date” shall have the meaning assigned to such term in Section 2.1(d)(i).

“Extending Lender” shall have the meaning assigned to such term in Section 2.1(d)(ii).

“Extension Closing Date” shall have the meaning assigned to such term in Section 2.1(d)(iv).

“Extension Notice” shall have the meaning assigned to such term in Section 2.1(d)(i).

“FATCA” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version of such Sections that is substantively comparable and not materially more onerous to comply with), any current or future regulations promulgated thereunder or official interpretation thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code, any intergovernmental agreement, treaty or convention entered into in connection with such Sections of the Code and any fiscal or regulatory legislation, rules or official administrative practices adopted pursuant to any such intergovernmental agreement, treaty or convention.

“Federal Funds Rate” means, for any day, the rate per annum equal to the weighted median of the rates on overnight Federal funds transactions with members of the Federal Reserve System reported by depository institutions on such day for individual transactions, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate charged to the Administrative Agent (in its individual capacity) on such day on such transactions as determined by the Administrative Agent, and (c) in any event, the Federal Funds Rate shall not be less than the Floor.

“Federal Reserve Board” means the Board of Governors of the Federal Reserve System or any of its successors.

“Fee Letter” means that certain fee letter dated as of October 15, 2018, among the Borrower, Wells Fargo Securities, LLC, and Wells Fargo.

“Financial Statements” means, for any period, the consolidated financial statements of the Borrower and its consolidated Subsidiaries, including statements of income, retained earnings and cash flow for such period as well as a balance sheet as of the end of such period, all prepared in accordance with GAAP.

“Floor” means a rate of interest equal to 0%.

“Foreign Lender” means a Lender that is not a U.S. Person.

“Forward Sale Contract” means a prepaid forward sale agreement in which the Borrower receives an up-front payment in exchange for a commitment to deliver securities in the future, with the number of shares to be delivered varying with the share price at maturity.

“FRB” means the Board of Governors of the Federal Reserve System of the United States.

“Fronting Exposure” means, at any time there is a Defaulting Lender, (a) with respect to each Issuing Lender, such Defaulting Lender’s Applicable Percentage of the outstanding Letter of Credit Obligations other than Letter of Credit Obligations as to which such Defaulting Lender’s participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof, and (b) with respect to the Swingline Lender, such Defaulting Lender’s Applicable Percentage of outstanding Swingline Advances other than Swingline Advances as to which such Defaulting Lender’s participation obligation has been reallocated to other Lenders.

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

“Funded Debt” means all Debt of the Borrower and its consolidated Subsidiaries of the types described in clauses (a), (b), (c), (d), (f), (g), (h), (j), (l) and (m) of the definition of “Debt” (but with respect to (y) Debt described such clauses (f) and (g), only to the extent such Debt relates to the types of Debt described

above and excluding any intercompany Debt of the Borrower and its Subsidiaries and (z) Debt described in such clause (j), only to the extent drawn and unreimbursed).

“Funded Leverage Ratio” means, as of the end of any fiscal quarter, the ratio (expressed as a percentage) of (a) all Funded Debt, minus the aggregate amount of any Funded Debt incurred as the direct result of Forward Sale Contracts relating to securities held in the Investment Portfolio, as long as such Funded Debt is fully secured by Marketable Securities, to (b) the sum of (i) all Funded Debt plus (ii) the consolidated Net Worth of the Borrower, each as of the last day of such fiscal quarter.

“GAAP” means United States generally accepted accounting principles as in effect from time to time, applied on a basis consistent with the requirements of Section 1.2.

“Governmental Authority” means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“Guarantors” means any Person that now or hereafter executes a Guaranty or a joinder or supplement to a Guaranty, until such time that such Person is released from its Guaranty in accordance with the terms hereof.

“Guaranty” means a guaranty, in favor of the Administrative Agent for the benefit of the Lender Parties, substantially in the form of Exhibit C made by any Person party thereto as a guarantor from time to time.

“H&P International” means Helmerich & Payne International Drilling Co., a Delaware corporation.

“Hazardous Substance” means any substance or material identified as such pursuant to CERCLA and those regulated under any other Environmental Law, including without limitation pollutants, contaminants, petroleum, petroleum products, radionuclides, and radioactive materials.

“Hazardous Waste” means any substance or material regulated or designated as such pursuant to any Environmental Law, including without limitation, pollutants, contaminants, flammable substances and materials, explosives, radioactive materials, oil, petroleum and petroleum products, chemical liquids and solids, polychlorinated biphenyls, asbestos, toxic substances, and similar substances and materials.

“Hedging Arrangement” means a hedge, call, swap, collar, floor, cap, option, forward sale or purchase or other contract or similar arrangement (including any obligations to purchase or sell any commodity or security at a future date for a specific price) which is entered into to reduce or eliminate or otherwise protect against the risk of fluctuations in prices or rates, including interest rates, foreign exchange rates, commodity prices and securities prices.

“Illegality Notice” shall have the meaning assigned to such term in Section 2.10(b).

“Increase Date” means the effective date of a Commitment Increase as provided in Section 2.1(c).

“Increasing Lender” shall have the meaning assigned to such term in Section 2.1(c).

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

“Indemnitees” has the meaning specified in Section 9.1(b).

“Information” shall have the meaning assigned to such term in Section 9.8.

“Interest Expense” means, for any period and with respect to any Person, total interest expense (net of interest income) whether paid or accrued, including, without limitation, all commissions, discounts, and other fees and charges owed with respect to letters of credit and bankers’ acceptance financing, fees owed with respect to the Obligations, the interest component under Capital Leases and net costs under Hedge Arrangements, all as determined in conformity with GAAP.

“Interest Period” means, as to any SOFR Advance, the period commencing on the date such SOFR Advance is disbursed or converted to or continued as a SOFR Advance and ending on the date one (1), three (3) or six (6) months thereafter, in each case as selected by the Borrower in its Notice of Borrowing or Notice of Continuation or Conversion; provided that:

(a) the Interest Period shall commence on the date of advance of or conversion to any SOFR Advance and, in the case of immediately successive Interest Periods, each successive Interest Period shall commence on the date on which the immediately preceding Interest Period expires;

(b) if any Interest Period would otherwise expire on a day that is not a Business Day, such Interest Period shall expire on the next succeeding Business Day; provided that if any Interest Period would otherwise expire on a day that is not a Business Day but is a day of the month after which no further Business Day occurs in such month, such Interest Period shall expire on the immediately preceding Business Day;

(c) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period;

(d) no Interest Period shall extend beyond the latest Maturity Date; and

(e) no tenor that has been removed from this definition pursuant to Section 2.5(g) shall be available for specification in any Notice of Borrowing or Notice of Continuation or Conversion.

“Investment Portfolio” means the Marketable Securities and cash or cash equivalents maintained by the Borrower or any of its Subsidiaries, each which complies with the terms of the Borrower’s investment policy.

“IRS” means the United States Internal Revenue Service.

“Issuing Lender” means each of Wells Fargo and each other Lender that consents to being an Issuing Lender, either by signing this Agreement “as an Issuing Lender” or otherwise.

“Legal Requirement” means any law, statute, ordinance, decree, requirement, order, judgment, rule, treaty, code, administrative or judicial precedents or authorities, regulation (or official interpretation of any of the foregoing) of, and the terms of any license, authorization or permit issued by, and any agreement with, any Governmental Authority, including, but not limited to, Regulations T, U and X.

“Lender Parties” means Lenders, the Issuing Lenders, the Swingline Lender and the Administrative Agent.

“Lenders” means the Persons listed on Schedule II and any other Person that shall have become a party hereto pursuant to an Assignment and Assumption, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Assumption. Unless the context otherwise requires, the term “Lenders” includes the Swingline Lender.

“Lending Office” means, as to any Lender, the office or offices of such Lender described as such in such Lender’s Administrative Questionnaire, or such other office or offices as a Lender may from time to time notify the Borrower and the Administrative Agent.

“Letter of Credit” means any standby or commercial letter of credit issued by an Issuing Lender for the account of the Borrower or any Subsidiary thereof pursuant to the terms of this Agreement, in such form as may be agreed by the Borrower and the applicable Issuing Lender.

“Letter of Credit Application” means the applicable Issuing Lender’s standard form letter of credit application for standby or commercial letters of credit which has been executed by the Borrower and accepted by the applicable Issuing Lender in connection with the issuance of a Letter of Credit.

“Letter of Credit Documents” means all Letters of Credit, Letter of Credit Applications and amendments thereof, and agreements, documents, and instruments entered into in connection therewith or relating thereto.

“Letter of Credit Extension” means, with respect to any Letter of Credit, the issuance thereof, extension of the expiry date thereof, or the increase of the amount thereof.

“Letter of Credit Exposure” means the aggregate outstanding undrawn amount of Letters of Credit plus the aggregate unpaid amount of all of the Borrower’s payment obligations under drawn Letters of Credit.

“Letter of Credit Maximum Amount” means \$75,000,000.

“Letter of Credit Obligations” means any obligations of the Borrower under this Agreement in connection with the Letters of Credit.

“Lien” means any mortgage, lien, pledge, charge, deed of trust, security interest, or encumbrance to secure or provide for the payment of any obligation of any Person, whether arising by contract, operation of law, or otherwise (including the interest of a vendor or lessor under any conditional sale agreement, Capital Lease, or other title retention agreement).

“Majority Lenders” means, at any time, (a) if there are at least two Lenders that are not Defaulting Lenders, at least two Lenders having Total Credit Exposures representing more than 50% of the Total Credit Exposures of all Lenders and (b) if there is one Lender that is not a Defaulting Lender, that Lender. The Total Credit Exposure of any Defaulting Lender shall be disregarded in determining Majority Lenders at any time.

“Marketable Securities” means readily marketable publicly-traded securities, including any stock or other equity security publicly-traded on the New York Stock Exchange, the American Stock Exchange or the National Association of Securities Dealers Automated Quotation System (NASDAQ) and, if approved by the Administrative Agent, any other stock traded on a recognized over-the-counter market.

“Material Adverse Change” means a material adverse change (a) in the financial condition, results of operations, business, assets or liabilities of the Borrower and its Subsidiaries, taken as a whole; (b) on the validity or enforceability of this Agreement or any of the other Credit Document or the rights, benefits or remedies of the Administrative Agent or the Lenders under any Credit Document; or (c) on the Borrower’s or any other Credit Party’s ability to perform its obligations under this Agreement, any Note, the Guaranty or any other Credit Document.

“Maturity Date” means (a) for each Lender, the date set opposite such Lender’s name on Schedule II as its Maturity Date, as such maturity date may be extended pursuant to Section 2.1(d) or (b) the earlier termination in whole of the Revolving Commitments pursuant to Section 2.1(b) or Article VII.

“Maximum Rate” means the maximum nonusurious interest rate under applicable Legal Requirement.

“Minimum Collateral Amount” means, at any time, (i) with respect to Cash Collateral consisting of cash or deposit account balances, an amount equal to 103% of the Fronting Exposure of each Issuing Lender with respect to Letters of Credit issued and outstanding at such time and (ii) otherwise, an amount determined by the Administrative Agent and each Issuing Lender in their sole discretion.

“Moody’s” means Moody’s Investors Service, Inc. and any successor thereto which is a nationally recognized statistical rating organization.

“Multiemployer Plan” means a “multiemployer plan” as defined in Section 4001(a)(3) of ERISA to which the Borrower or any member of the Controlled Group is making or accruing an obligation to make contributions.

“Net Income” means, for any period and with respect to any Person, the net income for such period for such Person after taxes as determined in accordance with GAAP, excluding, however, (a) extraordinary items, including (i) any net non-cash gain or loss during such period arising from the sale, exchange, retirement or other disposition of capital assets (such term to include all fixed assets and all securities) other than in the ordinary course of business, and (ii) any write-up or write-down of assets and (b) the cumulative effect of any change in GAAP.

“Net Worth” means as of the date of its determination, consolidated shareholders’ equity of the Borrower and its consolidated Subsidiaries, as determined in accordance with GAAP.

“Non-Consenting Lender” mean any Lender that does not approve any consent, waiver, amendment, modification or termination that (a) requires the approval of all Lenders or all affected Lenders in accordance with the terms of Section 9.2 and (b) has been approved by the Majority Lenders.

“Non-Defaulting Lender” means, at any time, each Lender that is not a Defaulting Lender at such time.

“Non-Extending Lender” has the meaning specified in Section 2.1(d)(ii).

“Notes” means the Revolving Notes and the Swingline Note.

“Notice” shall have the meaning assigned to such term in Section 9.7(b)(ii).

“Notice Date” shall have the meaning assigned to such term in Section 2.1(d)(i).

“Notice of Borrowing” means a notice of borrowing signed by the Borrower in substantially the same form as Exhibit D or such other form as shall be reasonably approved by the Administrative Agent.

“Notice of Continuation or Conversion” means a notice of continuation or conversion signed by the Borrower in substantially the same form as Exhibit E or such other form as shall be reasonably approved by the Administrative Agent.

“Obligations” means all principal, interest, fees, reimbursements, indemnifications, and other amounts now or hereafter owed by any Credit Party to any Lender, Swingline Lender, Issuing Lender, or Administrative Agent under this Agreement and the Credit Documents, including, the Letter of Credit Obligations, all interest and fees that accrue after the commencement by or against any Credit Party of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding, and any increases, extensions, and rearrangements of any of the foregoing obligations under any amendments, supplements, and other modifications of the documents and agreements creating those obligations.

“OFAC” means The Office of Foreign Assets Control of the U.S. Department of the Treasury.

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

“Other Taxes” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Credit Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 2.15).

“Outstandings” means, as of any date of determination, the sum of (a) the aggregate outstanding amount of all Revolving Advances plus (b) the Letter of Credit Exposure plus (c) the aggregate outstanding amount of all Swingline Advances.

“Overnight Rate” means, for any day, the greater of (i) the Federal Funds Rate and (ii) an overnight rate determined by the Administrative Agent, the applicable Issuing Lender, or Swingline Lender, as the case may be, in accordance with banking industry rules on interbank compensation.

“Participant” has the meaning assigned to such term in Section 9.6(c).

“Participant Register” shall have the meaning assigned to such term in Section 9.6(c).

“Patriot Act” means the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)).

“PBGC” means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

“Periodic Term SOFR Determination Day” has the meaning assigned thereto in the definition of “Term SOFR”.

“Permitted Lien” means any Lien permitted under Section 6.2.

“Person” means any natural person, partnership, corporation (including a business trust), joint stock company, trust, limited liability company, unlimited liability company, limited liability partnership, unincorporated association, joint venture, or other entity, or Governmental Authority, or any trustee, receiver, custodian, or similar official.

“Plan” means an employee benefit plan (other than a Multiemployer Plan) maintained for employees of the Borrower or any member of the Controlled Group and covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code.

“Platform” shall have the meaning assigned to such term in Section 9.7(b)(i).

“Prime Rate” means the prime commercial lending rate of the Administrative Agent, as established from time to time at its principal U.S. office (which such rate is an index or base rate and will not necessarily be its lowest or best rate charged to its customers or other banks). Each change in the Prime Rate will be effective on the day the change is announced within Wells Fargo.

“Priority Debt” means, without duplication, (a) Debt of Subsidiaries that are not Guarantors and (b) Debt secured by Liens addressed in Section 6.2(l).

“Property” of any Person means any property or assets (whether real, personal, or mixed, tangible or intangible) of such Person.

“PTE” means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

“Recipient” means (a) the Administrative Agent, (b) any Lender and (c) any Issuing Lender, as applicable.

“Register” has the meaning set forth in Section 9.6(b).

“Regulations T, U, and X” means Regulations T, U, and X of the Federal Reserve Board, as each is from time to time in effect, and all official rulings and interpretations thereunder or thereof.

“Regulation U” means Regulation U of the Federal Reserve Board, from time to time in effect, and all official rulings and interpretations thereunder or thereof.

“Related Parties” means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents and advisors of such Person and of such Person’s Affiliates.

“Release” shall have the meaning set forth in CERCLA or under any other Environmental Law.

“Relevant Governmental Body” means the FRB or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the FRB or the Federal Reserve Bank of New York, or any successor thereto.

“Removal Effective Date” shall have the meaning assigned to such term in Section 8.6(b).

“Replacement Effective Date” shall have the meaning assigned to such term in Section 8.6(d).

“Replacement Rate” means Term SOFR or any Benchmark Replacement, as applicable.

“Reportable Event” means any of the events set forth in Section 4043(c) of ERISA (other than any such event not subject to the provision for 30-day notice to the PBGC under the regulations issued under such section).

“Representatives” shall have the meaning assigned to such term in Section 9.8.

“Resignation Effective Date” shall have the meaning assigned to such term in Section 8.6(a).

“Response” shall have the meaning set forth in CERCLA or under any other Environmental Law.

“Responsible Officer” means the chief executive officer, president, chief financial officer, vice president, treasurer, assistant treasurer or controller of a Credit Party.

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

“Restricted Payment” means, with respect to any Person, (a) any direct or indirect dividend or distribution (whether in cash, securities or other Property) or any direct or indirect payment of any kind or character (whether in cash, securities or other Property) in consideration for or otherwise in connection with any retirement, purchase, redemption or other acquisition of any Equity Interest of such Person, or any options, warrants or rights to purchase or acquire any such Equity Interest of such Person or (b) principal or interest payments (in cash, Property or otherwise) on, or redemptions of, subordinated debt of such Person; provided that the term “Restricted Payment” shall not include (i) any dividend or distribution payable solely in Equity Interests of such Person, or warrants, options or other rights to purchase such Equity Interests and (ii) any interest payment on subordinated debt payable solely in additional principal amount of such subordinated debt.

“Revolving Advance” means an advance by a Lender to the Borrower as a part of a Revolving Borrowing pursuant to Section 2.1(a) and refers to either a Base Rate Advance or a SOFR Advance.

“Revolving Borrowing” means a borrowing consisting of simultaneous Revolving Advances of the same Type made by the Lenders pursuant to Section 2.1(a) or Converted by each Lender to Revolving Advances of a different Type pursuant to Section 2.5(b).

“Revolving Commitment” means, for each Lender, the obligation of such Lender to advance to Borrower the amount set opposite such Lender’s name on Schedule II as its Revolving Commitment, or if such

Lender has entered into any Assignment and Assumption, set forth for such Lender as its Revolving Commitment in the applicable Register, as such amount may be reduced or increased pursuant to Section 2.1. The initial aggregate amount of the Revolving Commitments on the Closing Date is \$750,000,000.

“Revolving Note” means a promissory note of the Borrower payable to a Lender in the amount of such Lender’s Revolving Commitment, in the form provided by the Administrative Agent and acceptable to the Borrower.

“Same Day Funds” means immediately available funds.

“Sanctioned Country” means, at any time, a country or territory which is itself, or a country or territory whose government is, the subject or target of any Sanctions.

“Sanctioned Person” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC, the U.S. Department of State, the United Nations Security Council, the European Union, Her Majesty’s Treasury, or, to the extent such listing does not contradict applicable legislation of the United States of America or the United Kingdom, other relevant sanctions authorities, (b) any Person located, organized or resident in a Sanctioned Country or (c) any Person owned or controlled by any such Person or Persons described in clauses (a) and (b).

“Sanctions” means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by the U.S. government (including those administered by OFAC), the European Union, Her Majesty’s Treasury, or, to the extent such sanctions do not contradict applicable legislation of the United States of America or the United Kingdom, other relevant sanctions authorities.

“Sarbanes-Oxley” means the Sarbanes-Oxley Act of 2002.

“S&P” means S&P Global Ratings, a division of S&P Global Inc., or any successor thereof which is a nationally recognized statistical rating organization.

“SEC” means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

“Securities Laws” means the Securities Act of 1933, the Securities Exchange Act of 1934, Sarbanes-Oxley and the applicable accounting and auditing principles, rules, standards and practices promulgated, approved or incorporated by the SEC or the Public Company Accounting Oversight Board, as each of the foregoing may be amended and in effect on any applicable date hereunder.

“Senior Unsecured Notes” means any senior, unsecured notes, debt securities or other debt instruments issued by the Borrower or any of its Subsidiaries.

“SOFR” means a rate equal to the secured overnight financing rate as administered by the SOFR Administrator.

“SOFR Administrator” means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

“SOFR Advance” means a Revolving Advance that bears interest based upon Adjusted Term SOFR as provided in Section 2.9(b).

“Solvent” means, as to any Person, on the date of any determination (a) the fair value of the Property of such Person is greater than the total amount of debts and other liabilities (including without limitation, contingent liabilities) of such Person, (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts and other liabilities (including, without limitation, contingent liabilities) as they become absolute and matured, (c) such Person is able to realize upon its assets and pay its debts and other liabilities (including, without limitation, contingent liabilities) as they mature in the normal course of business, (d) such Person

does not intend to, and does not believe that it will, incur debts or liabilities (including, without limitation, contingent liabilities) beyond such Person's ability to pay as such debts and liabilities mature, (e) such Person is not engaged in, and is not about to engage in, business or a transaction for which such Person's Property would constitute unreasonably small capital, and (f) such Person has not transferred, concealed or removed any Property with intent to hinder, delay or defraud any creditor of such Person. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

“Subsidiary” means, with respect to any Person (the “parent”) at any date, any other Person the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any Person, a majority of whose outstanding Voting Securities (other than directors' qualifying shares) shall at any time be owned by such parent or one or more Subsidiaries of such parent. Unless otherwise specified, all references herein to a “Subsidiary” or to “Subsidiaries” shall refer to a Subsidiary or Subsidiaries of the Borrower.

“Swingline Advance” means an advance by the Swingline Lender to the Borrower pursuant to Section 2.4.

“Swingline Commitment” means \$70,000,000.

“Swingline Lender” means Wells Fargo.

“Swingline Note” means the promissory note made by the Borrower payable to the Swingline Lender in the form provided by the Administrative Agent and acceptable to the Borrower.

“Swingline Payment Date” means the last Business Day of each calendar month.

“Synthetic Lease” means any synthetic lease, tax retention operating lease, off-balance sheet loan or similar off-balance sheet financing product where such transaction is considered borrowed money indebtedness for Tax purposes but is classified as an operating lease under GAAP.

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

“Term SOFR” means,

(a) for any calculation with respect to a SOFR Advance, the Term SOFR Reference Rate for a tenor comparable to the applicable Interest Period on the day (such day, the “Periodic Term SOFR Determination Day”) that is two (2) U.S. Government Securities Business Days prior to the first day of such Interest Period, as such rate is published by the Term SOFR Administrator; provided, however, that if as of 5:00 p.m. (Eastern time) on any Periodic Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor has not been published by the Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Reference Rate has not occurred, then Term SOFR will be the Term SOFR Reference Rate for such tenor as published by the Term SOFR Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding U.S. Government Securities Business Day is not more than three (3) U.S. Government Securities Business Days prior to such Periodic Term SOFR Determination Day, and

(b) for any calculation with respect to a Base Rate Advance on any day, the Term SOFR Reference Rate for a tenor of one month on the day (such day, the “Base Rate Term SOFR Determination Day”) that is two (2) U.S. Government Securities Business Days prior to such day, as such rate is published by the Term SOFR Administrator; provided, however, that if as of 5:00 p.m. (Eastern time) on any Base Rate Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor has not been published by the Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Reference Rate has not occurred, then Term SOFR will be the Term SOFR Reference Rate for

such tenor as published by the Term SOFR Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding U.S. Government Securities Business Day is not more than three (3) U.S. Government Securities Business Days prior to such Base Rate SOFR Determination Day.

“Term SOFR Adjustment” means, for any calculation with respect to a Base Rate Advance or a SOFR Advance, a percentage per annum equal to 0.10%.

“Term SOFR Administrator” means CME Group Benchmark Administration Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by the Administrative Agent in its reasonable discretion).

“Term SOFR Reference Rate” means the forward-looking term rate based on SOFR.

“Termination Event” means (a) a Reportable Event with respect to a Plan, (b) the withdrawal of the Borrower or any member of the Controlled Group from a Plan during a plan year in which it was a “substantial employer” as defined in Section 4001(a)(2) of ERISA, (c) the filing of a notice of intent to terminate a Plan or the treatment of a Plan amendment as a termination under Section 4041(c) of ERISA, (d) the institution of proceedings to terminate a Plan by the PBGC pursuant to which the Plan has received notice from the PBGC pursuant to Section 4042 of ERISA, or (e) any other event or condition which is reasonably expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan. Notwithstanding the foregoing, a standard termination of a Plan under Section 4041(b) of ERISA shall not constitute a Termination Event.

“Total Credit Exposure” means, at any time for each Lender, the sum of (a) the unfunded Commitment held by such Lender at such time; plus (b) the aggregate unpaid principal amount of the Revolving Advances owing to such Lender at such time; plus (c) without duplication of any amounts included in the preceding clause (b), the aggregate amount of such Lender’s risk participation and funded participation in the Letter of Credit Exposure (including any such Letter of Credit Exposure that has been reallocated pursuant to Section 2.16) and Swingline Advances.

“Type” has the meaning set forth in Section 1.3.

“UK Financial Institution” means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any Person subject to IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

“UK Resolution Authority” means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

“Unadjusted Benchmark Replacement” means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

“Unfunded Advances” shall have the meaning assigned to such term in Section 2.13(a).

“United States” means the United States of America.

“U.S. Government Securities Business Day” means any day except for (a) a Saturday, (b) a Sunday or (c) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities; provided, that for purposes of notice requirements in Sections 2.5(a), 2.5(b) and 2.6(a), in each case, such day is also a Business Day.

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

“U.S. Tax Compliance Certificate” has the meaning specified in Section 2.14(g)(ii)(B).

“Voting Securities” means (a) with respect to any corporation, capital stock of such corporation having general voting power under ordinary circumstances to elect directors of such corporation (irrespective of whether at the time stock of any other class or classes shall have or might have special voting power or rights by reason of the happening of any contingency), (b) with respect to any partnership, any partnership interest or other ownership interest having general voting power to elect the general partner or other management of the partnership or other Person, and (c) with respect to any limited liability company, membership certificates or interests having general voting power under ordinary circumstances to elect managers of such limited liability company.

“Wells Fargo” means Wells Fargo Bank, National Association.

“Withholding Agent” means any Credit Party and the Administrative Agent.

“Write-Down and Conversion Powers” means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that Person or any other Person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

Section 1.2 Accounting Terms; Changes in GAAP.

(a) Except as otherwise expressly provided herein, all accounting terms used herein shall be interpreted, and all financial statements and certificates and reports as to financial matters required to be delivered to the Lenders hereunder shall be prepared, in accordance with GAAP applied on a consistent basis; provided that notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made without giving effect to any change to GAAP occurring after the date hereof as a result of the adoption of any proposals set forth in the *Proposed Accounting Standards Update, Leases (Topic 840)*, issued by the Financial Accounting Standards Board on August 17, 2010, or any other proposals issued by the Financial Accounting Standards Board in connection therewith, in each case if such change would require treating any lease (or similar arrangement conveying the right to use) as a capital lease or a finance lease where such lease (or similar arrangement) would not have been required to be so treated under GAAP as in effect on the date hereof. All calculations made for the purposes of determining compliance with this Agreement shall (except as otherwise expressly provided herein) be made by application of GAAP applied on a basis consistent with the most recent Financial Statements delivered pursuant to Section 5.2.

(b) Unless otherwise indicated, all Financial Statements of the Borrower, all calculations for compliance with covenants in this Agreement and all calculations of any amounts to be calculated under the definitions in Section 1.1 shall be based upon the consolidated accounts of the Borrower and its Subsidiaries in accordance with GAAP.

Section 1.3 Classes and Types of Advances. Advances are distinguished by “Class” and “Type”. The “Class”, when used in reference to any Advance, refers to whether such Advance is a Revolving Advance or Swingline Advance. The “Type” of an Advance refers to the determination whether such Advance is a SOFR Advance or a Base Rate Advance.

Section 1.4 Other Interpretive Provisions. With reference to this Agreement and each other Credit Document, unless otherwise specified herein or in such other Credit Document:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be

followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Credit Document), (ii) any reference to any Person shall be construed to include such Person’s successors and assigns, (iii) the words “herein,” “hereof” and “hereunder,” and words of similar import when used in any Credit Document, shall be construed to refer to such Credit Document in its entirety and not to any particular provision thereof, (iv) all references in a Credit Document to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, the Credit Document in which such references appear, (v) any reference to any law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (vi) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including,” the words “to” and “until” each mean “to but excluding,” and the word “through” means “to and including.”

(c) Section headings herein and in the other Credit Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Credit Document.

(d) For all purposes under this Agreement and the other Credit Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction’s Legal Requirements): (i) if any asset, Property, right, obligation, or liability of any Person becomes the asset, Property, right, obligation, or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (ii) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its Equity Interests at such time.

Section 1.5 Rates. The Administrative Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to, (a) the continuation of, administration of, submission of, calculation of or any other matter related to the Term SOFR Reference Rate, Adjusted Term SOFR or Term SOFR, or any component definition thereof or rates referred to in the definition thereof, or with respect to any alternative, successor or replacement rate thereto (including any Benchmark Replacement), including whether the composition or characteristics of any such alternative, successor or replacement rate (including any Benchmark Replacement), as it may or may not be adjusted pursuant to Section 2.5(g), will be similar to, or produce the same value or economic equivalence of, or have the same volume or liquidity as, the Term SOFR Reference Rate, Adjusted Term SOFR, Term SOFR or any other Benchmark prior to its discontinuance or unavailability, or (b) the effect, implementation or composition of any Conforming Changes. The Administrative Agent and its Affiliates or other related entities may engage in transactions that affect the calculation of the Term SOFR Reference Rate, Adjusted Term SOFR, Term SOFR, any alternative, successor or replacement rate (including any Benchmark Replacement) or any relevant adjustments thereto and such transactions may be adverse to the Borrower. The Administrative Agent may select information sources or services in its reasonable discretion to ascertain the Term SOFR Reference Rate, Adjusted Term SOFR or Term SOFR, or any other Benchmark, any component definition thereof or rates referred to in the definition thereof, in each case pursuant to the terms of this Agreement, and shall have no liability to the Borrower, any Lender or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

ARTICLE II. CREDIT FACILITIES

Section 1.1 Commitments.

(a) Revolving Commitment. Each Lender severally agrees, on the terms and conditions set forth in this Agreement, to make Revolving Advances to the Borrower from time to time on any Business Day

during the period from the Closing Date until the latest Maturity Date; provided that after giving effect to such Revolving Advances, the Outstandings shall not exceed the aggregate Revolving Commitments in effect at such time. Within the limits of each Lender's Revolving Commitment, the Borrower may from time to time borrow, prepay pursuant to Section 2.6, and reborrow under this Section 2.1(a).

(b) Reduction of Revolving Commitments.

(i) Optional. The Borrower shall have the right, upon at least three Business Days' irrevocable notice to the Administrative Agent, to terminate in whole or reduce ratably in part the unused portion of the Revolving Commitments; provided that each partial reduction shall be in the aggregate amount of \$10,000,000 and in integral multiples of \$1,000,000 in excess thereof. Any reduction or termination of the Revolving Commitments pursuant to this Section shall be permanent, with no obligation of the Lenders to reinstate such Revolving Commitments, and the Commitment Fees shall thereafter be computed on the basis of the Revolving Commitments, as so reduced; provided, further, that any such notice may state that such notice is conditioned upon the effectiveness of other credit facilities or any incurrence or issuance of debt or equity or an acquisition or disposition, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied.

(ii) Defaulting Lender. At any time when a Lender is then a Defaulting Lender, the Borrower, at the Borrower's election, may elect to terminate such Defaulting Lender's Commitment hereunder; provided that (A) such termination must be of the Defaulting Lender's entire Commitment, (B) the Borrower shall pay all amounts owed by the Borrower to such Defaulting Lender in such Lender's capacity as a Lender under this Agreement and under the other Credit Documents (including principal of and interest on the Revolving Advances owed to such Defaulting Lender, accrued Commitment Fees (subject to Section 2.8), and letter of credit fees but specifically excluding any amounts owing under Section 2.11 as result of such payment of such Advances) and shall deposit with the Administrative Agent into the Cash Collateral Account Cash Collateral in the amount equal to such Defaulting Lender's ratable share of the Letter of Credit Exposure (including any such Letter of Credit Exposure that has been reallocated pursuant to Section 2.16), (C) a Defaulting Lender's Commitment may be terminated by the Borrower under this Section 2.1(b)(ii) if and only if at such time, the Borrower has elected, or is then electing, to terminate the Commitments of all then existing Defaulting Lenders, and (D) such termination shall not be permitted if a Default has occurred and is continuing. Upon written notice to the Defaulting Lender and Administrative Agent of the Borrower's election to terminate a Defaulting Lender's Commitment pursuant to this clause (ii) and the payment and deposit of amounts required to be made by the Borrower under clause (B) above, (1) such Defaulting Lender shall cease to be a Lender hereunder for all purposes except that such Lender's rights and obligations as a Lender under Sections 2.12, 2.14, 8.9 and 9.1 shall continue with respect to events and occurrences occurring before or concurrently with its ceasing to be a Lender hereunder, (2) such Defaulting Lender's Commitment shall be deemed terminated, and (3) such Defaulting Lender shall be relieved of its obligations hereunder as a Lender except as to its obligations under Section 8.9 shall continue with respect to events and occurrences occurring before or concurrently with its ceasing to be a Lender hereunder, provided that, any such termination will not be deemed to be a waiver or release of any claim by Borrower, the Administrative Agent, the Swingline Lender, any Issuing Lender or any Lender may have against such Defaulting Lender.

(c) Increase in Revolving Commitments.

(i) At any time prior to the latest Maturity Date (determined at the time of the request), the Borrower may effectuate up to three separate increases in the aggregate Revolving Commitments (each such increase being a "Commitment Increase"), by designating either one or more of the existing Lenders (each of which, in its sole discretion, may determine whether and to what degree to participate in such Commitment Increase) or one or more other banks or other financial institutions (reasonably acceptable to the Administrative Agent and the Issuing Lenders) that at the time agree, in the case of any such bank or financial institution that is an existing Lender to increase its Revolving Commitment as such Lender shall so select (an "Increasing Lender") and, in the case of any other such bank or financial institution (an "Additional Lender"), to become a party to this Agreement; provided, however, that (A) each such Commitment Increase shall be at least \$25,000,000, (B) the aggregate amount of all Commitment Increases shall not exceed \$300,000,000, and (C) all Revolving Commitments and Revolving Advances provided pursuant to a Commitment Increase shall be available on the same terms as those applicable to the existing Revolving Commitments and Revolving Advances. The sum of the increases in the Revolving Commitments of the Increasing Lenders plus the Revolving Commitments of the Additional Lenders upon giving effect to a Commitment Increase shall not, in the aggregate, exceed the amount of such Commitment Increase.

The Borrower shall provide prompt notice of any proposed Commitment Increase pursuant to this clause (c) to the Administrative Agent and the Lenders. This Section 2.1(c) shall not be construed to create any obligation on any of the Administrative Agent or any of the Lenders to advance or to commit to advance any credit to the Borrower or to arrange for any other Person to advance or to commit to advance any credit to the Borrower.

(ii) A Commitment Increase shall become effective upon (A) the receipt by the Administrative Agent of (1) an agreement in form and substance reasonably satisfactory to the Administrative Agent signed by the Borrower, each Increasing Lender and each Additional Lender, setting forth the Commitments of each such Lender (which must total such requested Commitment Increase amount) and setting forth the agreement of each Additional Lender to become a party to this Agreement and to be bound by all the terms and provisions hereof binding upon each Lender, and (2) such evidence of appropriate authorization on the part of the Borrower with respect to such Commitment Increase as the Administrative Agent may reasonably request, (B) the funding by each Increasing Lender and Additional Lender of the Revolving Advances to be made by each such Lender to effect the prepayment requirement set forth in Section 2.6(b)(ii), and (C) receipt by the Administrative Agent of a certificate of a Responsible Officer of the Borrower stating that, both immediately before and immediately after giving effect to such Commitment Increase, (1) no Default has occurred and is continuing, and (2) that all representations and warranties made by the Borrower in this Agreement are true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that are already qualified or modified by materiality or Material Adverse Change in the text thereof) on such date, except that any representation and warranty which by its terms is made as of a specified date shall be true and correct only as of such specified date.

(iii) Notwithstanding any provision contained herein to the contrary, from and after the date of any Commitment Increase, all calculations and payments of interest on the Revolving Advances shall take into account the actual Revolving Commitment of each Lender and the principal amount outstanding of each Revolving Advance made by such Lender during the relevant period of time. If any Lender's Commitment is increased in accordance with this Section 2.1(c), (i) immediately upon the effective date of each Commitment Increase, Schedule II hereof shall be amended and restated to set forth all Lenders (including Additional Lenders) and their respective Commitments after giving effect to such increases and (ii) immediately upon the effective date of each Commitment Increase, each Lender's participation in the Letter of Credit Obligations and Swingline Advances on such Commitment Increase effective date shall automatically be deemed to equal such Lender's Applicable Percentage of the Letter of Credit Obligations and Swingline Advances (after giving effect to such Commitment Increase).

(iv) This Section 2.1(c) and Section 2.6(b)(ii) shall supersede any provisions in Section 2.13(f) or 9.2 to the contrary.

(d) Extension of Maturity Date.

(i) Requests for Extension. The Borrower may from time to time, by notice (an "Extension Notice") to the Administrative Agent (who shall promptly notify the Lenders), make a request that each Lender extend such Lender's then existing Maturity Date (A) for an additional 364 days from such Lender's Maturity Date then in effect, (B) for such additional number of days which would cause its Maturity Date to be the latest Maturity Date then in effect, or (C) for such additional number of days which would cause its Maturity Date to be 364 days after the latest Maturity Date then in effect (such Lender's then existing Maturity Date being referred to herein as its "Existing Maturity Date") and such Lender's proposed extended Maturity Date being referred to herein as its "Extended Maturity Date"). The date on which the Administrative Agent provides to the Lenders the notice referenced above is hereinafter referred to as the "Notice Date." After the Amendment No. 2 Effective Date, the Borrower may exercise an extension under this Section 2.1(d) no more than twice during the tenor of this Agreement; provided that no Catch-Up Extension (as defined below) shall be subject to such limitation. Notwithstanding anything herein to the contrary, no Extended Maturity Date shall be a date later than five years from the applicable Extension Closing Date.

(ii) Lender Elections to Extend. Each Lender, acting in its sole and individual discretion, shall, by notice to the Administrative Agent given not later than 15 days after the Notice Date, advise the Administrative Agent whether or not such Lender agrees to such extension and any Lender that does not so advise the Administrative Agent on or before the date that is 15 days after the Notice Date shall be deemed to be a Non-Extending Lender. Each Lender that determines not to so extend its Maturity Date shall be referred to herein as a "Non-Extending Lender". Each Lender that determines

to extend its Maturity Date shall be referred to herein as an “Extending Lender”. The election of any Lender to agree to such extension shall not obligate any other Lender to so agree.

(iii) Additional Commitment Lenders. The Borrower shall have the right, on or before the Extension Closing Date and pursuant to Section 2.15(b), to replace each Non-Extending Lender with, and add as a “Lender” under this Agreement in place thereof, one or more Eligible Assignees that will agree to such later Maturity Date as requested in the applicable Extension Notice (each, an “Additional Commitment Lender”), each of which Additional Commitment Lenders shall have entered into an Assignment and Assumption pursuant to which such Additional Commitment Lender shall, subject to the satisfaction of the conditions set forth in clause (v) below and effective as of the Extension Closing Date, undertake a Revolving Commitment (and, if any such Additional Commitment Lender is already a Lender, its Revolving Commitment shall be in addition to such Lender’s Revolving Commitment hereunder on such date).

(iv) Minimum Extension Requirement. If (and only if) the total of the Revolving Commitments of the Lenders that have agreed to extend their Maturity Date and the additional Revolving Commitments of the Additional Commitment Lenders shall be more than 50% of the aggregate amount of the Revolving Commitments in effect immediately prior to the Extension Closing Date, then, subject to the satisfaction of the conditions set forth in clause (v) below (the first date on which such necessary consent required pursuant to this clause (iv) is obtained and the conditions specified in clause (v) below are satisfied with respect to the applicable extension, the “Extension Closing Date”) and effective as of the Extension Closing Date, the Maturity Date of each Extending Lender and of each Additional Commitment Lender shall be extended to the applicable Extended Maturity Date and each Additional Commitment Lender shall thereupon become a Lender for all purposes of this Agreement. In addition, notwithstanding anything to the contrary contained herein, at any time on or prior to the Maturity Date of a Non-Extending Lender, the Borrower and such Non-Extending Lender may agree in writing that such Non-Extending Lender shall become an Extending Lender with a Maturity Date of the Extending Lenders in respect of the applicable extension as to which such Non-Extending Lender declined to agree (a “Catch-Up Extension”); provided that the Borrower shall have provided (A) written notice to the Administrative Agent of such agreement and (B) an executed copy of such agreement, it being understood that no further certifications or documentation shall be required to be delivered by the Borrower to the Administrative Agent or the Lenders as a whole in connection with a Catch-Up Extension other than as required in the preceding clauses (A) and (B).

(v) Conditions to Effectiveness of Extensions. Notwithstanding the foregoing, the extension of the Maturity Date pursuant to this Section shall not be effective with respect to any Lender unless: (A) no Default or Event of Default shall have occurred and be continuing on the Extension Closing Date both immediately before and immediately after giving effect thereto; (B) the representations and warranties contained in this Agreement are true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that are already qualified or modified by materiality or Material Adverse Change in the text thereof) on and as of the Extension Closing Date both immediately before and immediately after giving effect thereto, as though made on and as of such date, except that any representation and warranty which by its terms is made as of a specified date shall be true and correct only as of such specified date; (C) the receipt by the Administrative Agent of such evidence of appropriate authorization on the part of the Borrower with respect to such extension as the Administrative Agent may reasonably request; and (D) the Borrower shall prepay any Revolving Advances outstanding on the Extension Closing Date (and pay any additional amounts required pursuant to Section 2.11) to the extent necessary to keep outstanding Revolving Advances ratable with any revised Applicable Percentages of the respective Lenders effective as of such date. Notwithstanding any provision contained herein to the contrary, on the Maturity Date (without giving effect to any extension) of each Non-Extending Lender, the Borrower shall repay any Revolving Advances outstanding on such date (and pay any additional amounts required pursuant to Section 2.11) and any other Obligations owing to such Non-Extending Lender to each such Non-Extending Lender and the Revolving Commitments of the Non-Extending Lenders shall be terminated.

(vi) Reallocation. Notwithstanding any provision contained herein to the contrary, from and after the date of any extension of the Maturity Date pursuant to this Section 2.1(d), all calculations and payments of interest on the Revolving Advances shall take into account the actual Revolving Commitment of each Lender and the principal amount outstanding of each Revolving Advance made by such Lender during the relevant period of time. If any Lender’s Maturity Date is extended in accordance with this Section 2.1(d), (A) immediately upon the effectiveness of each such extension,

Schedule II hereof shall be amended and restated to set forth all Lenders and their respective Commitments and Maturity Dates after giving effect to such extension and (B) on each Maturity Date, each Lender's participation in the Letter of Credit Obligations and Swingline Advances on such Maturity Date shall automatically be deemed to equal such Lender's Applicable Percentage of the Letter of Credit Obligations and Swingline Advances (after giving effect the termination of Commitments that occurs on such Maturity Date) but only to the extent that (x) the conditions set forth in Section 3.2 are satisfied at the time of such reallocation (and, unless the Borrower has otherwise notified the Administrative Agent at such time, the Borrower shall be deemed to have represented and warranted that such conditions are satisfied at such time), and (y) such reallocation does not cause the Total Credit Exposure of any Lender whose Commitment does not terminate on such Maturity Date to exceed such Lender's Commitment. If the reallocation described in this Section 2.1(d)(vi) cannot, or can only partially, be effected, the Borrower shall, without prejudice to any right or remedy available to the Administrative Agent, the Lenders, or any Issuing Lender hereunder or under applicable Legal Requirement, (x) first, prepay Swingline Advances in an amount equal to the portion of the Swingline Lender's Fronting Exposure that was attributable to each Lender whose Commitment terminates on such Maturity Date but was not so reallocated and (y) second, Cash Collateralize each Issuing Lender's Fronting Exposure in an amount equal to the portion of such Issuing Lender's Fronting Exposure (plus all related fees and expenses with respect to such Letters of Credit then outstanding over their remaining terms) that was attributable to each Lender whose Commitment terminates on such Maturity Date but was not so reallocated.

(vii) Conflicting Provisions. This Section 2.1(d) shall supersede any provisions in Section 2.13(f) or 9.2 to the contrary.

Section 1.2 Evidence of Indebtedness. The Advances made by each Lender, including the Swingline Lender, shall be evidenced by one or more accounts or records maintained by such Lender or the Swingline Lender and by the Administrative Agent. The accounts or records maintained by the Administrative Agent, the Lenders and the Swingline Lender shall be conclusive absent manifest error of the amount of the Advances made by such Lenders or the Swingline Lender to the Borrower and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrower hereunder to pay any amount owing with respect to the Obligations. In the event of any conflict between the accounts and records maintained by any Lender or the Swingline Lender and the accounts and records of the Administrative Agent in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error. Upon the request of any Lender to the Borrower made through the Administrative Agent, the Borrower shall execute and deliver to such Lender or the Swingline Lender (through the Administrative Agent) a Note which shall evidence such Lender's Revolving Advances or Swingline Advances to the Borrower in addition to such accounts or records. Each Lender may attach schedules to such Note and endorse thereon the date, Type (if applicable), amount, currency and maturity of its Revolving Advances or Swingline Advances and payments with respect thereto.

Section 1.3 Letters of Credit.

(a) Commitment for Letters of Credit. Each Issuing Lender, the Lenders, and the Borrower each agrees that effective as of the Closing Date, the Existing Letters of Credit shall be deemed to have been issued and maintained under, and to be governed by the terms and conditions of, this Agreement. Subject to the terms and conditions set forth in this Agreement and in reliance upon the agreements of the other Lenders set forth in this Section, each Issuing Lender agrees to, from time to time on any Business Day during the period from the Closing Date until the latest Maturity Date, issue, increase or extend the expiration date of, the Letters of Credit for the account of the Borrower or any Subsidiary thereof.

(b) Limitations. Notwithstanding the foregoing, no Letter of Credit will be issued, increased, or extended:

- (i) if such issuance, increase, or extension would cause the Letter of Credit Exposure to exceed the lesser of (A) the Letter of Credit Maximum Amount and (B) an amount equal to (1) the aggregate Revolving Commitments in effect at such time minus (2) the Outstandings.
- (ii) if such Letter of Credit supports the repayment of indebtedness for borrowed money of any Person;
- (iii) unless such Letter of Credit is in form and substance acceptable to the applicable Issuing Lender in its sole discretion;

(iv) unless the Borrower has delivered to the applicable Issuing Lender a completed and executed Letter of Credit Application; provided that, if the terms of any Letter of Credit Application conflicts with the terms of this Agreement, the terms of this Agreement shall control;

(v) unless such Letter of Credit is governed by (A) the Uniform Customs and Practice for Documentary Credits (2007 Revision), International Chamber of Commerce Publication No. 600, or (B) the International Standby Practices (ISP98), International Chamber of Commerce Publication No. 590, in either case, including any subsequent revisions thereof approved by a Congress of the International Chamber of Commerce and adhered to by the Issuing Lender; and

(vi) if any Lender is at such time a Defaulting Lender hereunder, unless the Issuing Lender has entered into satisfactory arrangements with the Borrower or such Lender to eliminate the Issuing Lender's risk with respect to such Lender.

(c) Requesting Letters of Credit. Each Letter of Credit Extension (other than the issuance of Existing Letters of Credit which are deemed issued hereunder) shall be made pursuant to a Letter of Credit Application, or if applicable, amendments to such Letter of Credit Applications, given by the Borrower to the Administrative Agent for the benefit of the applicable Issuing Lender by telecopy or in writing not later than 11:00 a.m. (Houston, Texas time) on the third Business Day before the proposed date of the Letter of Credit Extension. Each Letter of Credit Application, or if applicable, amendments to such Letter of Credit Applications, shall be fully completed and shall specify the information required therein. Each Letter of Credit Application, or if applicable, amendments to such Letter of Credit Applications, shall be irrevocable and binding on the Borrower. Subject to the terms and conditions hereof, the applicable Issuing Lender shall on the date of such Letter of Credit Extension, make such Letter of Credit Extension to the beneficiary of such Letter of Credit.

(d) Reimbursements for Letters of Credit; Funding of Participations. Upon receipt from the beneficiary of any Letter of Credit of any notice of a drawing under such Letter of Credit with the accompanying documentation required thereby, the applicable Issuing Lender shall notify the Administrative Agent thereof. The Borrower agrees to pay to such Issuing Lender an amount equal to any amount paid by such Issuing Lender under or in respect of such Letter of Credit (i) if such Issuing Lender provides notice to the Borrower of such payment or disbursement before 11:00 a.m. (Houston, Texas time), on the date of such notice or (ii) if such notice is received after such time, on the next Business Day following the date of receipt of such notice. In the event an Issuing Lender makes a payment pursuant to a request for draw presented under a Letter of Credit and such payment is not promptly reimbursed by the Borrower as required herein, such Issuing Lender shall give notice of such payment to the Administrative Agent. In such event, the Borrower shall be deemed to have requested a Base Rate Advance (notwithstanding any minimum size or increment limitations on individual Advances). Each Lender (including the Lender acting as Issuing Lender) shall, upon notice from the Administrative Agent that the Borrower has requested or is deemed to have requested an Advance pursuant to Section 2.5 and regardless of whether (A) the conditions in Section 3.2 have been met, (B) such notice complies with Section 2.5, or (C) a Default exists, make funds available to the Administrative Agent for the account of the applicable Issuing Lender in an amount equal to such Lender's Applicable Percentage of the amount of such Advance not later than 1:00 p.m. (Houston, Texas time) on the Business Day specified in such notice by the Administrative Agent, whereupon (i) each Lender that so makes funds available shall be deemed to have made a Base Rate Advance to the Borrower in such amount. The Administrative Agent shall remit the funds so received to the applicable Issuing Lender. If any such Lender shall not have so made such Advance available to the Administrative Agent pursuant to this Section 2.3, such Lender agrees to pay interest thereon for each day from such date until the date such amount is paid at the lesser of (A) the Overnight Rate for such day for the first three days and thereafter the interest rate applicable to such Base Rate Advances and (B) the Maximum Rate. The Borrower hereby unconditionally and irrevocably authorizes, empowers, and directs the Administrative Agent and the Lenders to record and otherwise treat each payment under a Letter of Credit not reimbursed by the Borrower when due as a Revolving Borrowing comprised of Base Rate Advances to the Borrower. If for any reason any payment pursuant to a request for draw presented under a Letter of Credit is not refinanced by a Revolving Borrowing in accordance with this Section 2.3(d), the Issuing Lender shall be deemed to have requested that each of the applicable Lenders fund its risk participation in the relevant Letter of Credit Obligations and each such Lender's payment to the Administrative Agent for the account of the Issuing Lender pursuant to this Section 2.3(d) shall be deemed payment in respect of such participation.

(e) Participations. Upon the date of the issuance or increase of a Letter of Credit or the deemed issuance of the Existing Letters of Credit under Section 2.3(a), the applicable Issuing Lender shall be deemed to have sold to each other Lender and each other Lender shall have been deemed to have

purchased from the Issuing Lender a participation in the related Letter of Credit Obligations equal to such Lender's Applicable Percentage at such date and such sale and purchase shall otherwise be in accordance with the terms of this Agreement. The applicable Issuing Lender shall promptly notify each such participant Lender by facsimile, telephone, or teletype of each Letter of Credit issued or increased and the actual dollar amount of such Lender's participation in such Letter of Credit. Each Lender's obligation to purchase participating interests pursuant to this Section and to reimburse such Issuing Lender for such Lender's Applicable Percentage of any payment under a Letter of Credit by such Issuing Lender not reimbursed in full by the Borrower shall be absolute and unconditional and shall not be affected by any circumstance, including (i) any of the circumstances described in paragraph (f) below, (ii) the occurrence and continuance of a Default, (iii) an adverse change in the financial condition of the Borrower or (iv) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing, except for any such circumstance, happening or event constituting or arising from gross negligence or willful misconduct on the part of the applicable Issuing Lender.

(f) Obligations Unconditional. The obligations of the Borrower under this Agreement in respect of each Letter of Credit shall be unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, notwithstanding the following circumstances:

- (i) any lack of validity or enforceability of any Letter of Credit Documents;
- (ii) any amendment or waiver of or any consent to departure from any Letter of Credit Document to which the Borrower has consented;
- (iii) the existence of any claim, set-off, defense or other right which any Credit Party may have at any time against any beneficiary or transferee of such Letter of Credit (or any Persons for whom any such beneficiary or any such transferee may be acting), any Issuing Lender, any Lender or any other Person, whether in connection with this Agreement, the transactions contemplated in this Agreement or in any Letter of Credit Documents or any unrelated transaction;
- (iv) any statement or any other document presented under such Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect to the extent any Issuing Lender would not be liable therefor pursuant to the following paragraph (h);
- (v) payment by the Issuing Lender under such Letter of Credit against presentation of a draft or certificate which does not comply with the terms of such Letter of Credit; or
- (vi) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing;

provided, however, that nothing contained in this paragraph (f) shall be deemed to constitute a waiver of any remedies of the Borrower in connection with the Letters of Credit, including those specified in Section 2.3(h).

(g) Cash Collateralization. With respect to (i) each Letter of Credit which has an expiration date beyond the latest Maturity Date, on or prior to the 5th Business Day prior to the latest Maturity Date or (ii) all outstanding Letters of Credit, if the Revolving Commitments are terminated in whole pursuant to Section 2.1(b) or Article VII, on the date of such termination, the Borrower shall deposit into the Cash Collateral Account in accordance with paragraph (i) below cash in an amount equal to 103% of the Letter of Credit Exposure of such Letters of Credit or otherwise make arrangements satisfactory to the Administrative Agent to secure the release of such Letters of Credit. If the Borrower has deposited 103% of the Letter of Credit Exposure into the Cash Collateral Account as of the latest Maturity Date and no other Default or Event of Default has occurred and is continuing, each Lender's obligation to purchase participating interests pursuant to this Section and to reimburse such Issuing Lender for such Lender's Applicable Percentage of any payment under a Letter of Credit by such Issuing Lender not reimbursed in full by the Borrower shall be terminated as of the latest Maturity Date.

(h) Liability of Issuing Lenders. The Borrower assumes all risks of the acts or omissions of any beneficiary or transferee of any Letter of Credit with respect to its or any Credit Party's use of such Letter of Credit. Neither an Issuing Lender nor any of its respective officers or directors shall be liable or responsible for:

- (i) the use which may be made of any Letter of Credit or any acts or omissions of any beneficiary or transferee in connection therewith;
- (ii) the validity, sufficiency or genuineness of documents, or of any endorsement thereon, even if such documents should prove to be in any or all respects invalid, insufficient, fraudulent or forged; or
- (iii) any other circumstances whatsoever in making or failing to make payment under any Letter of Credit (including an Issuing Lender's own negligence),

except that the Borrower shall have a claim against the applicable Issuing Lender, and the applicable Issuing Lender shall be liable to, and shall promptly pay to, the Borrower, to the extent of any direct, as opposed to consequential, damages suffered by the Borrower, which the Borrower proves were caused by (A) such Issuing Lender's willful misconduct or gross negligence (as determined in a final, non-appealable judgment of a court of competent jurisdiction) in determining whether documents presented under a Letter of Credit comply with the terms of such Letter of Credit or (B) such Issuing Lender's willful failure to make lawful payment under any Letter of Credit after the presentation to it of a draft and certificate strictly complying with the terms and conditions of such Letter of Credit, in either case notwithstanding the unconditional and irrevocable nature of the Borrower's obligations under this Agreement as set forth in Section 2.3(f). In furtherance and not in limitation of the foregoing, the Issuing Lenders may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary.

(i) Cash Collateral Account.

(i) If the Borrower is required to deposit funds in the Cash Collateral Account pursuant to the terms hereof, then the Borrower and the Administrative Agent shall establish the Cash Collateral Account and the Borrower shall execute any documents and agreements, including the Administrative Agent's standard form assignment of deposit accounts, that the Administrative Agent requests in connection therewith to establish the Cash Collateral Account and grant the Administrative Agent a first priority security interest in such account and the funds therein and giving the Administrative Agent "control" over the Cash Collateral Account as such term is defined in the applicable Uniform Commercial Code. The Borrower hereby pledges to the Administrative Agent and grants the Administrative Agent a security interest in the Cash Collateral Account, whenever established, all funds held in the Cash Collateral Account from time to time, and all proceeds thereof, as security for the payment of the Obligations. Except as provided in Section 2.3(i)(ii) below, the Borrower shall have no access and no rights of withdrawal from the Cash Collateral Account.

(ii) Funds held in the Cash Collateral Account shall be held as cash collateral for obligations with respect to Letters of Credit. Such funds shall be promptly applied by the Administrative Agent at the request of the applicable Issuing Lender to any reimbursement or other obligations under the applicable Letters of Credit that exist or occur. To the extent that any surplus funds are held in the Cash Collateral Account above the Letter of Credit Exposure during the existence of an Event of Default the Administrative Agent may (A) hold such surplus funds in the Cash Collateral Account as cash collateral for the Obligations or (B) apply such surplus funds to any Obligations in any manner

directed by the Majority Lenders. If no Default exists, the Administrative Agent shall release to the Borrower, at the Borrower's written request, any funds held in the Cash Collateral Account in excess of 103% of the then existing Letter of Credit Exposure. The Administrative Agent shall invest the funds in the Cash Collateral Account in an interest-bearing account or other investment approved by the Borrower. The Administrative Agent shall exercise reasonable care in the custody and preservation of any funds held in the Cash Collateral Account and shall be deemed to have exercised such care if such funds are accorded treatment substantially equivalent to that which the Administrative Agent accords its own property or in accordance with the Borrower's instructions or as otherwise approved by the Borrower, it being understood that the Administrative Agent shall not have any responsibility for taking any necessary steps to preserve rights against any parties with respect to any such funds.

(j) Letters of Credit Issued for Subsidiaries. Notwithstanding that a Letter of Credit outstanding hereunder is in support of any obligations of, or is for the account of, a Subsidiary of the Borrower, the Borrower shall be obligated to reimburse the applicable Issuing Lender hereunder for any and all drawings under such Letter of Credit. The Borrower hereby acknowledges that the issuance of Letters of Credit for the account of its Subsidiaries inures to the benefit of the Borrower, and that the Borrower's business derives substantial benefits from the businesses of such Subsidiaries.

(k) Defaulting Lender. At any time that there shall exist a Defaulting Lender, within one Business Day following the written request of the Administrative Agent or any Issuing Lender (with a copy to the Administrative Agent) the Borrower shall Cash Collateralize each Issuing Lender's Fronting Exposure with respect to such Defaulting Lender (determined after giving effect to Section 2.16(a)(iv) and any Cash Collateral provided by such Defaulting Lender) in an amount not less than the Minimum Collateral Amount.

(i) Grant of Security Interest. The Borrower, and to the extent Cash Collateral is provided by any Defaulting Lender, such Defaulting Lender, hereby grants to the Administrative Agent, for the benefit of the Issuing Lenders, and agrees to maintain, a first priority security interest in all such Cash Collateral as security for the Defaulting Lenders' obligation to fund participations in respect of Letter of Credit Obligations, to be applied pursuant to clause (ii) below. If at any time the Administrative Agent determines that Cash Collateral is subject to any right or claim of any Person other than the Administrative Agent and the Issuing Lender as herein provided, or that the total amount of such Cash Collateral is less than the Minimum Collateral Amount, the Borrower will, promptly upon demand by the Administrative Agent, pay or provide to the Administrative Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency (after giving effect to any Cash Collateral provided by the Defaulting Lender).

(ii) Application. Notwithstanding anything to the contrary contained in this Agreement, Cash Collateral provided under this Section 2.3(k) or Section 2.16 in respect of Letters of Credit shall be applied to the satisfaction of the Defaulting Lender's obligation to fund participations in respect of Letter of Credit Obligations (including, as to Cash Collateral provided by a Defaulting Lender, any interest accrued on such obligation) for which the Cash Collateral was so provided, prior to any other application of such property as may otherwise be provided for herein.

(iii) Termination of Requirement. Cash Collateral (or the appropriate portion thereof) provided to reduce an Issuing Lender's Fronting Exposure shall no longer be required to be held as Cash Collateral pursuant to this Section 2.3(k) and shall, upon written request of the Person providing such Cash Collateral, be refunded following (i) the elimination of the applicable Fronting Exposure (including by the termination of Defaulting Lender status of the applicable Lender), or (ii) the determination by the Administrative Agent and each Issuing Lender that there exists excess Cash Collateral; provided that, subject to Section 2.16, the Person providing Cash Collateral and the Issuing Lender may agree that Cash Collateral shall be held to support future anticipated Fronting Exposure or other obligations.

Section 1.4 Swingline Advances

(a) Commitment. On the terms and conditions set forth in this Agreement, subject to Section 2.16(d), the Swingline Lender agrees to, from time-to-time on any Business Day from the Closing Date until the last Business Day occurring before the Swingline Lender's Maturity Date, make Swingline Advances to the Borrower in an aggregate principal amount not to exceed the Swingline Commitment at any time, provided that (i) after giving effect to such Swingline Advance, the Outstandings shall not exceed the aggregate Revolving Commitments in effect at such time, (ii) no Swingline Advance may mature after the Swingline Lender's Maturity Date, and (iii) no Swingline Advance shall be made by the

Swingline Lender if the conditions set forth in Section 3.2 have not been met as of the date of such Swingline Advance. The Borrower agrees that the giving of the applicable Notice of Borrowing and the acceptance by the Borrower of the proceeds of such Swingline Advance shall constitute a representation and warranty by the Borrower that on the date of such Swingline Advance the conditions set forth in Section 3.2 have been met. Immediately upon the making of a Swingline Advance, each Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the Swingline Lender a risk participation in such Swingline Advance in an amount equal to its Applicable Percentage of such Swingline Advance.

(b) Evidence of Indebtedness. The indebtedness of the Borrower to the Swingline Lender resulting from Swingline Advances shall be evidenced as set forth in Section 2.2.

(c) Prepayment. Within the limits expressed in this Agreement, amounts advanced pursuant to Section 2.4(a) may from time to time be borrowed, prepaid without penalty, and reborrowed. If the amount of aggregate outstanding Swingline Advances ever exceeds the Swingline Commitment, the Borrower shall, upon receipt of written notice of such condition from the Swingline Lender and to the extent of such excess, prepay to the Swingline Lender the outstanding principal of the Swingline Commitment such that such excess is eliminated.

(d) Refinancing of Swingline Advances.

(i) The Swingline Lender may, at any time in its sole and absolute discretion, request on behalf of the Borrower (which hereby irrevocably authorizes the Swingline Lender to so request on its behalf), that each Lender make a Base Rate Advance in an amount equal to such Lender's Applicable Percentage of the amount of Swingline Advances then outstanding. Such request shall be made in writing (which written request shall be deemed to be a Notice of Borrowing for purposes hereof), without regard to the minimum and multiples specified in Section 2.5(c) for the principal amount of Revolving Borrowings, but subject to the unutilized portion of the Revolving Commitments and the conditions set forth in Section 3.2. The Swingline Lender shall furnish the Borrower with a copy of the applicable Notice of Borrowing promptly after delivering such notice to the Administrative Agent. Regardless of whether the request for such Base Rate Advance complies with Section 2.5, each Lender shall make an amount equal to its Applicable Percentage of the amount specified in such Notice of Borrowing available to the Administrative Agent in Same Day Funds for the account of the Swingline Lender at the Administrative Agent's Lending Office not later than 1:00 p.m. (Houston, Texas time) on the day specified in such Notice of Borrowing, whereupon, subject to Section 2.4(d)(iii), each Lender that so makes funds available shall be deemed to have made a Base Rate Advance to the Borrower in such amount. The Administrative Agent shall remit the funds so received to the Swingline Lender.

(ii) If for any reason any Swingline Advance cannot be refinanced by such a Revolving Borrowing in accordance with Section 2.4(d)(i), the applicable Notice of Borrowing submitted by the Swingline Lender as set forth herein shall be deemed to be a request by the Swingline Lender that each of the applicable Lenders fund its risk participation in the relevant Swingline Advances and each such Lender's payment to the Administrative Agent for the account of the Swingline Lender pursuant to Section 2.4(d)(i) shall be deemed payment in respect of such participation.

(iii) If any Lender fails to make available to the Administrative Agent for the account of the Swingline Lender any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.4(d) by the time specified in Section 2.4(d)(i), the Swingline Lender shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the Swingline Lender at a rate per annum equal to the applicable Overnight Rate from time to time in effect. A certificate of the Swingline Lender submitted to any Lender (through the Administrative Agent) with respect to any amounts owing under this clause (iii) shall be conclusive absent manifest error.

(iv) Each Lender's obligation to make Advances or to purchase and fund risk participations in Swingline Advances pursuant to this Section 2.4(d) shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right which such Lender may have against any Swingline Lender, the Borrower, or any other Person for any reason whatsoever, (B) the occurrence or continuance of a Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; provided, however, that each Lender's obligation to make Advances pursuant to Section 2.4(d)(i) is subject to the conditions set forth in Section 3.2. No such funding of risk participations shall relieve or otherwise impair the obligation of the Borrower to repay the Swingline Advances, together with interest as provided herein.

(e) Repayment of Participations.

(i) At any time after any Lender has purchased and funded a risk participation in a Swingline Advance, if the Swingline Lender receives any payment on account of such Swingline Advance, the Swingline Lender will distribute to such Lender its Applicable Percentage of such payment (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's risk participation was funded) in the same funds as those received by the Swingline Lender.

(ii) If any payment received by the Swingline Lender in respect of principal or interest on any Swingline Advance is required to be returned by the Swingline Lender under any of the circumstances described in Section 9.11 (including pursuant to any settlement entered into by the Swingline Lender in its discretion), each Lender shall pay to the Swingline Lender its Applicable Percentage thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned, at a rate per annum equal to the applicable Overnight Rate. The Administrative Agent will make such demand upon the request of the Swingline Lender. The obligations of the Lenders under this clause shall survive the payment in full of the Obligations and the termination of this Agreement.

(f) Interest for Account of Swingline Lender. The Swingline Lender shall be responsible for invoicing the Borrower for interest on the Swingline Advances. Until each Lender funds its Advances or risk participation pursuant to this Section to refinance such Lender's Applicable Percentage of the applicable Swingline Advances, interest in respect of such Applicable Percentage shall be solely for the account of the Swingline Lender.

(g) Payments Directly to Swingline Lender. The Borrower shall make all payments of principal and interest in respect of the Swingline Advances directly to the Swingline Lender.

(h) Method of Borrowing. Except as provided in the clause (c) above, each request for a Swingline Advance shall be made pursuant to telephone notice to the Swingline Lender given no later than 11:00 a.m. (Houston, Texas time) on the date of the proposed Swingline Advance, promptly confirmed by a completed and executed Notice of Borrowing facsimiled to the Administrative Agent and the Swingline Lender. The Swingline Lender will promptly make such Swingline Advance available to the Borrower at the Borrower's account with the Administrative Agent.

Section 1.5 Borrowings; Procedures and Limitations.

(a) Notice of Borrowings. Each Revolving Borrowing (other than a Conversion) shall be made pursuant to a Notice of Borrowing and given by the Borrower to the Administrative Agent not later than 12:00 p.m. (Houston, Texas time) on the third Business Day before the date of the proposed Revolving Borrowing in the case of a SOFR Advance, and by the Borrower to the Administrative Agent not later than 10:00 a.m. (Houston, Texas time) on the Business Day of the proposed Revolving Borrowing in the case of a Base Rate Advance. The Administrative Agent shall give each applicable Lender prompt notice on the day of receipt by facsimile of a timely Notice of Borrowing of such proposed Revolving Borrowing. Each Notice of Borrowing shall be by facsimile specifying the (i) requested date of such Revolving Borrowing (which shall be a Business Day), (ii) requested Type of Advances comprising such Revolving Borrowing, (iii) aggregate amount of such Revolving Borrowing, and (iv) if such Revolving Borrowing is to be comprised of SOFR Advances, the Interest Period for such Advances. In the case of a proposed Revolving Borrowing comprised of SOFR Advances, the Administrative Agent shall promptly notify each applicable Lender of the applicable interest rate under Section 2.9, as applicable. Each Lender shall before 3:00 p.m. (Houston, Texas time) on the date of the proposed Revolving Borrowing, make available for the account of its Lending Office to the Administrative Agent at its address referred to in Section 9.7, or such other location as the Administrative Agent may specify by notice to the Lenders, in Same Day Funds, such Lender's Applicable Percentage of such Revolving Borrowing. Promptly upon the Administrative Agent's receipt of such funds (but, in any event, not later than 3:00 p.m. (Houston, Texas time) on the date of the proposed Revolving Borrowing) and provided that the applicable conditions set forth in Article III have been satisfied, the Administrative Agent will make such funds available to the Borrower at its account with the Administrative Agent.

(b) Conversions and Continuations. In order to elect to Convert or continue Advances comprising part of the same Revolving Borrowing under this Section, the Borrower shall deliver an irrevocable Notice of Conversion or Continuation to the Administrative Agent at the Administrative Agent's office no later than (x) 10:00 a.m. (Houston, Texas time) on the date of the proposed Conversion date in the case of a Conversion of such Advances to Base Rate Advances, and (ii) 12:00 p.m. (Houston, Texas time) at least three Business Days in advance of the proposed Conversion or continuation date in the case of a

Conversion to, or a continuation of, SOFR Advances. Each such Notice of Conversion or Continuation shall be in writing or facsimile, specifying (A) the requested Conversion or continuation date (which shall be a Business Day), (B) the Revolving Borrowing amount and Type of the Advances to be Converted or continued, (C) whether a Conversion or continuation is requested, and if a Conversion, into what Type of Advances, and (D) in the case of a Conversion to, or a continuation of, SOFR Advances, the requested Interest Period. Promptly after receipt of a Notice of Conversion or Continuation under this paragraph, the Administrative Agent shall provide each applicable Lender with a copy thereof and, in the case of a Conversion to or a continuation of SOFR Advances, shall notify each applicable Lender of the applicable interest rate under Section 2.9, as applicable. For purposes other than the conditions set forth in Section 3.2, the portion of Advances comprising part of the same Revolving Borrowing that are Converted to Advances of another Type shall constitute a new Revolving Borrowing.

(c) Certain Limitations. Notwithstanding anything in paragraphs (a) and (b) above:

(i) Each Revolving Borrowing shall (A) be in an aggregate amount not less than \$3,000,000 and in integral multiples of \$1,000,000 in excess thereof in case of SOFR Advances and in an aggregate amount not less than \$500,000 and in integral multiples of \$100,000 in excess thereof in case of Base Rate Advances, (B) consist of Advances of the same Type made, Converted or continued on the same day by the Lenders according to their Applicable Percentage, and (C) denominated only in Dollars.

(ii) At no time shall there be more than twelve Interest Periods applicable to outstanding SOFR Advances.

(iii) The Borrower may not select SOFR Advances for any Revolving Borrowing to be made, Converted or continued if a Default or Event of Default has occurred and is continuing.

(iv) If any Lender shall, at least one Business Day prior to the requested date of any Revolving Borrowing comprised of SOFR Advances, notify the Administrative Agent and the Borrower that the introduction of or any change in or in the interpretation of any Legal Requirement makes it unlawful, or that any central bank or other Governmental Authority asserts that it is unlawful, for such Lender or its Lending Office to perform its obligations under this Agreement to make SOFR Advances or to fund or maintain SOFR Advances, or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase or sell, or take deposits of, Dollars in the applicable interbank market, then (1) such Lender's Applicable Percentage of the amount of such Revolving Borrowing shall be made as a Base Rate Advance of such Lender, (2) such Base Rate Advance shall be considered part of the same Revolving Borrowing and interest on such Base Rate Advance shall be due and payable at the same time that interest on the SOFR Advance comprising the remainder of such Revolving Borrowing shall be due and payable, and (3) any obligation of such Lender to make, continue, or Convert to, SOFR Advances, including in connection with such requested Revolving Borrowing, shall be suspended until such Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exist or a Benchmark Replacement has been implemented pursuant to Section 2.5(g)(i)(A).

(v) **[Reserved.]**

(vi) **[Reserved.]**

(vii) If the Borrower shall fail to select the duration or continuation of any Interest Period for any SOFR Advance in accordance with the provisions contained in the definition of "Interest Period" in Section 1.1 and paragraph (a) or (b) above, the Administrative Agent will forthwith so notify the Borrower and the applicable Lenders and such affected Advances will be made available to the Borrower on the date of such Revolving Borrowing as Base Rate Advances or, if such affected Advances are existing Advances, will be Converted into Base Rate Advances at the end of the Interest Period then in effect.

(viii) Swingline Advances may not be Converted or continued.

(d) Notices Irrevocable. Each Notice of Borrowing and Notice of Conversion or Continuation shall be irrevocable and binding on the Borrower.

(e) Lender Obligations Several. The failure of any Lender to make the Advance to be made by it as part of any Revolving Borrowing shall not relieve any other Lender of its obligation, if any, to make its Advance on the date of such Revolving Borrowing. No Lender shall be responsible for the failure of any other Lender to make the Advance to be made by such other Lender on the date of any Revolving Borrowing.

(f) Funding by Lenders; Administrative Agent's Reliance. Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Revolving Borrowing of SOFR Advances, or prior to 12:00 p.m. (Houston, Texas time) on the date of any Revolving Borrowing of Base Rate Advances, that such Lender will not make available to the Administrative Agent such Lender's share of such Revolving Borrowing, the Administrative Agent may assume that such Lender has made such

share available in accordance with and at the time required in Section 2.5 and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Revolving Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount in Same Day Funds with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (A) in the case of a payment to be made by such Lender, the Overnight Rate and (B) in the case of a payment to be made by the Borrower, the interest rate applicable to the requested Revolving Borrowing. If the Borrower and such Lender shall pay such interest to the Administrative Agent for the same or an overlapping period, the Administrative Agent shall promptly remit to the Borrower the amount of such interest paid by the Borrower for such period. If such Lender pays its share of the applicable Revolving Borrowing to the Administrative Agent, then the amount so paid shall constitute such Lender's Advance included in such Revolving Borrowing. Any payment by the Borrower shall be without prejudice to any claim the Borrower may have against a Lender that shall have failed to make such payment to the Administrative Agent. A notice of the Administrative Agent to any Lender or Borrower with respect to any amount owing under this subsection (f) shall be conclusive, absent manifest error.

(g) Benchmark Replacement Setting.

(i) Benchmark Replacement.

(A) Notwithstanding anything to the contrary herein or in any other Credit Document, upon the occurrence of a Benchmark Transition Event, the Administrative Agent and the Borrower may amend this Agreement to replace the then-current Benchmark with a Benchmark Replacement. Any such amendment with respect to a Benchmark Transition Event will become effective at 4:00 p.m. (Houston, Texas time) on the fifth (5th) Business Day after the Administrative Agent has posted such proposed amendment to all affected Lenders and the Borrower so long as the Administrative Agent has not received, by such time, written notice of objection to such amendment from Lenders comprising the Majority Lenders. No replacement of a Benchmark with a Benchmark Replacement pursuant to this Section 2.5(g)(i)(A) will occur prior to the applicable Benchmark Transition Start Date.

(ii) Benchmark Replacement Conforming Changes. In connection with the use, administration, adoption or implementation of a Benchmark Replacement, the Administrative Agent will have the right to make Conforming Changes from time to time (in consultation with the Borrower) and, notwithstanding anything to the contrary herein or in any other Credit Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Credit Document.

(iii) Notices; Standards for Decisions and Determinations. The Administrative Agent will promptly notify the Borrower and the Lenders of (A) the implementation of any Benchmark Replacement and (B) the effectiveness of any Conforming Changes in connection with the use, administration, adoption or implementation of a Benchmark Replacement. The Administrative Agent will promptly notify the Borrower of the removal or reinstatement of any tenor of a Benchmark pursuant to Section 2.5(g)(iv). Any determination, decision or election that may be made by the Administrative Agent or, if applicable, any Lender (or group of Lenders) pursuant to this Section 2.5(g), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement or any other Credit Document, except, in each case, as expressly required pursuant to this Section 2.5(g).

(iv) Unavailability of Tenor of Benchmark. Notwithstanding anything to the contrary herein or in any other Credit Document, at any time (including in connection with the implementation of a Benchmark Replacement), (A) if the then-current Benchmark is a term rate (including the Term SOFR Reference Rate) and either (1) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion or (2) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is not or will not be representative, then the Administrative Agent may modify the definition of "Interest Period" (or any similar or analogous definition) for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor and (B) if a tenor that was removed pursuant to clause (A) above either (1) is subsequently displayed on a screen or

information service for a Benchmark (including a Benchmark Replacement) or (2) is not, or is no longer, subject to an announcement that it is not or will not be representative for a Benchmark (including a Benchmark Replacement), then the Administrative Agent may modify the definition of "Interest Period" (or any similar or analogous definition) for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(v) **Benchmark Unavailability Period.** Upon the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period, (A) the Borrower may revoke any pending request for a borrowing of, conversion to or continuation of SOFR Advances to be made, converted or continued during any Benchmark Unavailability Period and, failing that, the Borrower will be deemed to have converted any such request into a request for a borrowing of or conversion to Base Rate Advances and (B) any outstanding affected SOFR Advances will be deemed to have been converted to Base Rate Advances at the end of the applicable Interest Period. During any Benchmark Unavailability Period or at any time that a tenor for the then-current Benchmark is not an Available Tenor, the component of the Adjusted Base Rate based upon the then-current Benchmark or such tenor for such Benchmark, as applicable, will not be used in any determination of the Adjusted Base Rate.

Section 1.6 Prepayments. The Borrower shall not have any right to prepay any principal amount of any Advance except as provided in this Section 2.6. Each payment of any Advance pursuant to this Section 2.6 shall be made in a manner such that all Advances comprising part of the same Revolving Borrowing are paid in whole or ratably in part other than Advances owing to a Defaulting Lender as provided in Section 2.16.

(a) **Optional.** The Borrower may elect to prepay any Revolving Borrowing, in whole or in part, without penalty or premium except as set forth in Section 2.11 and after giving by 11:00 a.m. (Houston, Texas time) (i) in the case of SOFR Advances, at least three Business Days' or (ii) in case of Base Rate Advances, one Business Day's, prior written notice to the Administrative Agent stating the proposed date and aggregate principal amount of such prepayment; provided, that any such notice may state that such notice is conditioned upon the effectiveness of other credit facilities or any incurrence or issuance of debt or equity or an acquisition or disposition, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. If any such notice is given, the Borrower shall prepay Advances comprising part of the same Revolving Borrowing in whole or ratably (giving effect to Section 2.16, if applicable) in part in an aggregate principal amount equal to the amount specified in such notice, together with accrued interest to the date of such prepayment on the principal amount prepaid and amounts, if any, required to be paid pursuant to Section 2.11 as a result of such prepayment being made on such date; provided that (A) each optional partial prepayment of SOFR Advances shall be in a minimum amount not less than \$3,000,000 and in multiple integrals of \$1,000,000 in excess thereof and (B) each optional prepayment of Base Rate Advances shall be in a minimum amount not less than \$500,000 and in multiple integrals of \$100,000 in excess thereof.

(b) **Mandatory.**

(i) On any date that Outstandings exceed the aggregate amount of Revolving Commitments, the Borrower shall, within one Business Day, to the extent of such excess, first, prepay to the Swingline Lender the outstanding principal amount of the Swingline Advances, second, prepay to the Lenders on a pro rata basis the outstanding principal amount of the Revolving Advances and third, make deposits into the Cash Collateral Account to provide cash collateral in the amount of such excess for the Letter of Credit Exposure.

(ii) If a Commitment Increase is effected as permitted under Section 2.1(c), the Borrower shall prepay any Revolving Advances outstanding on such Increase Date to the extent necessary to keep the outstanding Revolving Advances ratably to reflect the revised Applicable Percentages arising from such Commitment Increase. Any prepayment made by Borrower in accordance with this clause (b)(ii) may be made with the proceeds of Revolving Advances made by all the Lenders in connection the Commitment Increase occurring simultaneously with the prepayment.

(c) **Interest; Costs.** Each prepayment pursuant to this Section 2.6 shall be accompanied by accrued interest on the amount prepaid to the date of such prepayment and amounts, if any, required to be paid pursuant to Section 2.11 as a result of such prepayment being made on such date.

Section 1.7 Repayment.

(a) Revolving Advances. The Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of and ratable benefit of each Lender the aggregate outstanding principal amount of all Revolving Advances on each such Lender's Maturity Date.

(b) Swingline Advances. The Borrower hereby unconditionally promises to pay to the Swingline Lender (i) the aggregate outstanding principal amount of all Swingline Advances on each Swingline Payment Date, and (ii) the aggregate outstanding principal amount of all Swingline Advances outstanding on the Swingline Lender's Maturity Date.

Section 1.8 Fees

(a) Commitment Fees. The Borrower agrees to pay to the Administrative Agent for the account of each Lender a Commitment Fee on the average daily amount by which such Lender's Revolving Commitment exceeds such Lender's outstanding Revolving Advances plus such Lender's Applicable Percentage of the Letter of Credit Exposure at the per annum rate equal to the Applicable Margin for Commitment Fees for such period; provided that no such commitment fee shall accrue on the Commitment of a Defaulting Lender during the period such Lender remains a Defaulting Lender. The Commitment Fee is due quarterly in arrears on March 31, June 30, September 30, and December 31 of each year commencing on December 31, 2018, and on each Maturity Date. For purposes of this Section 2.8(a) only, amounts advanced as Swingline Advances shall not reduce the amount of the unused Revolving Commitment.

(b) Fees for Letters of Credit. The Borrower agrees to pay the following: (i) subject to Section 2.16, to the Administrative Agent for the pro rata benefit of the Lenders a letter of credit fee for each Letter of Credit in an amount equal to the Applicable Margin for SOFR Advances per annum multiplied by the face amount of such Letter of Credit for the period such Letter of Credit is outstanding, which fee shall be due and payable quarterly in arrears on March 31, June 30, September 30, and December 31 of each year commencing on December 31, 2018, and on each Maturity Date; (ii) subject to Section 2.16, to the Issuing Lender, a fronting fee for each Letter of Credit in an amount separately agreed by the Borrower and the Issuing Lender, which fee shall be due and payable annually in advance on the date of the issuance or increase of each Letter of Credit and on the earlier of each annual anniversary thereafter or the Issuing Lender's Maturity Date; and (iii) to the Issuing Lender such other usual and customary fees associated with any transfers, amendments, drawings, negotiations or reissuances of any Letter of Credit, which fees shall be due and payable as requested by the Issuing Lender in accordance with the Issuing Lender's then current fee policy. The Borrower shall have no right to any refund of letter of credit fees previously paid by the Borrower, including any refund claimed because the Borrower cancels any Letter of Credit prior to its expiration date.

(c) Other Fees. The Borrower agrees to pay the fees to the Administrative Agent as set forth in the Fee Letter, the Amendment No. 1 Fee Letter and the Amendment No. 2 Fee Letter.

Section 1.9 Interest

(a) Base Rate Advances. Each Base Rate Advance shall bear interest at the Adjusted Base Rate in effect from time to time plus the Applicable Margin for Base Rate Advances for such period, provided that while an Event of Default pursuant to Section 7.1(a) or (f) is continuing the Base Rate Advances shall bear interest at the Adjusted Base Rate in effect from time to time plus the Applicable Margin plus 2%. The Borrower shall pay to Administrative Agent for the ratable benefit of each Lender all accrued but unpaid interest on such Lender's Base Rate Advances on each March 31, June 30, September 30, and December 31 commencing on December 31, 2018, and on each Maturity Date; provided that if an Event of Default is continuing, (i) all such interest (other than the additional 2% which is addressed in the following clause (ii)) shall be due and payable on demand or, if no express demand is made, shall be due and payable on the otherwise required interest payment dates hereunder, and (ii) the interest portion accruing at the additional 2% shall be payable on demand.

(b) SOFR Advances. Each SOFR Advance shall bear interest during its Interest Period equal to at all times the Adjusted Term SOFR for such Interest Period plus the Applicable Margin for SOFR Advances for such period; provided that while an Event of Default pursuant to Section 7.1(a) or (f) is continuing, each SOFR Advance shall bear interest at the Adjusted Term SOFR in effect from time to time plus the Applicable Margin plus 2%. The Borrower shall pay to the Administrative Agent for the ratable benefit of each Lender all accrued but unpaid interest on each of such Lender's SOFR Advances on the last day of the Interest Period therefor (provided that for SOFR Advances with six month Interest Periods, accrued but unpaid interest shall also be due on the day three months from the first day of such Interest Period), on the date any SOFR Advance is repaid in full, and on each Maturity Date; provided that if an Event of

Default is continuing, (i) all such interest (other than the additional 2% which is addressed in the following clause (ii)) shall be due and payable on demand or, if no express demand is made, shall be due and payable on the otherwise required interest payment dates hereunder, and (ii) the interest portion accruing at the additional 2% shall be payable on demand.

(c) Swingline Advances. Swingline Advances shall bear interest at the Adjusted Base Rate in effect from time to time plus the Applicable Margin for Base Rate Advances; provided that while an Event of Default pursuant to Section 7.1(a) or (f) is continuing the Swingline Advances shall bear interest at the Adjusted Base Rate in effect from time to time plus the Applicable Margin for Base Rate Advances plus 2%. The Borrower shall pay to the Swingline Lender for its own account subject to Section 2.4(f) all accrued but unpaid interest on each Swingline Advance on each Swingline Payment Date, on the date any Swingline Advance is repaid (or refinanced) in full, and on the Swingline Lender's Maturity Date.

(d) Other Amounts Overdue. If any amount payable under this Agreement, other than the Advances, is not paid when due and payable, including accrued interest and fees, then such overdue amount shall accrue interest hereon due and payable on demand at a rate per annum equal to the lesser of (i) the Adjusted Base Rate plus 2% and (ii) the Maximum Rate, from the date such amount became due until the date such amount is paid in full.

(e) Term SOFR Conforming Changes. In connection with the use or administration of Term SOFR, the Administrative Agent will have the right to make Conforming Changes from time to time (in consultation with the Borrower) and, notwithstanding anything to the contrary herein or in any other Credit Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Credit Document. The Administrative Agent will promptly notify the Borrower and the Lenders of the effectiveness of any Conforming Changes in connection with the use or administration of Term SOFR.

Section 1.10 Changed Circumstances

(a) Circumstances Affecting Benchmark Availability. Subject to clause 2.5(g), in connection with any request for a SOFR Advance or a conversion to or continuation thereof or otherwise, if for any reason (i) the Administrative Agent shall determine (which determination shall be conclusive and binding absent manifest error) that reasonable and adequate means do not exist for ascertaining Adjusted Term SOFR for the applicable Interest Period with respect to a proposed SOFR Advance on or prior to the first day of such Interest Period or (ii) the Majority Lenders shall determine (which determination shall be conclusive and binding absent manifest error) that Adjusted Term SOFR does not adequately and fairly reflect the cost to such Lenders of making or maintaining such Advances during such Interest Period and, in the case of clause (ii), the Majority Lenders have provided notice of such determination to the Administrative Agent, then, in each case, the Administrative Agent shall promptly give notice thereof to the Borrower. Upon notice thereof by the Administrative Agent to the Borrower, any obligation of the Lenders to make SOFR Advances, and any right of the Borrower to convert any Advance to or continue any Advance as a SOFR Advance, shall be suspended (to the extent of the affected SOFR Advance or the affected Interest Periods) until the Administrative Agent (with respect to clause (ii), at the instruction of the Majority Lenders) revokes such notice. Upon receipt of such notice, (A) the Borrower may revoke any pending request for a borrowing of, conversion to or continuation of SOFR Advance (to the extent of the affected SOFR Advances or the affected Interest Periods) or, failing that, the Borrower will be deemed to have converted any such request into a request for a borrowing of or conversion to Base Rate Advances in the amount specified therein and (B) any outstanding affected SOFR Advances will be deemed to have been converted into Base Rate Advances at the end of the applicable Interest Period. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted, together with any additional amounts required pursuant to Section 2.11.

(b) Laws Affecting SOFR Availability. If, after the date hereof, the introduction of, or any change in, any Applicable Law or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any of the Lenders (or any of their respective Lending Offices) with any request or directive (whether or not having the force of law) of any such Governmental Authority, central bank or comparable agency, shall make it unlawful or impossible for any of the Lenders (or any of their respective Lending Offices) to honor its obligations hereunder to make or maintain any SOFR Advance, or to determine or charge interest based upon SOFR, the Term SOFR Reference Rate, Adjusted Term SOFR or Term SOFR, such Lender shall promptly give notice thereof to the Administrative Agent and the Administrative Agent shall promptly give notice to the Borrower and the other Lenders (an "Illegality Notice"). Thereafter, until each affected Lender notifies the Administrative Agent and the Administrative

Agent notifies the Borrower that the circumstances giving rise to such determination no longer exist, (i) any obligation of the Lenders to make SOFR Advances, and any right of the Borrower to convert any Advance to a SOFR Advance or continue any Advance as a SOFR Advance, shall be suspended and (ii) if necessary to avoid such illegality, the Administrative Agent shall compute the Adjusted Base Rate without reference to clause (c) of the definition of "Adjusted Base Rate". Upon receipt of an Illegality Notice, the Borrower shall, if necessary to avoid such illegality, upon demand from any Lender (with a copy to the Administrative Agent), prepay or, if applicable, convert all SOFR Advances to Base Rate Advances (in each case, if necessary to avoid such illegality, the Administrative Agent shall compute the Base Rate Advances without reference to clause (c) of the definition of "Adjusted Base Rate"), on the last day of the Interest Period therefor, if all affected Lenders may lawfully continue to maintain such SOFR Advances to such day, or immediately, if any Lender may not lawfully continue to maintain such SOFR Advances to such day. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted, together with any additional amounts required pursuant to Section 2.11.

Section 1.11 Indemnity. The Borrower hereby indemnifies each of the Lenders against any loss, out-of-pocket cost or expense (including any loss, cost or expense arising from the liquidation or reemployment of funds or from any fees payable but excluding any loss of anticipated profits) which may arise, be attributable to or result due to or as a consequence of (a) any failure by the Borrower to make any payment when due of any amount due hereunder in connection with a SOFR Advance, (b) any failure of the Borrower to borrow or continue a SOFR Advance or convert to a SOFR Advance on a date specified therefor in a Notice of Borrowing or Notice of Continuation or Conversion, (c) any failure of the Borrower to prepay any SOFR Advance on a date specified therefor in any notice of prepayment (regardless of whether any such notice of prepayment may be revoked under Section 2.6 and is revoked in accordance therewith), (d) any payment, prepayment or conversion of any SOFR Advance on a date other than the last day of the Interest Period therefor (including (i) as a result of an Event of Default and (ii) as a result of a payment of a SOFR Advance to a Non-Extending Lender on such Lender's Maturity Date) or (e) the assignment of any SOFR Advance other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.15(b). A certificate of such Lender setting forth the basis for such Lender's good-faith determination of such amount or amounts necessary to compensate such Lender shall be forwarded to the Borrower through the Administrative Agent and shall be conclusively presumed to be correct save for manifest error. All of the obligations of the Credit Parties under this Section 2.11 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Credit Document.

Section 1.12 Increased Costs.

(a) **Increased Costs Generally.** If any Change in Law shall:

(i) impose, modify or deem applicable any reserve (including pursuant to regulations issued from time to time by the FRB for determining the maximum reserve requirement (including any emergency, special, supplemental or other marginal reserve requirement) with respect to eurocurrency funding (currently referred to as "Eurocurrency liabilities" in Regulation D of the FRB, as amended and in effect from time to time)), special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or advances, loans or other credit extended or participated in by, any Lender or any Issuing Lender;

(ii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its Advances, loan principal, Letters of Credit, Commitments or other Obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Lender or Issuing Lender any other condition, cost or expense (other than Taxes) affecting this Agreement or Advances made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender or such other Recipient of making, Converting to, continuing or maintaining any Advance or of maintaining its obligation to make or accept and purchase any such Advance, or to increase the cost to such Lender, such Issuing Lender or such other Recipient of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any

sum received or receivable by such Lender, such Issuing Lender or such other Recipient hereunder (whether of principal, interest or any other amount) then, upon request of such Lender, such Issuing Lender or such other Recipient, the Borrower will pay to such Lender, such Issuing Lender or such other Recipient, as the case may be, such additional amount or amounts as will compensate such Lender, such Issuing Lender or such other Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If any Lender or Issuing Lender determines that any Change in Law affecting such Lender or Issuing Lender or any lending office of such Lender or such Lender's or Issuing Lender's holding company, if any, regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's or Issuing Lender's capital or on the capital of such Lender's or Issuing Lender's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Advances made by, or participations in Letters of Credit or Swingline Advances held by, such Lender, or the Letters of Credit issued by such Issuing Lender, to a level below that which such Lender or Issuing Lender or such Lender's or Issuing Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or Issuing Lender's policies and the policies of such Lender's or Issuing Lender's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender or Issuing Lender, such additional amount or amounts as will compensate such Lender or such Issuing Lender or such Lender's or Issuing Lender's holding company for any such reduction suffered.

(c) Certificates for Reimbursement. A certificate of a Lender or Issuing Lender setting forth the amount or amounts necessary to compensate such Lender or Issuing Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section and delivered to the Borrower shall be conclusive absent manifest error. The Borrower shall pay such Lender or Issuing Lender, as the case may be, the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of any Lender or Issuing Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or such Issuing Lender's right to demand such compensation; provided that the Borrower shall not be required to compensate a Recipient pursuant to this Section for any increased costs incurred or reductions suffered more than nine months prior to the date that such Recipient notifies the Borrower of the Change in Law giving rise to such increased costs or reductions, and of such Recipient's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

Section 1.13 Payments and Computations

(a) Payments. All payments to be made by the Borrower shall be made in immediately available funds without condition or deduction for any counterclaim, defense, recoupment or setoff; provided that the Borrower may setoff amounts owing to any Lender that is at such time a Defaulting Lender against Advances that such Defaulting Lender failed to fund to the Borrower under this Agreement (the "Unfunded Advances") so long as (i) the Borrower shall have delivered prior written notice of such setoff to the Administrative Agent and such Defaulting Lender, (ii) the Advances made by the Non-Defaulting Lenders as part of the original Revolving Borrowing to which the Unfunded Advances applied shall still be outstanding, (iii) if such Defaulting Lender failed to fund Advances under more than one Revolving Borrowing, such setoff shall be applied in a manner satisfactory to the Administrative Agent, and (iv) upon the application of such setoff, the Unfunded Advances shall be deemed to have been made by such Defaulting Lender on the effective date of such setoff. Except as otherwise expressly provided herein, all payments by the Borrower hereunder shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed in Dollars and in Same Day Funds. Subject to Section 2.5(c), each payment of any Advance pursuant to this Section or any other provision of this Agreement shall be made in a manner such that all Advances comprising part of the same Revolving Borrowing are paid in whole or ratably in part.

(b) Payments by Borrower; Presumptions by Administrative Agent. Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the applicable Lenders or the Issuing Lenders hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute

to the Lenders or the Issuing Lenders, as the case may be, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the applicable Lenders or the Issuing Lenders, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or Issuing Lender, in Same Day Funds with interest thereon, for each day from and including the date such amount is distributed to it but excluding the date of payment to the Administrative Agent, at the Overnight Rate. A notice of the Administrative Agent to any Lender or Borrower with respect to any amount owing under this subsection (b) shall be conclusive, absent manifest error.

(c) Payment Procedures. Subject to Section 2.14, the Borrower shall make each payment of any amount under this Agreement and under any other Credit Document not later than 11:00 a.m. (Houston, Texas time) on the day when due in Dollars to the Administrative Agent at the Administrative Agent's address (or such other location as the Administrative Agent shall designate in writing to the Borrower) in Same Day Funds. Without limiting the generality of the foregoing, the Administrative Agent may require that any payments due under this Agreement be made in the United States. Subject to Section 2.14, the Administrative Agent will promptly thereafter, and in any event prior to the close of business on the day any timely payment is made, cause to be distributed like funds relating to the payment of principal, interest or fees ratably (other than amounts payable solely to any specific Lender Party pursuant to Sections 2.4, 2.10, 2.11, 2.12, 2.14, and 9.1 but after taking into account payments effected pursuant to Section 2.13(f)) in accordance with each Lender's Applicable Percentage to the Lenders for the account of their respective Lending Offices, and like funds relating to the payment of any other amount payable to any Lender to such Lender for the account of its Lending Office, in each case to be applied in accordance with the terms of this Agreement. Upon receipt of other amounts due solely to the Administrative Agent, Issuing Lender, Swingline Lender, or a specific Lender, the Administrative Agent shall distribute such amounts to the appropriate party to be applied in accordance with the terms of this Agreement.

(d) Non-Business Day Payments. Whenever any payment shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest or fees, as the case may be; provided that if such extension would cause payment of interest on or principal of SOFR Advances to be made in the next following calendar month, such payment shall be made on the immediately preceding Business Day.

(e) Computations. All computations of interest and fees shall be made by the Administrative Agent on the basis of a year of 365 (or, in a leap year, 366) days for Base Rate Advances for which interest is calculated based on the Prime Rate and a year of 360 days for all other interest and fees, in each case for the actual number of days (including the first day, but excluding the last day) occurring in the period for which such interest or fees are payable. Each determination by the Administrative Agent of an amount of interest or fees shall be conclusive and binding for all purposes, absent manifest error.

(f) Sharing of Payments, Etc. Each Lender agrees that if it shall, through the exercise of a right of banker's lien, setoff, counterclaim or otherwise against the Borrower or any other Credit Party, obtain payment (voluntary or involuntary) in respect of any Advance or the participations in the Letter of Credit Obligations or in the Swingline Advances held by it, as a result of which the unpaid portion of its Advances shall be proportionately less than the unpaid portion of the Advances or the participations in the Letter of Credit Obligations or in the Swingline Advances held by any other Lender, it shall be deemed simultaneously to have purchased from such other Lender at face value, and shall promptly pay to such other Lender the purchase price for, a participation in the Advances, the participations in the Letter of Credit Obligations and in the Swingline Advances held by it of such other Lender, so that the aggregate unpaid amount of the Advances and participations in Advances, Letter of Credit Obligations and Swingline Advances held by each Lender shall be in the same proportion to the aggregate unpaid amount of all Advances, Letter of Credit Obligations and Swingline Advances then outstanding as the amount of its Advances, and participations in Letter of Credit Obligations and Swingline Advances prior to such exercise of banker's lien, setoff or counterclaim or other event was to the amount of all Advances and participations in Letter of Credit Obligations and Swingline Advances, outstanding prior to such exercise of banker's lien, setoff or counterclaim or other event; provided, however, that if any such purchase or purchases or adjustments shall be made pursuant to this Section 2.13 and the payment giving rise thereto shall thereafter be recovered, such purchase or purchases or adjustments shall be rescinded to the extent of such recovery and the purchase price or prices or adjustment restored without interest. The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable Legal Requirement, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

Section 1.14 Taxes.

(a) Issuing Lender. For purposes of this Section 2.14, the term “Lender” includes any Issuing Lender and the term “Legal Requirement” includes FATCA.

(b) Payments Free of Taxes. Any and all payments by or on account of any obligation of any Credit Party under any Credit Document shall be made without deduction or withholding for any Taxes, except as required by applicable Legal Requirement. If any applicable Legal Requirement (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable Legal Requirement and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Credit Party shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(c) Payment of Other Taxes by Credit Parties. The Credit Parties shall timely pay to the relevant Governmental Authority in accordance with applicable Legal Requirement, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(d) Indemnification by Credit Parties. The Credit Parties shall jointly and severally indemnify each Recipient, within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority but excluding to the extent resulting from the gross negligence or willful misconduct of the Recipient as determined by a court of competent jurisdiction by final and nonappealable judgment; provided that, for the avoidance of doubt, no indemnification payment shall be due under this Section 2.14(d) to the extent such payment is duplicative of any payment made by a Credit Party under Section 2.14(b) or (c) or by a Guarantor (in lieu of the Borrower) under any Guaranty. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(e) Indemnification by the Lenders. Each Lender shall severally indemnify the Administrative Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that any Credit Party has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Credit Parties to do so), (ii) any Taxes attributable to such Lender’s failure to comply with the provisions of Section 9.6(c) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Credit Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority but except as a result of the gross negligence or willful misconduct of the Recipient as determined by a court of competent jurisdiction by final and nonappealable judgment. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Credit Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (e).

(f) Evidence of Payments. As soon as practicable after any payment of Taxes by any Credit Party to a Governmental Authority pursuant to this Section 2.14, such Credit Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(g) Status of Lenders.

(i) Any Lender (including, solely for purposes of this Section 2.14(g), the Administrative Agent) that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Credit Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly

completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable Legal Requirement or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 2.14(g)(ii) (A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing,

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

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable: (i) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Credit Document, properly completed, valid and, executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E (or any successor form), as applicable, establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Credit Document, properly completed, valid and executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E (or any successor form), as applicable, establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty; (ii) properly completed, valid and executed copies of IRS Form W-8ECI (or any successor form); (iii) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit F-1 to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "U.S. Tax Compliance Certificate") and (y) properly completed, valid and executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E (or any successor form), as applicable; or (iv) to the extent a Foreign Lender is not the beneficial owner, properly completed, valid and executed copies of IRS Form W-8IMY (or any successor form), accompanied by IRS Form W-8ECI, IRS Form W-8BEN or IRS Form W-8BEN-E (or any successor form), as applicable, a U.S. Tax Compliance Certificate substantially in the form of Exhibit F-2 or Exhibit F-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit F-4 on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), properly completed, valid and executed copies of any other form prescribed by applicable Legal Requirement as a basis for claiming exemption from or a

reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable Legal Requirement to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Credit Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by Legal Requirement and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable Legal Requirement (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

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

(h) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund (including, for purposes of this paragraph, a credit in lieu of a cash refund) of any Taxes as to which it has been indemnified pursuant to this Section 2.14 (including by the payment of additional amounts pursuant to this Section 2.14), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (h) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (h), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (h) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(i) Survival. Each party's obligations under this Section 2.14 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Credit Document.

Section 1.15 Mitigation Obligations; Replacement of Lenders.

(a) Designation of a Different Lending Office. If any Lender requests compensation under Section 2.12, or the Borrower is required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.14, then such Lender shall (at the request of the Borrower) use reasonable efforts to designate a different lending office for funding or booking its Advances hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the reasonable judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.12 or 2.14, as the case may be, in the future, and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) **Replacement Lender.** If any Lender (x) requests compensation under Section 2.12, or if the Borrower is required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.14, (y) is a Defaulting Lender, or (z) is a Non-Consenting Lender or Non-Extending Lender, then the Borrower may, at its sole expense and effort (and in the case of a Defaulting Lender, the Administrative Agent may) upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 9.6), all of its interests, rights (other than its existing rights to payments pursuant to Section 2.12 or Section 2.14) and obligations under this Agreement and the related Credit Documents to an Eligible Assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that:

- (i) the Borrower shall have paid to the Administrative Agent the assignment fee (if any) specified in Section 9.6;
- (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Advances and participations in Letter of Credit Obligations, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Credit Documents (including any amounts under Section 2.11) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts);
- (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.12 or payments required to be made pursuant to Section 2.14, such assignment will result in a reduction in such compensation or payments thereafter;
- (iv) such assignment does not conflict with any applicable Legal Requirement;
- (v) in the case of any assignment resulting from a Lender becoming a Non-Consenting Lender, the applicable assignee shall have consented to the applicable amendment, waiver or consent; and
- (vi) in the case of any assignment resulting from a Lender becoming a Non-Extending Lender, the applicable assignee's Maturity Date shall be the latest Maturity Date in effect after giving effect to such applicable extension.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply. To the extent permitted under applicable Legal Requirements, each Lender hereby designates and appoints the Administrative Agent as true and lawful agent and attorney-in-fact, with full power and authority, for and on behalf of and in the name of such Lender to execute, acknowledge and deliver the Assignment and Acceptance required hereunder if such Lender is replaced pursuant to this Section 2.15(b) and such Lender shall be bound thereby as fully and effectively as if such Lender had personally executed, acknowledged and delivered the same. In lieu of the Borrower or the Administrative Agent replacing a Defaulting Lender as provided in this Section 2.15, the Borrower may terminate such Defaulting Lender's applicable Commitment as provided in Section 2.1(b)(ii).

Section 1.16 Defaulting Lender.

(a) **Defaulting Lender Adjustments.** Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by applicable Legal Requirement:

- (i) **Waivers and Amendments.** Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of Majority Lenders.
- (ii) **Defaulting Lender Waterfall.** Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article VII or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 7.4 shall be applied at such time or times as may be determined by the Administrative Agent as follows: first, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; second, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to the Issuing Lender or Swingline Lender hereunder; third, to Cash Collateralize each Issuing Lender's Fronting Exposure with respect to such Defaulting Lender in accordance with Section 2.3(k); fourth, as the Borrower may request (so long as no Default or Event of Default exists), to the funding of any loan hereunder in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; fifth, if so determined by the Administrative Agent and the Borrower, to be held in a deposit account and released pro rata in order to (x) satisfy such Defaulting Lender's

potential future funding obligations with respect to Advances under this Agreement and (y) Cash Collateralize each Issuing Lender's future Fronting Exposure with respect to such Defaulting Lender with respect to future Letters of Credit issued under this Agreement, in accordance with Section 2.3(k); sixth, to the payment of any amounts owing to the Lenders, the Issuing Lenders or the Swingline Lender as a result of any judgment of a court of competent jurisdiction obtained by any Lender, any Issuing Lender or the Swingline Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; seventh, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and eighth, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment by or on behalf of Borrower of the principal amount of any Advances or Letter of Credit disbursements in respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) such Advances were made or the related Letters of Credit were issued at a time when the conditions set forth in Section 3.1 were satisfied or waived, such payment shall be applied solely to pay the Advances of, and Letter of Credit disbursements owed to, all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Advances of, or Letter of Credit disbursements owed to, such Defaulting Lender until such time as all Advances and funded and unfunded participations in Letter of Credit Obligations and Swingline Advances are held by the Lenders pro rata in accordance with the Commitments without giving effect to Section 2.16(a)(iv). Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant to this Section 2.16(a)(ii) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) Certain Fees.

(A) No Defaulting Lender shall be entitled to receive any Commitment Fee for any period during which that Lender is a Defaulting Lender (and the Borrower shall not be required to pay any such fee that otherwise would have been required to have been paid to that Defaulting Lender).

(B) Each Defaulting Lender shall be entitled to receive fees under Section 2.8(b)(i) for any period during which that Lender is a Defaulting Lender only to the extent allocable to its Applicable Percentage of the stated amount of Letters of Credit for which it has provided Cash Collateral pursuant to Section 2.3(k).

(C) With respect to any fee not required to be paid to any Defaulting Lender pursuant to clause (A) or (B) above, the Borrower shall (x) pay to each Non-Defaulting Lender that portion of any such fee otherwise payable to such Defaulting Lender with respect to such Defaulting Lender's participation in Letter of Credit Obligations or Swingline Advances that has been reallocated to such Non-Defaulting Lender pursuant to clause (iv) below, (y) pay to each Issuing Lender and the Swingline Lender, as applicable, the amount of any such fee otherwise payable to such Defaulting Lender to the extent allocable to such Issuing Lender's or the Swingline Lender's Fronting Exposure to such Defaulting Lender, and (z) not be required to pay the remaining amount of any such fee.

(iv) Reallocation of Participations to Reduce Fronting Exposure. All or any part of such Defaulting Lender's participation in Letter of Credit Obligations and Swingline Advances shall be reallocated among the Non-Defaulting Lenders in accordance with their respective Applicable Percentages (calculated without regard to such Defaulting Lender's Commitment) but only to the extent that (x) the conditions set forth in Section 3.2 are satisfied at the time of such reallocation (and, unless the Borrower shall have otherwise notified the Administrative Agent at such time, the Borrower shall be deemed to have represented and warranted that such conditions are satisfied at such time), and (y) such reallocation does not cause the aggregate Outstandings of any Non-Defaulting Lender to exceed such Non-Defaulting Lender's Commitment. Subject to Section 9.16, no reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a Non-Defaulting Lender as a result of such Non-Defaulting Lender's increased exposure following such reallocation.

(v) Cash Collateral, Repayment of Swingline Advances. If the reallocation described in clause (iv) above cannot, or can only partially, be effected, the Borrower shall, without prejudice to

any right or remedy available to it hereunder or under Legal Requirement, (x) first, prepay Swingline Advances in an amount equal to the Swingline Lender's Fronting Exposure and (y) second, Cash Collateralize each Issuing Lender's Fronting Exposure in accordance with the procedures set forth in Section 2.3(k).

(b) Defaulting Lender Cure. If the Borrower, the Administrative Agent, the Swingline Lender and each Issuing Lender agree in writing that a Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), that Lender will, to the extent applicable, purchase at par that portion of outstanding Revolving Advances of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Advances and funded and unfunded participations in Letters of Credit and Swingline Advances to be held pro rata by the Lenders in accordance with the Commitments (without giving effect to Section 2.16(a)(iv), whereupon such Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

(c) Letters of Credit. So long as any Lender is a Defaulting Lender, no Issuing Lender shall be required to issue, extend, renew or increase any Letter of Credit, unless it is satisfied that it will have no Fronting Exposure after giving effect thereto.

(d) Swingline Advances. So long as any Lender is a Defaulting Lender, the Swingline Lender shall not be required to make any Swingline Advances, unless it is satisfied that it will have no Fronting Exposure after giving effect thereto.

ARTICLE III. CONDITIONS PRECEDENT

Section 1.1 Conditions Precedent to Initial Credit Extension. The obligation of each Issuing Lender, the Swingline Lender and each Lender to make its initial Credit Extension (including the deemed issuance of the Existing Letters of Credit) hereunder is subject to satisfaction of the following conditions precedent:

(a) Documentation. The Administrative Agent shall have received the following, duly executed by all the parties thereto, in form and substance reasonably satisfactory to the Administrative Agent and the Lenders:

- (i) this Agreement and all Exhibits and Schedules hereto;
- (ii) the Notes payable to each Lender, as requested by such Lender;
- (iii) the Guaranty;
- (iv) a certificate from a Responsible Officer of the Borrower dated as of the date hereof stating that as of such date (A) all representations and warranties of the Credit Parties set forth in this Agreement are true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that are already qualified or modified by materiality or Material Adverse Change in the text thereof) and (B) no Default has occurred and is continuing;

(v) a secretary's certificate from each Credit Party certifying such Person's (A) officers' incumbency, (B) authorizing resolutions, and (C) organizational documents;

(vi) certificates of good standing for each Credit Party in the state, province or territory in which each such Person is organized, which certificates shall be dated a date not earlier than 30 days prior to date hereof; and

(vii) a legal opinion of Baker Botts L.L.P., in form and substance reasonably satisfactory to the Administrative Agent and covering customary matters.

(b) Representations and Warranties. The representations and warranties contained in Article IV and in each other Credit Document shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that are already qualified or modified by materiality or Material Adverse Change in the text thereof) on and as of the Closing Date before and after giving effect to the initial Revolving Borrowings or issuance (or deemed issuance) of Letters of Credit, as though made on and as of such date.

(c) No Default. No Default shall have occurred and be continuing.

(d) Payment of Fees. The Borrower shall have paid the fees and expenses required to be paid as of the Closing Date by the Fee Letter, such other fee letter as agreed to by the Borrower, and the Commitment Letter; provided that any fees and expenses of counsel to the Administrative Agent shall have been invoiced not less than two Business Days prior to the Closing Date (or such later date as the Borrower may agree).

(e) Approvals. All governmental, equity holder and third-party approvals necessary or, in the discretion of the Administrative Agent, advisable in connection with this Agreement and the other Credit Documents shall have been obtained and be in full force and effect.

(f) Other Proceedings. No action, suit, investigation or other proceeding (including, without limitation, the enactment or promulgation of a statute or rule) by or before any arbitrator or any Governmental Authority shall be threatened or pending and no preliminary or permanent injunction or order by a state or federal court shall have been entered (i) in connection with this Agreement or any transaction contemplated hereby or (ii) which, in any case, in the judgment of the Administrative Agent could reasonably be expected to result in a Material Adverse Change.

(g) Material Adverse Change. Except as set forth on Schedule 3.1(g), no event or circumstance that could reasonably be expected to result in a material adverse change in the financial condition, results of operations, business, assets or liabilities of the Borrower and its Subsidiaries, taken as a whole, shall have occurred since June 30, 2018.

(h) Solvency. The Administrative Agent shall have received a certificate in form and substance reasonably satisfactory to the Administrative Agent from a senior financial officer of the Borrower certifying that, before and after giving effect to the initial Revolving Borrowings (if any) and other Credit Extensions made hereunder on the date hereof (including the deemed issuance of the Existing Letters of Credit), each Credit Party (on a consolidated basis with its Subsidiaries) is Solvent.

(i) Patriot Act and Beneficial Ownership. The Administrative Agent and each Lender shall have received all documentation and other information required by regulatory authorities under applicable "know your customer" and anti-money-laundering rules and regulations including, without limitation, the Patriot Act and the Beneficial Ownership Regulation.

(j) Payoff Letter. The Administrative Agent shall have received (i) evidence satisfactory to it that all amounts outstanding under the Existing Credit Agreement have been paid in full and (ii) a customary payoff letter executed by the administrative agent thereunder and H&P International terminating all commitments to extend credit thereunder.

Section 1.2 Conditions Precedent to Each Credit Extension. The obligation of each Lender to make any Credit Extension on the occasion of each Revolving Borrowing (including any Revolving Borrowing on the Closing Date), the obligation of each Issuing Lender to make any Credit Extension (excluding the deemed issuance of the Existing Letters of Credit), the obligation of the Swingline Lender to make Swingline Advances and any reallocation of Letter of Credit Exposure provided in Section 2.16, in any such case, shall be subject to the further conditions precedent that on the date of such Revolving Borrowing or such Credit Extension or reallocation:

(a) Representations and Warranties. As of the date of the making of such Credit Extension or reallocation (but excluding any Conversion of Revolving Advances),

(i) the representations and warranties made by any Credit Party in the Credit Documents (other than the representation and warranty made in Section 4.4(b) as to any Credit Extension other than the initial Credit Extension) shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that are already qualified or modified by materiality or Material Adverse Change in the text thereof) on such date, except that any representation and warranty which by its terms is made as of a specified date shall be required to be true and correct only as of such specified date and each request for the making of any Credit Extension or reallocation; and

(ii) the making of such Credit Extension or reallocation shall be deemed to be a reaffirmation of such representations and warranties.

(b) No Default. As of the date of the Credit Extension or reallocation, there shall exist no Default or Event of Default, and the making of such Credit Extension or reallocation would not cause a Default or Event of Default.

(c) No Legal Prohibition. The making of such Credit Extension, would not conflict with, or cause any Lender or any Issuing Lender to violate or exceed, any applicable Legal Requirement.

(d) Credit Extension Request. The Administrative Agent and, if applicable, the Issuing Lender or the Swingline Lender shall have received a Notice of Borrowing or Letter of Credit Application, as applicable, in accordance with the requirements of this Agreement.

**ARTICLE IV.
REPRESENTATIONS AND WARRANTIES**

The Borrower hereby represents and warrants as follows:

Section 1.1 Organization. Each of the Borrower and its Subsidiaries is duly and validly organized and existing and in good standing under the laws of its jurisdiction of incorporation or formation and is authorized to do business and is in good standing in all jurisdictions in which such qualifications or authorizations are necessary except where the failure could not reasonably be expected to result in a Material Adverse Change.

Section 1.2 Authorization. The execution, delivery, and performance by each Credit Party of each Credit Document to which such Credit Party is a party and the consummation of the transactions contemplated thereby (a) are within such Credit Party's powers, (b) have been duly authorized by all necessary corporate, limited liability company or partnership action, (c) do not contravene any organizational documents of such Credit Party, (d) do not contravene any law or any contractual restriction binding on or affecting such Credit Party, (e) do not result in or require the creation or imposition of any Lien prohibited by this Agreement, and (f) do not require any authorization or approval or other action by, or any notice or filing with, any Governmental Authority, except notices to or filings with the SEC and routine Tax filings that may be required from time to time. At the time of each Credit Extension, such Credit Extension and the use of the proceeds of such Credit Extension are within the Borrower's corporate powers, have been duly authorized by all necessary corporate action, do not contravene (i) the Borrower's organizational documents or (ii) any law in any material respect or any material contractual restriction binding on or affecting the Borrower, will not result in or require the creation or imposition of any Lien prohibited by this Agreement, and do not require any authorization or approval or other action by, or any notice or filing with, any Governmental Authority.

Section 1.3 Enforceability. The Credit Documents have each been duly executed and delivered by each Credit Party that is a party thereto and each Credit Document constitutes the legal, valid, and binding obligation of each Credit Party that is a party thereto enforceable in accordance with its terms, except as limited by applicable Debtor Relief Laws or similar laws at the time in effect affecting the rights of creditors generally and to the effect of general principles of equity whether applied by a court of law or equity.

Section 1.4 Financial Condition

(a) The Borrower has delivered to the Lenders the Financial Statements for the fiscal quarter ended June 30, 2018, and such Financial Statements are true and correct in all material respects and present fairly the consolidated financial condition of the Borrower and its Subsidiaries as of the date thereof. As of the date of the financial statements referred in the preceding sentence, there were no material contingent obligations, liabilities for taxes, unusual forward or long-term commitments, or unrealized or anticipated losses of the applicable Persons, except as disclosed therein and adequate reserves for such items have been made in accordance with GAAP.

(b) Except as set forth on Schedule 3.1(g), since June 30, 2018, no event or condition has occurred that could reasonably be expected to result in Material Adverse Change.

Section 1.5 Ownership and Liens Each Credit Party has good title to, or valid leasehold interests in, all its real and personal property material to its business, except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purposes.

Section 1.6 True and Complete Disclosure All written factual information (whether delivered before or after the date of this Agreement) prepared by or on behalf of the Borrower or a Subsidiary (other than projected financial information, pro forma financial information and information of a general economic or industry nature) and furnished to any Lender Party for purposes of or in connection with this Agreement, any other Credit Document or any transaction contemplated hereby or thereby is true and

accurate in all material respects on the date as of which such information is dated or certified and not incomplete by omitting to state any material fact necessary to make such information (taken as a whole) not materially misleading at such time, in light of the circumstances under which they were made; provided that, with respect to projected financial information, the Borrower represents only that such information was prepared in good faith based upon assumptions believed by it to be reasonable at the time so furnished and, if such projected financial information was furnished prior to the date of this Agreement, as of the date of this Agreement (it being understood and agreed that any such projected financial information may vary from actual results and that such variations may be material). There is no fact known to any Responsible Officer of the Borrower on the date of this Agreement that has not been disclosed to the Administrative Agent that could reasonably be expected to result in a Material Adverse Change. The information included in any Beneficial Ownership Certification provided to any Lender in connection with this Agreement is true and correct in all respects.

Section 1.7 Litigation. Except as set forth in Schedule 4.7, there are no actions, suits, or proceedings pending or, to the Borrower's knowledge, threatened against the Borrower or any Subsidiary, at law, in equity, or in admiralty, or by or before any Governmental Authority, which could reasonably be expected to result in a Material Adverse Change; provided that this Section 4.7 does not apply with respect to Environmental Claims. Additionally, except as disclosed in writing to the Lender Parties, there is no pending or, to the best of the knowledge of the Borrower, threatened action or proceeding instituted against the Borrower or any Subsidiary which seeks to adjudicate the Borrower or any Subsidiary as bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee or other similar official for it or for any substantial part of its Property.

Section 1.8 No Default. No Default has occurred and is continuing.

Section 1.9 Pension Plans. Except for matters that individually or in the aggregate could not reasonably be expected to result in a liability of greater than \$50,000,000.00, (a) all Plans are, and have been administered, in compliance in all material respects with all applicable provisions of ERISA and the Code, (b) no Termination Event has occurred with respect to any Plan for which there is any unsatisfied liability, (c) no failure to satisfy the "minimum funding standard" (within the meaning of Section 302 of ERISA) has occurred with respect to any Plan and there has been no excise tax imposed upon the Borrower or any Subsidiary under Section 4971 of the Code, in each case, for which there is any unsatisfied liability, (d) except as set forth on Schedule 4.9, the present value of all benefits vested under each Plan (based on the assumptions used to fund such Plan) did not, as of the last annual valuation date applicable thereto, exceed the value of the assets of such Plan allocable to such vested benefits, (e) neither the Borrower nor any member of the Controlled Group has had a complete or partial withdrawal from any Multiemployer Plan for which there is any unsatisfied withdrawal liability, and (f) neither the Borrower nor any member of the Controlled Group during the last six years has been a participating employer in a Multiemployer Plan during the last six years. Based upon GAAP existing as of the date of this Agreement and current factual circumstances, neither the Borrower nor any Subsidiary has any reason to believe that the annual cost during the term of this Agreement to the Borrower or any Subsidiary for post-retirement benefits to be provided, except as required by law, to the current and former employees of the Borrower or any Subsidiary under any welfare benefit plans (as defined in Section 3(1) of ERISA) could reasonably be expected to result in a liability of greater than \$50,000,000.00.

Section 1.10 Environmental Condition. Except to the extent that any inaccuracy could not reasonably be expected to result in a Material Adverse Change:

(a) Permits, Etc. The Borrower and the Subsidiaries (i) have obtained all material Environmental Permits necessary for the ownership and operation of their respective Properties and the conduct of their respective businesses; (ii) have at all times been and are in material compliance with all terms and conditions of such Permits and with all other material requirements of applicable Environmental Laws; (iii) have not received written notice of any material violation or alleged material violation of any Environmental Law or Environmental Permit; and (iv) are not subject to any actual or contingent Environmental Claim.

(b) **Certain Liabilities.** None of the present or previously owned or operated Property of the Borrower or any Subsidiary, wherever located, (i) has been placed on or proposed to be placed on the National Priorities List, the Comprehensive Environmental Response Compensation Liability Information System list, or their state or local analogs, or have been otherwise investigated, designated, listed, or identified as a potential site for removal, remediation, cleanup, closure, restoration, reclamation, or other response activity under any Environmental Laws; (ii) is subject to a Lien, arising under or in connection with any Environmental Laws, that attaches to any revenues or to any Property owned or operated by any Credit Party or any Subsidiary, wherever located; or (iii) has been the site of any Release of Hazardous Substances or Hazardous Wastes from present or past operations which has caused at the site or at any third-party site any condition that has resulted in or could reasonably be expected to result in the need for Response will not result in a Material Adverse Change.

(c) **Certain Actions.** Without limiting the foregoing, (i) all notices have been properly filed, and no further action is required under current applicable Environmental Law as to each Response or other restoration or remedial project undertaken by the Borrower, any Subsidiary, or any Person's former Subsidiaries on any of their presently or formerly owned or operated Property and (ii) the present and, to the Borrower's best knowledge, future liability, if any, of the Borrower or of any Subsidiary which could reasonably be expected to arise in connection with requirements under Environmental Laws will not result in a Material Adverse Change.

Section 1.11 Subsidiaries. As of the Closing Date, the Borrower does not have any Subsidiaries other than those listed on Schedule 4.11. The Equity Interests of each Subsidiary are validly issued, fully paid and non-assessable.

Section 1.12 Investment Company Act. Neither the Borrower nor any Subsidiary is an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended. Neither the Borrower nor any Subsidiary is subject to regulation under any Federal or state statute, regulation or other Legal Requirement which limits its ability to incur Debt.

Section 1.13 Taxes. Proper and accurate (in all material respects (as reasonably determined by the Borrower)) federal, state, local and foreign tax returns required to have been filed (after giving effect to any extension granted in the time for filing) by the Borrower or its Subsidiaries have been filed with the appropriate Governmental Authorities, and all Taxes due and payable have been paid, except to the extent (i) in either case, the failure to do so could not reasonably be expected to result in a Material Adverse Change, or (ii) such Taxes are being contested in good faith and by appropriate proceedings and for which adequate reserves have been established on the books of the appropriate Person in accordance with GAAP.

Section 1.14 Permits, Licenses, etc. The Borrower and each Subsidiary possesses all permits, licenses, patents, patent rights or licenses, trademarks, trademark rights, trade names rights, and copyrights which are material to the conduct of its respective business except where the failure to maintain the same could not reasonably be expected to result in a Material Adverse Change. The Borrower and each Subsidiary manages and operates its business in accordance with all applicable Legal Requirements except where the failure to so manage or operate could not reasonably be expected to result in a Material Adverse Change.

Section 1.15 Use of Proceeds. No Credit Party is engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U). No proceeds of any Credit Extension will be used (a) to purchase or carry any margin stock (within the meaning of Regulation U) or to extend credit to others for the purpose of purchasing or carrying any margin stock (within the meaning of Regulation U) without completing and delivery to the Lenders a Form U-1 (or such other documentation required under Regulation U), or (b) for any purpose which, in any event, violates or would be inconsistent with, the provisions of Regulation T, U or X.

Section 1.16 Condition of Property; Casualties. The material Properties used or to be used in the continuing operations of the Borrower or any Subsidiary, are in good working order and condition, normal wear and tear excepted, except for certain deficiencies that could not reasonably be expected to result in a Material Adverse Change. Neither the business nor the material Properties of the Borrower or any Subsidiary has, since June 30, 2018, been affected as a result of any fire, explosion, earthquake,

flood, drought, windstorm, accident, strike or other labor disturbance, embargo, requisition or taking of Property or cancellation of contracts, permits or concessions by a Governmental Authority, riot, activities of armed forces or acts of God or of any public enemy, which effect could reasonably be expected to cause a Material Adverse Change.

Section 1.17 Insurance. The Borrower and each Subsidiary carries insurance (which may be carried by the Borrower on a consolidated basis) or maintains appropriate risk management programs in such amounts, covering such risks and liabilities and with such deductibles or self-insurance retentions as are reasonable given the nature of its business, its ability to self-insure, the circumstances and geographic area in which such business is being conducted and the availability of insurance coverage at commercially reasonable rates.

Section 1.18 Anti-Corruption Laws, Anti-Money Laundering/Anti-Terrorism Laws, and Sanctions. None of (a) the Borrower or any Subsidiary, or any of their respective officers or employees, or (b) to the knowledge of the Borrower, any of agent, director, Affiliate or representative of the Borrower or any Subsidiary that will act in any capacity in connection with or benefit from the credit facility established hereby, (i) is a Sanctioned Person or is currently the subject or target of any Sanctions or (ii) except as disclosed in (A) the Borrower's Form 10-K filed with the SEC on November 26, 2008 for the year ended September 30, 2008 and (B) the Borrower's Form 8-K filed with the SEC on July 30, 2009, has taken any action, directly or indirectly, that would result in a violation by such Persons of any Anti-Corruption Laws or any Anti-Money Laundering/Anti-Terrorism Laws.

Section 1.19 Affected Financial Institution. No Credit Party nor any Subsidiary thereof is an Affected Financial Institution.

ARTICLE V. AFFIRMATIVE COVENANTS

So long as any Obligation shall remain unpaid (other than contingent indemnity Obligations for which no claim has been made), any Lender shall have any Commitment hereunder, or there shall exist any Letter of Credit Exposure (other than with respect to Letters of Credit that have been cash collateralized pursuant to this Agreement or for which other arrangements acceptable to the applicable Issuing Lender have been entered into), the Borrower agrees to comply with the following covenants.

Section 1.1 Organization. The Borrower shall, and shall cause each Subsidiary to, preserve and maintain its partnership, limited liability company or corporate existence, rights, franchises and privileges in the jurisdiction of its organization, and qualify and remain qualified as a foreign business entity in each jurisdiction in which qualification is necessary in view of its business and operations or the ownership of its Properties and where failure to qualify could reasonably be expected to cause a Material Adverse Change; provided, however, that nothing herein contained shall prevent any transaction permitted by Section 6.7.

Section 1.2 Reporting.

(a) **Annual Financial Reports.** The Borrower shall provide, or shall cause to be provided, to the Administrative Agent with sufficient copies for the Lenders, as soon as available after the end of each fiscal year of the Borrower, but in any event no more than thirty days after the date required under Securities Laws for the filing of its Form 10-K, the audited annual Financial Statements (which shall not be subject to any "going concern" or like qualification or exception or any qualification or exception as to the scope of such audit), all prepared in conformity with GAAP consistently applied and all as audited by the Borrower's certified public accountants of nationally recognized standing or otherwise reasonably acceptable to the Administrative Agent, together with a duly completed Compliance Certificate.

(b) **Quarterly Financial Reports.** The Borrower shall provide to the Administrative Agent with sufficient copies for the Lenders, as soon as available after the end of the first three fiscal quarters of each fiscal year of the Borrower, but in any event no more than thirty days after the date required under Securities Laws for the filing of its Form 10-Q: (i) an internally prepared Financial Statement as of the close of such fiscal quarter, (ii) a comparison of such balance sheet and the related consolidated statements of income, retained earnings, and cash flow to the balance sheet and related consolidated

statements of income, retained earnings, and cash flow for the corresponding fiscal period of the preceding fiscal year, (iii) any other such items as the Administrative Agent may reasonably request, all of which shall be certified as accurate by a senior financial officer of the Borrower, and (iv) a duly completed Compliance Certificate.

(c) Defaults. The Borrower shall provide to the Administrative Agent promptly, but in any event within three Business Days after knowledge of the occurrence thereof, a notice of each Default or Event of Default known to the Borrower or to any Subsidiary, together with a statement of an Responsible Officer of the Borrower setting forth the details of such Default or Event of Default and the actions which the Borrower or such Subsidiary has taken and proposes to take with respect thereto.

(d) Other Creditors. The Borrower shall provide to the Administrative Agent promptly after the giving or receipt thereof, copies of any default notices given or received by the Borrower or by any Subsidiary pursuant to the terms of any indenture, loan agreement, credit agreement, or similar agreement evidencing or relating to Debt in a principal amount equal to or greater than \$50,000,000.00.

(e) Litigation. The Borrower shall provide to the Administrative Agent promptly after the commencement thereof, notice of all actions, suits, and proceedings before any Governmental Authority, affecting the Borrower or any Subsidiary that could reasonably be expected to result in a Material Adverse Change.

(f) Environmental Notices. Promptly upon, and in any event no later than 15 days after, the receipt thereof, or the acquisition of knowledge thereof, by the Borrower or any Subsidiary, the Borrower shall provide the Administrative Agent with a copy of any form of request, claim, complaint, order, notice, summons or citation received from any Governmental Authority or any other Person, (i) concerning violations or alleged violations of Environmental Laws, which seeks to impose liability therefor in excess of \$50,000,000.00, (ii) concerning any action or omission on the part of the Borrower or any of its Subsidiaries in connection with Hazardous Waste or Hazardous Substances which could reasonably result in the imposition of liability in excess of \$50,000,000.00 or requiring that action be taken to respond to or clean up a Release of Hazardous Substances or Hazardous Waste into the environment and such action or clean-up could reasonably be expected to exceed \$50,000,000.00, including without limitation any information request related to, or notice of, potential responsibility under CERCLA, or (iii) concerning the filing of a Lien (other than Permitted Lien) upon, against or in connection with the Borrower or any Subsidiary, or any of their leased or owned Property, wherever located.

(g) Material Changes. The Borrower shall provide to the Administrative Agent prompt written notice of any condition or event of which the Borrower or any Subsidiary has knowledge, which condition or event has resulted or could reasonably be expected to result in a Material Adverse Change.

(h) Termination Events. As soon as possible and in any event (i) within 30 days after the Borrower or any member of the Controlled Group knows or has reason to know that any Termination Event described in clause (a) of the definition of Termination Event with respect to any Plan which could reasonably be expected to result in a Material Adverse Change has occurred, and (ii) within 10 days after the Borrower or any member of the Controlled Group knows or has reason to know that any other Termination Event with respect to any Plan which could reasonably be expected to result in a Material Adverse Change has occurred, the Borrower shall provide to the Administrative Agent a statement of a Responsible Officer of the Borrower describing such Termination Event and the action, if any, which the Borrower or any Affiliate of the Borrower proposes to take with respect thereto;

(i) Termination of Plans. Promptly and in any event within five Business Days after receipt thereof by the Borrower or any other member of the Controlled Group from the PBGC, the Borrower shall provide to the Administrative Agent copies of each notice received by the Borrower or any such other member of the Controlled Group of the PBGC's intention to terminate any Plan or to have a trustee appointed to administer any Plan, in each case, which could reasonably be expected to result in a Material Adverse Change;

(j) Other ERISA Notices. (i) Promptly and in any event within five Business Days after receipt thereof by the Borrower or any other member of the Controlled Group from a Multiemployer Plan sponsor, the Borrower shall provide to the Administrative Agent a copy of each notice received by the Borrower or any other member of the Controlled Group concerning the imposition or amount of withdrawal liability imposed on the Borrower or any other member of the Controlled Group pursuant to Section 4202 of ERISA which could reasonably be expected to result in a Material Adverse Change; (ii) as soon as possible and in any event no later than 30 days prior to the occurrence of such event, the Borrower shall provide to the Administrative Agent written notice of an assumption by the Borrower, any Subsidiary, or any member of the Controlled Group of an obligation to contribute to any Multiemployer Plan which could reasonably be expected to result in a Material Adverse Change and (iii) as soon as possible and in any event no later than 30 days prior to the occurrence of such event, the Borrower shall

provide to the Administrative Agent written notice of an acquisition by the Borrower, any Subsidiary, or any member of the Controlled Group of an interest in any Person that causes such Person to become a member of the Controlled Group if such Person sponsors, maintains or contributes to, or at any time in the six-year period preceding such acquisition has sponsored, maintained, or contributed to, (1) any Multiemployer Plan, or (2) any other Plan under which the present value of all benefits vested under such Plan (based on the assumptions used to fund such Plan), as of the last annual valuation date applicable thereto, exceeded the value of the assets of such Plan allocable to such vested benefits;

(k) Other Governmental Notices. Promptly and in any event within five Business Days after receipt thereof by the Borrower or any Subsidiary, the Borrower shall provide to the Administrative Agent a copy of any notice, summons, citation, or proceeding seeking to modify in any material respect, revoke, or suspend any material contract, license, permit, or agreement with any Governmental Authority if such modification, revocation or suspension could reasonably be expected to result in a Material Adverse Change;

(l) Disputes; etc. Promptly and in any event within five Business Days after knowledge thereof by the Borrower or any Subsidiary, the Borrower shall provide to the Administrative Agent written notice of (i) any claims, legal or arbitration proceedings, proceedings before any Governmental Authority, or disputes, or to the knowledge of the Borrower or any Subsidiary, any such actions threatened, or affecting the Borrower or any Subsidiary, which, if adversely determined, could reasonably be expected to cause a Material Adverse Change, or any material labor controversy of which the Borrower or any Subsidiary has knowledge resulting in or reasonably considered to be likely to result in a strike against the Borrower or any Subsidiary if such strike could reasonably be expected to result in a Material Adverse Change, and (ii) any claim, judgment, Lien or other encumbrance (other than a Permitted Lien) affecting any Property of the Borrower or any Subsidiary, if the value of the claim, judgment, Lien, or other encumbrance affecting such Property shall exceed \$50,000,000.00;

(m) SEC. Promptly after the same become publicly available, the Borrower shall provide to the Administrative Agent copies of all periodic and other reports, proxy statements and other materials (other than filings under Section 16 of the Securities Exchange Act of 1934) filed by the Borrower or any Subsidiary with the SEC, or any Governmental Authority succeeding to any or all of the functions of said Commission or distributed by the Borrower or any Subsidiary to its shareholders generally, as the case may be; and

(n) Beneficial Ownership. The Borrower shall provide to the Administrative Agent prompt written notice of any change in the information provided in any Beneficial Ownership Certification delivered to a Lender that would result in a change to the list of beneficial owners identified in such Beneficial Ownership Certification.

(o) Other Information. Subject to the confidentiality provisions of Section 9.8, the Borrower shall provide to the Administrative Agent such other information respecting the business, operations, or Property of the Borrower or any Subsidiary, financial or otherwise, as any Lender through the Administrative Agent may reasonably request.

Documents required to be delivered pursuant to Section 5.2(a), (b), or (m) (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which the Borrower posts such documents, or provides a link thereto on the Borrower's website on the Internet at the website address listed on Schedule III; or (ii) on which such documents are posted on the Borrower's behalf on IntraLinks/IntraAgency, Syndtrak or another relevant website (including, without limitation, the SEC's website), if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent). The Administrative Agent shall not have an obligation to request the delivery or to maintain copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Borrower with any such request for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

Section 1.3 Insurance. The Borrower shall, and shall cause each Subsidiary to, carry insurance (which may be carried by the Borrower on a consolidated basis) or maintain appropriate risk management programs in such amounts, covering such risks and liabilities and with such deductibles or self-insurance retentions as are reasonable given the nature of its business, its ability to self-insure, the circumstances and geographic area in which such business is being conducted and the availability of insurance coverage at commercially reasonable rates.

Section 1.4 Compliance with Laws. The Borrower shall, and shall cause each Subsidiary to, comply with all federal, state, provincial, territorial and local Legal Requirements (including Environmental Laws and the Patriot Act) which are applicable to the operations and Property of the Borrower or such Subsidiary and maintain all related permits necessary for the ownership and operation of the Borrower's and such Subsidiary's Property and business, except in any case where the failure to so comply could not reasonably be expected to result in a Material Adverse Change, provided that this Section 5.4 shall not prevent the Borrower or any of its Subsidiaries from, in good faith and with reasonable diligence, contesting the validity or application of any such Legal Requirements by appropriate legal proceedings for which adequate reserves have been established.

Section 1.5 Taxes. The Borrower shall, and shall cause each Subsidiary to, timely and accurately file all federal and all other material state, local, and foreign tax returns required to be filed by it and pay and discharge all Taxes imposed on the Borrower or any of its Subsidiaries, respectively, that are due and payable by it prior to the date on which penalties attach, except to the extent (i) in either case, the failure to do so could not reasonably be expected to result in a Material Adverse Change or (ii) such Taxes are being contested in good faith by the appropriate proceedings and for which adequate reserves have been established on the books of the appropriate Person in accordance with GAAP.

Section 1.6 Records; Inspection. The Borrower shall, and shall cause each Subsidiary to, maintain proper, complete and consistent books of record with respect to such Person's operations, affairs, and financial condition. From time to time (but, unless an Event of Default has occurred and is continuing, not more than once per year in the case of clauses (a) and (b) below) upon reasonable prior notice, the Borrower shall permit any Lender and shall cause each Subsidiary to permit any Lender, at such reasonable times and intervals and to a reasonable extent and under the reasonable guidance of officers of or employees delegated by officers of the Borrower or such Subsidiary, to, subject to any applicable confidentiality considerations, (a) examine the books and records of the Borrower or such Subsidiary, (b) to visit and inspect the Property of the Borrower or such Subsidiary, and (c) to discuss the business operations and Property of the Borrower or such Subsidiary with the officers and directors thereof.

Section 1.7 Maintenance of Property. The Borrower shall, and shall cause each Subsidiary to, maintain their owned, leased, or operated Property in good condition and repair, normal wear and tear excepted, except to the extent any failure to so maintain could not reasonably be expected to result in a Material Adverse Change; and shall abstain from, and cause each Subsidiary to abstain from, knowingly or willfully permitting the commission of waste or other injury, destruction, or loss of natural resources, or the occurrence of pollution, contamination, or any other condition in, on or about the owned or operated Property involving the Environment that could reasonably be expected to result in Response activities and that could reasonably be expected to cause a Material Adverse Change.

Section 1.8 Compliance with Anti-Corruption Laws, Anti-Money Laundering/Anti-Terrorism Laws, and Sanctions. The Borrower will maintain in effect and enforce policies and procedures reasonably designed to promote compliance by the Borrower and its Subsidiaries and its and their respective directors, officers, employees and agents with Anti-Corruption Laws, Anti-Money Laundering/Anti-Terrorism Laws, and applicable Sanctions.

ARTICLE VI. NEGATIVE COVENANTS

So long as any Obligation shall remain unpaid (other than contingent indemnity Obligations for which no claim has been made), any Lender shall have any Commitment hereunder, or there shall exist any Letter of Credit Exposure (other than with respect to Letters of Credit that have been cash collateralized pursuant to this Agreement or for which other arrangements acceptable to the applicable Issuing Lender have been entered into), the Borrower agrees to comply with the following covenants.

Section 1.1 Debt. The Borrower shall not, nor shall it permit any Subsidiary to, create, assume, incur, suffer to exist, or in any manner become liable, directly, indirectly, or contingently in respect of, any Debt, unless the Borrower shall be in compliance, on a pro forma basis after giving effect to such transactions, with the remaining covenants contained in this Article VI recomputed as of the last day of the most recently ended fiscal quarter of the Borrower as if the transaction in question had occurred on the

first day of each relevant period for testing such compliance; provided that, in any event, the aggregate principal amount of Priority Debt shall not exceed 17.5% of the Net Worth of the Borrower and its consolidated Subsidiaries at any time.

Section 1.2 Liens. The Borrower shall not, nor shall it permit any of its Subsidiaries to, create, assume, incur, or suffer to exist any Lien on the Property of the Borrower or any Subsidiary, whether now owned or hereafter acquired, or assign any right to receive any income, other than the following:

- (a) Liens securing the Obligations;
- (b) Liens imposed by law, such as materialmen's, mechanics', builder's, carriers', workmen's and repairmen's liens, and other similar liens arising in the ordinary course of business securing obligations which are not overdue for a period of more than 30 days or are being contested in good faith by appropriate procedures or proceedings and for which adequate reserves have been established;
- (c) Liens arising in the ordinary course of business out of pledges or deposits under workers compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits, or similar legislation to secure public or statutory obligations;
- (d) Liens for Taxes, assessments, or other governmental charges which are not yet due and payable or which are being actively contested in good faith by appropriate proceedings and for which adequate reserves for such items have been made in accordance with GAAP;
- (e) Liens arising from precautionary UCC financing statements regarding leases to the extent such leases are permitted hereby;
- (f) encumbrances consisting of minor easements, zoning restrictions, or other restrictions on the use of real property that do not (individually or in the aggregate) materially affect the value of the assets encumbered thereby or materially impair the ability of the Borrower or any Subsidiary to use such assets in its business, and none of which is violated in any material aspect by existing or proposed structures or land use to the extent such violation could reasonably be expected to result in a Material Adverse Change;
- (g) Liens arising solely by virtue of any statutory or common law provision or customary account documentation relating to banker's liens, rights of set-off or similar rights and remedies and burdening only deposit accounts or other funds maintained with a depository institution;
- (h) Liens on cash or securities pledged to secure performance of tenders, surety and appeal bonds, government contracts, performance and return of money bonds, bids, trade contracts, leases, statutory obligations, regulatory obligations and other obligations of a like nature incurred in the ordinary course of business;
- (i) judgment and attachment Liens not giving rise to an Event of Default, provided that (i) any appropriate legal proceedings which may have been duly initiated for the review of such judgment shall not have been finally terminated or the period within which such proceeding may be initiated shall not have expired and (ii) no action to enforce such Lien has been commenced;
- (j) Liens in favor of a seller on any segregated cash earnest money deposits made by the Borrower or any of its Subsidiaries in connection with any executed letter of intent or purchase agreement for a purchase of Property not prohibited by this Agreement;
- (k) Liens on cash collateral deposited into any escrow account pursuant to customary escrow arrangement but only to the extent (i) such cash collateral represents proceeds of Debt incurred for the purpose of funding an acquisition and additional amounts to pay accrued interest on and redemption premiums payable on such Debt, and (ii) such cash collateral is released only to fund such acquisition and related costs, and in the event such acquisition is not effected, to repay such Debt, accrued interest thereon and premium amounts, if any, on such Debt; and
- (l) Liens securing Debt and not otherwise permitted under this Section 6.2; provided that (i) the aggregate principal amount of Priority Debt shall not exceed 17.5% of the Net Worth of the Borrower and its consolidated Subsidiaries at any time, and (ii) the Borrower and its Subsidiaries shall be in compliance with the covenants set forth in this Agreement, both before and after giving effect to each incurrence of such Debt to be secured by a Lien under this Section 6.2(l).

Section 1.3 [Reserved.]

Section 1.4 [Reserved.]

Section 1.5 Restrictive Agreements. The Borrower shall not, nor shall it permit any Subsidiary to, create, incur, assume or permit to exist any contract, agreement or understanding (other than this Agreement) which in any way, directly or indirectly, prohibits or restricts any Subsidiary from paying

Restricted Payments to the Borrower; provided, that this Section 6.5 shall not apply to any prohibitions or restrictions with respect to any Person or the property or assets of a Person acquired by the Borrower or any of its Subsidiaries (including through merger, amalgamation or consolidation) existing at the time of such acquisition and not incurred in connection with or in contemplation of such acquisition, which encumbrance or restriction is not applicable to any Person or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired and any amendments, modifications, restatements, renewals, extensions, supplements, refundings, replacements or refinancings thereof.

Section 1.6 Use of Proceeds; Use of Letters of Credit.

(a) The Borrower shall not, nor shall it permit any Subsidiary to use the proceeds of Advances and Letters of Credit for any purposes other than (i) for working capital and other general corporate purposes, including the funding of capital expenditures, (ii) for the payment of fees and expenses related to the entering into of this Agreement and the other Credit Documents, and (iii) for the refinancing of the extensions of credit under the Existing Credit Agreement.

(b) The Borrower shall not, nor shall it permit any of its Subsidiaries to, directly or indirectly use any part of the proceeds of Advances or Letters of Credit for any purpose which violates, or is inconsistent with, Regulations T, U, or X. The Borrower shall not permit more than 25% of the consolidated assets of the Borrower and its Subsidiaries to consist of margin stock (within the meaning of Regulation U).

(c) The Borrower shall not, nor shall it permit any of its Subsidiaries or its or their respective directors, officers, employees and agents to, directly or knowingly indirectly, use any part of the proceeds of Advances or Letters of Credit (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws or Anti-Money Laundering/Anti-Terrorism Laws, (ii) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country in violation of any Sanction, or (iii) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

Section 1.7 Corporate Actions; Fundamental Changes.

(a) The Borrower shall not, nor shall it permit any Credit Party to, merge, amalgamate or consolidate with or into any other Person, except that (i) the Borrower may merge or amalgamate with any other Person; provided that (A) immediately after giving effect to any such proposed transaction no Default would exist, (B) no Change in Control occurs and (C) the Borrower is the surviving entity, and (ii) any Subsidiary of the Borrower may merge, amalgamate or be consolidated with or into any other Person; provided that immediately after giving effect to any such proposed transaction no Default would exist.

(b) The Borrower shall not, nor shall it permit any Credit Party to, sell, transfer, lease or otherwise dispose of (in one transaction or in a series of transactions) all or substantially all of its assets, or all or substantially all of the stock of any of its Subsidiaries (in each case, whether now owned or hereafter acquired), or liquidate or dissolve, except that, if at the time thereof and immediately after giving effect thereto no Default shall have occurred and be continuing (i) any Subsidiary of the Borrower may sell, transfer, lease or otherwise dispose of (in one transaction or in a series of transactions) all or substantially all of its assets, or all or substantially all of the stock of any of its Subsidiaries (in each case, whether now owned or hereafter acquired), to any Person, (ii) any Subsidiary of the Borrower may liquidate or dissolve if the Borrower determines in good faith that such liquidation or dissolution is in the best interests of the Borrower and is not materially disadvantageous to the Lenders and (iii) the Borrower may sell, transfer, lease or otherwise dispose of (in one transaction or in a series of transactions) all or substantially all of its assets, or all or substantially all of the stock of any of its Subsidiaries (in each case, whether now owned or hereafter acquired), to any Person; provided, however that notwithstanding the foregoing, the Borrower and its Subsidiaries, taken as whole, shall not sell, transfer, lease or otherwise dispose of (in one transaction or in a series of transactions) all or substantially all its assets (in each case, whether now owned or hereafter acquired).

(c) The Borrower shall not reorganize in any jurisdiction outside the United States.

Section 1.8 [Reserved.]

Section 1.9 Restricted Payments. The Borrower shall not, nor shall it permit any Subsidiary to make any Restricted Payments if at the time of the making of such Restricted Payments a Default exists or a Default would result from the making of such Restricted Payment.

Section 1.10 Affiliate Transactions. The Borrower shall not, nor shall it permit any Subsidiary to, directly or indirectly, enter into or permit to exist any transaction or series of transactions (including, but not limited to, the purchase, sale, lease or exchange of Property, the making of any investment, the giving of any guaranty, the assumption of any obligation or the rendering of any service) with any of their Affiliates unless such transaction or series of transactions is on terms (taken as a whole) substantially as favorable to the Borrower or any Subsidiary, as applicable, than those that could be obtained in a comparable arm's length transaction with a Person that is not such an Affiliate, provided that the foregoing restriction shall not apply to transactions between or among the Borrower and any of its wholly-owned (other than directors' qualifying shares and shares issued to other persons to the extent required or necessary under applicable law) Subsidiaries or between or among any wholly-owned (other than directors' qualifying shares and shares issued to other persons to the extent required or necessary under applicable law) Subsidiaries.

Section 1.11 Line of Business. The Borrower and its Subsidiaries (taken as a whole) shall not change the character of its business such that the principal business of the Borrower and its Subsidiaries (taken as a whole) is not contract drilling or oilfield services and any business substantially related or incidental thereto as conducted on the date of this Agreement.

Section 1.12 Compliance with ERISA. Except for matters that individually or in the aggregate could not reasonably be expected to result in a liability of greater than \$50,000,000.00, the Borrower shall not, nor shall it permit any Subsidiary to, directly or indirectly: (a) engage in any transaction in connection with which the Borrower or any Subsidiary could be subjected to either a civil penalty assessed pursuant to section 502(c), (i) or (l) of ERISA or a tax imposed by Chapter 43 of Subtitle D of the Code; (b) fail to make, or permit any member of the Controlled Group to fail to make, full payment when due of all amounts which, under the provisions of any Plan, agreement relating thereto or applicable Legal Requirement, the Borrower, a Subsidiary or member of the Controlled Group is required to pay as contributions thereto; (c) permit to exist, or allow any Subsidiary or any member of the Controlled Group to permit to exist, any failure to satisfy the "minimum funding standard" within the meaning of Section 302 of ERISA or section 412 of the Code, whether or not waived, with respect to any Plan; (d) permit, or allow any member of the Controlled Group to permit, the present value of all benefits vested under such Plan (based on the assumptions used to fund such Plan), as of the last annual valuation date applicable thereto, to exceed the value of the assets of such Plan allocable to such vested benefits except as shown on Schedule 6.12; or (e) incur, or permit any member of the Controlled Group to incur, a liability to or on account of a Plan under sections 515, 4062, 4063, 4064, 4201 or 4204 of ERISA.

Section 1.13 Hedging Arrangements. The Borrower shall not, nor shall it permit any Subsidiary to, (a) purchase, assume, or hold a speculative position in any commodities market or futures market or enter into any Hedging Arrangement for speculative purposes; or (b) be party to or otherwise enter into any Hedging Arrangement which (i) is entered into for reasons other than as a part of its normal business operations as a risk management strategy and/or hedge against changes resulting from market conditions related to the Borrower's or its Subsidiaries' operations, or (ii) obligates the Borrower or any Subsidiary to any margin call requirements.

Section 1.14 Funded Leverage Ratio. The Borrower shall not permit the Funded Leverage Ratio, at the end of each fiscal quarter of the Borrower, to be greater than 50%.

Section 1.15 [Reserved.]

ARTICLE VII. DEFAULT AND REMEDIES

Section 1.1 Events of Default. The occurrence of any of the following events shall constitute an “Event of Default” under this Agreement and any other Credit Document:

(a) **Payment Failure.** Any Credit Party (i) fails to pay any principal when due under this Agreement or (ii) fails to pay, within three Business Days of when due, any other amount due under this Agreement or any other Credit Document, including payments of interest, fees, reimbursements, and indemnifications;

(b) **False Representation or Warranties.** Any representation or warranty made or deemed to be made by any Credit Party or any Responsible Officer thereof in this Agreement, in any other Credit Document or in any certificate delivered in connection with this Agreement or any other Credit Document is incorrect, false or otherwise misleading in any material respect at the time it was made or deemed made;

(c) **Breach of Covenant.** (i) Any breach by any Credit Party of any of the covenants in Section 5.1 (as to the existence of the Borrower), Section 5.2(c), or Article VI of this Agreement or the corresponding covenants in any Guaranty or (ii) any breach by any Credit Party of any other covenant contained in this Agreement or any other Credit Document and such breach is not cured within 30 days after the earlier of the date notice thereof is given to the Borrower by any Lender Party or the date any Responsible Officer of the Borrower or any Subsidiary obtained actual knowledge thereof;

(d) **Guaranty.** (i) Any provision in the Guaranty shall at any time (before its expiration according to its terms) and for any reason cease to be in full force and effect and valid and binding on the Guarantors party thereto or shall be contested by any party thereto; (ii) any Guarantor shall deny it has any liability or obligation under such Guaranty; or (iii) any Guarantor shall cease to exist other than as expressly permitted by the terms of this Agreement;

(e) **Cross-Default.** (i) The Borrower or any Subsidiary shall fail to pay any principal of or premium or interest on its Debt which is outstanding in a principal amount of at least \$50,000,000.00 individually or when aggregated with all such Debt of such Persons so in default (but excluding Debt constituting Obligations) when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or (ii) any other default or breach shall exist under any agreement or instrument relating to Debt which is outstanding in a principal amount of at least \$50,000,000.00 individually or when aggregated with all such Debt of such Persons so in default or breach (other than Debt constituting Obligations), and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such default or breach is to accelerate, or to permit the acceleration of, the maturity of such Debt prior to the stated maturity thereof or the effect of such default or breach is to otherwise require, or permit the requirement of, the prepayment (other than by regularly scheduled required prepayment) of such Debt; provided that, for purposes of this subsection 7.1(e), the “principal amount” of the obligations in respect of any Hedging Arrangements at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that would be required to be paid if such Hedging Arrangements were terminated at such time;

(f) **Bankruptcy and Insolvency.** (i) The Borrower shall terminate its existence or dissolve or (ii) any Credit Party (A) admits in writing its inability to pay its debts generally as they become due; makes an assignment for the benefit of its creditors; consents to or acquiesces in the appointment of a receiver, liquidator, fiscal agent, or trustee of itself or any of its Property; files a petition under any Debtor Relief Law; or consents to any reorganization, arrangement, workout, liquidation, dissolution, or similar relief under any Debtor Relief Law, (B) shall have had, without its consent, any court enter an order appointing a receiver, liquidator, fiscal agent, or trustee of itself or any of its Property; any petition filed against it seeking reorganization, arrangement, workout, liquidation, dissolution or similar relief under any Debtor Relief Law and such petition shall not be dismissed, stayed, or set aside for an aggregate of 60 days, whether or not consecutive, or (C) shall have had any order for relief entered by a court under any Debtor Relief Law;

(g) **Adverse Judgment.** The Borrower or any Subsidiary suffers final judgments against any of them since the date of this Agreement in an aggregate amount, less any insurance proceeds covering such judgments which are received or as to which the insurance carriers admit liability, greater than \$50,000,000.00 and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgments or (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgments, by reason of a pending appeal or otherwise, shall not be in effect;

(h) **Termination Events.** Any Termination Event with respect to a Plan shall have occurred, and, 30 days after notice thereof shall have been given to the Borrower by the Administrative Agent, such Termination Event shall not have been corrected and shall have created and caused to be continuing a material risk of Plan termination or liability for withdrawal from the Plan as a “substantial employer” (as defined in Section 4001(a)(2) of ERISA), which termination could reasonably be expect to result in a liability of, or liability for withdrawal could reasonably be expected to be, greater than \$50,000,000.00;

(i) **Plan Withdrawals.** The Borrower or any member of the Controlled Group as a participating employer under a Multiemployer Plan shall have made a complete or partial withdrawal from such Multiemployer Plan and such withdrawing employer shall have incurred a withdrawal liability in an annual amount exceeding \$50,000,000.00; or

(j) **Change in Control.** The occurrence of a Change in Control without the approval of the Majority Lenders.

Section 1.2 Optional Acceleration of Maturity. If any Event of Default (other than an Event of Default pursuant to Section 7.1(f)) shall have occurred and be continuing, then, and in any such event,

(a) the Administrative Agent (i) may, and shall at the request of the Majority Lenders, by notice to the Borrower, declare that the obligation of each Lender, the Swingline Lender and each Issuing Lender to make Credit Extensions shall be terminated, whereupon the same shall forthwith terminate, and (ii) may, and shall at the request of the Majority Lenders, by notice to the Borrower, declare all outstanding Advances, all interest thereon, and all other amounts payable under this Agreement to be forthwith due and payable, whereupon such Advances, all such interest, and all such amounts shall become and be forthwith due and payable in full, without presentment, demand, protest or further notice of any kind (including, without limitation, any notice of intent to accelerate or notice of acceleration), all of which are hereby expressly waived by the Borrower,

(b) the Borrower shall, on demand of the Administrative Agent at the request or with the consent of the Majority Lenders, deposit with the Administrative Agent into the Cash Collateral Account an amount of cash equal to 103% of the outstanding Letter of Credit Exposure as security for the Obligations to the extent the Letter of Credit Obligations are not otherwise paid or cash collateralized at such time, and

(c) the Administrative Agent may, and shall at the request of the Majority Lenders, proceed to enforce its rights and remedies under the Guaranty or any other Credit Document by appropriate proceedings.

Section 1.3 Automatic Acceleration of Maturity. If any Event of Default pursuant to Section 7.1(f) shall occur,

(a) the obligation of each Lender, the Swingline Lender and each Issuing Lender to make Credit Extensions shall immediately and automatically be terminated and all Advances, all interest on the Advances, and all other amounts payable under this Agreement shall immediately and automatically become and be due and payable in full, without presentment, demand, protest or any notice of any kind (including, without limitation, any notice of intent to accelerate or notice of acceleration), all of which are hereby expressly waived by the Borrower,

(b) the Borrower shall deposit with the Administrative Agent into the Cash Collateral Account an amount of cash equal to 103% of the outstanding Letter of Credit Exposure as security for the Obligations to the extent the Letter of Credit Obligations are not otherwise paid or cash collateralized at such time, and

(c) the Administrative Agent may, and shall at the request of the Majority Lenders, proceed to enforce its rights and remedies under the Guaranty or any other Credit Document by appropriate proceedings.

Section 1.4 Set-off. If an Event of Default shall have occurred and be continuing, the Administrative Agent, each Lender, each Issuing Lender, and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable Legal Requirement, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by the

Administrative Agent, such Lender, such Issuing Lender or any such Affiliate to or for the credit or the account of any Credit Party against any and all of the obligations of such Credit Party now or hereafter existing under this Agreement or any other Credit Document to the Administrative Agent, such Lender or such Issuing Lender, irrespective of whether or not the Administrative Agent, such Lender or such Issuing Lender shall have made any demand under this Agreement or any other Credit Document and although such obligations of any Credit Party may be contingent or unmatured or are owed to a branch or office of the Administrative Agent, such Lender or such Issuing Lender different from the branch or office holding such deposit or obligated on such indebtedness; provided that in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.16 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent, the Issuing Lenders, the Swingline Lender and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender Party and its Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender or Affiliates may have. Each Lender Party agrees to notify the Borrower and the Administrative Agent promptly after any such setoff and application, provided that the failure to give such notice shall not affect the validity of such setoff and application.

Section 1.5 Remedies Cumulative, No Waiver. No right, power, or remedy conferred to any Lender, Administrative Agent, or Issuing Lender in this Agreement or the Credit Documents, or now or hereafter existing at law, in equity, by statute, or otherwise shall be exclusive, and each such right, power, or remedy shall to the full extent permitted by law be cumulative and in addition to every other such right, power or remedy. No course of dealing and no delay in exercising any right, power, or remedy conferred to any Lender, Administrative Agent, or Issuing Lender in this Agreement and the Credit Documents or now or hereafter existing at law, in equity, by statute, or otherwise shall operate as a waiver of or otherwise prejudice any such right, power, or remedy. Any Lender, Administrative Agent, or Issuing Lender may cure any Event of Default without waiving the Event of Default. No notice to or demand upon the Borrower shall entitle the Borrower to similar notices or demands in the future.

Section 1.6 Application of Payments.

(a) Prior to Event of Default. Prior to an Event of Default, all payments made hereunder shall be applied as directed by the Borrower, but such payments are subject to the terms of this Agreement.

(b) After Event of Default. If an Event of Default has occurred and is continuing and subject to Section 2.16, any amounts received or collected from, or on account of assets held by, any Credit Party shall be applied to the Obligations by the Administrative Agent in the following order and manner:

(i) First, to payment of that portion of such Obligations constituting fees, indemnities, expenses, and other amounts (including fees, charges, and disbursements of counsel to the Administrative Agent and amounts payable under Sections 2.11, 2.12, and 2.14) payable by any Credit Party to the Administrative Agent, in its capacity as such, the Issuing Lenders, in their capacity as such, and the Swingline Lender, in its capacity as such, ratably among the Administrative Agent, the Issuing Lenders, and the Swingline Lender, in proportion to the respective amounts described in this clause First payable to them;

(ii) Second, to payment of that portion of such Obligations constituting fees, indemnities and other amounts (other than principal and interest) payable by any Credit Party to the Lender Parties (including fees, charges and disbursements of counsel to the respective Lender Parties and amounts payable under Article II), ratably among Lender Parties;

(iii) Third, to payment of that portion of such Obligations constituting accrued and unpaid interest, allocated ratably among the Lender Parties;

(iv) Fourth, to payment of that portion of the Obligations constituting unpaid principal of the Obligations payable by any Credit Party allocated ratably among the Lender Parties;

(v) Fifth, to the Administrative Agent for the account of the applicable Issuing Lenders, ratably between the Issuing Lenders, to cash collateralize that portion of the Letter of Credit Obligations comprised of the aggregate undrawn amount of Letters of Credit;

(vi) Sixth, to the remaining Obligations owed by any Credit Party including all Obligations for which any Guarantor is liable, allocated among such remaining Obligations as determined by the

Administrative Agent and the Majority Lenders and applied to such Obligations in the order specified in this clause (b); and

(vii) Last, the balance, if any, after all of the Obligations have been indefeasibly paid in full, the Letters of Credit have been terminated or cash collateralized and all Commitments have been terminated, to Borrower or as otherwise required by any Legal Requirement.

Subject to Section 2.3(i), amounts used to cash collateralize the aggregate undrawn amount of Letters of Credit pursuant to clause Sixth above shall be applied to satisfy drawings under such Letters of Credit as they occur. If any amount remains on deposit as cash collateral after all Letters of Credit have either been fully drawn or expired, such remaining amount shall be applied to the other Obligations, if any, in the order set forth above.

ARTICLE VIII. THE ADMINISTRATIVE AGENT AND ISSUING LENDERS

Section 1.1 Appointment and Authority. Each Lender, the Swingline Lender and each Issuing Lender hereby irrevocably (a) appoints Wells Fargo to act on its behalf as the Administrative Agent hereunder and under the other Credit Documents, and (b) authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article VIII are solely for the benefit of the Lender Parties, and neither the Borrower nor any other Credit Party shall have rights as a third-party beneficiary of any of such provisions. It is understood and agreed that the use of the term “agent” herein or in any other Credit Document (or any other similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Legal Requirement. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

Section 1.2 Rights as a Lender. The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term “Lender” or “Lenders” shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Borrower or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders. Wells Fargo (and any successor acting as Administrative Agent) and its Affiliates may accept fees and other consideration from the Borrower or any Affiliate of the Borrower for services in connection with this Agreement or otherwise, without having to account for the same to the Lenders or the Issuing Lenders.

Section 1.3 Exculpatory Provisions.

(a) The Administrative Agent (which term as used in this Section 8.3 shall include its Related Parties) shall not have any duties or obligations except those expressly set forth herein and in the other Credit Documents, and its duties hereunder shall be administrative in nature. Without limiting the generality of the foregoing, the Administrative Agent:

- (i) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;
- (ii) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Credit Documents that the Administrative Agent is required to exercise as directed in writing by the Majority Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Credit Documents), provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Credit Document or applicable Legal Requirement, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any Debtor Relief Law;

(iii) shall not, except as expressly set forth herein and in the other Credit Documents, have any duty to disclose, nor shall it be liable for the failure to disclose, any information relating to the Borrower, any other Credit Party or any of their respective Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity; and

(iv) shall not be required to account to any Lender or any Issuing Lender for any sum or profit received by the Administrative Agent for its own account.

(b) The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Majority Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 9.2 and 7.1) or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and nonappealable judgment. The Administrative Agent shall not be deemed not to have knowledge of any Default unless and until notice describing such Default is given to the Administrative Agent in writing by the Borrower, a Lender, the Swingline Lender or an Issuing Lender. In the event that the Administrative Agent receives such a notice of the occurrence of a Default, the Administrative Agent shall (subject to Section 9.2) take such action with respect to such Default or Event of Default as shall reasonably be directed by the Majority Lenders, provided that, unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action) with respect to such Default as it shall deem advisable in the best interest of the Lender Parties.

(c) The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any recital, statement, warranty or representation (whether written or oral) made in or in connection with this Agreement or any other Credit Document, (ii) the contents of any certificate, report or other document delivered hereunder or under any other Credit Document or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or under any other Credit Document or the occurrence of any Default, (iv) the value, validity, enforceability, effectiveness, enforceability, sufficiency or genuineness of this Agreement, any other Credit Document or any other agreement, instrument or document, (v) the inspection of the Property (including the books and records) of any Credit Party or any Subsidiary or Affiliate thereof, (vi) the satisfaction of any condition set forth in Article III or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent, or (vii) any litigation or collection proceedings (or to initiate or conduct any such litigation or proceedings) in connection with any Credit Document, unless requested by the Majority Lenders in writing and the Administrative Agent shall receive indemnification satisfactory to it from the Lenders.

Section 1.4 Reliance by Administrative Agent, Swingline Lender and Issuing Lenders. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document, writing or other communication (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Credit Extension or any Conversion or continuance of an Advance that by its terms must be fulfilled to the satisfaction of a Lender, the Swingline Lender or an Issuing Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender, the Swingline Lender or Issuing Lender, unless the Administrative Agent shall have received notice to the contrary from such Lender, the Swingline Lender or Issuing Lender prior to the making of such Credit Extension or Conversion or continuance of an Advance. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

Section 1.5 Delegation of Duties. The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Credit Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their

respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agents except to the extent that a court of competent jurisdiction determines in a final and non-appealable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

Section 1.6 Resignation of Administrative Agent or Issuing Lender.

(a) The Administrative Agent and each Issuing Lender may at any time give notice of its resignation to the other Lender Parties and the Borrower. Upon receipt of any such notice of resignation, the Majority Lenders shall have the right, to appoint, as applicable, a successor Administrative Agent or a successor Issuing Lender, which shall be a Lender with the prior written consent of (i) the Borrower (which consent is not required if a Default or Event of Default has occurred and is continuing and which consent shall not be unreasonably withheld or delayed) and (ii) such successor Administrative Agent or successor Issuing Lender, as applicable. If no such successor Administrative Agent or Issuing Lender shall have been so appointed and shall have accepted such appointment within 30 days after the retiring Administrative Agent or Issuing Lender gives notice of its resignation (or such earlier day as shall be agreed by the applicable Majority Lenders) (the “Resignation Effective Date”), then the retiring Administrative Agent or Issuing Lender, as applicable, may on behalf of the Lenders and Issuing Lenders, appoint a successor agent or issuing lender meeting the qualifications set forth above. Whether or not a successor has been appointed, such resignation by the Administrative Agent or the Issuing Lender shall become effective in accordance with such notice on the Resignation Effective Date.

(b) If the Person serving as Administrative Agent is a Defaulting Lender pursuant to clause (d) of the definition thereof, the Majority Lenders may, to the extent permitted by applicable Legal Requirement, with the prior written consent of the Borrower (which consent is not required if a Default or Event of Default has occurred and is continuing and which consent shall not be unreasonably withheld or delayed) (i) by notice in writing to such Person remove such Person as Administrative Agent and (ii) appoint a successor. If no such successor shall have been so appointed by applicable Majority Lenders and shall have accepted such appointment within 30 days (or such earlier day as shall be agreed by the applicable Majority Lenders) (the “Removal Effective Date”), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date.

(c) With effect from the Resignation Effective Date or the Removal Effective Date (as applicable) (i) the retiring or removed Administrative Agent or Issuing Lender, as applicable, shall be discharged from its duties and obligations as Administrative Agent and Issuing Lender hereunder and under the other Credit Documents (except that (v) in the case of any collateral security held by the Administrative Agent on behalf of the Lenders or the Issuing Lenders under any of the Credit Documents, the retiring Administrative Agent shall continue to hold such collateral security until such time as a successor Administrative Agent is appointed and (z) the retiring Issuing Lender shall remain the Issuing Lender with respect to any Letters of Credit outstanding on the effective date of its resignation and the provisions affecting the Issuing Lender with respect to such Letters of Credit shall inure to the benefit of the retiring Issuing Lender until the termination of all such Letters of Credit) and (ii) all payments, communications and determinations provided to be made by, to or through the retiring or removed Administrative Agent or Issuing Lender, as applicable, shall instead be made by or to each applicable class of Lenders, until such time as the Majority Lenders appoint a successor Administrative Agent or Issuing Lender as provided for above in this paragraph. Upon the acceptance of a successor’s appointment as Administrative Agent or Issuing Lender hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring or removed Administrative Agent or Issuing Lender, as applicable, and the retiring or removed Administrative Agent or Issuing Lender, as applicable, shall be discharged from all of its duties and obligations hereunder or under the other Credit Documents. The fees payable by the Borrower to a successor Administrative Agent or Issuing Lender, as applicable, shall be the same as those payable to its predecessor, unless otherwise agreed between the Borrower and such successor. After the retiring or removed Administrative Agent’s or Issuing Lender’s resignation or removal hereunder and under the other Credit Documents, the provisions of this Article and Sections 9.1(b) and (c), Section 8.9 and Section 2.3(h) shall continue in effect for the benefit of such retiring or removed Administrative Agent and Issuing Lender, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring or removed Administrative Agent or Issuing Lender, as applicable, was acting as Administrative Agent or Issuing Lender.

(d) The Swingline Lender may resign at any time by giving 30 days' prior notice to the Administrative Agent, the Lenders and the Borrower. After the resignation of the Swingline Lender hereunder, the retiring Swingline Lender shall remain a party hereto and shall continue to have all the rights and obligations of the Swingline Lender under this Agreement and the other Credit Documents with respect to Swingline Advances made by it prior to such resignation, but shall not be required to make any additional Swingline Advances. Upon such notice of resignation, the Borrower shall have the right to designate any other Lender as the Swingline Lender with the consent of such Lender so long as operational matters related to the funding of Advances have been adequately addressed to the reasonable satisfaction of such new Swingline Lender and the Administrative Agent (if such new Swingline Lender and the Administrative Agent are not the same Person). Upon such notice of resignation, the Borrower shall (so long as no Default or Event of Default has occurred and is continuing) also have the right, if the resigning Swingline Lender and the Administrative Agent are the same Person, to remove the Administrative Agent by notice in writing to the Administrative Agent and each Lender. Upon such removal of the Administrative Agent, the Majority Lenders may, to the extent permitted by applicable Legal Requirement, with the prior written consent of the Borrower (which shall not be unreasonably withheld or delayed), appoint a successor. If no such successor shall have been so appointed by applicable Majority Lenders, and shall have accepted such appointment within 30 days (or such earlier day as shall be agreed by the applicable Majority Lenders) (the "Replacement Effective Date"), then such removal shall nonetheless become effective in accordance with such notice on the Replacement Effective Date.

Section 1.7 Non-Reliance on Administrative Agent and Other Lenders. Each Lender Party acknowledges and agrees that it has, independently and without reliance upon the Administrative Agent or any other Lender Party or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender Party also acknowledges and agrees that it will, independently and without reliance upon the Administrative Agent or any other Lender Party or any of their Related Parties, and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Credit Document or any related agreement or any document furnished hereunder or thereunder. Except for notices, reports, and other documents and information expressly required to be furnished to the Lenders or the Issuing Lenders by the Administrative Agent hereunder and for other information in the Administrative Agent's possession which has been requested by a Lender and for which such Lender pays the Administrative Agent's expenses in connection therewith, the Administrative Agent shall not have any duty or responsibility to provide any Lender or any Issuing Lender with any credit or other information concerning the affairs, financial condition, or business of any Credit Party or any of its Subsidiaries or Affiliates that may come into the possession of the Administrative Agent or any of its Affiliates.

Section 1.8 No Other Duties, etc. Anything herein to the contrary notwithstanding, the Joint Lead Arrangers, Joint Bookrunners, and Co-Syndication Agents listed on the cover page hereof shall not have any powers, duties or responsibilities under this Agreement or any of the other Credit Documents, except in its capacity, as applicable, as the Administrative Agent, a Lender or an Issuing Lender hereunder.

Section 1.9 Indemnification.

(a) INDEMNITY OF ADMINISTRATIVE AGENT. THE LENDERS SEVERALLY AGREE TO INDEMNIFY THE ADMINISTRATIVE AGENT AND EACH AFFILIATE THEREOF AND ITS RELATED PARTIES (TO THE EXTENT NOT REIMBURSED BY THE BORROWER), RATABLY ACCORDING TO THE RESPECTIVE PRINCIPAL AMOUNTS OF THE ADVANCES THEN HELD BY EACH OF THEM (OR IF NO PRINCIPAL OF THE ADVANCES IS AT THE TIME OUTSTANDING, RATABLY ACCORDING TO THE RESPECTIVE APPLICABLE COMMITMENTS HELD BY EACH OF THEM IMMEDIATELY PRIOR TO THE TERMINATION, EXPIRATION OR FULL REDUCTION OF EACH SUCH COMMITMENT), FROM AND AGAINST ANY AND ALL LIABILITIES, OBLIGATIONS, LOSSES, DAMAGES, PENALTIES, ACTIONS, JUDGMENTS, SUITS, COSTS, EXPENSES, OR DISBURSEMENTS OF ANY KIND OR NATURE WHATSOEVER WHICH MAY BE IMPOSED ON, INCURRED BY, OR ASSERTED AGAINST THE ADMINISTRATIVE AGENT OR ANY OF ITS RELATED PARTIES IN ANY WAY RELATING TO OR ARISING OUT OF THIS AGREEMENT, ANY CREDIT DOCUMENT OR ANY ACTION TAKEN OR OMITTED BY THE ADMINISTRATIVE AGENT UNDER THIS AGREEMENT OR

ANY OTHER CREDIT DOCUMENT (INCLUDING SUCH INDEMNITEE'S OWN NEGLIGENCE REGARDLESS OF WHETHER SUCH NEGLIGENCE IS SOLE OR CONTRIBUTORY, ACTIVE OR PASSIVE, IMPUTED, JOINT OR TECHNICAL), AND INCLUDING, WITHOUT LIMITATION, ENVIRONMENTAL LIABILITIES, PROVIDED THAT NO LENDER SHALL BE LIABLE FOR ANY PORTION OF SUCH LIABILITIES, OBLIGATIONS, LOSSES, DAMAGES, PENALTIES, ACTIONS, JUDGMENTS, SUITS, COSTS, EXPENSES, OR DISBURSEMENTS FOUND IN A FINAL, NON-APPEALABLE JUDGMENT BY A COURT OF COMPETENT JURISDICTION TO HAVE RESULTED FROM SUCH INDEMNITEE'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. WITHOUT LIMITATION OF THE FOREGOING, EACH LENDER AGREES TO REIMBURSE THE ADMINISTRATIVE AGENT PROMPTLY UPON DEMAND FOR ITS RATABLE SHARE (DETERMINED AS SET FORTH ABOVE IN THIS PARAGRAPH) OF (i) ANY OUT OF POCKET EXPENSES (INCLUDING REASONABLE COUNSEL FEES) INCURRED BY THE ADMINISTRATIVE AGENT IN CONNECTION WITH THE PREPARATION, EXECUTION, DELIVERY, ADMINISTRATION, MODIFICATION, OR AMENDMENT, AND (ii) ANY OUT OF POCKET EXPENSES (INCLUDING COUNSEL FEES) INCURRED BY THE ADMINISTRATIVE AGENT IN CONNECTION WITH ENFORCEMENT OF THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT, IN ANY EVENT, INCLUDING LEGAL ADVICE IN RESPECT OF RIGHTS OR RESPONSIBILITIES UNDER THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT AND TO THE EXTENT THAT THE ADMINISTRATIVE AGENT IS NOT REIMBURSED FOR SUCH BY THE BORROWER.

(b) THE LENDERS SEVERALLY AGREE TO INDEMNIFY EACH ISSUING LENDER AND EACH AFFILIATE THEREOF AND ITS RELATED PARTIES (TO THE EXTENT NOT REIMBURSED BY THE BORROWER) FROM AND AGAINST ANY AND ALL LIABILITIES, OBLIGATIONS, LOSSES, DAMAGES, PENALTIES, ACTIONS, JUDGMENTS, SUITS, COSTS, EXPENSES, OR DISBURSEMENTS OF ANY KIND OR NATURE WHATSOEVER WHICH MAY BE IMPOSED ON, INCURRED BY, OR ASSERTED AGAINST THE ISSUING LENDER OR ANY OF ITS RELATED PARTY IN ANY WAY RELATING TO OR ARISING OUT OF THIS AGREEMENT, ANY CREDIT DOCUMENT OR ANY ACTION TAKEN OR OMITTED BY SUCH ISSUING LENDER UNDER THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT (INCLUDING SUCH INDEMNITEE'S OWN NEGLIGENCE REGARDLESS OF WHETHER SUCH NEGLIGENCE IS SOLE OR CONTRIBUTORY, ACTIVE OR PASSIVE, IMPUTED, JOINT OR TECHNICAL), AND INCLUDING, WITHOUT LIMITATION, ENVIRONMENTAL LIABILITIES, PROVIDED THAT NO LENDER SHALL BE LIABLE FOR ANY PORTION OF SUCH LIABILITIES, OBLIGATIONS, LOSSES, DAMAGES, PENALTIES, ACTIONS, JUDGMENTS, SUITS, COSTS, EXPENSES, OR DISBURSEMENTS FOUND IN A FINAL, NON-APPEALABLE JUDGMENT BY A COURT OF COMPETENT JURISDICTION TO HAVE RESULTED FROM SUCH INDEMNITEE'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

Section 1.10 Certain Authorization of Administrative Agent; Release of Guarantors.

(a) The Administrative Agent is authorized (but not obligated) on behalf of the Lender Parties, without the necessity of any notice to or further consent from the Lender Parties, from time to time, to take any action (other than enforcement actions requiring the consent of, or request by, the Majority Lenders as set forth in Section 7.2 or Section 7.3 above) in exigent circumstances as may be reasonably necessary to preserve any rights or privileges of the Lender Parties under the Credit Documents or applicable Legal Requirement.

(b) The Lender Parties irrevocably authorize the Administrative Agent to (i) release all Guarantors from their obligations under the Guaranties (other than such obligations which expressly survive termination thereof) and release any Lien granted to or held by the Administrative Agent upon any Cash Collateral Account upon termination of this Agreement, termination of all Letters of Credit (other than Letters of Credit as to which other arrangements reasonably satisfactory to the Issuing Lender have been made), and the payment in full of all outstanding Advances, Letter of Credit Obligations (other than with respect to Letters of Credit as to which other arrangements reasonably satisfactory to the applicable Issuing Lender have been made) and all other Obligations (other than contingent indemnity obligations for which no claim has been made) payable under this Agreement and under any other Credit Document and (ii) release a Guarantor from its obligations under a Guaranty and any other applicable Credit Document if such Guarantor is fully released as an obligor under the Senior Unsecured Notes prior to or simultaneously with such release from a Guaranty in accordance with the terms thereof and pursuant to documentation in form and substance reasonably satisfactory to the Administrative Agent.

(c) Upon request by the Administrative Agent at any time, the Lender Parties will confirm in writing the Administrative Agent's authority to release its interest in particular types or items of property or to release any Guarantor from its obligations under the Guaranty pursuant to this Section 8.10. The Administrative Agent shall not be responsible for nor have a duty to ascertain or inquire into any representation or warranty regarding the existence, value or collectability of the collateral, the existence, priority or perfection of the Administrative Agent's Lien thereon, or any certificate prepared by any Credit Party in connection therewith, nor shall either Administrative Agent be responsible or liable to other Lender Party for any failure to monitor or maintain any portion of the collateral.

(d) Notwithstanding anything contained in any of the Credit Documents to the contrary, the Credit Parties, the Administrative Agent, and each Lender Party hereby agree that no Lender Party shall have any right individually to enforce the Credit Documents, it being understood and agreed that all powers, rights and remedies under the Credit Documents may be exercised solely by the Administrative Agent on behalf of the Lender Parties in accordance with the terms hereof and the other Credit Documents.

Section 1.11 Certain ERISA Matters.

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

(i) such Lender is not using "plan assets" (within the meaning of Section 3(42) of ERISA or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) of one or more Benefit Plans with respect to such Lender's entrance into, participation in, administration of and performance of the Advances, the Letters of Credit, the Commitments or this Agreement;

(ii) the prohibited transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable so as to exempt from the prohibitions of Section 406 of ERISA and Section 4975 of the Code such Lender's entrance into, participation in, administration of and performance of the Advances, the Letters of Credit, the Commitments and this Agreement;

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

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

(b) In addition, unless either (1) sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or (2) a Lender has provided another representation, warranty and covenant in accordance with sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and each arranger and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Credit Party, that none of the Administrative Agent, any arranger and their respective Affiliates is a fiduciary with respect to the assets of such Lender involved in such Lender's entrance into, participation in, administration of and performance of the Advances, the Letters of Credit, the Commitments, and this Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Credit Document or any documents related hereto or thereto).

**ARTICLE IX.
MISCELLANEOUS**

Section 1.1 Expenses; Indemnity; Damage Waiver.

(a) Costs and Expenses. The Borrower shall pay, on demand, (i) all reasonable and documented out-of-pocket fees and expenses incurred by the Administrative Agent (including the reasonable and documented fees, charges and disbursements of one primary outside firm for the Administrative Agent, and, if applicable, one local firm for each applicable jurisdiction), in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Credit Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable and documented out-of-pocket expenses incurred by Issuing Lenders in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all out-of-pocket expenses incurred by any Lender Party (including the documented fees, charges and disbursements of any firm for any Lender Party), in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Credit Documents, including its rights under this Section, or (B) in connection with the Advances made or Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring, negotiations or legal proceedings in respect of such Advances or Letters of Credit.

(b) Indemnification by the Borrower. The Borrower shall, and does hereby indemnify, the Administrative Agent (and any sub-agent thereof), each Lender, the Swingline Lender and each Issuing Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the reasonable and documented fees and disbursements of one firm of all Indemnitees in connection with indemnification claims arising out of the same facts or circumstances and, if reasonably necessary or advisable in the judgment of the Administrative Agent, one local firm to the Indemnitees in each applicable jurisdiction and, solely in the case of an actual or perceived conflict of interest, one additional firm in each applicable jurisdiction to the affected Indemnitees similarly situated taken as a whole), incurred by any Indemnitee or asserted against any Indemnitee by any third-party or by the Borrower or any other Credit Party arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Credit Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto or thereto of their respective obligations hereunder or thereunder, the consummation of the transactions contemplated hereby or thereby, or, in the case of the Administrative Agent (and any sub-agent thereof) and its Related Parties only, the administration of this Agreement and the other Credit Documents, (ii) any Advance or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by an Issuing Lender to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Borrower or any Subsidiary, or any Environmental Liability related in any way to the Borrower or any Subsidiary, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third-party or by the Borrower or any other Credit Party, and regardless of whether any Indemnitee is a party thereto, **IN ALL CASES, WHETHER OR NOT CAUSED BY OR ARISING, IN WHOLE OR IN PART, OUT OF THE COMPARATIVE, CONTRIBUTORY OR SOLE NEGLIGENCE OF THE INDEMNITEE;** provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from (x) the gross negligence or willful misconduct of such Indemnitee, (y) material breach in bad faith of such Indemnitee's obligations under this Agreement or any other Credit Document in any material respect, or (z) any dispute solely among Indemnitees that does not involve any action, omission, or representation by the Borrower or any of its Subsidiaries or any of their respective Affiliates and does not involve any claim against any Lender Party or any of its Affiliates in its capacity as Administrative Agent, Issuing Lender, Swingline Lender, an arranger, an agent, or a similar role under this Agreement or the other Credit Documents. Notwithstanding

the foregoing, this Section 9.1(b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

(c) Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable Legal Requirement, no Credit Party and no other party (on behalf of itself and any of its related Indemnitees that such party can legally bind) hereto shall assert, and the Borrower (on behalf itself and the other Credit Parties) and each other party (on behalf of itself and any of its related Indemnitees that such party can legally bind) hereto agrees not to assert and hereby waives, any claim against any Credit Party or any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Credit Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Advance or Letter of Credit or the use of the proceeds thereof; provided that this Section 9.1(c) shall not waive, release or otherwise limit any obligation of any Credit Party set forth in Section 9.1(d) (including, without limitation, to indemnify, pay and hold harmless any Indemnitee from and against such damages) to the extent such damages are included in any claim in connection with which an Indemnitee is otherwise entitled to indemnification under this Agreement.

(d) Electronic Communications. No Indemnitee referred to in subsection (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Credit Documents or the transactions contemplated hereby or thereby unless such damages result from a breach of the confidentiality provisions of Section 9.8 or except where the same are a result of such Indemnitee's gross negligence or willful misconduct as determined by a final and nonappealable judgment of a court of competent jurisdiction.

(e) Payments. All amounts due under this Section shall, unless otherwise set forth above, be payable not later than ten Business Days after written demand therefor.

(f) Survival. The agreements in this Section shall survive the resignation of the Administrative Agent and any Issuing Lender, the replacement of any Lender, the termination of the Commitments, termination or expiration of all Letters of Credit, and the repayment, satisfaction or discharge of all the other Obligations.

Section 1.2 Waivers and Amendments. No amendment or waiver of any provision of this Agreement, the Notes, or any other Credit Document (other than the Fee Letter), nor consent to any departure by any Credit Party therefrom, shall in any event be effective unless the same shall be in writing and signed by the Majority Lenders and the Borrower, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided that, no such agreement shall (a) increase the Commitment of any Lender (including any Defaulting Lender) without the written consent of such Lender, (b) increase the aggregate Revolving Commitments other than pursuant to Section 2.1(c) as in effect on the date hereof without the written consent of each Lender (including any Defaulting Lender), (c) reduce the principal amount of any Advance (other than prepayments or repayments in accordance with the terms of this Agreement) or reduce the amount of or rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender (including any Defaulting Lender) affected thereby, (d) postpone the scheduled date of payment of the principal amount of any Advance, or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender (including any Defaulting Lender) affected thereby, (e) change Section 2.13(f), Section 2.5(e), Section 7.6, this Section 9.2 or any other provision in any Credit Document which expressly requires the consent of, or action or waiver by, all of the Lenders, (f) amend, modify or waive any provision in a manner that would alter the pro rata sharing of payments to or disbursements by Lenders required thereby, without the written consent of each Lender (including any Defaulting Lender), (g) release all or substantially all of the value of the Guaranty without the written consent of each Lender except as permitted under Section 8.10(b), (h) change any of the provisions of this Section or the definition of "Majority Lenders" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender (including any Defaulting Lender); provided, further, that, notwithstanding anything in this Agreement or the other Credit Documents to the contrary (i) the Administrative Agent and the Borrower may, without the consent of any Lender or any other party hereto, enter into amendments or modifications to this Agreement and any of the other Credit Documents to correct any obvious error or any error, ambiguity, defect, or inconsistency or omission of a technical or immaterial nature in any provision as jointly identified by the Administrative Agent and the Borrower, and (ii) the Administrative Agent and the Borrower may, without the consent of any Lender or any other party hereto, enter into amendments or modifications to this

Agreement and any of the other Credit Documents or enter into additional Credit Documents as the Administrative Agent reasonably deems appropriate in order to implement any Replacement Rate or otherwise effectuate the terms of Section 2.5(g) in accordance with Section 2.5(g); provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent, the Issuing Lenders or the Swingline Lender hereunder without the prior written consent of the Administrative Agent, such Issuing Lender or the Swingline Lender, as the case may be.

Notwithstanding anything in this Agreement to the contrary, each Lender, Issuing Lender, and Swingline Lender hereby irrevocably authorizes the Administrative Agent on its behalf, and without further consent of any Lender, Issuing Lender, or Swingline Lender (but with the consent of the Borrower and the Administrative Agent), to amend and restate this Agreement if, upon giving effect to such amendment and restatement, such Lender, Issuing Lender, and/or Swingline Lender shall no longer be a party to this Agreement (as so amended and restated), the Commitments of such Lender, Issuing Lender, and/or Swingline Lender shall have terminated, such Lender, Issuing Lender, and/or Swingline Lender shall have no other commitment or other obligation hereunder and shall have been paid in full all principal, interest and other amounts owing to it or accrued for its account under this Agreement.

Section 1.3 Severability. In case one or more provisions of this Agreement or the other Credit Documents shall be invalid, illegal or unenforceable in any respect under any applicable Legal Requirement, the validity, legality, and enforceability of the remaining provisions contained herein or therein shall not be affected or impaired thereby. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 1.4 Survival of Representations and Obligations. All representations and warranties contained in this Agreement or made in writing by or on behalf of the Borrower or any Subsidiary in connection herewith shall survive the execution and delivery of this Agreement and the other Credit Documents, the making Credit Extensions and any investigation made by or on behalf of the Lenders, none of which investigations shall diminish any Lender's right to rely on such representations and warranties. All obligations of the Borrower provided for in Sections 2.11, 2.12, 2.14, and 9.1 and all of the obligations of the Lenders in Section 8.9 and Section 9.8 shall survive any termination of this Agreement, repayment in full of the Obligations, and termination or expiration of all Letters of Credit.

Section 1.5 Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that neither the Borrower nor any other Credit Party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender Party and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (a) to an Eligible Assignee in accordance with the provisions of Section 9.6(a), (b) by way of participation in accordance with the provisions of Section 9.6(c) by way of pledge or assignment of a security interest subject to the restrictions of Section 9.6(e) (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in Section 9.6(c) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and each Lender) any legal or equitable right, remedy or claim under or by reason of this Agreement.

Section 1.6 Lender Assignments and Participations.

(a) Assignments by Lenders. Any Lender may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Advances at the time owing to it); provided that

(i) except in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Advances under such Commitment at the time owing to it or in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund with respect to a Lender, the aggregate amount of the Commitment (which for this purpose includes Advances outstanding thereunder) or, if the Commitment is not then in effect, the principal outstanding balance of the Advances of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date) shall not be less than \$10,000,000, unless the Administrative Agent and, so long as no Event of Default has

occurred and is continuing, the Borrower, otherwise consents (each such consent not to be unreasonably withheld or delayed); provided, however, that (A) the Borrower shall be deemed to have consented to any such lesser amount unless it shall object thereto by written notice to the Administrative Agent within 10 Business Days after having received notice thereof and (B) concurrent assignments to members of an Assignee Group and concurrent assignments from members of an Assignee Group to a single Eligible Assignee (or to an Eligible Assignee and members of its Assignee Group) will be treated as a single assignment for purposes of determining whether such minimum amount has been met;

(ii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the applicable Class of Advances or the Commitment assigned;

(iii) any assignment of a Commitment must be approved by the Administrative Agent and the Issuing Lenders unless the Person that is the proposed assignee is itself a Lender with a Revolving Commitment (whether or not the proposed assignee would otherwise qualify as an Eligible Assignee); and

(iv) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500 (which fee may be waived by the Administrative Agent in its sole discretion) and the Eligible Assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to paragraph (b) of this Section, from and after the effective date specified in each Assignment and Assumption, the Eligible Assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 2.10, 2.11, 2.12, 2.14, and 9.1 with respect to facts and circumstances occurring prior to the effective date of such assignment; provided, that except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section.

(b) Register. The Administrative Agent, acting solely for this purpose as a non-fiduciary agent of the Borrower, shall maintain at one of its offices in the United States a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and stated interest) of the Advances and Letter of Credit Obligations (if any) owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrower and the Lender Parties shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice. Borrower hereby agrees that the Administrative Agent, as its agent solely for the purpose set forth above in this clause (b), shall not be subject to any fiduciary or other implied duties, all of which are hereby waived by the Borrower.

(c) Participations. Any Lender may at any time, without the consent of, or notice to, the Borrower, any other Credit Party or the Administrative Agent, sell participations to any Person (other than a natural person or the Borrower or any of the Borrower's Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitments and/or the Advances owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower and the Lender Parties shall continue to deal solely and directly with such Lender Party in connection with such Lender Party's rights and obligations under this Agreement. For the avoidance of doubt, each Lender shall be responsible for the indemnity provided under Section 8.9 with respect to any payments made by such Lender to its Participant(s).

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument

may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in clauses (a), (b), (c) or (d) of this Section 9.6 (that adversely affects such Participant). Subject to paragraph (d) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of, subject to the requirements and limitations of, Sections 2.11, 2.12 and 2.14 (it being understood that the documentation required under Section 2.14(g) shall be delivered to the participating Lender) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (a) of this Section; provided that such Participant (A) agrees to be subject to the provisions of Section 2.15 as if it were an assignee under paragraph (a) of this Section; and (B) shall not be entitled to receive any greater payment under Section 2.12 or 2.14, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation agrees, at the Borrower's request and expense, to use reasonable efforts to cooperate with the Borrower to effectuate the provisions of Section 2.15(b) with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 7.4 as though it were a Lender, provided such Participant agrees to be subject to Section 2.13(f) as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Advances or other obligations under the Credit Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Credit Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register. Borrower hereby agrees that each Lender acting as its agent solely for the purpose set forth above in this clause (c) shall not subject such Lender to any fiduciary or other implied duties, all of which are hereby waived by the Borrower.

(d) Limitations upon Participant Rights. A Participant shall not be entitled to receive any greater payment under Section 2.12 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.14 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 2.14.

(e) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(f) Information. Any Lender may furnish any information concerning the Credit Parties or any of their Subsidiaries in the possession of such Lender from time to time to assignees and participants (including prospective assignees and participants) subject to the provisions of Section 9.8.

(g) Certain Additional Payments. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrower and the Administrative Agent, the applicable pro rata share of Advances previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (i) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent, the Issuing Lenders, the Swingline Lender and each other Lender hereunder (and interest accrued thereon), and (ii) acquire (and fund as appropriate) its full pro rata share of all Advances

and participations in Letters of Credit and Swingline Advances in accordance with its Applicable Percentage. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable Legal Requirement without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

Section 1.7 Notices, Etc.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile or e-mail as follows: (i) if to the Borrower or any other Credit Party, at the applicable address (or facsimile numbers or e-mail address) set forth on Schedule III; (ii) if to the Administrative Agent or the Swingline Lender, at the applicable address (or facsimile numbers or e-mail address) set forth on Schedule III; and (iii) if to a Lender or an Issuing Lender, to it at its address (or facsimile number or e-mail address) set forth in its Administrative Questionnaire. Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through electronic communications to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) Electronic Communications.

(i) The Borrower and the Lenders agree that the Administrative Agent may make any material delivered by the Borrower or any other Credit Party to the Administrative Agent, as well as any amendments, waivers, consents, and other written information, documents, instruments and other materials relating to the Borrower, any Subsidiary, or any other materials or matters relating to this Agreement, the Notes or any of the transactions contemplated hereby (collectively, the "Communications") available to the Lenders by posting such notices on an electronic delivery system (which may be provided by the Administrative Agent, an Affiliate of the Administrative Agent, or any Person that is not an Affiliate of the Administrative Agent), such as IntraLinks, Syndtrak or a substantially similar electronic system (the "Platform"); provided that the foregoing shall not apply to notices to any Lender or Issuing Lender pursuant to Article II if such Lender or Issuing Lender, as applicable, has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Borrower acknowledges that (i) the distribution of material through an electronic medium is not necessarily secure and that there are confidentiality and other risks associated with such distribution, (ii) the Platform is provided "as is" and "as available" and (iii) none of the Administrative Agent nor any of its Affiliates warrants the accuracy, completeness, timeliness, sufficiency, or sequencing of the Communications posted on the Platform. The Administrative Agent and its Affiliates expressly disclaim with respect to the Platform any liability for errors in transmission, incorrect or incomplete downloading, delays in posting or delivery, or problems accessing the Communications posted on the Platform and any liability for any losses, costs, expenses or liabilities that may be suffered or incurred in connection with the Platform. No warranty of any kind, express, implied or statutory, including, without limitation, any warranty of merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other code defects, is made by the Administrative Agent or any of its Affiliates in connection with the Platform. In no event shall the Administrative Agent or any of its Related Parties have any liability to the Borrower or the other Credit Parties, any Lender Party or any other Person or entity for damages of any kind, including, without limitation, direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise) arising out of any Credit Party's or any Lender Party's transmission of communications through the Platform except to the extent of such Credit Party's direct damages arising from the gross negligence or willful misconduct of the Administrative Agent (as determined by a court of competent jurisdiction in a final non-appealable judgment) in providing Platform login credentials to a Person to whom it is not otherwise permitted to disclose the Information under Section 9.8.

(ii) Each Lender agrees that notice to it (as provided in the next sentence) (a "Notice") specifying that any Communication has been posted to the Platform shall for purposes of this Agreement constitute effective delivery to such Lender of such information, documents or other materials comprising such Communication. Each Lender agrees (i) to notify, on or before the date

such Lender becomes a party to this Agreement, the Administrative Agent in writing of such Lender's e-mail address to which a Notice may be sent (and from time to time thereafter to ensure that the Agent has on record an effective e-mail address for such Lender) and (ii) that any Notice may be sent to such e-mail address.

(iii) Unless the Administrative Agent otherwise prescribes, notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient.

(c) Change of Address, Etc. Any party hereto may change its address or facsimile number for notices and other communications hereunder by notice to the other parties hereto.

Section 1.8 Confidentiality. The Administrative Agent, each Lender and each Issuing Lender agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates' respective partners, directors, officers, employees, agents, advisors and other representatives (the "Representatives") (it being understood that the Representative to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable Legal Requirement or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Credit Document or any action or proceeding relating to this Agreement or any other Credit Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement, (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower or any Subsidiary and their respective obligations, (iii) any rating agency in connection with rating the Borrower or its Subsidiaries or the credit facility established hereby, or (iv) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to this Agreement, (g) with the prior consent of the Borrower, (h) to Thomson Reuters, other bank market data collectors, and similar service providers to the lending industry and service providers to the Administrative Agent and the Lenders in connection with the administration of the Credit Documents, or (i) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to any Lender Party or any of their respective Affiliates on a nonconfidential basis from a source other than a Credit Party; provided that such source is not known by the Administrative Agent, such Lender, or such Issuing Lender, as applicable, to be subject to any confidentiality obligations to the Borrower. For purposes of this Section, "Information" means all information received from the Borrower or any Subsidiary relating to the Borrower or any Subsidiary or any of their respective businesses, other than any such information that is available to a Lender Party on a nonconfidential basis prior to disclosure by the Borrower or any Subsidiary. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information. The Administrative Agent, each Lender and each Issuing Lender agrees to be responsible for any breaches of this Section 9.8 by its Representatives. ALL INFORMATION, INCLUDING REQUESTS FOR WAIVERS AND AMENDMENTS, FURNISHED BY THE CREDIT PARTIES OR THE ADMINISTRATIVE AGENT IN CONNECTION WITH, OR IN THE COURSE OF ADMINISTERING, THIS AGREEMENT WILL BE SYNDICATE-LEVEL INFORMATION, WHICH MAY CONTAIN MATERIAL, NON-PUBLIC INFORMATION ABOUT THE BORROWER, THE OTHER CREDIT PARTIES AND THEIR RELATED PARTIES OR THEIR RESPECTIVE SECURITIES.

Section 1.9 Usury Not Intended. It is the intent of the Borrower and each Lender in the execution and performance of this Agreement and the other Credit Documents to contract in strict compliance with applicable usury laws, including conflicts of law concepts, governing the Advances of each Lender including such applicable Legal Requirements of the State of New York and the United States from time to time in effect, and any other jurisdiction whose laws may be mandatorily applicable to such Lender notwithstanding the other provisions of this Agreement. In furtherance thereof, the Lenders and the

Borrower stipulate and agree that none of the terms and provisions contained in this Agreement or the other Credit Documents shall ever be construed to create a contract to pay, as consideration for the use, forbearance or detention of money, interest at a rate in excess of the Maximum Rate and that for purposes of this Agreement and all other Credit Documents, "interest" shall include the aggregate of all charges which constitute interest under such laws that are contracted for, charged or received under this Agreement or any other Credit Document; and in the event that, notwithstanding the foregoing, under any circumstances the aggregate amounts taken, reserved, charged, received or paid on the Obligations, include amounts which by applicable Legal Requirement are deemed interest which would exceed the Maximum Rate, then such excess shall be deemed to be a mistake and each Lender receiving same shall credit the same on the principal of the Obligations owing to such Lender (or if all such Obligations shall have been paid in full, refund said excess to the Borrower). In the event that the maturity of the Obligations are accelerated by reason of any election of the holder thereof resulting from any Event of Default under this Agreement or otherwise, or in the event of any required or permitted prepayment, then such consideration that constitutes interest may never include more than the Maximum Rate, and excess interest, if any, provided for in this Agreement or otherwise shall be canceled automatically as of the date of such acceleration or prepayment and, if theretofore paid, shall be credited on the applicable Obligations (or, if the applicable Obligations shall have been paid in full, refunded to the Borrower of such interest). In determining whether or not the interest paid or payable under any specific contingencies exceeds the Maximum Rate, the Borrower and the Lenders shall to the maximum extent permitted under applicable Legal Requirement amortize, prorate, allocate and spread in equal parts during the period of the full stated term of the Advances all amounts considered to be interest under applicable Legal Requirement at any time contracted for, charged, received or reserved in connection with the Obligations. The provisions of this Section shall control over all other provisions of this Agreement or the other Credit Documents which may be in apparent conflict herewith.

Section 1.10 Usury Recapture. In the event the rate of interest chargeable under this Agreement or any other Credit Document at any time is greater than the Maximum Rate, the unpaid principal amount of the Obligations shall bear interest at the Maximum Rate until the total amount of interest paid or accrued on the Obligations equals the amount of interest which would have been paid or accrued on the Advances if the stated rates of interest set forth in this Agreement or applicable Credit Document had at all times been in effect. In the event, upon payment in full of the Obligations, the total amount of interest paid or accrued under the terms of this Agreement and the Obligations is less than the total amount of interest which would have been paid or accrued if the rates of interest set forth in this Agreement or such Credit Document had, at all times, been in effect, then the Borrower shall, to the extent permitted by applicable Legal Requirement, pay the Administrative Agent for the account of the applicable Lender Party an amount equal to the difference between (i) the lesser of (A) the amount of interest which would have been charged on Obligations owed to it if the Maximum Rate had, at all times, been in effect and (B) the amount of interest which would have accrued on such Obligations if the rates of interest set forth in this Agreement had at all times been in effect and (ii) the amount of interest actually paid under this Agreement or any Credit Document on Obligations owed to it. In the event the any Lender Party ever receive, collect or apply as interest any sum in excess of the Maximum Rate, such excess amount shall, to the extent permitted by law, be applied to the reduction of the principal balance of the Obligations, and if no such principal is then outstanding, such excess or part thereof remaining shall be paid to the Borrower.

Section 1.11 Payments Set Aside. To the extent that any payment by or on behalf of the Borrower or any other Credit Party is made to any Lender Party, or any Lender Party exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by any Lender Party in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender and each Issuing Lender severally agrees to pay to the Administrative Agent upon demand its applicable share (without duplication) of any amount so recovered from or repaid by the Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Rate from time to time in effect, in the applicable currency of such recovery or payment. The obligations of the Lenders, the Swingline Lender and the Issuing Lenders under clause (b)

of the preceding sentence shall survive the payment in full of the Obligations and the termination of this Agreement.

Section 1.12 Governing Law; Submission to Jurisdiction.

(a) Governing Law. This Agreement, the Notes and the other Credit Documents (unless otherwise expressly provided therein) shall be deemed a contract under, and shall be governed by, and construed and enforced in accordance with, the laws of the State of New York without regard to conflicts of laws principles (other than Sections 5-1401 and 5-1402 of the General Obligations Law of the State of New York).

(b) Submission to Jurisdiction. The Borrower irrevocably and unconditionally agrees that it will not commence any action, litigation or proceeding of any kind or description, whether in law or equity, whether in contract or in tort or otherwise, against the Administrative Agent, any Lender, any Issuing Lender, the Swingline Lender, or any Related Party of the foregoing in any way relating to this Agreement or any other Credit Document or the transactions relating hereto or thereto, in any forum other than the courts of the State of New York sitting in New York County, and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, and each of the parties hereto irrevocably and unconditionally submits to the jurisdiction of such courts and agrees that all claims in respect of any such action, litigation or proceeding may be heard and determined in such New York State court or, to the fullest extent permitted by applicable Legal Requirement, in such federal court. Each of the parties hereto agrees that a final judgment in any such action, litigation or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or in any other Credit Document shall affect any right that the Administrative Agent, any Lender, any Issuing Lender, the Swingline Lender, or any Related Party of the foregoing may otherwise have to bring any action or proceeding relating to this Agreement or any other Credit Document against the Borrower or any other Credit Party or its properties in the courts of any jurisdiction.

(c) Waiver of Venue. **Each party hereto irrevocably and unconditionally waives, to the fullest extent permitted by applicable Legal Requirement, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement or any other Credit Document in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by applicable Legal Requirement, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.**

(d) Service of Process. Each party hereto irrevocably consents to service of process in the manner provided for notices in Section 9.7. Nothing in this Agreement will affect the right of any party hereto to serve process in any other manner permitted by applicable Legal Requirement.

Section 1.13 Execution and Effectiveness.

(a) Execution in Counterparts. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Credit Documents, and any separate letter agreements with respect to fees payable to the Administrative Agent, constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. This Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or other electronic transmission (in .pdf format or otherwise) shall be effective as delivery of a manually executed counterpart of this Agreement.

(b) Electronic Execution of Assignments. The words “execute,” “execution,” “signed,” “signature,” “delivery” and words of like import in or related to this Agreement, any other Credit Document or any document, amendment, approval, consent, waiver, modification, information, notice, certificate, report, statement, disclosure, or authorization to be signed or delivered in connection with this Agreement or any other Credit Document or the transactions contemplated hereby shall be deemed to include Electronic Signatures or execution in the form of an Electronic Record, and contract formations on electronic platforms approved by the Administrative Agent, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature

or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act. Each party hereto agrees that any Electronic Signature or execution in the form of an Electronic Record shall be valid and binding on itself and each of the other parties hereto to the same extent as a manual, original signature. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by the parties of a manually signed paper which has been converted into electronic form (such as scanned into PDF format), or an electronically signed paper converted into another format, for transmission, delivery and/or retention. Notwithstanding anything contained herein to the contrary, the Administrative Agent is under no obligation to accept an Electronic Signature in any form or in any format unless expressly agreed to by the Administrative Agent pursuant to procedures approved by it; provided that without limiting the foregoing, (i) to the extent the Administrative Agent has agreed to accept such Electronic Signature from any party hereto, the Administrative Agent and the other parties hereto shall be entitled to rely on any such Electronic Signature purportedly given by or on behalf of the executing party without further verification and (ii) upon the request of the Administrative Agent or any Lender, any Electronic Signature shall be promptly followed by an original manually executed counterpart thereof. Without limiting the generality of the foregoing, each party hereto hereby (A) agrees that, for all purposes, including without limitation, in connection with any workout, restructuring, enforcement of remedies, bankruptcy proceedings or litigation among the Administrative Agent, the Lenders and any of the Credit Parties, electronic images of this Agreement or any other Credit Document (in each case, including with respect to any signature pages thereto) shall have the same legal effect, validity and enforceability as any paper original, and (B) waives any argument, defense or right to contest the validity or enforceability of the Credit Documents based solely on the lack of paper original copies of any Credit Documents, including with respect to any signature pages thereto.

Section 1.14 Waiver of Jury. EACH PARTY HERETO HEREBY ACKNOWLEDGES THAT IT HAS BEEN REPRESENTED BY AND HAS CONSULTED WITH COUNSEL OF ITS CHOICE, AND HEREBY KNOWINGLY, VOLUNTARILY, INTENTIONALLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LEGAL REQUIREMENT, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER CREDIT DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 1.15 USA PATRIOT ACT Notice. Each Lender that is subject to the Patriot Act (as hereinafter defined) and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrower that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender or the Administrative Agent, as applicable, to identify the Borrower in accordance with the Patriot Act. Promptly following a request from the Administrative Agent, a Lender, or Issuing Lender, the Borrower hereby agrees to deliver all documentation and other information that the Administrative Agent, a Lender, or an Issuing Lender, as applicable, may reasonably request in order to comply with its ongoing obligations under applicable "know your customer" and anti-money laundering rules and regulations, including the Patriot Act and the Beneficial Ownership Regulation.

Section 1.16 Acknowledgment and Consent to Bail-In of Affected Financial Institutions. Notwithstanding anything to the contrary in any Credit Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Lender that is an Affected Financial Institution arising under any Credit Document, to the extent such liability is

unsecured, may be subject to the Write-Down and Conversion Powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

- (a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected Financial Institution; and
- (b) the effects of any Bail-in Action on any such liability, including, if applicable:
 - (i) a reduction in full or in part or cancellation of any such liability;
 - (ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Credit Document; or
 - (iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of any applicable Resolution Authority.

Section 1.17 No Advisory or Fiduciary Responsibility.

(a) In connection with all aspects of each transaction contemplated hereby, each Credit Party acknowledges and agrees, and acknowledges its Affiliates' understanding, that (i) the facilities provided for hereunder and any related arranging or other services in connection therewith (including in connection with any amendment, waiver, or other modification hereof or of any other Credit Document) are an arm's-length commercial transaction between the Borrower and its Affiliates, on the one hand, and the Administrative Agent, the arrangers, and the Lenders, on the other hand, and the Borrower is capable of evaluating and understanding and understands and accepts the terms, risks and conditions of the transactions contemplated hereby and by the other Credit Documents (including any amendment, waiver or other modification hereof or thereof), (ii) in connection with the process leading to such transaction, each of the Administrative Agent, the arrangers, and the Lenders is and has been acting solely as a principal and is not the financial advisor, agent, or fiduciary, for the Borrower or any of its Affiliates, stockholders, creditors, or employees or any other Person, (iii) none of the Administrative Agent, the arrangers, or the Lenders has assumed or will assume an advisory, agency, or fiduciary responsibility in favor of the Borrower with respect to any of the transactions contemplated hereby or the process leading thereto, including with respect to any amendment, waiver, or other modification hereof or of any other Credit Document (irrespective of whether any arranger or Lender has advised or is currently advising the Borrower or any of its Affiliates on other matters) and none of the Administrative Agent, the arrangers, or the Lenders has any obligation to the Borrower or any of its Affiliates with respect to the financing transactions contemplated hereby except those obligations expressly set forth herein and in the other Credit Documents, (iv) the arrangers and the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from, and may conflict with, those of the Borrower and its Affiliates, and none of the Administrative Agent, the arrangers, or the Lenders has any obligation to disclose any of such interests by virtue of any advisory, agency, or fiduciary relationship, and (v) the Administrative Agent, the arrangers, and the Lenders have not provided and will not provide any legal, accounting, regulatory, or tax advice with respect to any of the transactions contemplated hereby (including any amendment, waiver, or other modification hereof or of any other Credit Document) and the Credit Parties have consulted their own legal, accounting, regulatory, and tax advisors to the extent they have deemed appropriate.

(b) Each Credit Party acknowledges and agrees that each Lender, the arrangers, and any Affiliate thereof may lend money to, invest in, and generally engage in any kind of business with, any of the Borrower, any Affiliate thereof, or any other Person that may do business with or own securities of any of the foregoing, all as if such Lender, arranger, or Affiliate thereof were not a Lender or arranger or an Affiliate thereof (or an agent or any other Person with any similar role under any Credit Document) and without any duty to account therefor to any other Lender, the arrangers, the Borrower, or any Affiliate of the foregoing. Each Lender, the arrangers, and any Affiliate thereof may accept fees and other consideration from the Borrower or any Affiliate thereof for services in connection with this Agreement, the credit facility established hereby, or otherwise without having to account for the same to any other Lender, the arrangers, the Borrower, or any Affiliate of the foregoing.

Section 1.18 Integration. THIS WRITTEN AGREEMENT AND THE CREDIT DOCUMENTS, AS DEFINED IN THIS AGREEMENT, REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND SUPERSEDE ALL PRIOR UNDERSTANDINGS AND AGREEMENTS,

WHETHER WRITTEN OR ORAL, RELATING TO THE TRANSACTIONS PROVIDED FOR HEREIN AND THEREIN. ADDITIONALLY, THIS AGREEMENT AND THE CREDIT DOCUMENTS MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

IN EXECUTING THIS AGREEMENT, EACH CREDIT PARTY HERETO HEREBY WARRANTS AND REPRESENTS IT IS NOT RELYING ON ANY STATEMENT OR REPRESENTATION OTHER THAN THOSE IN THIS AGREEMENT AND IS RELYING UPON ITS OWN JUDGMENT AND ADVICE OF ITS ATTORNEYS.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

[Remainder of this page intentionally left blank. Signature pages follow.]

ANNEX A

SCHEDULE I

Pricing Schedule

The Applicable Margin with respect to Commitment Fees and Advances shall be based on the Borrower's debt rating for senior unsecured debt as determined by Moody's and S&P (the "Rating"); provided that (a) if there is a one level difference between the Ratings, then the level corresponding to the higher Rating shall be used, (b) if there is a greater than one level difference between the Ratings, then the level immediately below the higher Rating shall be used, (c) if there is only one Rating, then such Rating shall be applicable, (d) if the Borrower has no Rating but a Guarantor has one or more Ratings for senior unsecured debt and such Guarantor has not been released of its obligations under the Guaranty, then "Rating" shall be based on such Guarantor's Rating, (e) if neither Moody's nor S&P shall have in effect a Rating (other than by reason of the circumstances referred to in clause (f) of this paragraph), then the level shall be deemed to be Level V, and (f) if the rating system of Moody's or S&P shall change, or if both such rating agencies shall cease to be in the business of rating corporate debt obligations, the Borrower and the Lenders shall negotiate in good faith to amend this Schedule I to reflect such changed rating system or the unavailability of ratings from such rating agencies and, pending the effectiveness of any such amendment, the Applicable Margin shall be determined by reference to the Rating most recently in effect prior to such change or cessation. For the avoidance of doubt, the Rating for Level I shall be the highest and the Rating for Level V shall be the lowest.

| <u>Applicable Margin</u> | <u>Rating (Moody's / S&P)</u> | <u>SOFR Margin</u> | <u>Base Rate Margin</u> | <u>Commitment Fee</u> |
|--------------------------|---------------------------------------|--------------------|-----------------------------|-----------------------|
| Level I | ≥ A/A2 | 0.875% | 0.000% | 0.075% |
| Level II | A-/A3 | 1.000% | 0.000% | 0.100% |
| Level III | BBB+/Baa1 | 1.125% | 0.125% | 0.125% |
| Level IV | BBB/Baa2 | 1.250% | 0.250% | 0.150% |
| Level V | ≤ BBB-/Baa3 | 1.500% | 0.500% | 0.200% |

SCHEDULE I

SCHEDULE II

Revolving Commitments

| Lenders | Revolving Commitment | Maturity Date After Giving Effect to Extension on March 8, 2022 |
|---|-----------------------------|--|
| Wells Fargo Bank, National Association | \$100,000,000.00 | November 11, 2026 |
| BOKF, NA | \$87,500,000.00 | November 11, 2026 |
| Barclays Bank PLC | \$87,500,000.00 | November 11, 2026 |
| HSBC Bank USA, N.A. | \$87,500,000.00 | November 11, 2026 |
| The Bank of Nova Scotia, Houston Branch | \$87,500,000.00 | November 11, 2026 |
| Credit Suisse AG, Cayman Islands Branch | \$70,000,000.00 | November 13, 2024 |
| Goldman Sachs Bank USA | \$70,000,000.00 | November 11, 2026 |
| Morgan Stanley Bank, N.A. | \$70,000,000.00 | November 11, 2026 |
| MidFirst Bank | \$50,000,000.00 | November 11, 2026 |
| Arvest Bank | \$40,000,000.00 | November 11, 2026 |
| TOTAL: | \$750,000,000.00 | |

SCHEDULE II

Helmerich & Payne, Inc.
Amended and Restated
Incentive Plan

2020 Omnibus

Director Restricted Stock Award Agreement

Participant
Name: _____

Date of Grant: _____

Shares Subject to
Restricted Stock Award: _____

Vesting Date: First anniversary of the
Date of Grant



**Director Restricted Stock Award Agreement
Under the Helmerich & Payne, Inc.
Amended and Restated 2020 Omnibus Incentive Plan**

THIS DIRECTOR RESTRICTED STOCK AWARD AGREEMENT (the “Award Agreement”), is made as of the grant date set forth on the cover page of this Award Agreement (the “Cover Page”), by and between the participant named on the Cover Page (the “Participant”) and Helmerich & Payne, Inc. (the “Company”).

W I T N E S S E T H:

WHEREAS, the Participant is a director of the Company, and it is important to the Company that the Participant be encouraged to continue to provide services to the Company; and

WHEREAS, in recognition of such facts, the Company desires to provide to the Participant an opportunity to receive Common Shares of the Company, as hereinafter provided, pursuant to the “Helmerich & Payne, Inc. Amended and Restated 2020 Omnibus Incentive Plan” (the “Plan”), a copy of which has been provided to the Participant; and

WHEREAS, any capitalized terms used but not defined herein have the same meanings given them in the Plan.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and for good and valuable consideration, the Participant and the Company hereby agree as follows:

Section 1. *Grant of Restricted Stock Award.* The Company hereby grants to the Participant an award (the “Restricted Stock Award”) of _____ (____) Shares, under and subject to the terms and conditions of this Award Agreement and the Plan which is incorporated herein by reference and made a part hereof for all purposes.

Section 2. *Stock Held by Company.* The Restricted Stock Award shall be evidenced via a book entry registration or the issuance of a stock certificate or certificates as determined by the Company. As a condition precedent to the book entry registration or the issuing of a certificate representing Shares subject to the Restricted Stock Award, the Participant must deliver to the Company a duly executed irrevocable stock power (in blank) covering such Shares represented by the certificate in the form of Exhibit A attached hereto. Shares subject to the Restricted Stock Award held by the Company pursuant to this Award Agreement shall constitute issued and outstanding shares of Common Stock of the Company for all corporate purposes, and the Participant shall be entitled to vote such Shares and shall receive all cash dividends thereon, provided that the right to vote or receive such dividends shall terminate with respect to Shares which have been forfeited as provided under this Award Agreement. While such Shares are held by the Company and until such Shares have vested, the Participant for whose benefit such Shares are held shall not have the right to encumber or otherwise change, sell, assign, transfer, pledge or otherwise dispose of such unvested Shares or any interest therein, and such unvested Shares shall not be subject to attachment or any other legal or equitable process brought by or on behalf of any creditor of such Participant; and any such attempt to attach or receive Shares in violation of this Award Agreement shall be null and void.

Section 3. *Vesting of Restricted Stock Award.*

(a) *Vesting Schedule.* Subject to the applicable provisions of the Plan and this Award Agreement, the Restricted Stock Award shall vest on the first anniversary of the Date of Grant (the “Vesting Date”). Unless vesting is accelerated pursuant to the terms of Section 5

hereof, unvested Shares subject to the Restricted Stock Award shall be forfeited immediately following the Participant's termination of service prior to the Vesting Date.

(b) *Delivery of Shares.* Reasonably promptly following vesting of a Share, the Company shall cause to be delivered to the Participant a certificate (or make a book entry in the Participant's name) evidencing such Share, free of the legend described in Section 8.

Section 4. *Nontransferability of Restricted Stock Award.* The Restricted Stock Award shall not be transferable by the Participant otherwise than by will or the laws of descent and distribution. Any attempted assignment, transfer, pledge, hypothecation or other disposition of the Restricted Stock Award contrary to the provisions hereof shall be null and void and without effect.

Section 5. *Acceleration of Awards.* In the event of Participant's death or Disability (treating service as a director of the Company as "employment" under the terms of the Plan), all unvested Shares subject to this Restricted Stock Award shall become vested upon such date. The Committee, in its sole discretion, otherwise may elect to accelerate the vesting for all or any part of the Shares subject to the Restricted Stock Award on the date of the Participant's termination of service.

Section 6. *Change in Control.* Upon the occurrence of a Change in Control, this Restricted Stock Award shall be subject to Section 13 of the Plan.

Section 7. *Securities Law Restrictions.* The Restricted Stock Award shall not be vested to any extent, and the Company shall not be obligated to transfer any Shares to the Participant upon the vesting of the Restricted Stock Award, if such vesting, in the opinion of counsel for the Company, would violate the Securities Act of 1933, as amended (the "Securities Act"), or any other federal or state statutes having similar requirements as may be in effect at that time. The Company shall be under no obligation to register the Restricted Stock Award or the Shares underlying the Restricted Stock Award pursuant to the Securities Act or any other federal or state securities laws.

Section 8. *Legends.* The Shares that are subject to the Award shall be subject to the following legend:

"THE SHARES OF STOCK EVIDENCED BY THIS CERTIFICATE ARE SUBJECT TO AND ARE TRANSFERABLE ONLY IN ACCORDANCE WITH THAT CERTAIN RESTRICTED STOCK AWARD AGREEMENT UNDER THE HELMERICH & PAYNE, INC. AMENDED AND RESTATED 2020 OMNIBUS INCENTIVE PLAN DATED THE [] DAY OF [], 20[]. ANY ATTEMPTED TRANSFER OF THE SHARES OF STOCK EVIDENCED BY THIS CERTIFICATE IN VIOLATION OF SUCH RESTRICTED STOCK AWARD AGREEMENT SHALL BE NULL AND VOID AND WITHOUT EFFECT. A COPY OF THE RESTRICTED STOCK AWARD AGREEMENT MAY BE OBTAINED FROM THE SECRETARY OF HELMERICH & PAYNE, INC."

Section 9. *Notices.* All notices and other communications under this Award Agreement shall be in writing and shall be delivered personally or given by certified or registered mail with return receipt requested, and shall be deemed to have been duly given upon personal delivery or three days after mailing to the respective parties as follows: (i) if to the Company, Helmerich & Payne, Inc., 1437 South Boulder Avenue, Suite 1400, Tulsa, Oklahoma 74119, Attn: Secretary of the Company and (ii) if to the Participant, using the contact information on file

with the Company. Either party hereto may change such party's address for notices by notice duly given pursuant hereto.

Section 10. *Section 83(b) Election.* If the Participant makes an election under Section 83(b) of the Code, or any successor section thereto, to be taxed with respect to the Shares subject to the Restricted Stock Award as of the date of grant, the Participant shall deliver a copy of such election to the Company immediately after filing such election with the Internal Revenue Service, together with any required tax withholding. The Participant hereby acknowledges that it is the Participant's sole responsibility to file timely the election under Section 83(b) of the Code.

Section 11. *Conflicts; Severability.* In the event of any conflicts between this Award Agreement and the Plan, the latter shall control. Should any provision of this Award Agreement be held by a court of competent jurisdiction to be unenforceable, or enforceable only if modified, such holding shall not affect the validity of the remainder of this Award Agreement, the balance of which shall continue to be binding upon the parties hereto with any such modification (if any) to become a part hereof and treated as though contained in this original Award Agreement.

Section 12. *No Part of Other Plans.* The benefits provided under this Award Agreement or the Plan shall not be deemed to be a part of or considered in the calculation of any other benefit provided by the Company or its Subsidiaries or Affiliates to the Participant.

Section 13. *Protections Against Violations of Agreement.* No purported sale, assignment, mortgage, hypothecation, transfer, pledge, encumbrance, gift, transfer in trust (voting or other) or other disposition of, or creation of a security interest in or lien on, the Restricted Stock Award or any of the Shares underlying it in violation of the provisions of this Award Agreement will be valid, and the Company will not transfer any such Shares on its books, unless and until there has been full compliance with such provisions to the satisfaction of the Company. The foregoing restrictions are in addition to and not in lieu of any other remedies, legal or equitable, available to enforce said provisions.

Section 14. *Failure to Enforce Not a Waiver.* The failure of the Company to enforce at any time any provision of this Award Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.

Section 15. *Participant and Award Subject to Plan.* As specific consideration to the Company for the Award, the Participant agrees to be bound by the terms of the Plan and this Award Agreement.

* * * *

IN WITNESS WHEREOF, the parties have executed this Restricted Stock Award Agreement as of the day and year first above written.

HELMERICH & PAYNE, INC., a Delaware corporation

By: __

“COMPANY”

—

“PARTICIPANT”

EXHIBIT A

ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED, _____, an individual (“Grantee”), hereby irrevocably assigns and conveys to _____, those _____ (_____) shares of the Common Capital Stock of Helmerich & Payne, Inc., a Delaware corporation, \$.10 par value, subject to that certain Restricted Stock Award Agreement dated as of _____, 20__ between Helmerich & Payne, Inc. and Grantee.

DATED: __

HELMERICH & PAYNE, INC.
AMENDED AND RESTATED 2020 OMNIBUS INCENTIVE PLAN

**ANNUAL THREE-YEAR PERFORMANCE-VESTED
RESTRICTED SHARE UNIT AWARD AGREEMENT**

Participant Name: _____ Date of Grant: _____

Number of Awarded Restricted Share Units:

**ANNUAL THREE-YEAR PERFORMANCE-VESTED
RESTRICTED SHARE UNIT AWARD AGREEMENT
UNDER THE HELMERICH & PAYNE, INC.
AMENDED AND RESTATED 2020 OMNIBUS INCENTIVE PLAN**

THIS ANNUAL THREE-YEAR PERFORMANCE-VESTED RESTRICTED SHARE UNIT AWARD AGREEMENT (this “Award Agreement”), is made as of the grant date (the “Date of Grant”) set forth on the cover page of this Award Agreement (the “Cover Page”) at Tulsa, Oklahoma by and between the participant named on the Cover Page (the “Participant”) and Helmerich & Payne, Inc. (the “Company”).

WITNESSETH:

WHEREAS, the Participant is an employee of the Company or an Affiliate or Subsidiary of the Company, and it is important to the Company that the Participant be encouraged to remain in the employ with the Company or its Affiliate or Subsidiary and to contribute to the success of the Company; and

WHEREAS, in recognition of such facts, the Company desires to provide to the Participant an opportunity to receive Common Shares of the Company, as hereinafter provided, pursuant to the “Helmerich & Payne, Inc. Amended and Restated 2020 Omnibus Incentive Plan” (the “Plan”), a copy of which has been provided to the Participant; and

WHEREAS, any capitalized terms used but not defined herein have the same meanings given them in the Plan.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and for good and valuable consideration, the Participant and the Company hereby agree as follows:

Section 1. *Grant of Annual Three-Year Performance-Vested Restricted Share Unit Award.* The Company hereby grants to the Participant an award (the “Award”) of [[•] ([•])] Restricted Share Units (the “Awarded RSUs”) set forth on the Cover Page, under and subject to the terms and conditions of this Award Agreement and the Plan, which is incorporated herein by reference and made a part hereof for all purposes. The Awarded RSUs shall be divided into three (3) tranches set out below (each, an “Annual Tranche”), with each Annual Tranche being subject to the applicable one-year Performance Cycle (as further described in Schedule I).

- [•] Awarded RSUs, which shall be subject to the First One-Year Performance Cycle (as defined in Schedule I) (the “First Tranche”);
- [•] Awarded RSUs, which shall be subject to the Second One-Year Performance Cycle (as defined in Schedule I) (the “Second Tranche”); and
- [•] Awarded RSUs, which shall be subject to the Third One-Year Performance Cycle (as defined in Schedule I) (the “Third Tranche”).

For purposes of this Award, the Awarded RSUs that separately relate to each of the First Tranche, Second Tranche and Third Tranche are referred to as the “Subject RSUs”.

Section 2. *Vesting of the Award.* Vesting determinations shall be made separately with respect to the Subject RSUs that relate to each of the First Tranche, Second Tranche and Third Tranche. The number of such Subject RSUs that are eligible to vest hereunder shall be based on the extent to which the applicable Performance Goal, as described in the attached Schedule I, is achieved pursuant to the vesting schedule set forth therein. If (i) at least a level of “Threshold Performance” is attained with respect to such Performance Goal that is applicable to

such Subject RSUs, and (ii) the Participant remains continuously employed by the Company or an Affiliate or Subsidiary of the Company from the Date of Grant through the end of the “Three-Year Performance Period” (the three-year period ending December 31, 20[•]), then vesting of the applicable number of the Subject RSUs shall occur (as determined pursuant to Section 3 below), and the forfeiture restrictions applicable to such number of Subject RSUs shall terminate. Subject to Section 9, any Subject RSUs that do not vest with respect to any Annual Tranche shall be forfeited by the Participant.

Section 3. *Certification of Performance; Effect of Certification of Performance on Vesting.* Subject to the provisions of Section 2 and Section 9, as soon as reasonably practicable following the close of each Performance Cycle, but not later than thirty (30) days thereafter, the Committee shall determine and certify in writing (i) the extent to which the applicable Performance Goal, as described in the attached Schedule I, is attained, and (ii) if at least the level of “Threshold Performance” is attained with respect to such Performance Goal, the corresponding number of Subject RSUs that shall vest or remain eligible to vest, as applicable, pursuant to the vesting schedule set forth in the attached Schedule I, it being understood that the determinations and certifications made by the Committee pursuant to this sentence shall be final, conclusive and binding on Participant, and on all other persons, to the maximum extent permitted by law. For the avoidance of doubt, the number of such Subject RSUs that “remain eligible to vest” pursuant to the preceding sentence, when applicable, shall relate to (x) the Subject RSUs under the First Tranche, and (y) the Subject RSUs under Second Tranche. Accordingly, subject to the provisions of Section 2 and Section 9, any such Subject RSUs under the First Tranche or Second Tranche that “remain eligible to vest” pursuant to the foregoing shall vest, if at all, if the Participant also remains continuously employed by the Company or an Affiliate or Subsidiary of the Company from the end of the First One-Year Performance Cycle or Second One-Year Performance Cycle, as the case may be, through the end of the Three-Year Performance Period. Fractional Common Shares subject to vested Subject RSUs shall be rounded down to the nearest whole number when they first “remain eligible to vest.”

Section 4. *Issuance of Shares.* As soon as reasonably practicable following the close of the Three-Year Performance Period, but no later than seventy-four (74) days thereafter (or, in the event of death occurring before the end of the Three-Year Performance Period, within thirty (30) days following death), the Company shall issue or transfer to the Participant one Common Share in settlement of each Subject RSU that becomes vested pursuant to this Agreement rounded down to the nearest whole number (each, a “Vested RSU”) (whether by delivery of a Common Share certificate or book entry in the Participant’s name) and the corresponding Awarded RSU (i.e., with respect to such Subject RSU and Vested RSU) shall be canceled, it being understood that such issuance or transfer shall be subject to the “Six-Month Delay Toggle” (as defined in Section 20 of this Agreement) when applicable.

Section 5. *No Rights as Shareholder.* The Participant shall have no rights as a shareholder of the Company, including, without limitation, voting rights or the right to receive dividends and distributions as a shareholder, with respect to the Common Shares subject to the Awarded RSUs, unless and until such Common Shares are issued or transferred to the Participant as provided herein.

Section 6. *Dividend Equivalent Rights.* In respect of each Awarded RSU, from and after the Date of Grant until the earlier of (a) the time when the Awarded RSU is paid in accordance with Section 4 or (b) the time when the Awarded RSU is forfeited, as of the date that the Company pays a cash dividend to holders of Common Shares, additional Restricted Share Units shall be credited hereunder in respect of such Awarded RSU in a number determined by dividing (i) the product of (A) the dollar amount of the cash dividend paid per Common Share and (B) the total number of such Awarded RSUs (including additional Restricted Share Units attributable to prior dividend equivalents) as of such date, by (ii) the Fair Market Value of a

Common Share on such date. Such dividend equivalents (if any) shall be subject to the same terms and conditions and will be settled or forfeited in the same manner and at the same time as the Awarded RSUs in respect of which the dividend equivalents were credited.

Section 7. *Nontransferability of the Award.* The Award shall not be transferable by the Participant otherwise than by will or the laws of descent and distribution. Any attempted sale, assignment, transfer, pledge, hypothecation or other disposition of, or change to, the Award contrary to the provisions hereof shall be null and void and without effect. Furthermore, in no event shall any Awarded RSUs or Vested RSUs be subject to attachment or any other legal or equitable process brought by or on behalf of any creditor of the Participant, and any such attempt to attach or receive any Awarded RSUs or Vested RSUs shall be null and void and without effect.

Section 8. *Employment.* Nothing in the Plan or in this Award Agreement shall confer upon the Participant any right to continue in the employ of the Company or its Affiliates or Subsidiaries, or interfere in any way with the right of the Company or its Affiliates or Subsidiaries to terminate the Participant's employment at any time.

Section 9. *Special Vesting of the Awarded RSUs.* In the event the Participant's employment terminates by reason of death, the "Target Awarded RSUs" (as defined in Schedule I) subject to the Award for any open Performance Cycle shall automatically become fully vested as Vested RSUs and the Subject RSUs that otherwise vested or remained eligible to vest hereunder pursuant to Section 3 based on actual performance for any completed Performance Cycle shall automatically become fully vested as Vested RSUs (in which case the Three-Year Performance Period shall terminate and the issuance or transfer of the applicable Common Shares shall occur pursuant to Section 4). The Committee, in its sole discretion, may accelerate, in whole or in part, the vesting of the Awarded RSUs upon (A) the Participant's Disability, (B) the Participant's Retirement or (C) upon a Change in Control (in which case the Three-Year Performance Period shall terminate and the issuance or transfer of the applicable Common Shares shall occur pursuant to Section 4).

Section 10. *Non-Disclosure and Confidential Information; Nonsolicitation.*

(a) *Confidential Information.* For purposes of this Award Agreement, "confidential information" includes, without limitation, non-public information with respect to the Company's or its Subsidiaries' finances, oil and gas drilling processes, costs and pricing, customer contracts, contracts and requirements, vendor or supplier contracts, contracts for other information, compensation structures, recruitment and training policies, operation support and backup facilities, service and product formulas, concepts, data, know-how improvements and strategies, computer programs and listings (whether in source code and/or object code format), software design and methodology, research and development or investigations, marketing strategies, ideas and plans for ongoing or future businesses, new business or other developments, new and innovative service or product ideas, inventions, potential acquisitions or divestitures, business and litigation strategies and future business and litigation plans and any other information or material that is of special or unique value to the Company or its Subsidiaries maintained as confidential and not disclosed to the general public (whether through an annual report and/or filings with the Securities and Exchange Commission or otherwise).

(b) *Non-Disclosure.*

i. Participant acknowledges that (A) the Company and its Subsidiaries have devoted substantial time, effort, and resources to develop and compile the confidential information; (B) public disclosure of such confidential information would have an adverse effect on the business of the Company and its Subsidiaries; (C) the Company and its

Subsidiaries would not disclose such information to Participant without the agreements and covenants set forth in this Section 10 and (D) the provisions of this Section 10 are reasonable and necessary to prevent the improper use and/or disclosure of the confidential information.

ii. Participant agrees that Participant shall not, directly or indirectly, at any time during his or her employment with the Company or a Subsidiary or after termination of such employment with the Company or a Subsidiary, without the prior written consent of an authorized officer of the Company, disclose confidential information to any third party and/or use confidential information for the benefit of Participant or any third party.

(c) *Nonsolicitation.* During employment with the Company and for a period of twelve (12) months thereafter, Participant shall not solicit the established customers of the Company wherever located (or if this geographic area shall be unenforceable by law, then in such geographic area as shall be enforceable) for the sale of any product or service competitive with any product or service offered for sale by the Company at the time of the termination of Participant's employment. For purposes of this Award Agreement, "solicit" shall mean to contact an established customer directly, whether by announcement, e-mail, note, letter or other direct mail, telephone call, personal visit, business meeting, or any other method, which contact either is designed to or has the effect of inducing, promoting or advancing a prohibited sale by Participant or on Participant's behalf to that customer. An "established customer" means any entity that Participant knows or reasonably should know has a previously established relationship with the Company that the Company may reasonably anticipate will continue based upon the entity's continued need for the products and/or services that the Company provides. "Offered for sale" includes products/services which Participant knows or reasonably should know have been ordered or have otherwise been prepared by the Company for imminent offering. Further, during employment with the Company and for a period of twelve (12) months thereafter, Participant shall not, directly or indirectly, solicit any of the Company's employees or independent contractors to become employees or independent contractors of another person or business.

(d) In the event the Committee determines in its sole judgment that the Participant has violated the provisions of this Section 10, any Awarded RSUs that have not yet been paid pursuant to Section 4 shall be forfeited. Nothing herein shall be construed as prohibiting the Company or its Subsidiaries from pursuing any other remedies available to the Company or its Subsidiaries for a violation of this Section 10, including, without limitation, injunctive relief and the recovery of damages. Participant acknowledges and agrees that the provisions of this Section 10 are reasonable and necessary to protect the interests of the Company and are not intended to be applied or interpreted as a covenant against competition.

(e) *Defend Trade Secrets Act.* Pursuant to Section 7 of the Defend Trade Secrets Act of 2016 (which added 18 U.S.C. § 1833(b) to the United States Code), the Participant acknowledges that the Participant shall not have criminal or civil liability under any federal or State trade secret law for the disclosure of a trade secret that (i) is made (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Nothing in this Award Agreement is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by such Section. Further, nothing in this Award Agreement or any other agreement between the Participant and the Company shall prohibit or restrict the Participant from making any disclosure of information or documents to any governmental agency, legislative body, self-regulatory organization, or the Legal Department of the Company.

Section 11. *Suspension or Termination of Awards.*

(a) This Award Agreement and all rights the Participant, or any person claiming through the Participant, may have under this Award Agreement shall be subject to all applicable laws, government regulations, stock exchange listing requirements, and policies the Company has established or may establish after the date of this Award Agreement, including without limitation any policy regarding the clawback or recoupment of compensation.

(b) In any event, if at any time the Committee reasonably believes that the Participant has committed an act of misconduct as described in this subsection (b), the Committee may suspend the Participant's right to exercise or receive any Award pending a determination of whether an act of misconduct has been committed. If the Committee determines the Participant has committed an illegal act, fraud, embezzlement or deliberate disregard of Company rules or policies (including any violation of the Participant's non-disclosure, non-compete or similar agreement) that may reasonably be expected to result in loss, damage or injury to the Company, the Committee may (i) cancel any outstanding Award granted to the Participant, in whole or in part, whether or not vested or deferred and/or (ii) if such conduct or activity occurs during a Company fiscal year in which there was also an exercise or receipt of an Award, require the Participant to repay to the Company any gain realized or value received upon the exercise or receipt of such Award (with such gain or value received valued as of the date of exercise or receipt). Cancellation and repayment obligations shall be effective as of the date specified by the Committee. Any repayment obligation may be satisfied in Common Shares or cash or a combination thereof (based upon the Fair Market Value of Common Shares on the day of payment), and the Committee may provide for an offset to any future payments owed by the Company or any Affiliate to the Participant if necessary to satisfy the repayment obligation. The determination regarding cancellation of an Award or a repayment obligation shall be within the sole discretion of the Committee and shall be binding upon the Participant and the Company.

Section 12. *Change in Control.* Subject to Section 9, upon the occurrence of a Change in Control, the Award shall be subject to Section 13 of the Plan.

Section 13. *Securities Law Restrictions.* The Awarded RSUs shall not be vested to any extent, and the Company shall not be obligated to transfer any Common Shares to the Participant upon the vesting of the Award, if such vesting or transfer, in the opinion of counsel for the Company, would violate the Securities Act of 1933, as amended or any other federal or state statutes having similar requirements as may be in effect at that time.

Section 14. *Withholding of Taxes.* The Company may make such provision as it may deem appropriate for the withholding of any applicable federal, state, or local taxes that it determines it may be obligated to withhold or pay in connection with the vesting of the Awarded RSUs subject to the Award. A Participant must pay the amount of taxes required by law in connection with the vesting of the Awarded RSUs subject to the Award (i) in cash or by check, (ii) by the Participant surrendering, or the Company retaining from the Common Shares to be issued to the Participant in respect of any Vested RSUs, that number of Common Shares having a Fair Market Value on the date of payment equal to the amount of such required withholding, or (iii) by a combination of the foregoing.

Section 15. *Notices.* All notices and other communications under this Award Agreement shall be in writing and shall be delivered personally or given by certified or registered mail with return receipt requested, and shall be deemed to have been duly given upon personal delivery or three days after mailing to the respective parties as follows: (i) if to the Company, Helmerich & Payne, Inc., 1437 South Boulder Avenue, Suite 1400, Tulsa, Oklahoma 74119, Attn: Secretary of the Company and (ii) if to the Participant, using the contact information on file

with the Company. Either party hereto may change such party's address for notices by notice duly given pursuant hereto.

Section 16. *Conflicts; Severability.* In the event of any conflicts between this Award Agreement and the Plan, the latter shall control. Should any provision of this Award Agreement be held by a court of competent jurisdiction to be unenforceable, or enforceable only if modified, such holding shall not affect the validity of the remainder of this Award Agreement, the balance of which shall continue to be binding upon the parties hereto with any such modification (if any) to become a part hereof and treated as though contained in this original Award Agreement.

Section 17. *No Part of Other Plans.* The benefits provided under this Award Agreement or the Plan shall not be deemed to be a part of or considered in the calculation of any other benefit provided by the Company or its Subsidiaries or Affiliates to the Participant.

Section 18. *Protections Against Violations of Agreement.* No purported sale, assignment, mortgage, hypothecation, transfer, pledge, encumbrance, gift, transfer in trust (voting or other) or other disposition of, or creation of a security interest in or lien on, the Award or any of the Awarded RSUs underlying it in violation of the provisions of this Award Agreement shall be valid, and the Company shall not issue or transfer any such Awarded RSUs or Common Shares in respect of any Vested RSUs on its books, unless and until there has been full compliance with such provisions to the satisfaction of the Company. The foregoing restrictions are in addition to and not in lieu of any other remedies, legal or equitable, available to enforce said provisions.

Section 19. *Failure to Enforce Not a Waiver.* The failure of the Company to enforce at any time any provision of this Award Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.

Section 20. *Section 409A.* The compensation payable pursuant to the Award is intended to be exempt from, or otherwise in compliance with, Section 409A of the Code, as applicable, and this Agreement shall be administered and construed to the fullest extent possible to reflect and implement such intent. Notwithstanding anything herein to the contrary, if, at the time of a Participant's "separation from service" (as defined in the Treasury Regulations under Section 409A of the Code) with the Company and its Affiliates and Subsidiaries, such Participant is a "specified employee" (as defined in the Treasury Regulations under Section 409A of the Code), and the deferral of the commencement of any amount of the payments or benefits otherwise payable pursuant to the Plan is necessary in order to prevent any accelerated or additional tax under Section 409A of the Code, then, to the extent permitted by Section 409A of the Code, such payments or benefits hereunder (without any reduction in the payments or benefits ultimately paid or provided to Participant) shall be deferred until the earlier to occur of (i) Participant's death or (ii) the first business day that is six months following Participant's separation from service with the Company and its Affiliates and Subsidiaries; provided, that amounts which qualify for the separation pay plan exemption under Treas. Reg. Section 1.409A-1(b)(9)(v)(D) and do not exceed the limits set forth in Section 402(g)(1)(B) of the Code in the year of such separation from service shall be payable immediately upon such separation from service (the "Six-Month Delay Toggle"). Any payments or benefits deferred due to the Six-Month Delay Toggle shall be paid in a lump sum (without interest) to Participant on the earliest to occur of clause (i) or (ii) in the immediately preceding sentence.

Section 21. *Entirety; Participant and Award Subject to Plan.* This Award Agreement, which includes all schedules, exhibits and appendices hereto, contains the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes any and all prior agreements, whether written or oral, between such parties relating to such subject matter. Subject to Section 14 of the Plan, no modification, alteration, amendment or supplement to this

Award Agreement shall be valid or effective unless the same is in writing and signed by the party against whom it is sought to be enforced. As specific consideration to the Company for the Award, the Participant agrees to be bound by the terms of the Plan and this Award Agreement.

* * * *

IN WITNESS WHEREOF, the parties have executed this Annual Three-Year Performance-Vested Restricted Share Unit Award Agreement as of the day and year first above written.

HELMERICH & PAYNE, INC., a Delaware corporation

By: _____

“COMPANY”

“PARTICIPANT”

SCHEDULE I
HELMERICH & PAYNE, INC.
AWARD OF ANNUAL THREE-YEAR PERFORMANCE-VESTED
RESTRICTED SHARE UNITS

PERFORMANCE MEASURES FOR THE THREE-YEAR PERIOD
BEGINNING ON JANUARY 1, 20[•] AND ENDING ON DECEMBER 31, 20[•]

The Committee has determined and specifies that the following (i) Performance Cycles, (ii) Target Awarded RSUs and (iii) Performance Goals (each as defined or described below), shall be applied with respect to the Awarded RSUs:

1. Performance Cycles. The “Performance Cycles” applicable to the Awarded RSUs shall be based on the following:
 - For the Subject RSUs under the First Tranche, the one-year period beginning on January 1, 20[•], and ending on December 31, 20[•] (the “First One-Year Performance Cycle”);
 - For the Subject RSUs under the Second Tranche, the one-year period beginning on January 1, 20[•], and ending on December 31, 20[•] (the “Second One-Year Performance Cycle”); and
 - For the Subject RSUs under the Third Tranche, the one-year period beginning on January 1, 20[•], and ending on December 31, 20[•] (the “Third One-Year Performance Cycle”).

2. Target Awarded RSUs. The “Target Awarded RSUs” shall equal one hundred percent (100%) of the number of the Subject RSUs that relate to a particular Annual Tranche and that are outstanding as of the end of the applicable Performance Cycle. As further discussed below, the number of such Target Awarded RSUs shall be multiplied by the vesting percentage described in the following paragraph 3 and paragraph 4 to determine the number of the corresponding Subject RSUs that shall, as applicable, vest or remain eligible to vest, if at all, and become Vested RSUs.

3. Performance Goals. The Performance Goal used to determine the extent of the vesting of the Subject RSUs is the cumulative total shareholder return (“TSR”) for the Common Shares of the Company during a particular Performance Cycle. The Subject RSUs that are outstanding as of the end of a Performance Cycle shall vest or remain eligible to vest or be forfeited based on the Company’s TSR percentile ranking relative to a group of peer companies for such Performance Cycle (the “Applicable Peer Group”):

The Applicable Peer Group shall consist of:

TSR for the Company and each member of the Applicable Peer Group for the applicable Performance Cycle shall be defined and calculated as follows, where “Beginning Price” is the average closing price on the relevant United States stock market (NYSE or NASDAQ) for a share of the relevant company’s common equity security during the twenty (20) trading days immediately preceding the beginning of the Performance Cycle and the “Ending Price” is the average closing price on the relevant United States stock market (NYSE or NASDAQ) for a share of the relevant company’s common equity security during the last twenty (20) trading days of the Performance Cycle:

$$\text{TSR for the Performance Cycle} = \frac{(\text{Ending Price} - \text{Beginning Price} + \text{dividends and cash distributions per share paid}^*)}{\text{Beginning Price}}$$

- * Stock dividends paid in common equity securities rather than cash in which there is a distribution of less than twenty-five percent (25%) of the fully diluted outstanding shares (as calculated prior to the distribution) shall be treated as cash for purposes of this calculation.

For purposes of determining the Company's TSR percentile ranking, as further described below, the companies in the Applicable Peer Group whose common equity securities are publicly traded on either the NYSE or NASDAQ Stock Market on the last trading day of the Performance Cycle shall be the companies comprising the Applicable Peer Group. If the common equity security of any Applicable Peer Group company is no longer publicly traded on either the NYSE or NASDAQ Stock Market on the last trading day of the Performance Cycle, then adjustments may be effected by the Committee, as appropriate, with respect to the Performance Goal and vesting percentages that apply to the Awarded RSUs. In addition, if the common equity security of any Applicable Peer Group company is not publicly traded on either the NYSE or NASDAQ Stock Market on a continuous basis during the Performance Cycle, but is otherwise publicly traded on either the NYSE or NASDAQ Stock Market on the last trading day of the Performance Cycle, then adjustments may be effected by the Committee, as appropriate, with respect to the Performance Goal and vesting percentages that apply to the Awarded RSUs.

4. Percentile Ranking, Performance Percentage and Vesting Schedule. Measurement of the Company's TSR percentile ranking relative to the Applicable Peer Group shall be calculated using the following formula for purposes of the table below:

$$\text{Company's TSR Percentile Ranking} = \frac{((1 - X) + Y)}{2}$$

Where:

- X = the number of members in the Applicable Peer Group with a TSR greater than the TSR of the Company during the relevant Performance Cycle, expressed as a percentage of the total number of members in the Applicable Peer Group.
- Y = the number of members in the Applicable Peer Group with a TSR less than the TSR of the Company during the relevant Performance Cycle, expressed as a percentage of the total number of members in the Applicable Peer Group.

| The Company's TSR Percentile Ranking Relative to the Applicable Peer Group | The Company's Performance Percentage / Vested Percentage of the Subject RSUs | The Company's Performance Category |
|---|---|---|
| Greater than or Equal to 85 th Percentile | 200% | Maximum Performance |
| Equal to 75 th Percentile | 150.00% | |
| Equal to 65 th Percentile | 125.00% | |
| Equal to 55 th Percentile | 100.00% | Target Performance |
| Equal to 45 th Percentile | 75.00% | |
| Equal to 35 th Percentile | 50.00% | Threshold Performance |
| Less than 35 th Percentile | 0.00% | Below Threshold Performance |

Accordingly, for purposes of establishing the Company's TSR percentile ranking relative to the Applicable Peer Group pursuant to the table below, the TSR of the Company and each of the member of the Applicable Peer Group shall be determined as soon as practicable following the close of the applicable Performance Cycle.

If the Company's TSR percentile ranking relative to the Applicable Peer Group exceeds "Threshold Performance" (i.e. the ranking exceeds the "35th Percentile" in the table above) and is between two of the percentile ranks set forth in the table above, the applicable performance percentage for such performance measurement shall be interpolated between the ranges applicable ranges (e.g., a 60th percentile ranking would result in a performance percentage of 112.5%). Notwithstanding the foregoing, if the Company's TSR is negative, the Performance Percentage set forth in the table above shall not exceed 100% of Target Performance, regardless of whether the Company's TSR percentile ranking relative to the Applicable Peer Group exceeds the "55th Percentile" in the table above.

For the avoidance of doubt: (i) if the Company's TSR results in "Below Threshold Performance" pursuant to the table above, then all Subject RSUs with respect to the relevant Performance Cycle shall be forfeited; and (ii) if the Company's TSR at least results in "Threshold Performance" pursuant to the table above, but such performance does not equal the "Target Performance", then the number of Subject RSUs that exceeds the applicable number of the Vested RSUs shall be forfeited. All forfeitures under this Agreement shall be at no cost to the Company.

HELMERICH & PAYNE, INC.
AMENDED AND RESTATED 2020 OMNIBUS INCENTIVE PLAN

**STANDARD THREE-YEAR PERFORMANCE-VESTED
RESTRICTED SHARE UNIT AWARD AGREEMENT**

Participant Name: _____ Date of Grant: _____

Number of Awarded Restricted Share Units:

**STANDARD THREE-YEAR PERFORMANCE-VESTED
RESTRICTED SHARE UNIT AWARD AGREEMENT
UNDER THE HELMERICH & PAYNE, INC.
AMENDED AND RESTATED 2020 OMNIBUS INCENTIVE PLAN**

THIS STANDARD THREE-YEAR PERFORMANCE-VESTED RESTRICTED SHARE UNIT AWARD AGREEMENT (this “Award Agreement”), is made as of the grant date (the “Date of Grant”) set forth on the cover page of this Award Agreement (the “Cover Page”) at Tulsa, Oklahoma by and between the participant named on the Cover Page (the “Participant”) and Helmerich & Payne, Inc. (the “Company”).

WITNESSETH:

WHEREAS, the Participant is an employee of the Company or an Affiliate or Subsidiary of the Company, and it is important to the Company that the Participant be encouraged to remain in the employ with the Company or its Affiliate or Subsidiary and to contribute to the success of the Company; and

WHEREAS, in recognition of such facts, the Company desires to provide to the Participant an opportunity to receive Common Shares of the Company, as hereinafter provided, pursuant to the “Helmerich & Payne, Inc. Amended and Restated 2020 Omnibus Incentive Plan” (the “Plan”), a copy of which has been provided to the Participant; and

WHEREAS, any capitalized terms used but not defined herein have the same meanings given them in the Plan.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and for good and valuable consideration, the Participant and the Company hereby agree as follows:

Section 1. *Grant of Standard Three-Year Performance-Vested Restricted Share Unit Award.* The Company hereby grants to the Participant an award (the “Award”) of [[•] ([•])] Restricted Share Units (the “Awarded RSUs”) set forth on the Cover Page, under and subject to the terms and conditions of this Award Agreement and the Plan, which is incorporated herein by reference and made a part hereof for all purposes.

Section 2. *Vesting of the Award.* The number of Awarded RSUs that are eligible to vest hereunder shall be based on the extent to which the Performance Goal, as described in the attached Schedule I, is achieved pursuant to the vesting schedule set forth therein. If (i) at least a level of “Threshold Performance” is attained with respect to the Performance Goal, and (ii) the Participant remains continuously employed by the Company or an Affiliate or Subsidiary of the Company from the Date of Grant through the end of the Three-Year Performance Cycle (as described in the attached Schedule I), then vesting of the applicable number of the Awarded RSUs shall occur (as determined pursuant to Section 3 below), and the forfeiture restrictions applicable to the Awarded RSUs shall terminate. Subject to Section 9, any Awarded RSUs that do not vest upon the end of the Three-Year Performance Cycle shall be forfeited by the Participant.

Section 3. *Certification of Performance; Effect of Certification of Performance on Vesting.* Subject to the provisions of Section 2 and Section 9, as soon as reasonably practicable following the close of the Three-Year Performance Cycle, but not later than thirty (30) days thereafter, the Committee shall determine and certify in writing (i) the extent to which the Performance Goal, as described in the attached Schedule I, is attained, and (ii) if at least the level of “Threshold Performance” is attained with respect to the Performance Goal, the corresponding number of Awarded RSUs that shall vest, pursuant to the vesting schedule set forth in the

attached Schedule I, it being understood that the determinations and certifications made by the Committee pursuant to this sentence shall be final, conclusive and binding on Participant, and on all other persons, to the maximum extent permitted by law.

Section 4. *Issuance of Shares.* As soon as reasonably practicable following the close of the Three-Year Performance Cycle, but no later than seventy-four (74) days thereafter (or, in the event of death occurring before the end of the Three-Year Performance Period, within thirty (30) days following death), the Company shall issue or transfer to the Participant one Common Share in settlement of each Awarded RSU that becomes vested pursuant to this Agreement rounded down to the nearest whole number (each, a “Vested RSU”) (whether by delivery of a Common Share certificate or book entry in the Participant’s name) and the corresponding Awarded RSU shall be canceled, it being understood that such issuance or transfer shall be subject to the “Six-Month Delay Toggle” (as defined in Section 20 of this Agreement) when applicable.

Section 5. *No Rights as Shareholder.* The Participant shall have no rights as a shareholder of the Company, including, without limitation, voting rights or the right to receive dividends and distributions as a shareholder, with respect to the Common Shares subject to the Awarded RSUs, unless and until such Common Shares are issued or transferred to the Participant as provided herein.

Section 6. *Dividend Equivalent Rights.* In respect of each Awarded RSU, from and after the Date of Grant until the earlier of (a) the time when the Awarded RSU is paid in accordance with Section 4 or (b) the time when the Awarded RSU is forfeited, as of the date that the Company pays a cash dividend to holders of Common Shares, additional Restricted Share Units shall be credited hereunder in respect of such Awarded RSU in a number determined by dividing (i) the product of (A) the dollar amount of the cash dividend paid per Common Share and (B) the total number of such Awarded RSUs (including additional Restricted Share Units attributable to prior dividend equivalents) as of such date, by (ii) the Fair Market Value of a Common Share on such date. Such dividend equivalents (if any) shall be subject to the same terms and conditions and will be settled or forfeited in the same manner and at the same time as the Awarded RSUs in respect of which the dividend equivalents were credited.

Section 7. *Nontransferability of the Award.* The Award shall not be transferable by the Participant otherwise than by will or the laws of descent and distribution. Any attempted sale, assignment, transfer, pledge, hypothecation or other disposition of, or change to, the Award contrary to the provisions hereof shall be null and void and without effect. Furthermore, in no event shall any Awarded RSUs or Vested RSUs be subject to attachment or any other legal or equitable process brought by or on behalf of any creditor of the Participant, and any such attempt to attach or receive any Awarded RSUs or Vested RSUs shall be null and void and without effect.

Section 8. *Employment.* Nothing in the Plan or in this Award Agreement shall confer upon the Participant any right to continue in the employ of the Company or its Affiliates or Subsidiaries, or interfere in any way with the right of the Company or its Affiliates or Subsidiaries to terminate the Participant’s employment at any time.

Section 9. *Special Vesting of the Awarded RSUs.* In the event the Participant’s employment terminates by reason of death, the Awarded RSUs shall automatically become fully vested at Target Performance (as set forth on Schedule I) as Vested RSUs (and the Three-Year Performance Cycle shall terminate and the issuance or transfer of the applicable Common Shares shall occur pursuant to Section 4). The Committee, in its sole discretion, may accelerate, in whole or in part, the vesting of the Awarded RSUs upon (A) the Participant’s Disability, (B) the Participant’s Retirement or (C) upon a Change in Control (in which case the Three-Year

Performance Cycle shall terminate and the issuance or transfer of the applicable Common Shares shall occur pursuant to Section 4).

Section 10. *Non-Disclosure and Confidential Information; Nonsolicitation.*

(a) *Confidential Information.* For purposes of this Award Agreement, “confidential information” includes, without limitation, non-public information with respect to the Company’s or its Subsidiaries’ finances, oil and gas drilling processes, costs and pricing, customer contracts, contracts and requirements, vendor or supplier contracts, contracts for other information, compensation structures, recruitment and training policies, operation support and backup facilities, service and product formulas, concepts, data, know-how improvements and strategies, computer programs and listings (whether in source code and/or object code format), software design and methodology, research and development or investigations, marketing strategies, ideas and plans for ongoing or future businesses, new business or other developments, new and innovative service or product ideas, inventions, potential acquisitions or divestitures, business and litigation strategies and future business and litigation plans and any other information or material that is of special or unique value to the Company or its Subsidiaries maintained as confidential and not disclosed to the general public (whether through an annual report and/or filings with the Securities and Exchange Commission or otherwise).

(b) *Non-Disclosure.*

i. Participant acknowledges that (A) the Company and its Subsidiaries have devoted substantial time, effort, and resources to develop and compile the confidential information; (B) public disclosure of such confidential information would have an adverse effect on the business of the Company and its Subsidiaries; (C) the Company and its Subsidiaries would not disclose such information to Participant without the agreements and covenants set forth in this Section 10 and (D) the provisions of this Section 10 are reasonable and necessary to prevent the improper use and/or disclosure of the confidential information.

ii. Participant agrees that Participant shall not, directly or indirectly, at any time during his or her employment with the Company or a Subsidiary or after termination of such employment with the Company or a Subsidiary, without the prior written consent of an authorized officer of the Company, disclose confidential information to any third party and/or use confidential information for the benefit of Participant or any third party.

(c) *Nonsolicitation.* During employment with the Company and for a period of twelve (12) months thereafter, Participant shall not solicit the established customers of the Company wherever located (or if this geographic area shall be unenforceable by law, then in such geographic area as shall be enforceable) for the sale of any product or service competitive with any product or service offered for sale by the Company at the time of the termination of Participant’s employment. For purposes of this Award Agreement, “solicit” shall mean to contact an established customer directly, whether by announcement, e-mail, note, letter or other direct mail, telephone call, personal visit, business meeting, or any other method, which contact either is designed to or has the effect of inducing, promoting or advancing a prohibited sale by Participant or on Participant’s behalf to that customer. An “established customer” means any entity that Participant knows or reasonably should know has a previously established relationship with the Company that the Company may reasonably anticipate will continue based upon the entity’s continued need for the products and/or services that the Company provides. “Offered for sale” includes products/services which Participant knows or reasonably should know have been ordered or have otherwise been prepared by the Company for imminent offering. Further, during employment with the Company and for a period of twelve (12) months thereafter, Participant shall not, directly or indirectly, solicit any of the Company’s employees or independent contractors to become employees or independent contractors of another person or business.

(d) In the event the Committee determines in its sole judgment that the Participant has violated the provisions of this Section 10, any Awarded RSUs that have not yet been paid pursuant to Section 4 shall be forfeited. Nothing herein shall be construed as prohibiting the Company or its Subsidiaries from pursuing any other remedies available to the Company or its Subsidiaries for a violation of this Section 10, including, without limitation, injunctive relief and the recovery of damages. Participant acknowledges and agrees that the provisions of this Section 10 are reasonable and necessary to protect the interests of the Company and are not intended to be applied or interpreted as a covenant against competition.

(e) *Defend Trade Secrets Act.* Pursuant to Section 7 of the Defend Trade Secrets Act of 2016 (which added 18 U.S.C. § 1833(b) to the United States Code), the Participant acknowledges that the Participant shall not have criminal or civil liability under any federal or State trade secret law for the disclosure of a trade secret that (i) is made (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Nothing in this Award Agreement is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by such Section. Further, nothing in this Award Agreement or any other agreement between the Participant and the Company shall prohibit or restrict the Participant from making any disclosure of information or documents to any governmental agency, legislative body, self-regulatory organization, or the Legal Department of the Company.

Section 11. *Suspension or Termination of Awards.*

(a) This Award Agreement and all rights the Participant, or any person claiming through the Participant, may have under this Award Agreement shall be subject to all applicable laws, government regulations, stock exchange listing requirements, and policies the Company has established or may establish after the date of this Award Agreement, including without limitation any policy regarding the clawback or recoupment of compensation.

(b) In any event, if at any time the Committee reasonably believes that the Participant has committed an act of misconduct as described in this subsection (b), the Committee may suspend the Participant's right to exercise or receive any Award pending a determination of whether an act of misconduct has been committed. If the Committee determines the Participant has committed an illegal act, fraud, embezzlement or deliberate disregard of Company rules or policies (including any violation of the Participant's non-disclosure, non-compete or similar agreement) that may reasonably be expected to result in loss, damage or injury to the Company, the Committee may (i) cancel any outstanding Award granted to the Participant, in whole or in part, whether or not vested or deferred and/or (ii) if such conduct or activity occurs during a Company fiscal year in which there was also an exercise or receipt of an Award, require the Participant to repay to the Company any gain realized or value received upon the exercise or receipt of such Award (with such gain or value received valued as of the date of exercise or receipt). Cancellation and repayment obligations shall be effective as of the date specified by the Committee. Any repayment obligation may be satisfied in Common Shares or cash or a combination thereof (based upon the Fair Market Value of Common Shares on the day of payment), and the Committee may provide for an offset to any future payments owed by the Company or any Affiliate to the Participant if necessary to satisfy the repayment obligation. The determination regarding cancellation of an Award or a repayment obligation shall be within the sole discretion of the Committee and shall be binding upon the Participant and the Company.

Section 12. *Change in Control.* Subject to Section 9, upon a Change in Control, the Award shall be subject to Section 13 of the Plan.

Section 13. *Securities Law Restrictions.* The Awarded RSUs shall not be vested to any extent, and the Company shall not be obligated to transfer any Common Shares to the Participant upon the vesting of the Award, if such vesting or transfer, in the opinion of counsel for the Company, would violate the Securities Act of 1933, as amended or any other federal or state statutes having similar requirements as may be in effect at that time.

Section 14. *Withholding of Taxes.* The Company may make such provision as it may deem appropriate for the withholding of any applicable federal, state, or local taxes that it determines it may be obligated to withhold or pay in connection with the vesting of the Awarded RSUs subject to the Award. A Participant must pay the amount of taxes required by law in connection with the vesting of the Awarded RSUs subject to the Award (i) in cash or by check, (ii) by the Participant surrendering, or the Company retaining from the Common Shares to be issued to the Participant in respect of any Vested RSUs, that number of Common Shares having a Fair Market Value on the date of payment equal to the amount of such required withholding, or (iii) by a combination of the foregoing.

Section 15. *Notices.* All notices and other communications under this Award Agreement shall be in writing and shall be delivered personally or given by certified or registered mail with return receipt requested, and shall be deemed to have been duly given upon personal delivery or three days after mailing to the respective parties as follows: (i) if to the Company, Helmerich & Payne, Inc., 1437 South Boulder Avenue, Suite 1400, Tulsa, Oklahoma 74119, Attn: Secretary of the Company and (ii) if to the Participant, using the contact information on file with the Company. Either party hereto may change such party's address for notices by notice duly given pursuant hereto.

Section 16. *Conflicts; Severability.* In the event of any conflicts between this Award Agreement and the Plan, the latter shall control. Should any provision of this Award Agreement be held by a court of competent jurisdiction to be unenforceable, or enforceable only if modified, such holding shall not affect the validity of the remainder of this Award Agreement, the balance of which shall continue to be binding upon the parties hereto with any such modification (if any) to become a part hereof and treated as though contained in this original Award Agreement.

Section 17. *No Part of Other Plans.* The benefits provided under this Award Agreement or the Plan shall not be deemed to be a part of or considered in the calculation of any other benefit provided by the Company or its Subsidiaries or Affiliates to the Participant.

Section 18. *Protections Against Violations of Agreement.* No purported sale, assignment, mortgage, hypothecation, transfer, pledge, encumbrance, gift, transfer in trust (voting or other) or other disposition of, or creation of a security interest in or lien on, the Award or any of the Awarded RSUs underlying it in violation of the provisions of this Award Agreement shall be valid, and the Company shall not issue or transfer any such Awarded RSUs or Common Shares in respect of any Vested RSUs on its books, unless and until there has been full compliance with such provisions to the satisfaction of the Company. The foregoing restrictions are in addition to and not in lieu of any other remedies, legal or equitable, available to enforce said provisions.

Section 19. *Failure to Enforce Not a Waiver.* The failure of the Company to enforce at any time any provision of this Award Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.

Section 20. *Section 409A.* The compensation payable pursuant to the Award is intended to be exempt from, or otherwise in compliance with, Section 409A of the Code, as applicable, and this Agreement shall be administered and construed to the fullest extent possible.

to reflect and implement such intent. Notwithstanding anything herein to the contrary, if, at the time of a Participant's "separation from service" (as defined in the Treasury Regulations under Section 409A of the Code) with the Company and its Affiliates and Subsidiaries, such Participant is a "specified employee" (as defined in the Treasury Regulations under Section 409A of the Code), and the deferral of the commencement of any amount of the payments or benefits otherwise payable pursuant to the Plan is necessary in order to prevent any accelerated or additional tax under Section 409A of the Code, then, to the extent permitted by Section 409A of the Code, such payments or benefits hereunder (without any reduction in the payments or benefits ultimately paid or provided to Participant) shall be deferred until the earlier to occur of (i) Participant's death or (ii) the first business day that is six months following Participant's separation from service with the Company and its Affiliates and Subsidiaries; provided, that amounts which qualify for the separation pay plan exemption under Treas. Reg. Section 1.409A-1(b)(9)(v)(D) and do not exceed the limits set forth in Section 402(g)(1)(B) of the Code in the year of such separation from service shall be payable immediately upon such separation from service (the "Six-Month Delay Toggle"). Any payments or benefits deferred due to the Six-Month Delay Toggle shall be paid in a lump sum (without interest) to Participant on the earliest to occur of clause (i) or (ii) in the immediately preceding sentence.

Section 21. *Entirety; Participant and Award Subject to Plan.* This Award Agreement, which includes all schedules, exhibits and appendices hereto, contains the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes any and all prior agreements, whether written or oral, between such parties relating to such subject matter. Subject to Section 14 of the Plan, no modification, alteration, amendment or supplement to this Award Agreement shall be valid or effective unless the same is in writing and signed by the party against whom it is sought to be enforced. As specific consideration to the Company for the Award, the Participant agrees to be bound by the terms of the Plan and this Award Agreement.

* * * *

IN WITNESS WHEREOF, the parties have executed this Standard Three-Year Performance-Vested Restricted Share Unit Award Agreement as of the day and year first above written.

HELMERICH & PAYNE, INC., a Delaware corporation

By: _____

“COMPANY”

“PARTICIPANT”

SCHEDULE I
HELMERICH & PAYNE, INC.
AWARD OF STANDARD THREE-YEAR PERFORMANCE-VESTED
RESTRICTED SHARE UNITS

PERFORMANCE MEASURES FOR THE THREE-YEAR PERIOD
BEGINNING ON JANUARY 1, 20[•] AND ENDING ON DECEMBER 31, 20[•]

The Committee has determined and specifies that the following Performance Goal (as defined or described below), shall be applied with respect to the Awarded RSUs:

1. Vesting of Awarded RSUs. As further discussed below, the number of Awarded RSUs shall be multiplied by the vesting percentage described in the following paragraph 2 and paragraph 3 to determine the number Awarded RSUs that shall vest, if at all, and become Vested RSUs.

2. Performance Goal. The Performance Goal used to determine the extent of the vesting of the Awarded RSUs is the cumulative total shareholder return (“TSR”) for the Common Shares of the Company during the three-year period beginning on January 1, 20[•], and ending on December 31, 20[•] (the “Three-Year Performance Cycle”). The Awarded RSUs that are outstanding as of the end of the Three-Year Performance Cycle shall vest or be forfeited based on the Company’s TSR percentile ranking relative to a group of peer companies for the Three-Year Performance Cycle (the “Applicable Peer Group”):

The Applicable Peer Group shall consist of:

TSR for the Company and each member of the Applicable Peer Group for the Three-Year Performance Cycle shall be defined and calculated as follows, where “Beginning Price” is the average closing price on the relevant United States stock market (NYSE or NASDAQ) for a share of the relevant company’s common equity security during the twenty (20) trading days immediately preceding the beginning of the Three-Year Performance Cycle and the “Ending Price” is the average closing price on the relevant United States stock market (NYSE or NASDAQ) for a share of the relevant company’s common equity security during the last twenty (20) trading days of the Three-Year Performance Cycle:

$$\begin{array}{l} \text{TSR for the} \\ \text{Three-Year} \\ \text{Performance Cycle} \end{array} = \frac{(\text{Ending Price} - \text{Beginning Price} + \text{dividends and cash distributions per share paid}^*)}{\div \text{Beginning Price}}$$

* Stock dividends paid in common equity securities rather than cash in which there is a distribution of less than twenty-five percent (25%) of the fully diluted outstanding shares (as calculated prior to the distribution) shall be treated as cash for purposes of this calculation.

For purposes of determining the Company’s TSR percentile ranking, as further described below, the companies in the Applicable Peer Group whose common equity securities are publicly traded on either the NYSE or NASDAQ Stock Market on the last trading day of the Three-Year Performance Cycle shall be the companies comprising the Applicable Peer Group. If the common equity security of any Applicable Peer Group

company is no longer publicly traded on either the NYSE or NASDAQ Stock Market on the last trading day of the Three-Year Performance Cycle, then adjustments may be effected by the Committee, as appropriate, with respect to the Performance Goal and vesting percentages that apply to the Awarded RSUs. In addition, if the common equity security of any Applicable Peer Group company is not publicly traded on either the NYSE or NASDAQ Stock Market on a continuous basis during the Three-Year Performance Cycle, but is otherwise publicly traded on either the NYSE or NASDAQ Stock Market on the last trading day of the Three-Year Performance Cycle, then adjustments may be effected by the Committee, as appropriate, with respect to the Performance Goal and vesting percentages that apply to the Awarded RSUs.

3. Percentile Ranking, Performance Percentage and Vesting Schedule. Measurement of the Company's TSR percentile ranking relative to the Applicable Peer Group shall be calculated using the following formula for purposes of the table below:

$$\text{Company's TSR Percentile Ranking} = ((1 - X) + Y) \div 2$$

Where:

- X = the number of members in the Applicable Peer Group with a TSR greater than the TSR of the Company during the Three-Year Performance Cycle, expressed as a percentage of the total number of members in the Applicable Peer Group.
- Y = the number of members in the Applicable Peer Group with a TSR less than the TSR of the Company during the Three-Year Performance Cycle, expressed as a percentage of the total number of members in the Applicable Peer Group.

| The Company's TSR Percentile Ranking Relative to the Applicable Peer Group | The Company's Performance Percentage / Vested Percentage of the Awarded RSUs | The Company's Performance Category |
|---|---|---|
| Greater than or Equal to 85 th Percentile | 200% | Maximum Performance |
| Equal to 75 th Percentile | 150.00% | |
| Equal to 65 th Percentile | 125.00% | |
| Equal to 55 th Percentile | 100.00% | Target Performance |
| Equal to 45 th Percentile | 75.00% | |
| Equal to 35 th Percentile | 50.00% | Threshold Performance |
| Less than 35 th Percentile | 0.00% | Below Threshold Performance |

Accordingly, for purposes of establishing the Company's TSR percentile ranking relative to the Applicable Peer Group pursuant to the table below, the TSR of the Company and each of the member of the Applicable Peer Group shall be determined as soon as practicable following the close of the Three-Year Performance Cycle.

If the Company's TSR percentile ranking relative to the Applicable Peer Group exceeds "Threshold Performance" (i.e. the ranking exceeds the "35th Percentile" in the table above) and is between two of the percentile ranks set forth in the table above, the applicable performance percentage for such performance measurement shall be interpolated between the ranges applicable ranges (e.g., a 60th percentile ranking would result in a performance percentage of 112.5%). Notwithstanding the foregoing, if the Company's TSR is negative, the Performance Percentage set forth in the table above shall not exceed 100% of Target Performance, regardless of whether the Company's TSR percentile ranking relative to the Applicable Peer Group exceeds the "55th Percentile" in the table above.

For the avoidance of doubt: (i) if the Company's TSR results in "Below Threshold Performance" pursuant to the table above, then all Awarded RSUs shall be forfeited; and (ii) if the Company's TSR at least results in "Threshold Performance" pursuant to the table above, but such performance does not equal the "Target Performance", then the Awarded RSUs that have not become Vested RSUs shall be forfeited. All forfeitures under this Agreement shall be at no cost to the Company.

Helmerich & Payne, Inc.

**Amended and
Restated 2020 Omnibus Incentive Plan**

Restricted Stock Award Agreement

Participant Name:

Date of Grant:

Shares Subject to Restricted Stock Award:

| <u>Vesting Schedule</u> | |
|-------------------------|--------------------------------|
| <u>Vesting Dates</u> | <u>Percent of Award Vested</u> |
| | 33 and 1/3% |
| | 33 and 1/3% |
| | 33 and 1/3% |



**Restricted Stock Award Agreement
Under the Helmerich & Payne, Inc.
Amended and Restated 2020 Omnibus Incentive Plan**

THIS RESTRICTED STOCK AWARD AGREEMENT (the "Award Agreement"), is made as of the grant date set forth on the cover page of this Award Agreement (the "Cover Page") at Tulsa, Oklahoma by and between the participant named on the Cover Page (the "Participant") and Helmerich & Payne, Inc. (the "Company").

WITNESSETH:

WHEREAS, the Participant is an employee of the Company or an Affiliate or Subsidiary of the Company, and it is important to the Company that the Participant be encouraged to remain in the employ of the Company or its Affiliate or Subsidiary; and

WHEREAS, in recognition of such facts, the Company desires to provide to the Participant an opportunity to receive Common Shares of the Company, as hereinafter provided, pursuant to the "Helmerich & Payne, Inc. Amended and Restated 2020 Omnibus Incentive Plan" (the "Plan"), a copy of which has been provided to the Participant; and

WHEREAS, any capitalized terms used but not defined herein have the same meanings given them in the Plan.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and for good and valuable consideration, the Participant and the Company hereby agree as follows:

Section 1. *Grant of Restricted Stock Award.* The Company hereby grants to the Participant an award (the "Restricted Stock Award") of _____ (____) Shares, under and subject to the terms and conditions of this Award Agreement and the Plan, which is incorporated herein by reference and made a part hereof for all purposes.

Section 2. *Stock Held by Company.* The Restricted Stock Award shall be evidenced via a book entry registration or the issuance of a stock certificate or certificates as determined by the Company. As a condition precedent to the book entry registration or the issuing of a certificate representing Shares subject to the Restricted Stock Award, the Participant must deliver to the Company a duly executed irrevocable stock power (in blank) covering such Shares represented by the certificate in the form of Exhibit A attached hereto. Shares subject to the Restricted Stock Award held by the Company pursuant to this Award Agreement shall constitute issued and outstanding shares of Common Stock of the Company for all corporate purposes, and the Participant shall be entitled to vote such Shares and shall receive all cash dividends thereon provided that the right to vote or receive such dividends shall terminate with respect to Shares which have been forfeited as provided under this Award Agreement. While such Shares are held by the Company and until such Shares have vested, the Participant for whose benefit such Shares are held shall not have the right to encumber or otherwise change, sell, assign, transfer, pledge or otherwise dispose of such unvested Shares or any interest therein, and such unvested Shares shall not be subject to attachment or any other legal or equitable process brought by or on behalf of any creditor of such Participant; and any such attempt to attach or receive Shares in violation of this Award Agreement shall be null and void.

Section 3. *Vesting of Restricted Stock Award.*

(a) *Vesting Schedule.* Subject to the applicable provisions of the Plan and this Award Agreement, this Restricted Stock Award shall vest on the applicable date(s) set forth on

the Cover Page (each, a “Vesting Date”). The Participant shall be vested as of the applicable Vesting Date in the number of Shares determined by multiplying the aggregate number of Shares subject to the Restricted Stock Award set forth on the Cover Page by the corresponding percentage set forth on the Cover Page and rounding down to the nearest whole Share with any remaining Shares vesting on the later Vesting Date(s). Unless vesting is accelerated or extended pursuant to the terms of Section 6, unvested Shares subject to the Restricted Stock Award shall be forfeited immediately following the Participant’s termination of employment.

(b) *Delivery of Shares.* Reasonably promptly following vesting of a Share, the Company shall cause to be delivered to the Participant a certificate (or make a book entry in the Participant's name) evidencing such Share, free of the legend described in Section 12.

Section 4. *Nontransferability of Restricted Stock Award.* The Restricted Stock Award shall not be transferable by the Participant otherwise than by will or the laws of descent and distribution. Any attempted assignment, transfer, pledge, hypothecation or other disposition of the Restricted Stock Award contrary to the provisions hereof shall be null and void and without effect.

Section 5. *Employment.* Nothing in the Plan or in this Award Agreement shall confer upon the Participant any right to continue in the employ of the Company or its Affiliates or Subsidiaries, or interfere in any way with the right of the Company or its Affiliates or Subsidiaries to terminate the Participant’s employment at any time.

Section 6. *Special Vesting of Restricted Stock Award.* In the event of the Participant’s death, any and all unvested Shares subject to the Restricted Stock Award shall become automatically fully vested. The Committee, in its sole discretion, may accelerate, in whole or in part, the vesting of the Restricted Stock Award to the extent the applicable Vesting Date(s) has not yet occurred upon (i) the Participant’s Disability, (ii) the Participant’s Retirement or (iii) a Change in Control.

Section 7. *Non-Disclosure and Confidential Information; Nonsolicitation.*

(a) *Confidential Information.* For purposes of this Award Agreement, “confidential information” includes, without limitation, non-public information with respect to the Company’s or its Subsidiaries’ finances, oil and gas drilling processes, costs and pricing, customer contracts, contracts and requirements, vendor or supplier contracts, contracts for other information, compensation structures, recruitment and training policies, operation support and backup facilities, service and product formulas, concepts, data, know-how improvements and strategies, computer programs and listings (whether in source code and/or object code format), software design and methodology, research and development or investigations, marketing strategies, ideas and plans for ongoing or future businesses, new business or other developments, new and innovative service or product ideas, inventions, potential acquisitions or divestitures, business and litigation strategies and future business and litigation plans and any other information or material that is of special or unique value to the Company or its Subsidiaries maintained as confidential and not disclosed to the general public (whether through an annual report and/or filings with the Securities and Exchange Commission or otherwise).

(b) *Non-Disclosure.*

(i) Participant acknowledges that (A) the Company and its Subsidiaries have devoted substantial time, effort, and resources to develop and compile the confidential information; (B) public disclosure of such confidential information would have an adverse effect on the business of the Company and its Subsidiaries; (C) the Company and its Subsidiaries would not disclose such information to Participant without the agreements and

covenants set forth in this Section 7 and (D) the provisions of this Section 7 are reasonable and necessary to prevent the improper use and/or disclosure of the confidential information.

(ii) Participant agrees that Participant shall not, directly or indirectly, at any time during his or her employment with the Company or a Subsidiary or after termination of such employment with the Company or a Subsidiary, without the prior written consent of an authorized officer of the Company, disclose confidential information to any third party and/or use confidential information for the benefit of Participant or any third party.

(c) *Nonsolicitation.* During employment with the Company and for a period of twelve (12) months thereafter, Participant shall not solicit the established customers of the Company wherever located (or if this geographic area shall be unenforceable by law, then in such geographic area as shall be enforceable) for the sale of any product or service competitive with any product or service offered for sale by the Company at the time of the termination of Participant's employment. For purposes of this Award Agreement, "solicit" shall mean to contact an established customer directly, whether by announcement, e-mail, note, letter or other direct mail, telephone call, personal visit, business meeting, or any other method, which contact either is designed to or has the effect of inducing, promoting or advancing a prohibited sale by Participant or on Participant's behalf to that customer. An "established customer" means any entity that Participant knows or reasonably should know has a previously established relationship with the Company that the Company may reasonably anticipate will continue based upon the entity's continued need for the products and/or services that the Company provides. "Offered for sale" includes products/services which Participant knows or reasonably should know have been ordered or have otherwise been prepared by the Company for imminent offering. Further, during employment with the Company and for a period of twelve (12) months thereafter, Participant shall not, directly or indirectly, solicit any of the Company's employees or independent contractors to become employees or independent contractors of another person or business.

(d) In the event the Committee determines in its sole judgment that the Participant has violated the provisions of this Section 7, any unvested Shares that have not yet been delivered pursuant to Section 3 shall be forfeited. Nothing herein shall be construed as prohibiting the Company or its Subsidiaries from pursuing any other remedies available to the Company or its Subsidiaries for a violation of this Section 7, including, without limitation, injunctive relief and the recovery of damages. Participant acknowledges and agrees that the provisions of this Section 7 are reasonable and necessary to protect the interests of the Company and are not intended to be applied or interpreted as a covenant against competition.

(e) *Defend Trade Secrets Act.* Pursuant to Section 7 of the Defend Trade Secrets Act of 2016 (which added 18 U.S.C. § 1833(b) to the United States Code), the Participant acknowledges that the Participant shall not have criminal or civil liability under any federal or State trade secret law for the disclosure of a trade secret that (i) is made (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Nothing in this Award Agreement is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by such Section. Further, nothing in this Award Agreement or any other agreement between the Participant and the Company shall prohibit or restrict the Participant from making any disclosure of information or documents to any governmental agency, legislative body, self-regulatory organization, or the Legal Department of the Company.

Section 8. *Suspension or Termination of Awards.*

(a) This Award Agreement and all rights the Participant, or any person claiming through the Participant, may have under this Award Agreement shall be subject to all applicable laws, government regulations, stock exchange listing requirements, and policies the Company has established or may establish after the date of this Award Agreement, including without limitation any policy regarding the clawback or recoupment of compensation.

(b) In any event, if at any time the Committee reasonably believes that the Participant has committed an act of misconduct as described in this subsection (b), the Committee may suspend the Participant's right to exercise or receive any Award pending a determination of whether an act of misconduct has been committed. If the Committee determines the Participant has committed an illegal act, fraud, embezzlement or deliberate disregard of Company rules or policies (including any violation of the Participant's non-disclosure, non-compete or similar agreement) that may reasonably be expected to result in loss, damage or injury to the Company, the Committee may (i) cancel any outstanding Award granted to the Participant, in whole or in part, whether or not vested or deferred and/or (ii) if such conduct or activity occurs during a Company fiscal year in which there was also an exercise or receipt of an Award, require the Participant to repay to the Company any gain realized or value received upon the exercise or receipt of such Award (with such gain or value received valued as of the date of exercise or receipt). Cancellation and repayment obligations will be effective as of the date specified by the Committee. Any repayment obligation may be satisfied in Common Shares or cash or a combination thereof (based upon the Fair Market Value of Common Shares on the day of payment), and the Committee may provide for an offset to any future payments owed by the Company or any affiliate to the Participant if necessary to satisfy the repayment obligation. The determination regarding cancellation of an Award or a repayment obligation shall be within the sole discretion of the Committee and shall be binding upon the Participant and the Company.

Section 9. *Change in Control.* Subject to Section 6, upon the occurrence of a Change in Control, this Restricted Stock Award shall be subject to Section 13 of the Plan.

Section 10. *Securities Law Restrictions.* The Restricted Stock Award shall not be vested to any extent, and the Company shall not be obligated to transfer any Shares to the Participant upon the vesting of the Restricted Stock Award, if such vesting, in the opinion of counsel for the Company, would violate the Securities Act of 1933, as amended (the "Securities Act"), or any other federal or state statutes having similar requirements as may be in effect at that time. The Company shall be under no obligation to register the Restricted Stock Award or the Shares underlying the Restricted Stock Award pursuant to the Securities Act or any other federal or state securities laws.

Section 11. *Withholding of Taxes.* The Company may make such provision as it may deem appropriate for the withholding of any applicable federal, state, or local taxes that it determines it may be obligated to withhold or pay in connection with the vesting of the Shares subject to the Restricted Stock Award. A Participant must pay the amount of taxes required by law upon the vesting of the Shares subject to the Restricted Stock Award (i) in cash or by check, (ii) by the Participant surrendering, or the Company retaining from the Shares to be issued to the Participant, that number of Shares having a Fair Market Value on the date of payment equal to the amount of such required withholding, or (iii) by a combination of the foregoing.

Section 12. *Legends.* The Shares that are subject to the Award shall be subject to the following legend:

"THE SHARES OF STOCK EVIDENCED BY THIS CERTIFICATE ARE SUBJECT TO AND ARE TRANSFERABLE ONLY IN ACCORDANCE WITH THAT CERTAIN RESTRICTED STOCK

AWARD AGREEMENT UNDER THE HELMERICH & PAYNE, INC. 2020 AMENDED AND RESTATED OMNIBUS INCENTIVE PLAN DATED THE [] DAY OF [], 20[]. ANY ATTEMPTED TRANSFER OF THE SHARES OF STOCK EVIDENCED BY THIS CERTIFICATE IN VIOLATION OF SUCH RESTRICTED STOCK AWARD AGREEMENT SHALL BE NULL AND VOID AND WITHOUT EFFECT. A COPY OF THE RESTRICTED STOCK AWARD AGREEMENT MAY BE OBTAINED FROM THE SECRETARY OF HELMERICH & PAYNE, INC.”

Section 13. *Notices.* All notices and other communications under this Award Agreement shall be in writing and shall be delivered personally or given by certified or registered mail with return receipt requested, and shall be deemed to have been duly given upon personal delivery or three days after mailing to the respective parties as follows: (i) if to the Company, Helmerich & Payne, Inc., 1437 South Boulder Avenue, Suite 1400, Tulsa, Oklahoma 74119, Attn: Secretary of the Company and (ii) if to the Participant, using the contact information on file with the Company. Either party hereto may change such party’s address for notices by notice duly given pursuant hereto.

Section 14. *Section 83(b) Election.* If the Participant makes an election under Section 83(b) of the Code, or any successor section thereto, to be taxed with respect to the Shares subject to the Restricted Stock Award as of the date of grant, the Participant shall deliver a copy of such election to the Company immediately after filing such election with the Internal Revenue Service, together with any required tax withholding. The Participant hereby acknowledges that it is the Participant’s sole responsibility to file timely the election under Section 83(b) of the Code.

Section 15. *Conflicts; Severability.* In the event of any conflicts between this Award Agreement and the Plan, the latter shall control. Should any provision of this Award Agreement be held by a court of competent jurisdiction to be unenforceable, or enforceable only if modified, such holding shall not affect the validity of the remainder of this Award Agreement, the balance of which shall continue to be binding upon the parties hereto with any such modification (if any) to become a part hereof and treated as though contained in this original Award Agreement.

Section 16. *No Part of Other Plans.* The benefits provided under this Award Agreement or the Plan shall not be deemed to be a part of or considered in the calculation of any other benefit provided by the Company or its Subsidiaries or Affiliates to the Participant.

Section 17. *Protections Against Violations of Agreement.* No purported sale, assignment, mortgage, hypothecation, transfer, pledge, encumbrance, gift, transfer in trust (voting or other) or other disposition of, or creation of a security interest in or lien on, the Restricted Stock Award or any of the Shares underlying it in violation of the provisions of this Award Agreement will be valid, and the Company will not transfer any such Shares on its books, unless and until there has been full compliance with such provisions to the satisfaction of the Company. The foregoing restrictions are in addition to and not in lieu of any other remedies, legal or equitable, available to enforce said provisions.

Section 18. *Failure to Enforce Not a Waiver.* The failure of the Company to enforce at any time any provision of this Award Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.

Section 19. *Participant and Award Subject to Plan.* As specific consideration to the Company for the Award, the Participant agrees to be bound by the terms of the Plan and this Award Agreement.

* * * *

IN WITNESS WHEREOF, the parties have executed this Restricted Stock Award Agreement as of the day and year first above written.

HELMERICH & PAYNE, INC., a Delaware corporation

By: __

“COMPANY”

—

“PARTICIPANT”

EXHIBIT A

ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED, _____, an individual (“Grantee”), hereby irrevocably assigns and conveys to Helmerich & Payne, Inc., those _____ (_____) shares of the Common Capital Stock of Helmerich & Payne, Inc., a Delaware corporation, \$.[] par value, subject to that certain Restricted Stock Award Agreement dated as of [_____] between Helmerich & Payne, Inc. and Grantee.

DATED:

—

CERTIFICATION

I, John W. Lindsay, certify that:

1. I have reviewed this report on Form 10-Q of Helmerich & Payne, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 27, 2022

/S/ JOHN W. LINDSAY

John W. Lindsay
Director, President and Chief Executive Officer

CERTIFICATION

I, Mark W. Smith, certify that:

1. I have reviewed this report on Form 10-Q of Helmerich & Payne, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 27, 2022

/S/ MARK W. SMITH

Mark W. Smith
Senior Vice President and Chief Financial Officer

**Certification of CEO and CFO Pursuant to
18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of Helmerich & Payne, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), John W. Lindsay, as Director, President and Chief Executive Officer of the Company, and Mark W. Smith, as Senior Vice President and Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of his knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/S/ JOHN W. LINDSAY

John W. Lindsay
Director, President and Chief Executive Officer
April 27, 2022

/S/ MARK W. SMITH

Mark W. Smith
Senior Vice President and Chief Financial Officer
April 27, 2022
